

ANNUAL FINANCIAL REPORT
STEWART COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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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, 2016

Scope

We have audited the basic financial statements of Stewart County as of and for the year ended June 30, 2016.

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 AND COUNTY CLERK

- ◆ Duties were not segregated adequately.

OFFICE OF COUNTY CLERK

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Stewart County Officials
June 30, 2016

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	Howard Jobe
Jan Black	Shane Keatts
Marty Blane	Andy Luton
Phillip Castile	Jimmie Mullins
Don Cherry	Randall Redmon
Mark Dortch	Brian Tiebor
Terry Fitzhugh	Eric Watkins
Vincent Gray	

Board of Education

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

Audit Committee

Dr. Chris Lewis, Chairman
Gail Wilson
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, 2016, 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, 2016, 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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 decreasing the beginning Governmental Activities net position by \$765,881 on the Government-wide Statement of Activities. This adjustment was necessary because in prior years assets owned by Stewart County Fire Rescue had been included in error. Our opinion is not modified with respect to this matter.

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, schedules of school's proportionate share of the net pension assets, and schedule of funding progress - other postemployment benefits plans on pages 77-84 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

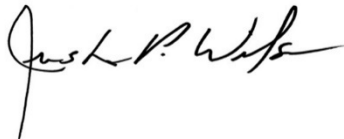
statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor 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 16, 2016, 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 16, 2016

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Stewart County, Tennessee
Statement of Net Position
June 30, 2016

	<u>Primary Governmental Activities</u>	<u>Component Unit Stewart County School Department</u>
<u>ASSETS</u>		
Cash	\$ 1,393	\$ 714
Equity in Pooled Cash and Investments	4,302,028	2,565,639
Accounts Receivable	1,349,118	0
Allowance for Uncollectibles	(701,075)	0
Due from Other Governments	627,590	167,401
Property Taxes Receivable	6,079,671	880,722
Allowance for Uncollectible Property Taxes	(211,255)	(30,612)
Net Pension Asset - Teacher Retirement Plan	0	4,367
Capital Assets:		
Assets Not Depreciated:		
Land	915,563	1,265,886
Construction in Progress	339,600	183,602
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	11,676,508	21,405,403
Infrastructure	1,697,123	0
Other Capital Assets	1,074,087	2,347,117
Total Assets	<u>\$ 27,150,351</u>	<u>\$ 28,790,239</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 24,523	\$ 0
Pension Changes in Experience	309,402	206,529
Pension Changes in Investment Earnings	242,170	1,536,854
Pension Other Deferrals	0	353
Pension Contributions After Measurement Date	321,310	806,068
Total Deferred Outflows of Resources	<u>\$ 897,405</u>	<u>\$ 2,549,804</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 38,321	\$ 66,149
Payroll Deductions Payable	85,618	288,710
Contracts Payable	341,742	0
Retainage Payable	13,480	0
Due to State of Tennessee	1,137	496
Accrued Interest Payable	237,380	0
Noncurrent Liabilities:		
Due Within One Year	2,377,438	0
Due in More Than One Year	24,528,105	648,621
Total Liabilities	<u>\$ 27,623,221</u>	<u>\$ 1,003,976</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Stewart County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 5,702,812	\$ 826,108
Pension Changes in Experience	0	1,229,581
Pension Changes in Investment Earnings	305,696	2,075,688
Pension Other Deferrals	0	252,598
Total Deferred Inflows of Resources	<u>\$ 6,008,508</u>	<u>\$ 4,383,975</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,488,540	\$ 25,202,008
Restricted for:		
General Government	94,614	0
Administration of Justice	11,840	0
Public Safety	51,589	0
Public Health and Welfare	8,722	0
Highway/Public Works	242,646	0
Debt Service	101,809	0
Capital Projects	187,636	0
Education	0	23,758
Operation of Non-instructional Services	0	424,696
Unrestricted	<u>(12,771,369)</u>	<u>301,630</u>
Total Net Position	<u>\$ (5,583,973)</u>	<u>\$ 25,952,092</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Stewart County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,723,470	\$ 74,216	\$ 194,591	\$ 0	\$ (1,454,663)	\$ 0
Finance	687,687	367,988	11,295	0	(308,404)	0
Administration of Justice	637,851	234,317	21,895	0	(381,639)	0
Public Safety	3,512,107	132,518	204,029	0	(3,175,560)	0
Public Health and Welfare	1,922,883	844,076	417,683	0	(661,124)	0
Social, Cultural, and Recreational Services	346,929	0	100,417	0	(246,512)	0
Agriculture and Natural Resources	92,558	0	0	0	(92,558)	0
Highway/Public Works	1,875,557	8,369	1,706,184	663,122	502,118	0
Education	473,664	0	0	0	(473,664)	0
Interest on Long-term Debt	735,635	0	225,721	0	(509,914)	0
Total Primary Government	<u>\$ 12,008,341</u>	<u>\$ 1,661,484</u>	<u>\$ 2,881,815</u>	<u>\$ 663,122</u>	<u>\$ (6,801,920)</u>	<u>\$ 0</u>
Component Unit:						
Stewart County School Department	\$ 18,129,492	\$ 272,039	\$ 2,260,314	\$ 282,062	\$ 0	\$ (15,315,077)
Total Component Unit	<u>\$ 18,129,492</u>	<u>\$ 272,039</u>	<u>\$ 2,260,314</u>	<u>\$ 282,062</u>	<u>\$ 0</u>	<u>\$ (15,315,077)</u>

Continued)

Exhibit B

Stewart County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Stewart County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,550,257	\$ 774,737
Property Taxes Levied for Debt Service					1,797,849	0
Local Option Sales Taxes					528,663	897,413
Wheel Tax					413,155	0
Litigation Taxes					102,464	0
Wholesale Beer Tax					122,294	0
Other Local Taxes					65,198	38,870
Grants and Contributions Not Restricted to Specific Programs					1,910,824	13,922,011
Unrestricted Investment Income					1,601	22,522
Miscellaneous					24,853	111,204
Total General Revenues					<u>\$ 8,517,158</u>	<u>\$ 15,766,757</u>
Change in Net Position						
Net Position, July 1, 2015					\$ 1,715,238	\$ 451,680
Prior-period Adjustment (see Note I.D.8)					(6,533,330)	25,500,412
					<u>(765,881)</u>	<u>0</u>
Net Position, June 30, 2016					<u>\$ (5,583,973)</u>	<u>\$ 25,952,092</u>

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

Exhibit C-1

Stewart County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2016

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	1,393	\$ 1,393
Equity in Pooled Cash and Investments	1,949,501	323,376	1,536,123	474,736	18,292	4,302,028
Accounts Receivable	1,349,118	0	0	0	0	1,349,118
Allowance for Uncollectibles	(701,075)	0	0	0	0	(701,075)
Due from Other Governments	213,120	414,470	0	0	0	627,590
Due from Other Funds	1,393	0	48,441	0	0	49,834
Property Taxes Receivable	3,778,581	255,694	2,045,396	0	0	6,079,671
Allowance for Uncollectible Property Taxes	(131,331)	(8,887)	(71,037)	0	0	(211,255)
Total Assets	<u>\$ 6,459,307</u>	<u>\$ 984,653</u>	<u>\$ 3,558,923</u>	<u>\$ 474,736</u>	<u>\$ 19,685</u>	<u>\$ 11,497,304</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 37,853	\$ 468	\$ 0	\$ 0	\$ 0	\$ 38,321
Payroll Deductions Payable	85,618	0	0	0	0	85,618
Contracts Payable	4,677	63,445	0	273,620	0	341,742
Retainage Payable	0	0	0	13,480	0	13,480
Due to Other Funds	48,441	0	0	0	1,393	49,834
Due to State of Tennessee	1,137	0	0	0	0	1,137
Total Liabilities	<u>\$ 177,726</u>	<u>\$ 63,913</u>	<u>\$ 0</u>	<u>\$ 287,100</u>	<u>\$ 1,393</u>	<u>\$ 530,132</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 3,544,271	\$ 239,838	\$ 1,918,703	\$ 0	\$ 0	\$ 5,702,812
Deferred Delinquent Property Taxes	96,763	6,220	52,286	0	0	155,269
Other Deferred/Unavailable Revenue	664,508	150,801	25,000	0	0	840,309
Total Deferred Inflows of Resources	<u>\$ 4,305,542</u>	<u>\$ 396,859</u>	<u>\$ 1,995,989</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,698,390</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 13,090	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,090
Restricted for Administration of Justice	11,840	0	0	0	0	11,840
Restricted for Public Safety	33,297	0	0	0	18,292	51,589
Restricted for Public Health and Welfare	8,722	0	0	0	0	8,722
Restricted for Other Operations	75,524	0	0	0	0	75,524
Restricted for Highways/Public Works	0	130,457	0	0	0	130,457
Restricted for Capital Projects	0	0	0	187,636	0	187,636
Committed:						
Committed for General Government	285,298	0	0	0	0	285,298
Committed for Public Health and Welfare	9,830	0	0	0	0	9,830
Committed for Highways/Public Works	0	393,424	0	0	0	393,424
Committed for Debt Service	0	0	1,562,934	0	0	1,562,934
Assigned:						
Assigned for Public Health and Welfare	15,649	0	0	0	0	15,649
Assigned for Social, Cultural, and Recreational Services	12,938	0	0	0	0	12,938
Unassigned	1,509,851	0	0	0	0	1,509,851
Total Fund Balances	\$ 1,976,039	\$ 523,881	\$ 1,562,934	\$ 187,636	\$ 18,292	\$ 4,268,782
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,459,307	\$ 984,653	\$ 3,558,923	\$ 474,736	\$ 19,685	\$ 11,497,304

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, 2016

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)		\$	4,268,782
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	915,563	
Add: construction in progress		339,600	
Add: buildings and improvements net of accumulated depreciation		11,676,508	
Add: infrastructure net of accumulated depreciation		1,697,123	
Add: other capital assets net of accumulated depreciation		<u>1,074,087</u>	15,702,881
(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	\$	(2,473,045)	
Less: other loans payable		(183,602)	
Less: bonds payable		(22,740,000)	
Add: deferred amount on refunding		24,523	
Less: compensated absences payable		(159,727)	
Less: other postemployment benefits liability		(184,923)	
Less: accrued interest on notes, other loans, and bonds		(237,380)	
Less: other deferred revenue - premium on debt		(167,143)	
Less: net pension liability - agent plan		(798,311)	
Less: other long-term liabilities		<u>(198,792)</u>	(27,118,400)
(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	\$	872,882	
Less: deferred inflows of resources related to pensions		<u>(305,696)</u>	567,186
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>995,578</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(5,583,973)</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, 2016

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 4,523,764	\$ 248,027	\$ 2,450,372	\$ 58,433	\$ 0	\$ 7,280,596
Licenses and Permits	10,992	0	0	0	0	10,992
Fines, Forfeitures, and Penalties	50,108	0	0	0	2,219	52,327
Charges for Current Services	830,777	0	0	0	12,770	843,547
Other Local Revenues	47,121	9,477	0	1,601	0	58,199
Fees Received From County Officials	601,624	0	0	0	0	601,624
State of Tennessee	1,839,181	2,432,544	0	25,000	0	4,296,725
Federal Government	153,672	0	0	0	0	153,672
Other Governments and Citizens Groups	159,257	0	225,721	0	0	384,978
Total Revenues	\$ 8,216,496	\$ 2,690,048	\$ 2,676,093	\$ 85,034	\$ 14,989	\$ 13,682,660
Expenditures						
Current:						
General Government	\$ 832,434	\$ 0	\$ 0	\$ 0	\$ 0	\$ 832,434
Finance	720,493	0	0	0	0	720,493
Administration of Justice	653,047	0	0	0	12,770	665,817
Public Safety	3,312,262	0	0	0	20,158	3,332,420
Public Health and Welfare	1,773,762	0	0	0	0	1,773,762
Social, Cultural, and Recreational Services	333,481	0	0	0	0	333,481
Agriculture and Natural Resources	88,322	0	0	0	0	88,322
Other Operations	530,679	0	0	0	25	530,704
Highways	0	2,457,369	0	0	0	2,457,369
Debt Service:						
Principal on Debt	0	0	2,036,536	0	0	2,036,536
Interest on Debt	0	0	741,864	0	0	741,864
Other Debt Service	0	0	51,251	0	0	51,251

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 3,103,584	\$ 0	\$ 3,103,584
Total Expenditures	\$ 8,244,480	\$ 2,457,369	\$ 2,829,651	\$ 3,103,584	\$ 32,953	\$ 16,668,037
Excess (Deficiency) of Revenues Over Expenditures	\$ (27,984)	\$ 232,679	\$ (153,558)	\$ (3,018,550)	\$ (17,964)	\$ (2,985,377)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,300,600	\$ 0	\$ 1,300,600
Other Loans Issued	0	0	0	183,602	0	183,602
Insurance Recovery	49,404	0	0	0	0	49,404
Transfers In	0	0	293,550	0	0	293,550
Transfers Out	(293,550)	0	0	0	0	(293,550)
Total Other Financing Sources (Uses)	\$ (244,146)	\$ 0	\$ 293,550	\$ 1,484,202	\$ 0	\$ 1,533,606
Net Change in Fund Balances	\$ (272,130)	\$ 232,679	\$ 139,992	\$ (1,534,348)	\$ (17,964)	\$ (1,451,771)
Fund Balance, July 1, 2015	2,248,169	291,202	1,422,942	1,721,984	36,256	5,720,553
Fund Balance, June 30, 2016	\$ 1,976,039	\$ 523,881	\$ 1,562,934	\$ 187,636	\$ 18,292	\$ 4,268,782

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, 2016

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)		\$ (1,451,771)
(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	\$ 3,335,652	
Less: current-year depreciation expense	<u>(689,488)</u>	2,646,164
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$ 995,578	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(962,326)</u>	33,252
(3) The issuance of long-term debt (e.g., bonds, notes, and other loans) 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	1,735,000	
Add: principal payments on notes	301,536	
Less: note proceeds	(1,300,600)	
Less: other loan proceeds	(183,602)	
Less: change in deferred amount on refunding debt	<u>(9,307)</u>	550,694
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 15,536	
Change in net pension liability	(509,320)	
Change in deferred outflows related to pensions	455,949	
Change in deferred inflows related to pensions	(3,757)	
Change in other long-term liabilities	3,307	
Change in compensated absences payable	(3,080)	
Change in other postemployment benefits liability	<u>(21,736)</u>	<u>(63,101)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,715,238</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,523,764	\$ 4,396,855	\$ 4,426,855	\$ 96,909
Licenses and Permits	10,992	10,200	10,200	792
Fines, Forfeitures, and Penalties	50,108	52,350	52,350	(2,242)
Charges for Current Services	830,777	804,400	804,400	26,377
Other Local Revenues	47,121	26,000	33,858	13,263
Fees Received From County Officials	601,624	600,500	600,500	1,124
State of Tennessee	1,839,181	1,980,935	2,087,786	(248,605)
Federal Government	153,672	164,670	227,116	(73,444)
Other Governments and Citizens Groups	159,257	144,026	175,870	(16,613)
Total Revenues	\$ 8,216,496	\$ 8,179,936	\$ 8,418,935	\$ (202,439)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 28,537	\$ 29,316	\$ 29,316	\$ 779
County Mayor/Executive	157,785	159,157	159,157	1,372
Election Commission	118,307	123,409	123,409	5,102
Register of Deeds	144,432	149,009	149,009	4,577
County Buildings	341,252	347,210	355,808	14,556
Other General Administration	37,424	42,775	42,775	5,351
Preservation of Records	4,697	460	4,860	163
<u>Finance</u>				
Accounting and Budgeting	80,941	81,473	81,473	532
Property Assessor's Office	225,722	234,836	234,836	9,114
County Trustee's Office	206,682	213,307	213,307	6,625
County Clerk's Office	207,148	221,261	221,261	14,113
<u>Administration of Justice</u>				
Circuit Court	159,770	162,794	162,794	3,024
General Sessions Judge	140,371	140,019	141,908	1,537
General Sessions Court Clerk	75,960	69,817	76,317	357
Chancery Court	151,757	155,381	155,381	3,624
Juvenile Court	122,604	106,576	135,685	13,081
District Attorney General	2,585	2,585	2,585	0
<u>Public Safety</u>				
Sheriff's Department	1,589,260	1,671,691	1,624,207	34,947
Jail	1,503,756	1,280,410	1,520,483	16,727
Fire Prevention and Control	110,000	110,000	110,000	0
Other Emergency Management	79,365	88,182	88,182	8,817
County Coroner/Medical Examiner	29,881	33,404	33,404	3,523
<u>Public Health and Welfare</u>				
Local Health Center	19,122	27,000	27,000	7,878
Rabies and Animal Control	5,576	10,000	10,000	4,424
Ambulance/Emergency Medical Services	1,276,934	1,297,087	1,310,184	33,250
Alcohol and Drug Programs	67,797	67,042	67,932	135
Other Local Health Services	37,425	18,000	39,500	2,075
Waste Pickup	40,706	47,700	47,700	6,994
Other Public Health and Welfare	326,202	453,900	541,426	215,224
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	12,000	12,000	12,000	0

(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>				
Libraries	\$ 245,223	\$ 239,993	\$ 245,543	\$ 320
Other Social, Cultural, and Recreational	76,258	78,000	78,000	1,742
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	60,408	60,434	60,687	279
Soil Conservation	27,914	27,999	27,999	85
<u>Other Operations</u>				
Tourism	16,088	11,500	62,311	46,223
Tourism - Resort District	63,527	72,000	72,000	8,473
Housing and Urban Development	0	25,078	25,078	25,078
Other Economic and Community Development	11,475	2,700	12,675	1,200
Veterans' Services	52,834	62,351	62,351	9,517
Other Charges	293,662	298,554	298,785	5,123
Miscellaneous	93,093	94,294	94,294	1,201
Total Expenditures	<u>\$ 8,244,480</u>	<u>\$ 8,328,704</u>	<u>\$ 8,761,622</u>	<u>\$ 517,142</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (27,984)</u>	<u>\$ (148,768)</u>	<u>\$ (342,687)</u>	<u>\$ 314,703</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 49,404	\$ 2,500	\$ 44,406	\$ 4,998
Transfers Out	(293,550)	(275,000)	(305,000)	11,450
Total Other Financing Sources	<u>\$ (244,146)</u>	<u>\$ (272,500)</u>	<u>\$ (260,594)</u>	<u>\$ 16,448</u>
Net Change in Fund Balance	\$ (272,130)	\$ (421,268)	\$ (603,281)	\$ 331,151
Fund Balance, July 1, 2015	<u>2,248,169</u>	<u>2,246,816</u>	<u>2,246,816</u>	<u>1,353</u>
Fund Balance, June 30, 2016	<u>\$ 1,976,039</u>	<u>\$ 1,825,548</u>	<u>\$ 1,643,535</u>	<u>\$ 332,504</u>

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

Exhibit C-6

Stewart County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 248,027	\$ 243,495	\$ 243,495	\$ 4,532
Charges for Current Services	0	12,000	12,000	(12,000)
Other Local Revenues	9,477	22,000	22,000	(12,523)
State of Tennessee	2,432,544	2,266,408	2,280,868	151,676
Total Revenues	<u>\$ 2,690,048</u>	<u>\$ 2,543,903</u>	<u>\$ 2,558,363</u>	<u>\$ 131,685</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 156,951	\$ 160,570	\$ 159,289	\$ 2,338
Highway and Bridge Maintenance	978,311	1,098,300	1,103,304	124,993
Operation and Maintenance of Equipment	239,048	292,500	287,657	48,609
Other Charges	116,321	114,458	117,755	1,434
Employee Benefits	324,332	334,100	334,100	9,768
Capital Outlay	642,406	632,597	643,791	1,385
Total Expenditures	<u>\$ 2,457,369</u>	<u>\$ 2,632,525</u>	<u>\$ 2,645,896</u>	<u>\$ 188,527</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 232,679</u>	<u>\$ (88,622)</u>	<u>\$ (87,533)</u>	<u>\$ 320,212</u>
Net Change in Fund Balance	\$ 232,679	\$ (88,622)	\$ (87,533)	\$ 320,212
Fund Balance, July 1, 2015	<u>291,202</u>	<u>283,872</u>	<u>283,872</u>	<u>7,330</u>
Fund Balance, June 30, 2016	<u>\$ 523,881</u>	<u>\$ 195,250</u>	<u>\$ 196,339</u>	<u>\$ 327,542</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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 442,170
Due from Other Governments	<u>65,500</u>
Total Assets	<u>\$ 507,670</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 65,500
Due to Litigants, Heirs, and Others	<u>442,170</u>
Total Liabilities	<u>\$ 507,670</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, 2016

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 financial statements of the Stewart County Emergency Communications District, a component unit requiring discrete presentation discussed below, were excluded from this report due to materiality calculations; therefore, the effect of its omission is not material to the financial statements of the aggregate discretely presented component units and will not affect our opinion thereon. 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 material to the component units' opinion unit and therefore have been omitted from this report.

The Stewart County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. 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 \$191,602 were contributed by the county to the School Department during the year ended June 30, 2016.

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 1.82 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. These items are for the deferred charge on refunding, pension changes in experience and investment earnings, pension changes in proportionate share of contributions, 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 experience and investment earnings, pension 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 \$698,856 of restricted net position, of which \$67,054 is restricted by enabling legislation.

As of June 30, 2016, Stewart County had \$16,190,931 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 of the primary government were restated \$765,881 from the prior year because land and a firehouse complex owned by Stewart County Fire Rescue had been included with the county's assets.

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 - Other Student Support	\$ 5,797
Support Services - Director of Schools	548
School Federal Projects Fund:	
Instruction - Vocational Education Program	1,649
Support Services - Vocational Education Program	428

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, 2016.

B. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

	*Restated			
	Balance			Balance
	7-1-15	Increases	Decreases	6-30-16
Capital Assets Not Depreciated:				
Land	\$ 915,563	\$ 0	\$ 0	\$ 915,563
Construction in Progress	6,416,919	339,600	(6,416,919)	339,600
Total Capital Assets Not Depreciated	<u>\$ 7,332,482</u>	<u>\$ 339,600</u>	<u>\$ (6,416,919)</u>	<u>\$ 1,255,163</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,606,765	\$ 8,204,935	\$ 0	\$ 13,811,700
Infrastructure	1,753,052	685,018	0	2,438,070
Other Capital Assets	4,064,262	523,018	0	4,587,280
Total Capital Assets Depreciated	<u>\$ 11,424,079</u>	<u>\$ 9,412,971</u>	<u>\$ 0</u>	<u>\$ 20,837,050</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,900,165	\$ 235,027	\$ 0	\$ 2,135,192
Infrastructure	616,854	124,093	0	740,947
Other Capital Assets	3,182,825	330,368	0	3,513,193
Total Accumulated Depreciation	<u>\$ 5,699,844</u>	<u>\$ 689,488</u>	<u>\$ 0</u>	<u>\$ 6,389,332</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,724,235</u>	<u>\$ 8,723,483</u>	<u>\$ 0</u>	<u>\$ 14,447,718</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,056,717</u>	<u>\$ 9,063,083</u>	<u>\$ (6,416,919)</u>	<u>\$ 15,702,881</u>

*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	\$ 65,753
Finance	315
Administration of Justice	861
Public Safety	337,583
Public Health and Welfare	133,344
Social, Cultural, and Recreational Services	11,275
Agriculture and Natural Resources	84
Highway/Public Works	<u>140,273</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 689,488</u>

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

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets				
Not Depreciated:				
Land	\$ 1,265,886	\$ 0	\$ 0	\$ 1,265,886
Construction in Progress	0	183,602	0	<u>183,602</u>
Total Capital Assets				
Not Depreciated	<u>\$ 1,265,886</u>	<u>\$ 183,602</u>	<u>\$ 0</u>	<u>\$ 1,449,488</u>
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 35,221,670	\$ 0	\$ (124,806)	\$ 35,096,864
Other Capital Assets	5,162,729	476,763	(100,625)	<u>5,538,867</u>
Total Capital Assets				
Depreciated	<u>\$ 40,384,399</u>	<u>\$ 476,763</u>	<u>\$ (225,431)</u>	<u>\$ 40,635,731</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 12,957,757	\$ 853,016	\$ (119,312)	\$ 13,691,461
Other Capital Assets	3,015,888	276,487	(100,625)	<u>3,191,750</u>
Total Accumulated				
Depreciation	<u>\$ 15,973,645</u>	<u>\$ 1,129,503</u>	<u>\$ (219,937)</u>	<u>\$ 16,883,211</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 24,410,754</u>	<u>\$ (652,740)</u>	<u>\$ (5,494)</u>	<u>\$ 23,752,520</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 25,676,640</u>	<u>\$ (469,138)</u>	<u>\$ (5,494)</u>	<u>\$ 25,202,008</u>

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

Governmental Activities:

Instruction	\$ 747,762
Support Services	303,710
Operation of Non-instruction Services	<u>78,031</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,129,503</u>

C. Construction Commitments

At June 30, 2016, the county had uncompleted construction contracts of \$188,025 for energy saving projects. Funding has been received for these future expenditures. Also, at June 30, 2016, the School Department had uncompleted construction contracts of approximately \$275,404 for heating and cooling upgrades. Funding for these future expenditures is expected to be received from other loan proceeds.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,393
General Debt Service	General	48,441
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	56,919

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, 2016, consisted of the following amounts:

Primary Government

	<u>Transfer In</u>
	General
	Debt
	Service
	<u>Fund</u>
Transfer Out	
General Fund	\$ 293,550

**Discretely Presented Stewart County
School Department**

	<u>Transfer In</u>
	Central
	Cafeteria
	<u>Fund</u>
Transfer Out	
General Purpose School Fund	\$ 9,125

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, Notes, and Other Loans

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, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 39 years for bonds, up to 12 years for notes, and up to six years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	2 to 5%	4-1-38	\$ 8,654,000	\$ 8,220,000
General Obligation Bonds - Refunding	1.59 to 3.98	3-1-29	17,390,000	14,520,000
Capital Outlay Notes	2.25 to 3.5	4-1-28	2,289,600	2,013,045
Capital Outlay Notes - Refunding	2	3-1-19	1,125,000	460,000
Other Loans	.75	2-2-22	183,602	183,602

During the current year, Stewart County entered into an agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient Schools Initiative program. Under this agreement, the program made \$460,000 available to Stewart County to fund a project to increase energy efficiency in the Stewart County school system. The interest rate on the loan is .75 percent. As of June 30, 2016, Stewart County had drawn \$183,602 of the available \$460,000 loan.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2022-2026	7,120,000	1,740,656	8,860,656
2027-2031	3,940,000	843,932	4,783,932
2032-2036	2,345,000	384,270	2,729,270
2037-2038	1,075,000	50,782	1,125,782
Total	\$ 22,740,000	\$ 5,891,531	\$ 28,631,531

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 386,806	\$ 59,845	\$ 446,651
2018	403,490	50,343	453,833
2019	376,686	40,864	417,550
2020	193,166	32,080	225,246
2021	160,638	27,114	187,752
2022-2026	726,939	77,635	804,574
2027-2028	225,320	5,338	230,658
Total	\$ 2,473,045	\$ 293,219	\$ 2,766,264

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2017	\$ 24,512	\$ 2,216	\$ 26,728
2018	36,952	3,140	40,092
2019	37,228	2,864	40,092
2020	37,512	2,580	40,092
2021	37,792	2,300	40,092
2022	9,606	504	10,110
Total	\$ 183,602	\$ 13,604	\$ 197,206

There is \$1,562,934 in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans, totaled \$1,906 based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2015	\$ 24,475,000	\$ 1,473,981	\$ 0
Additions	0	1,300,600	183,602
Reductions	(1,735,000)	(301,536)	0
Balance, June 30, 2016	\$ 22,740,000	\$ 2,473,045	\$ 183,602
Balance Due Within One Year	\$ 1,805,000	\$ 386,806	\$ 24,512

	Other Long-term Liabilities	Compensated Absences
Balance, July 1, 2015	\$ 202,099	\$ 156,647
Additions	0	197,988
Reductions	(3,307)	(194,908)
Balance, June 30, 2016	<u>\$ 198,792</u>	<u>\$ 159,727</u>
Balance Due Within One Year	<u>\$ 3,450</u>	<u>\$ 157,670</u>

	Other Postemployment Benefits	Net Pension Liability - Agent Plan
Balance, July 1, 2015	\$ 163,187	\$ 288,991
Additions	27,976	805,190
Reductions	(6,240)	(295,870)
Balance, June 30, 2016	<u>\$ 184,923</u>	<u>\$ 798,311</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 26,738,400
Less: Balance Due Within One Year	(2,377,438)
Add: Deferred Revenue - Premium on Debt	<u>167,143</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,528,105</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.

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, 2016, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Net Pension Liability - Agent Plan	Net Pension Liability - Teacher Legacy Pension Plan*
Balance, July 1, 2015	\$ 209,098	\$ 281,686	\$ (31,930)
Additions	107,968	372,677	2,671,954
Reductions	(116,843)	(284,870)	(2,561,119)
Balance, June 30, 2016	<u>\$ 200,223</u>	<u>\$ 369,493</u>	<u>\$ 78,905</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

*At July 1, 2015, the teacher legacy pension plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 648,621
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 648,621</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Stewart County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$36,706 and \$14,350, 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 borrowed \$100,000 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, 2016, was as follows:

	Balance 7-1-15	Issued	Paid	Balance 6-30-16
Tax Anticipation Notes	\$ 0	\$ 100,000	\$ (100,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Primary Government

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

Discretely Presented Stewart County School Department

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

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, address specific payables to defined benefit plans, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. 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.

D. 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, 2016.

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 (Fayetteville City Schools) 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

E. 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.

F. 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 comprised 68.36 percent and the non-certified

employees of the discretely presented School Department comprised 31.64 percent of the plan based on contribution 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, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	31
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	114
Active Employees	<u>235</u>
 Total	 <u><u>380</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, 2015, the Actuarial Determined Contribution (ADC) for Stewart County was \$416,742 based on a rate of 6.98 percent of covered 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 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, 2015, 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, 2015, 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, 2015, 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 Real Estate	4.61		8	
	0.98		29	
	4.73		7	
Short-term Securities	0.00		1	
Total			<u>100</u>	<u>%</u>

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, 2014	\$ 10,412,377	\$ 9,841,700	\$ 570,677
Changes for the Year:			
Service Cost	528,098	0	528,098
Interest	807,253	0	807,253
Differences Between Expected and Actual Experience	273,465	0	273,465
Contributions-Employer	0	416,742	(416,742)
Contributions-Employees	0	298,527	(298,527)
Net Investment Income	0	308,397	(308,397)
Benefit Payments, Including Refunds of Employee Contributions	(354,203)	(354,203)	0
Administrative Expense	0	(11,977)	11,977
Other Changes	0	0	0
Net Changes	\$ 1,254,613	\$ 657,486	\$ 597,127
Balance, June 30, 2015	\$ 11,666,990	\$ 10,499,186	\$ 1,167,804

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	68.36%	\$ 7,975,554	\$ 7,177,244	\$ 798,311
School Department	31.64%	3,691,436	3,321,942	369,493
Total		\$ 11,666,990	\$ 10,499,186	\$ 1,167,804

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 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:

	1% Decrease	Current Discount Rate	1% Increase
<u>Stewart County</u>	6.5%	7.5%	8.5%

Net Pension Liability \$ 2,841,792 \$ 1,167,804 \$ (211,411)

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

Pension Expense. For the year ended June 30, 2016, Stewart County recognized pension expense of \$312,520.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Stewart County 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	\$ 452,607	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	354,257	447,185
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	<u>460,310</u>	<u>N/A</u>
Total	<u>\$ 1,267,174</u>	<u>\$ 447,185</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” 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	\$ 872,882	\$ 305,696
School Department	394,292	141,489
Total	\$ 1,267,174	\$ 447,185

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

Year Ending June 30	Amount
2017	\$ 14,937
2018	14,937
2019	14,937
2020	163,998
2021	75,436
Thereafter	75,434

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 comprised 68.36 percent and the non-certified employees of the discretely presented School Department comprised 31.64 percent of the plan based on contribution 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 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. Members are eligible to retire with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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, 2016, to the Teacher Retirement Plan were \$30,306, which is four percent of covered 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 (Assets). At June 30, 2016, the Stewart County School Department reported an asset of \$4,367 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial value 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 share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Stewart County School Department's proportion was .108544 percent.

Pension Expense. For the year ended June 30, 2016, the Stewart County School Department recognized pension expense of \$5,723.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Differences between expected and actual experience	\$ 0	\$ 1,422
Net difference between projected and actual earnings on pension plan investments	353	0
LEAs Contributions Subsequent to the Measurement Date of June 30, 2015	<u>30,306</u>	<u>0</u>
	<u>\$ 30,659</u>	<u>\$ 1,422</u>

The Stewart County School Department's employer contributions of \$30,306 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (30)
2018	(30)
2019	(30)
2020	(30)
2021	(118)
Thereafter	(831)

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, 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, 2015, 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 Real Estate	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 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 Pension Liability (Asset) to Changes in the Discount Rate. The following presents the 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 the 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%
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Net Pension Liability	\$	774	\$	(4,367)	\$	(8,137)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

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 benefit 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 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. 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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs, 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 are required to contribute five percent of their salaries. 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, 2016, to the Teacher Legacy Pension Plan were \$636,762, which is 9.04 percent of covered 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 (Assets). At June 30, 2016, the Stewart County School Department reported a liability of \$78,905 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. The Stewart County School Department's proportion of the net pension liability (asset) was based on the Stewart County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Stewart County School Department's proportion was .192622 percent. The proportion measured as of June 30, 2014, was .196500 percent.

Negative pension expense. For the year ended June 30, 2016, the Stewart County School Department recognized negative pension expense of \$117,135.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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	\$ 63,324	\$ 1,228,159
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,424,767	1,934,199
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	252,598
LEAs Contributions Subsequent to the Measurement Date of June 30, 2015	<u>636,762</u>	<u>N/A</u>
Total	<u>\$ 2,124,853</u>	<u>\$ 3,414,956</u>

The Stewart County School Department's employer contributions of \$636,762 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, 2017. 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
2017	\$ (572,028)
2018	(572,028)
2019	(572,028)
2020	72,705
2021	(283,486)
Thereafter	0

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, 2015, 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, 2015, 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 the 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 the 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 \$ 5,379,440 \$ 78,905 \$ (4,309,314)

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

G. 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, 2016, Stewart County and the Stewart County School Department contributed \$6,240 and \$116,843, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 28,000	\$ 108,000
Interest on the NOPEBO	6,120	7,841
Adjustment to the ARC	(6,144)	(7,873)
Annual OPEB cost	\$ 27,976	\$ 107,968
Less: Amount of contribution	(6,240)	(116,843)
Increase/decrease in NOPEBO	\$ 21,736	\$ (8,875)
Net OPEB obligation, 7-1-15	163,187	209,098
Net OPEB obligation, 6-30-16	\$ 184,923	\$ 200,223

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Government Group	\$ 17,154	49 %	\$ 158,350
6-30-15	"	17,163	72	163,187
6-30-16	"	27,976	22	184,923
6-30-14	Local Education Group	95,237	119	211,635
6-30-15	"	98,218	103	209,098
6-30-16	"	107,968	108	200,223

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 167,000	\$ 1,075,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 167,000	\$ 1,075,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,103,940	\$ 6,125,555
UAAL as a % of covered payroll	5%	18%

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, 2015, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. 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. Payroll is assumed to grow at a rate of three percent.

H. Purchasing Laws

Office of County Mayor

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

Office of County Engineer

Chapter 171, Private Acts of 1951, as amended, and the Uniform Road Law, Section 54-7-113, *TCA*, prescribe purchasing procedures to be followed by officials of the 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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 486,273	\$ 528,098
Interest	713,689	807,253
Differences Between Actual and Expected Experience	290,944	273,465
Benefit Payments, Including Refunds of Employee Contributions	(216,232)	(354,203)
Net Change in Total Pension Liability (Asset)	\$ 1,274,674	\$ 1,254,613
Total Pension Liability (Asset), Beginning	9,137,703	10,412,377
Total Pension Liability (Asset), Ending (a)	\$ 10,412,377	\$ 11,666,990
Plan Fiduciary Net Position		
Contributions - Employer	\$ 416,440	\$ 416,742
Contributions - Employee	349,865	298,527
Net Investment Income	1,361,044	308,397
Benefit Payments, Including Refunds of Employee Contributions	(216,232)	(354,203)
Administrative Expense	(8,413)	(11,977)
Net Change in Plan Fiduciary Net Position	\$ 1,902,704	\$ 657,486
Plan Fiduciary Net Position, Beginning	7,938,996	9,841,700
Plan Fiduciary Net Position, Ending (b)	\$ 9,841,700	\$ 10,499,186
Net Pension Liability (Asset), Ending (a - b)	\$ 570,677	\$ 1,167,804
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.52%	89.99%
Covered Payroll	\$ 5,974,731	\$ 5,970,513
Net Pension Liability (Asset) as a Percentage of Covered Payroll	9.55%	19.56%

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

Note: data presented includes primary government and the 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

	2014	2015	2016
Actuarially Determined Contribution	\$ 416,440	\$ 416,742	\$ 460,310
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(416,440)</u>	<u>(416,742)</u>	<u>(460,310)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 5,974,731	\$ 5,970,513	\$ 6,594,699
Contributions as a Percentage of Covered Payroll	6.97%	6.98%	6.98%

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

Note: data presented includes primary government and the 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>	<u>2016</u>
Contractually Required Contribution	\$ 5,638	\$ 18,941
Less Contributions in Relation to the Contractually Required Contribution	<u>(9,021)</u>	<u>(30,306)</u>
Contribution Deficiency (Excess)	<u>\$ (3,383)</u>	<u>\$ (11,365)</u>
Covered Payroll	\$ 225,524	\$ 757,650
Contributions as a Percentage of Covered Payroll	4.00%	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

	2014	2015	2016
Contractually Required Contribution	\$ 684,880	\$ 651,856	\$ 636,762
Less Contributions in Relation to the Contractually Required Contribution	(684,880)	(651,856)	(636,762)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,712,604	\$ 7,210,804	\$ 7,043,827
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

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 Retirement Plan of TCRS
Discretely Presented Stewart County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.108544%
School Department's Proportionate Share of the Net Pension Asset	\$ (4,367)
Covered Payroll	\$ 225,524
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

* 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 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>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.196500%	0.192622%
School Department's Proportionate Share of the Net Pension Asset (Liability)	\$ (31,930)	\$ 78,904
Covered Payroll	\$ 7,712,604	\$ 7,210,804
School Department's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	(.414002)%	1.094253%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* 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-7

Stewart County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Stewart County School Department
June 30, 2016

(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	7-1-11	\$ 0	\$ 309	\$ 309	0%	\$ 2,650	12%
"	7-1-13	0	111	111	0	2,835	4
"	7-1-15	0	167	167	0	3,104	5
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	1,535	1,535	0	6,206	25
"	7-1-13	0	955	955	0	6,517	15
"	7-1-15	0	1,075	1,075	0	6,126	18

STEWART COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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	10 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, 2016

	Special Revenue Funds		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,393	\$ 1,393
Equity in Pooled Cash and Investments	18,292	0	18,292
Total Assets	\$ 18,292	\$ 1,393	\$ 19,685
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 1,393	\$ 1,393
Total Liabilities	\$ 0	\$ 1,393	\$ 1,393
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 18,292	\$ 0	\$ 18,292
Total Fund Balances	\$ 18,292	\$ 0	\$ 18,292
Total Liabilities and Fund Balances	\$ 18,292	\$ 1,393	\$ 19,685

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, 2016

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 2,219	\$ 0	\$ 2,219
Charges for Current Services	0	12,770	12,770
Total Revenues	<u>\$ 2,219</u>	<u>\$ 12,770</u>	<u>\$ 14,989</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 12,770	\$ 12,770
Public Safety	20,158	0	20,158
Other Operations	25	0	25
Total Expenditures	<u>\$ 20,183</u>	<u>\$ 12,770</u>	<u>\$ 32,953</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,964)</u>	<u>\$ 0</u>	<u>\$ (17,964)</u>
Net Change in Fund Balances	\$ (17,964)	\$ 0	\$ (17,964)
Fund Balance, July 1, 2015	<u>36,256</u>	<u>0</u>	<u>36,256</u>
Fund Balance, June 30, 2016	<u>\$ 18,292</u>	<u>\$ 0</u>	<u>\$ 18,292</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 2,219	\$ 2,000	\$ 2,000	\$ 219
Other Local Revenues	0	1,000	1,000	(1,000)
Total Revenues	<u>\$ 2,219</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ (781)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 20,158	\$ 35,000	\$ 35,000	\$ 14,842
<u>Other Operations</u>				
Other Charges	25	50	50	25
Total Expenditures	<u>\$ 20,183</u>	<u>\$ 35,050</u>	<u>\$ 35,050</u>	<u>\$ 14,867</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,964)</u>	<u>\$ (32,050)</u>	<u>\$ (32,050)</u>	<u>\$ 14,086</u>
Net Change in Fund Balance	\$ (17,964)	\$ (32,050)	\$ (32,050)	\$ 14,086
Fund Balance, July 1, 2015	<u>36,256</u>	<u>36,256</u>	<u>36,256</u>	<u>0</u>
Fund Balance, June 30, 2016	<u>\$ 18,292</u>	<u>\$ 4,206</u>	<u>\$ 4,206</u>	<u>\$ 14,086</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,450,372	\$ 2,386,095	\$ 2,397,835	\$ 52,537
Other Governments and Citizens Groups	225,721	195,000	198,605	27,116
Total Revenues	<u>\$ 2,676,093</u>	<u>\$ 2,581,095</u>	<u>\$ 2,596,440</u>	<u>\$ 79,653</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 239,387	\$ 239,431	\$ 239,431	\$ 44
Education	1,797,149	1,796,339	1,797,149	0
<u>Interest on Debt</u>				
General Government	232,228	221,739	232,229	1
Education	509,636	506,842	509,637	1
<u>Other Debt Service</u>				
General Government	49,751	55,500	55,500	5,749
Education	1,500	1,350	2,600	1,100
Total Expenditures	<u>\$ 2,829,651</u>	<u>\$ 2,821,201</u>	<u>\$ 2,836,546</u>	<u>\$ 6,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (153,558)</u>	<u>\$ (240,106)</u>	<u>\$ (240,106)</u>	<u>\$ 86,548</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 293,550	\$ 275,000	\$ 275,000	\$ 18,550
Total Other Financing Sources	<u>\$ 293,550</u>	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 18,550</u>
Net Change in Fund Balance	\$ 139,992	\$ 34,894	\$ 34,894	\$ 105,098
Fund Balance, July 1, 2015	1,422,942	1,422,941	1,422,941	1
Fund Balance, June 30, 2016	<u>\$ 1,562,934</u>	<u>\$ 1,457,835</u>	<u>\$ 1,457,835</u>	<u>\$ 105,099</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, 2016

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 442,170	\$ 442,170
Due from Other Governments	65,500	0	65,500
Total Assets	<u>\$ 65,500</u>	<u>\$ 442,170</u>	<u>\$ 507,670</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 65,500	\$ 0	\$ 65,500
Due to Litigants, Heirs, and Others	0	442,170	442,170
Total Liabilities	<u>\$ 65,500</u>	<u>\$ 442,170</u>	<u>\$ 507,670</u>

Exhibit H-2

Stewart County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 339,155	\$ 339,155	\$ 0
Due from Other Governments	65,000	65,500	65,000	65,500
Total Assets	<u>\$ 65,000</u>	<u>\$ 404,655</u>	<u>\$ 404,155</u>	<u>\$ 65,500</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 65,000</u>	<u>\$ 404,655</u>	<u>\$ 404,155</u>	<u>\$ 65,500</u>
Total Liabilities	<u>\$ 65,000</u>	<u>\$ 404,655</u>	<u>\$ 404,155</u>	<u>\$ 65,500</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	<u>\$ 630,470</u>	<u>\$ 3,399,692</u>	<u>\$ 3,587,992</u>	<u>\$ 442,170</u>
Total Assets	<u>\$ 630,470</u>	<u>\$ 3,399,692</u>	<u>\$ 3,587,992</u>	<u>\$ 442,170</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 630,470</u>	<u>\$ 3,399,692</u>	<u>\$ 3,587,992</u>	<u>\$ 442,170</u>
Total Liabilities	<u>\$ 630,470</u>	<u>\$ 3,399,692</u>	<u>\$ 3,587,992</u>	<u>\$ 442,170</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 630,470	\$ 3,399,692	\$ 3,587,992	\$ 442,170
Equity in Pooled Cash and Investments	0	339,155	339,155	0
Due from Other Governments	65,000	65,500	65,000	65,500
Total Assets	<u>\$ 695,470</u>	<u>\$ 3,804,347</u>	<u>\$ 3,992,147</u>	<u>\$ 507,670</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 65,000	\$ 404,655	\$ 404,155	\$ 65,500
Due to Litigants, Heirs, and Others	630,470	3,399,692	3,587,992	442,170
Total Liabilities	<u>\$ 695,470</u>	<u>\$ 3,804,347</u>	<u>\$ 3,992,147</u>	<u>\$ 507,670</u>

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 9,655,789	\$ 0	\$ 644,933	\$ 0	\$ (9,010,856)
Support Services	6,670,377	85,072	294,543	282,062	(6,008,700)
Operation of Non-instructional Services	1,803,326	186,967	1,320,838	0	(295,521)
Total Governmental Activities	\$ 18,129,492	\$ 272,039	\$ 2,260,314	\$ 282,062	\$ (15,315,077)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 774,737
Local Option Sales Taxes					897,413
Other Local Taxes					38,870
Grants and Contributions Not Restricted for Specific Programs					13,922,011
Unrestricted Investment Income					22,522
Miscellaneous					111,204
Total General Revenues					\$ 15,766,757
Change in Net Position					\$ 451,680
Net Position, July 1, 2015					25,500,412
Net Position, June 30, 2016					\$ 25,952,092

Exhibit I-2

Stewart County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Stewart County School Department
June 30, 2016

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Funds Other Governmental Funds</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 714	\$ 0	\$ 714
Equity in Pooled Cash and Investments	1,986,892	491,722	87,025	2,565,639
Due from Other Governments	155,027	0	12,374	167,401
Due from Other Funds	56,919	0	0	56,919
Property Taxes Receivable	880,722	0	0	880,722
Allowance for Uncollectible Property Taxes	(30,612)	0	0	(30,612)
Total Assets	\$ 3,048,948	\$ 492,436	\$ 99,399	\$ 3,640,783
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 66,149	\$ 0	\$ 66,149
Payroll Deductions Payable	279,347	1,095	8,268	288,710
Due to Other Funds	0	0	56,919	56,919
Due to State of Tennessee	0	496	0	496
Total Liabilities	\$ 279,347	\$ 67,740	\$ 65,187	\$ 412,274
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 826,108	\$ 0	\$ 0	\$ 826,108
Deferred Delinquent Property Taxes	21,421	0	0	21,421
Other Deferred/Unavailable Revenue	76,980	0	0	76,980
Total Deferred Inflows of Resources	\$ 924,509	\$ 0	\$ 0	\$ 924,509

(Continued)

Exhibit I-2

Stewart County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Stewart County School Department (Cont.)

	<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>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 1,012	\$ 0	\$ 18,379	\$ 19,391
Restricted for Operation of Non-instructional Services	0	424,696	0	424,696
Committed:				
Committed for Education	0	0	833	833
Assigned:				
Assigned for Education	0	0	15,000	15,000
Unassigned	1,844,080	0	0	1,844,080
Total Fund Balances	<u>\$ 1,845,092</u>	<u>\$ 424,696</u>	<u>\$ 34,212</u>	<u>\$ 2,304,000</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,048,948</u>	<u>\$ 492,436</u>	<u>\$ 99,399</u>	<u>\$ 3,640,783</u>

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, 2016

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)		\$	2,304,000
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,265,886	
Add: construction in progress		183,602	
Add: buildings and improvements net of accumulated depreciation		21,405,403	
Add: other capital assets net of accumulated depreciation		<u>2,347,117</u>	25,202,008
(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	\$	(200,223)	
Less: net pension liability - agent plan		(369,493)	
Less: net pension liability - teacher legacy pension plan		<u>(78,905)</u>	(648,621)
(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	\$	2,549,804	
Less: deferred inflows of resources related to pensions		<u>(3,557,867)</u>	(1,008,063)
(4) Net pension assets of the teacher retirement plan are not current resources and therefore are not reported in the governmental funds.			4,367
(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>25,952,092</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, 2016

	Major Funds		Nonmajor	Total Governmental Funds
			Funds	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 1,800,990	\$ 0	\$ 28	\$ 1,801,018
Licenses and Permits	740	0	0	740
Charges for Current Services	80,990	186,967	0	267,957
Other Local Revenues	147,627	13,328	0	160,955
State of Tennessee	13,639,003	11,343	0	13,650,346
Federal Government	283,180	900,008	1,043,304	2,226,492
Other Governments and Citizens Groups	191,602	0	0	191,602
Total Revenues	<u>\$ 16,144,132</u>	<u>\$ 1,111,646</u>	<u>\$ 1,043,332</u>	<u>\$ 18,299,110</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 8,406,083	\$ 0	\$ 889,521	\$ 9,295,604
Support Services	6,607,173	0	206,264	6,813,437
Operation of Non-instructional Services	449,677	1,256,019	0	1,705,696
Capital Outlay	339,429	0	0	339,429
Debt Service:				
Interest on Debt	3,605	0	0	3,605
Other Debt Service	222,116	0	0	222,116
Total Expenditures	<u>\$ 16,028,083</u>	<u>\$ 1,256,019</u>	<u>\$ 1,095,785</u>	<u>\$ 18,379,887</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 116,049</u>	<u>\$ (144,373)</u>	<u>\$ (52,453)</u>	<u>\$ (80,777)</u>

(Continued)

Exhibit I-4

Stewart County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Stewart County School Department (Cont.)

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Funds Other Governmental Funds	
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 14,111	\$ 0	\$ 0	\$ 14,111
Transfers In	0	9,125	0	9,125
Transfers Out	(9,125)	0	0	(9,125)
Total Other Financing Sources (Uses)	<u>\$ 4,986</u>	<u>\$ 9,125</u>	<u>\$ 0</u>	<u>\$ 14,111</u>
Net Change in Fund Balances	\$ 121,035	\$ (135,248)	\$ (52,453)	\$ (66,666)
Fund Balance, July 1, 2015	<u>1,724,057</u>	<u>559,944</u>	<u>86,665</u>	<u>2,370,666</u>
Fund Balance, June 30, 2016	<u>\$ 1,845,092</u>	<u>\$ 424,696</u>	<u>\$ 34,212</u>	<u>\$ 2,304,000</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, 2016

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)		\$	(66,666)
(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	\$	378,303	
Less: current-year depreciation expense		<u>(1,129,503)</u>	(751,200)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, donations) is to increase net position.			
Add: assets donated and capitalized	\$	282,062	
Less: book value of capital assets disposed		<u>(5,494)</u>	276,568
(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, 2016	\$	98,401	
Less: deferred delinquent property taxes and other deferred June 30, 2015		<u>(98,401)</u>	0
(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	\$	8,875	
Change in net pension liability - agent plan		(87,807)	
Change in net pension asset - teacher retirement plan		4,367	
Change in net pension asset/liability - teacher legacy pension plan		(110,835)	
Change in deferred outflows related to pensions		1,557,728	
Change in deferred inflows related to pensions		<u>(379,350)</u>	<u>992,978</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 451,680</u>

Exhibit I-6

Stewart County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Stewart County School Department
June 30, 2016

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	School Transpor - tation	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 80,861	\$ 6,164	\$ 87,025
Due from Other Governments	12,374	0	12,374
Total Assets	<u>\$ 93,235</u>	<u>\$ 6,164</u>	<u>\$ 99,399</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 8,268	\$ 0	\$ 8,268
Due to Other Funds	56,919	0	56,919
Total Liabilities	<u>\$ 65,187</u>	<u>\$ 0</u>	<u>\$ 65,187</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 13,048	\$ 5,331	\$ 18,379
Committed:			
Committed for Education	0	833	833
Assigned:			
Assigned for Education	15,000	0	15,000
Total Fund Balances	<u>\$ 28,048</u>	<u>\$ 6,164</u>	<u>\$ 34,212</u>
Total Liabilities and Fund Balances	<u>\$ 93,235</u>	<u>\$ 6,164</u>	<u>\$ 99,399</u>

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, 2016

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	School Transpor - tation	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 28	\$ 28
Federal Government	1,043,304	0	1,043,304
Total Revenues	<u>\$ 1,043,304</u>	<u>\$ 28</u>	<u>\$ 1,043,332</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 889,521	\$ 0	\$ 889,521
Support Services	151,864	54,400	206,264
Total Expenditures	<u>\$ 1,041,385</u>	<u>\$ 54,400</u>	<u>\$ 1,095,785</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,919</u>	<u>\$ (54,372)</u>	<u>\$ (52,453)</u>
Net Change in Fund Balances	\$ 1,919	\$ (54,372)	\$ (52,453)
Fund Balance, July 1, 2015	26,129	60,536	86,665
Fund Balance, June 30, 2016	<u>\$ 28,048</u>	<u>\$ 6,164</u>	<u>\$ 34,212</u>

Exhibit I-8

Stewart County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Stewart County School Department
General Purpose School Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,800,990	\$ 1,539,326	\$ 1,761,442	\$ 39,548
Licenses and Permits	740	400	400	340
Charges for Current Services	80,990	71,750	92,614	(11,624)
Other Local Revenues	147,627	46,062	114,068	33,559
State of Tennessee	13,639,003	13,608,305	13,664,006	(25,003)
Federal Government	283,180	270,200	270,200	12,980
Other Governments and Citizens Groups	191,602	15,000	206,602	(15,000)
Total Revenues	<u>\$ 16,144,132</u>	<u>\$ 15,551,043</u>	<u>\$ 16,109,332</u>	<u>\$ 34,800</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 6,813,764	\$ 6,820,600	\$ 6,851,774	\$ 38,010
Alternative Instruction Program	65,509	67,125	67,125	1,616
Special Education Program	929,620	920,400	937,150	7,530
Vocational Education Program	597,190	670,875	615,725	18,535
<u>Support Services</u>				
Attendance	71,201	85,125	85,125	13,924
Health Services	263,885	276,580	281,225	17,340
Other Student Support	464,393	482,450	458,596	(5,797)
Regular Instruction Program	551,283	548,400	559,646	8,363
Special Education Program	182,237	198,000	198,000	15,763
Vocational Education Program	704	2,000	2,000	1,296
Other Programs	51,056	0	51,056	0
Board of Education	355,187	362,822	362,822	7,635
Director of Schools	258,358	244,110	257,810	(548)
Office of the Principal	899,989	883,950	900,450	461
Fiscal Services	135,610	131,925	137,169	1,559
Operation of Plant	1,292,075	1,261,016	1,325,246	33,171
Maintenance of Plant	544,095	519,350	544,534	439
Transportation	1,300,093	1,283,678	1,308,750	8,657
Central and Other	237,007	294,584	254,446	17,439
<u>Operation of Non-instructional Services</u>				
Food Service	10,674	9,500	10,674	0
Community Services	29,516	32,030	32,030	2,514
Early Childhood Education	409,487	415,385	409,487	0
<u>Capital Outlay</u>				
Regular Capital Outlay	339,429	5,000	339,429	0
<u>Interest on Debt</u>				
Education	3,605	0	3,605	0
<u>Other Debt Service</u>				
Education	222,116	0	222,116	0
Total Expenditures	<u>\$ 16,028,083</u>	<u>\$ 15,514,905</u>	<u>\$ 16,215,990</u>	<u>\$ 187,907</u>

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 116,049	\$ 36,138	\$ (106,658)	\$ 222,707
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 14,111	\$ 0	\$ 10,534	\$ 3,577
Transfers Out	(9,125)	(34,500)	(34,500)	25,375
Total Other Financing Sources	\$ 4,986	\$ (34,500)	\$ (23,966)	\$ 28,952
Net Change in Fund Balance	\$ 121,035	\$ 1,638	\$ (130,624)	\$ 251,659
Fund Balance, July 1, 2015	1,724,057	1,191,922	1,191,922	532,135
Fund Balance, June 30, 2016	\$ 1,845,092	\$ 1,193,560	\$ 1,061,298	\$ 783,794

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,043,304	\$ 1,071,472	\$ 1,452,353	\$ (409,049)
Total Revenues	\$ 1,043,304	\$ 1,071,472	\$ 1,452,353	\$ (409,049)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 492,739	\$ 433,852	\$ 580,455	\$ 87,716
Special Education Program	378,525	436,089	527,327	148,802
Vocational Education Program	18,257	16,608	16,608	(1,649)
<u>Support Services</u>				
Other Student Support	56,463	70,500	110,287	53,824
Regular Instruction Program	61,150	88,986	129,175	68,025
Special Education Program	32,323	23,937	87,000	54,677
Vocational Education Program	1,928	1,500	1,500	(428)
Total Expenditures	\$ 1,041,385	\$ 1,071,472	\$ 1,452,352	\$ 410,967
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,919	\$ 0	\$ 1	\$ 1,918
Net Change in Fund Balance	\$ 1,919	\$ 0	\$ 1	\$ 1,918
Fund Balance, July 1, 2015	26,129	26,129	26,129	0
Fund Balance, June 30, 2016	\$ 28,048	\$ 26,129	\$ 26,130	\$ 1,918

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 186,967	\$ 219,000	\$ 219,000	\$ (32,033)
Other Local Revenues	13,328	16,200	16,200	(2,872)
State of Tennessee	11,343	12,000	12,000	(657)
Federal Government	900,008	863,000	863,000	37,008
Total Revenues	<u>\$ 1,111,646</u>	<u>\$ 1,110,200</u>	<u>\$ 1,110,200</u>	<u>\$ 1,446</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,256,019	\$ 1,335,900	\$ 1,335,900	\$ 79,881
Total Expenditures	<u>\$ 1,256,019</u>	<u>\$ 1,335,900</u>	<u>\$ 1,335,900</u>	<u>\$ 79,881</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (144,373)</u>	<u>\$ (225,700)</u>	<u>\$ (225,700)</u>	<u>\$ 81,327</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 1,000	\$ 1,000	\$ (1,000)
Transfers In	9,125	0	0	9,125
Total Other Financing Sources	<u>\$ 9,125</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 8,125</u>
Net Change in Fund Balance	\$ (135,248)	\$ (224,700)	\$ (224,700)	\$ 89,452
Fund Balance, July 1, 2015	<u>559,944</u>	<u>660,230</u>	<u>660,230</u>	<u>(100,286)</u>
Fund Balance, June 30, 2016	<u>\$ 424,696</u>	<u>\$ 435,530</u>	<u>\$ 435,530</u>	<u>\$ (10,834)</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 28	\$ 2,900	\$ 2,900	\$ (2,872)
Total Revenues	\$ 28	\$ 2,900	\$ 2,900	\$ (2,872)
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 1	\$ 100	\$ 100	\$ 99
Transportation	54,399	55,000	55,000	601
Total Expenditures	\$ 54,400	\$ 55,100	\$ 55,100	\$ 700
Excess (Deficiency) of Revenues Over Expenditures	\$ (54,372)	\$ (52,200)	\$ (52,200)	\$ (2,172)
Net Change in Fund Balance	\$ (54,372)	\$ (52,200)	\$ (52,200)	\$ (2,172)
Fund Balance, July 1, 2015	60,536	60,535	60,535	1
Fund Balance, June 30, 2016	\$ 6,164	\$ 8,335	\$ 8,335	\$ (2,171)

MISCELLANEOUS SCHEDULES

Exhibit J-1

Stewart County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16	
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Courthouse Capital Outlay Note, Series 2012	\$ 126,000	3.5	% 8-25-11	8-25-23	\$ 99,374	\$ 0	\$ 9,519	\$ 89,855	
Ambulance Capital Outlay Note, Series 2012	116,000	2.9	11-4-11	11-4-15	30,256	0	30,256	0	
G.O. Capital Outlay Refunding Note, Series 2011	1,125,000	2	11-10-11	3-1-19	600,000	0	140,000	460,000	
Public Safety Vehicles Capital Outlay Notes, Series 2013	175,000	3	11-1-12	11-1-17	108,214	0	34,933	73,281	
Public Safety/Public Health Capital Outlay Notes, Series 2013	135,000	2.5	11-7-13	11-7-18	109,333	0	26,323	83,010	
County Courthouse/Schools Capital Outlay Notes, Series 2014	378,000	3.25	2-25-14	2-25-26	351,804	0	27,064	324,740	
Public Safety Capital Outlay Notes, Series 2014	175,000	2.25	11-10-14	11-10-19	175,000	0	33,441	141,559	
Ambulance and Equipment Capital Outlay Note, Series 2015	105,600	2.35	12-1-15	12-1-20	0	105,600	0	105,600	
Public Works/Schools Capital Outlay Notes, Series 2015	1,115,000	2.53	12-1-15	12-1-27	0	1,115,000	0	1,115,000	
School System Capital Outlay Note, Series 2016	80,000	2.91	3-24-16	4-1-28	0	80,000	0	80,000	
Total Notes Payable					<u>\$ 1,473,981</u>	<u>\$ 1,300,600</u>	<u>\$ 301,536</u>	<u>\$ 2,473,045</u>	
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Energy Efficient Schools Initiative	183,602	(1)	0.75	2-2-16	2-2-22	\$ 0	\$ 183,602	\$ 0	\$ 183,602
Total Other Loans Payable					<u>\$ 0</u>	<u>\$ 183,602</u>	<u>\$ 0</u>	<u>\$ 183,602</u>	
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Industrial Park Development (FmHA)	454,000	5	10-15-77	10-1-16	\$ 40,000	\$ 0	\$ 20,000	\$ 20,000	
School Refunding, Series 2007	6,330,000	3.98	1-26-07	3-1-29	6,075,000	0	90,000	5,985,000	
Public Improvement Bonds, Series 2012	8,200,000	2 to 3.125	12-20-12	4-1-38	8,200,000	0	0	8,200,000	
School Refunding Bond, Series 2013	765,000	2.69	5-15-13	3-1-24	640,000	0	65,000	575,000	
School Refunding, Series 2013A	5,405,000	2.59	11-27-13	12-1-23	4,955,000	0	465,000	4,490,000	
School Refunding, Series 2014	1,775,000	1.94	2-28-14	3-1-19	1,450,000	0	340,000	1,110,000	
School Refunding, Series 2014A	1,160,000	1.59	12-1-14	9-1-16	1,160,000	0	570,000	590,000	
School Refunding, Series 2015	1,955,000	2.60	6-1-15	6-1-24	1,955,000	0	185,000	1,770,000	
Total Bonds Payable					<u>\$ 24,475,000</u>	<u>\$ 0</u>	<u>\$ 1,735,000</u>	<u>\$ 22,740,000</u>	

(1) Total amount approved was \$460,000, of which \$276,398 remained available for draws as of June 30, 2016.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 386,806	\$ 59,845	\$ 446,651
2018	403,490	50,343	453,833
2019	376,686	40,864	417,550
2020	193,166	32,080	225,246
2021	160,638	27,114	187,752
2022	142,170	23,368	165,538
2023	146,855	19,533	166,388
2024	150,822	15,365	166,187
2025	141,348	11,541	152,889
2026	145,744	7,828	153,572
2027	111,550	3,997	115,547
2028	113,770	1,341	115,111
Total	\$ 2,473,045	\$ 293,219	\$ 2,766,264

Year Ending June 30	Other Loans Payable		
	Principal	Interest	Total
2017	\$ 24,512	\$ 2,216	\$ 26,728
2018	36,952	3,140	40,092
2019	37,228	2,864	40,092
2020	37,512	2,580	40,092
2021	37,792	2,300	40,092
2022	9,606	504	10,110
Total	\$ 183,602	\$ 13,604	\$ 197,206

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 22,740,000	\$ 5,891,531	\$ 28,631,531

Exhibit J-3

Stewart County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Stewart County School Department
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ 293,550
Total Transfers Primary Government			<u>\$ 293,550</u>
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Deferred compensation, insurance, and retirement match	\$ 9,125
Total Transfers Discretely Presented Stewart County School Department			<u>\$ 9,125</u>

Exhibit J-4

Stewart County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Stewart County School Department
For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 77,775	\$ 100,000	State Automobile Mutual Insurance Company
County Engineer	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Schools	State Board of Education and County Board of Education	97,824 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	63,843	700,549	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	63,843 (2)	50,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	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 \$12,770.
(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, 2016

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,133,013	\$ 0	\$ 0	\$ 212,365	\$ 1,693,257
Trustee's Collections - Prior Year	99,113	0	0	6,360	54,815
Trustee's Collections - Bankruptcy	682	0	0	49	400
Circuit Clerk/Clerk and Master Collections - Prior Years	73,287	0	0	6,442	40,776
Interest and Penalty	19,378	0	0	1,304	10,748
Payments in-Lieu-of Taxes - T.V.A.	950	0	0	64	513
Payments in-Lieu-of Taxes - Local Utilities	314,061	0	0	21,252	169,735
Payments in-Lieu-of Taxes - Other	119,384	0	0	0	65,450
<u>County Local Option Taxes</u>					
Local Option Sales Tax	528,663	0	0	0	0
Hotel/Motel Tax	22,660	0	0	0	0
Wheel Tax	0	0	0	0	413,155
Litigation Tax - General	31,702	0	0	0	0
Litigation Tax - Special Purpose	13,221	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	39,251	0	0	0	0
Mixed Drink Tax	2,166	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	2,818	0	0	191	1,523
Wholesale Beer Tax	122,294	0	0	0	0
Interstate Telecommunications Tax	973	0	0	0	0
Other Statutory Local Taxes	148	0	0	0	0
Total Local Taxes	\$ 4,523,764	\$ 0	\$ 0	\$ 248,027	\$ 2,450,372

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service Fund
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	\$ 5,600	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	3,540	0	0	0	0
<u>Permits</u>					
Beer Permits	1,852	0	0	0	0
Total Licenses and Permits	<u>\$ 10,992</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 2,422	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	6,143	0	0	0	0
Drug Control Fines	1,425	1,204	0	0	0
Data Entry Fee - Circuit Court	736	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	1,259	0	0	0	0
<u>General Sessions Court</u>					
Fines	6,509	0	0	0	0
Officers Costs	16,585	0	0	0	0
Game and Fish Fines	441	0	0	0	0
Drug Control Fines	679	665	0	0	0
Jail Fees	2,241	0	0	0	0
DUI Treatment Fines	1,899	0	0	0	0
Data Entry Fee - General Sessions Court	4,002	0	0	0	0
<u>Juvenile Court</u>					
Fines	85	0	0	0	0
Officers Costs	328	0	0	0	0
Data Entry Fee - Juvenile Court	649	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	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	\$ 739	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	1,886	0	0	0	0
Courtroom Security Fee	2	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	2,078	350	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 50,108	\$ 2,219	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 810,341	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	120	0	0	0	0
<u>Fees</u>					
Copy Fees	3	0	0	0	0
Telephone Commissions	10,537	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	12,770	0	0
Data Processing Fee - Register	4,592	0	0	0	0
Probation Fees	270	0	0	0	0
Data Processing Fee - Sheriff	1,928	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,100	0	0	0	0
Data Processing Fee - County Clerk	886	0	0	0	0
Total Charges for Current Services	\$ 830,777	\$ 0	\$ 12,770	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 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	General Debt Service
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Lease/Rentals	\$ 6,865	\$ 0	\$ 0	\$ 0	0
Sale of Materials and Supplies	165	0	0	0	0
Commissary Sales	5,475	0	0	0	0
Sale of Gasoline	0	0	0	4,115	0
Sale of Recycled Materials	0	0	0	22	0
Miscellaneous Refunds	16,164	0	0	1,086	0
<u>Nonrecurring Items</u>					
Sale of Equipment	5,092	0	0	0	0
Sale of Property	2,000	0	0	0	0
Damages Recovered from Individuals	324	0	0	0	0
Performance Bond Forfeitures	10,486	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	550	0	0	4,254	0
Total Other Local Revenues	\$ 47,121	\$ 0	\$ 0	\$ 9,477	\$ 0
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 126,069	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	40,323	0	0	0	0
General Sessions Court Clerk	65,118	0	0	0	0
Clerk and Master	62,402	0	0	0	0
Juvenile Court Clerk	3,535	0	0	0	0
Register	56,814	0	0	0	0
Sheriff	6,330	0	0	0	0
Trustee	241,033	0	0	0	0
Total Fees Received From County Officials	\$ 601,624	\$ 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	General Debt Service
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 21,895	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	10,200	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	325,815	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	347,110	0
State Aid Program	0	0	0	316,012	0
Litter Program	54,467	0	0	0	0
<u>Other State Revenues</u>					
Flood Control	435	0	0	0	0
Income Tax	22,079	0	0	0	0
Resort District Sales Tax	157,510	0	0	0	0
Beer Tax	18,488	0	0	0	0
Alcoholic Beverage Tax	44,554	0	0	0	0
State Revenue Sharing - T.V.A.	977,877	0	0	71,238	0
Contracted Prisoner Boarding	62,493	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	1,688,570	0
Petroleum Special Tax	0	0	0	9,614	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	73,548	0	0	0	0
Other State Revenues	54,656	0	0	0	0
Total State of Tennessee	\$ 1,839,181	\$ 0	\$ 0	\$ 2,432,544	\$ 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</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 1,500	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	14,018	0	0	0	0
Other Federal through State	85,864	0	0	0	0
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	8,690	0	0	0	0
Forest Service	43,200	0	0	0	0
Other Direct Federal Revenue	400	0	0	0	0
Total Federal Government	<u>\$ 153,672</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 123,012	\$ 0	\$ 0	\$ 0	\$ 225,721
Contracted Services	21,531	0	0	0	0
<u>Citizens Groups</u>					
Donations	2,069	0	0	0	0
<u>Other</u>					
Other	12,645	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 159,257</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 225,721</u>
Total	<u>\$ 8,216,496</u>	<u>\$ 2,219</u>	<u>\$ 12,770</u>	<u>\$ 2,690,048</u>	<u>\$ 2,676,093</u>

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 5,038,635
Trustee's Collections - Prior Year	0	160,288
Trustee's Collections - Bankruptcy	0	1,131
Circuit Clerk/Clerk and Master Collections - Prior Years	0	120,505
Interest and Penalty	0	31,430
Payments in-Lieu-of Taxes - T.V.A.	0	1,527
Payments in-Lieu-of Taxes - Local Utilities	0	505,048
Payments in-Lieu-of Taxes - Other	892	185,726
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	528,663
Hotel/Motel Tax	0	22,660
Wheel Tax	0	413,155
Litigation Tax - General	0	31,702
Litigation Tax - Special Purpose	0	13,221
Litigation Tax - Jail, Workhouse, or Courthouse	57,541	57,541
Business Tax	0	39,251
Mixed Drink Tax	0	2,166
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	4,532
Wholesale Beer Tax	0	122,294
Interstate Telecommunications Tax	0	973
Other Statutory Local Taxes	0	148
Total Local Taxes	<u>\$ 58,433</u>	<u>\$ 7,280,596</u>

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Vaccination	\$ 0	\$ 5,600
Cable TV Franchise	0	3,540
<u>Permits</u>		
Beer Permits	0	1,852
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 10,992</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 2,422
Officers Costs	0	6,143
Drug Control Fines	0	2,629
Data Entry Fee - Circuit Court	0	736
<u>Criminal Court</u>		
DUI Treatment Fines	0	1,259
<u>General Sessions Court</u>		
Fines	0	6,509
Officers Costs	0	16,585
Game and Fish Fines	0	441
Drug Control Fines	0	1,344
Jail Fees	0	2,241
DUI Treatment Fines	0	1,899
Data Entry Fee - General Sessions Court	0	4,002
<u>Juvenile Court</u>		
Fines	0	85
Officers Costs	0	328
Data Entry Fee - Juvenile Court	0	649

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Chancery Court</u>		
Officers Costs	\$ 0	\$ 739
Data Entry Fee - Chancery Court	0	1,886
Courtroom Security Fee	0	2
<u>Other Fines, Forfeitures, and Penalties</u>		
Other Fines, Forfeitures, and Penalties	0	2,428
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 52,327</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	\$ 0	\$ 810,341
Work Release Charges for Board	0	120
<u>Fees</u>		
Copy Fees	0	3
Telephone Commissions	0	10,537
Special Commissioner Fees/Special Master Fees	0	12,770
Data Processing Fee - Register	0	4,592
Probation Fees	0	270
Data Processing Fee - Sheriff	0	1,928
Sexual Offender Registration Fee - Sheriff	0	2,100
Data Processing Fee - County Clerk	0	886
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 843,547</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 1,601	\$ 1,601

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>		
	General Capital Projects		Total
<u>Other Local Revenues (Cont.)</u>			
<u>Recurring Items (Cont.)</u>			
Lease/Rentals	\$ 0	\$	6,865
Sale of Materials and Supplies	0		165
Commissary Sales	0		5,475
Sale of Gasoline	0		4,115
Sale of Recycled Materials	0		22
Miscellaneous Refunds	0		17,250
<u>Nonrecurring Items</u>			
Sale of Equipment	0		5,092
Sale of Property	0		2,000
Damages Recovered from Individuals	0		324
Performance Bond Forfeitures	0		10,486
<u>Other Local Revenues</u>			
Other Local Revenues	0		4,804
Total Other Local Revenues	<u>\$ 1,601</u>	<u>\$</u>	<u>58,199</u>
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$	126,069
Circuit Court Clerk	0		40,323
General Sessions Court Clerk	0		65,118
Clerk and Master	0		62,402
Juvenile Court Clerk	0		3,535
Register	0		56,814
Sheriff	0		6,330
Trustee	0		241,033
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$</u>	<u>601,624</u>

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 21,895
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	10,200
<u>Health and Welfare Grants</u>		
Health Department Programs	0	325,815
<u>Public Works Grants</u>		
Bridge Program	0	347,110
State Aid Program	0	316,012
Litter Program	0	54,467
<u>Other State Revenues</u>		
Flood Control	0	435
Income Tax	0	22,079
Resort District Sales Tax	0	157,510
Beer Tax	0	18,488
Alcoholic Beverage Tax	0	44,554
State Revenue Sharing - T.V.A.	0	1,049,115
Contracted Prisoner Boarding	0	62,493
Gasoline and Motor Fuel Tax	0	1,688,570
Petroleum Special Tax	0	9,614
Registrar's Salary Supplement	0	15,164
Other State Grants	25,000	98,548
Other State Revenues	0	54,656
Total State of Tennessee	<u>\$ 25,000</u>	<u>\$ 4,296,725</u>

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Federal Government</u>		
<u>Federal Through State</u>		
Homeland Security Grants	\$ 0	\$ 1,500
Law Enforcement Grants	0	14,018
Other Federal through State	0	85,864
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	0	8,690
Forest Service	0	43,200
Other Direct Federal Revenue	0	400
Total Federal Government	<u>\$ 0</u>	<u>\$ 153,672</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 348,733
Contracted Services	0	21,531
<u>Citizens Groups</u>		
Donations	0	2,069
<u>Other</u>		
Other	0	12,645
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 384,978</u>
Total	<u>\$ 85,034</u>	<u>\$ 13,682,660</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, 2016

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 731,502	\$ 0	\$ 0	\$ 0	\$ 731,502
Trustee's Collections - Prior Year	22,033	0	0	0	22,033
Trustee's Collections - Bankruptcy	140	0	0	18	158
Circuit Clerk/Clerk and Master Collections - Prior Years	17,082	0	0	0	17,082
Interest and Penalty	4,472	0	0	10	4,482
Payments in-Lieu-of Taxes - T.V.A.	221	0	0	0	221
Payments in-Lieu-of Taxes - Local Utilities	73,203	0	0	0	73,203
Payments in-Lieu-of Taxes - Other	13,776	0	0	0	13,776
<u>County Local Option Taxes</u>					
Local Option Sales Tax	897,413	0	0	0	897,413
Business Tax	37,207	0	0	0	37,207
Mixed Drink Tax	2,166	0	0	0	2,166
<u>Statutory Local Taxes</u>					
Bank Excise Tax	657	0	0	0	657
Interstate Telecommunications Tax	1,118	0	0	0	1,118
Total Local Taxes	\$ 1,800,990	\$ 0	\$ 0	\$ 28	\$ 1,801,018
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 740	\$ 0	\$ 0	\$ 0	\$ 740
Total Licenses and Permits	\$ 740	\$ 0	\$ 0	\$ 0	\$ 740

(Continued)

Exhibit J-6

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>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 78,177	\$ 0	\$ 78,177
Lunch Payments - Adults	0	0	22,593	0	22,593
Income from Breakfast	0	0	1,206	0	1,206
A la Carte Sales	0	0	84,991	0	84,991
Receipts from Individual Schools	27,956	0	0	0	27,956
Other Charges for Services	53,034	0	0	0	53,034
Total Charges for Current Services	\$ 80,990	\$ 0	\$ 186,967	\$ 0	\$ 267,957
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 20,954	\$ 0	\$ 1,568	\$ 0	\$ 22,522
Lease/Rentals	2,525	0	0	0	2,525
Sale of Gasoline	20,535	0	0	0	20,535
Sale of Recycled Materials	1,557	0	0	0	1,557
E-Rate Funding	9,674	0	0	0	9,674
Miscellaneous Refunds	39,158	0	11,760	0	50,918
<u>Nonrecurring Items</u>					
Sale of Equipment	65	0	0	0	65
Sale of Property	25,194	0	0	0	25,194
Contributions and Gifts	13,473	0	0	0	13,473
<u>Other Local Revenues</u>					
Other Local Revenues	14,492	0	0	0	14,492
Total Other Local Revenues	\$ 147,627	\$ 0	\$ 13,328	\$ 0	\$ 160,955

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 51,056	\$ 0	\$ 0	\$ 0	\$ 51,056
<u>State Education Funds</u>					
Basic Education Program	11,091,000	0	0	0	11,091,000
Early Childhood Education	409,487	0	0	0	409,487
School Food Service	0	0	11,343	0	11,343
Other State Education Funds	224,478	0	0	0	224,478
Career Ladder Program	54,773	0	0	0	54,773
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	1,808,209	0	0	0	1,808,209
Total State of Tennessee	\$ 13,639,003	\$ 0	\$ 11,343	\$ 0	\$ 13,650,346
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 578,031	\$ 0	\$ 578,031
USDA - Commodities	0	0	70,325	0	70,325
Breakfast	0	0	247,146	0	247,146
USDA - Other	0	0	4,506	0	4,506
Vocational Education - Basic Grants to States	70	29,694	0	0	29,764
Title I Grants to Local Education Agencies	0	494,885	0	0	494,885
Special Education - Grants to States	0	395,219	0	0	395,219
Special Education Preschool Grants	0	18,215	0	0	18,215
Rural Education	0	53,658	0	0	53,658
Eisenhower Professional Development State Grants	0	51,633	0	0	51,633
Other Federal through State	50,173	0	0	0	50,173

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	\$ 232,937	\$ 0	\$ 0	\$ 0	\$ 232,937
Total Federal Government	<u>\$ 283,180</u>	<u>\$ 1,043,304</u>	<u>\$ 900,008</u>	<u>\$ 0</u>	<u>\$ 2,226,492</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 191,602	\$ 0	\$ 0	\$ 0	\$ 191,602
Total Other Governments and Citizens Groups	<u>\$ 191,602</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 191,602</u>
Total	<u>\$ 16,144,132</u>	<u>\$ 1,043,304</u>	<u>\$ 1,111,646</u>	<u>\$ 28</u>	<u>\$ 18,299,110</u>

Exhibit J-7

Stewart County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	21,124	
Social Security		1,310	
Employer Medicare		306	
Audit Services		3,997	
Dues and Memberships		1,800	
Total County Commission			\$ 28,537

County Mayor/Executive

County Official/Administrative Officer	\$	77,775	
Secretary(ies)		25,262	
Longevity Pay		700	
Overtime Pay		270	
Social Security		6,212	
Pensions		7,260	
Employee and Dependent Insurance		11,421	
Life Insurance		192	
Unemployment Compensation		46	
Employer Medicare		1,453	
Communication		4,295	
Data Processing Services		10,158	
Dues and Memberships		1,725	
Postal Charges		3,762	
Rentals		98	
Travel		2,301	
Office Supplies		2,637	
Other Charges		48	
Office Equipment		2,170	
Total County Mayor/Executive			157,785

Election Commission

County Official/Administrative Officer	\$	57,459	
Part-time Personnel		15,736	
Election Commission		3,550	
Election Workers		5,335	
Social Security		4,538	
Pensions		4,011	
Life Insurance		98	
Unemployment Compensation		102	
Employer Medicare		1,061	
Communication		1,961	
Data Processing Services		12,648	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		3,406	
Maintenance and Repair Services - Office Equipment		30	
Postal Charges		845	
Printing, Stationery, and Forms		780	
Rentals		624	

(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	\$	1,197	
Office Supplies		956	
Voting Machines		3,920	
Total Election Commission			\$ 118,307

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		26,105	
Longevity Pay		650	
Social Security		4,960	
Pensions		6,324	
Employee and Dependent Insurance		30,621	
Life Insurance		195	
Dental Insurance		58	
Unemployment Compensation		33	
Employer Medicare		1,160	
Communication		1,768	
Dues and Memberships		573	
Operating Lease Payments		5,677	
Postal Charges		500	
Office Supplies		1,965	
Total Register of Deeds			144,432

County Buildings

Custodial Personnel	\$	34,665	
Maintenance Personnel		71,103	
Part-time Personnel		20,215	
Longevity Pay		1,650	
Overtime Pay		166	
Social Security		7,452	
Pensions		7,287	
Employee and Dependent Insurance		19,769	
Life Insurance		453	
Medical Insurance		177	
Dental Insurance		400	
Unemployment Compensation		300	
Employer Medicare		1,743	
Communication		1,372	
Contracts with Private Agencies		4,442	
Data Processing Services		10,394	
Maintenance Agreements		11,955	
Maintenance and Repair Services - Buildings		25,523	
Maintenance and Repair Services - Vehicles		1,696	
Pest Control		1,640	
Rentals		18,180	
Permits		55	
Custodial Supplies		4,287	

(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.)

Electricity	\$	75,003	
Gasoline		3,620	
Office Supplies		307	
Tires and Tubes		585	
Water and Sewer		4,893	
Other Charges		60	
Principal on Notes		3,307	
Interest on Notes		8,525	
Maintenance Equipment		28	
Total County Buildings			\$ 341,252

Other General Administration

Accounting Services	\$	954	
Contracts with Private Agencies		150	
Dues and Memberships		250	
Operating Lease Payments		3,978	
Legal Services		12,975	
Legal Notices, Recording, and Court Costs		8,433	
Duplicating Supplies		830	
Transfers to Other Funds		8,467	
Other Charges		1,387	
Total Other General Administration			37,424

Preservation of Records

Operating Lease Payments	\$	220	
Office Supplies		2,459	
Office Equipment		2,018	
Total Preservation of Records			4,697

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	57,459	
Longevity Pay		300	
Social Security		3,192	
Pensions		4,032	
Employee and Dependent Insurance		14,861	
Life Insurance		98	
Medical Insurance		65	
Dental Insurance		139	
Unemployment Compensation		48	
Employer Medicare		747	
Total Accounting and Budgeting			80,941

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		29,949	
Assessment Personnel		24,103	

(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.)

Clerical Personnel	\$	23,078	
Longevity Pay		1,450	
Board and Committee Members Fees		470	
Social Security		7,814	
Pensions		9,941	
Employee and Dependent Insurance		43,756	
Life Insurance		391	
Medical Insurance		130	
Dental Insurance		557	
Unemployment Compensation		144	
Employer Medicare		1,828	
Communication		1,544	
Contracts with Private Agencies		6,395	
Data Processing Services		4,507	
Dues and Memberships		1,700	
Operating Lease Payments		549	
Maintenance and Repair Services - Vehicles		1,563	
Postal Charges		364	
Travel		276	
Gasoline		568	
Office Supplies		468	
Other Charges		194	
Office Equipment		140	
Total Property Assessor's Office			\$ 225,722

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		65,019	
Part-time Personnel		121	
Longevity Pay		550	
Social Security		7,450	
Pensions		9,041	
Employee and Dependent Insurance		24,034	
Life Insurance		362	
Medical Insurance		173	
Dental Insurance		232	
Unemployment Compensation		185	
Employer Medicare		1,742	
Communication		2,977	
Data Processing Services		11,939	
Dues and Memberships		578	
Operating Lease Payments		1,222	
Postal Charges		4,877	
Travel		2,639	
Data Processing Supplies		2,268	
Office Supplies		1,611	
Other Charges		200	
Office Equipment		5,619	
Total County Trustee's Office			206,682

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		80,976	
Longevity Pay		2,250	
Social Security		8,610	
Pensions		10,266	
Employee and Dependent Insurance		19,426	
Life Insurance		383	
Medical Insurance		190	
Dental Insurance		406	
Unemployment Compensation		198	
Employer Medicare		2,014	
Communication		2,023	
Data Processing Services		8,039	
Dues and Memberships		558	
Postal Charges		3,224	
Travel		126	
Office Supplies		4,084	
Office Equipment		532	
Total County Clerk's Office			\$ 207,148

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		50,895	
Part-time Personnel		503	
Longevity Pay		1,100	
Jury and Witness Expense		7,088	
Social Security		7,187	
Pensions		6,196	
Life Insurance		293	
Medical Insurance		65	
Dental Insurance		278	
Unemployment Compensation		99	
Local Retirement		812	
Employer Medicare		1,681	
Communication		2,575	
Data Processing Services		8,443	
Dues and Memberships		458	
Operating Lease Payments		2,474	
Postal Charges		2,091	
Food Supplies		375	
Office Supplies		3,117	
Office Equipment		197	
Total Circuit Court			159,770

General Sessions Judge

Judge(s)	\$	90,887	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Longevity Pay	\$	750	
Other Per Diem and Fees		16,889	
Social Security		6,421	
Pensions		7,003	
Employee and Dependent Insurance		14,861	
Life Insurance		98	
Unemployment Compensation		65	
Employer Medicare		1,502	
Dues and Memberships		750	
Travel		1,145	
		<hr/>	
Total General Sessions Judge	\$		140,371

General Sessions Court Clerk

Deputy(ies)	\$	47,283	
Longevity Pay		650	
Social Security		2,961	
Pensions		3,346	
Life Insurance		195	
Medical Insurance		65	
Dental Insurance		104	
Unemployment Compensation		96	
Employer Medicare		693	
Communication		1,873	
Data Processing Services		11,754	
Operating Lease Payments		661	
Postal Charges		1,068	
Office Supplies		2,310	
Other Charges		820	
Office Equipment		2,081	
		<hr/>	
Total General Sessions Court Clerk			75,960

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		45,347	
Longevity Pay		900	
Social Security		6,519	
Pensions		7,684	
Employee and Dependent Insurance		11,983	
Life Insurance		293	
Medical Insurance		65	
Dental Insurance		139	
Unemployment Compensation		96	
Employer Medicare		1,525	
Communication		1,771	
Data Processing Services		4,640	
Dues and Memberships		558	
Legal Notices, Recording, and Court Costs		220	

(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.)

Postal Charges	\$	3,498	
Printing, Stationery, and Forms		121	
Office Supplies		2,164	
Office Equipment		391	
Total Chancery Court			\$ 151,757

Juvenile Court

Probation Officer(s)	\$	5,496	
Youth Service Officer(s)		63,004	
Longevity Pay		1,050	
Social Security		3,844	
Pensions		4,855	
Employee and Dependent Insurance		11,902	
Life Insurance		195	
Medical Insurance		65	
Dental Insurance		139	
Unemployment Compensation		96	
Employer Medicare		899	
Communication		4,164	
Contracts with Government Agencies		530	
Contracts with Private Agencies		1,154	
Dues and Memberships		40	
Operating Lease Payments		2,004	
Maintenance and Repair Services - Buildings		11,970	
Maintenance and Repair Services - Vehicles		1,936	
Postal Charges		304	
Travel		4,254	
Gasoline		257	
Office Supplies		2,776	
Other Charges		47	
Office Equipment		1,623	
Total Juvenile Court			122,604

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)		339,861	
Investigator(s)		63,834	
Sergeant(s)		64,936	
Salary Supplements		10,800	
Dispatchers/Radio Operators		220,069	
Clerical Personnel		41,018	
Part-time Personnel		21,594	

(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.)

School Resource Officer	\$	111,414	
Longevity Pay		11,600	
Overtime Pay		44,649	
Other Salaries and Wages		6,284	
In-service Training		1,270	
Social Security		56,492	
Pensions		56,066	
Employee and Dependent Insurance		230,306	
Life Insurance		2,820	
Medical Insurance		1,073	
Dental Insurance		2,918	
Unemployment Compensation		1,552	
Employer Medicare		13,212	
Communication		13,209	
Contracts with Private Agencies		1,750	
Data Processing Services		9,453	
Dues and Memberships		1,500	
Operating Lease Payments		2,204	
Maintenance Agreements		3,345	
Maintenance and Repair Services - Buildings		885	
Maintenance and Repair Services - Equipment		930	
Maintenance and Repair Services - Vehicles		51,009	
Medical and Dental Services		10,812	
Postal Charges		1,467	
Towing Services		823	
Travel		357	
Custodial Supplies		1,272	
Electricity		9,193	
Gasoline		41,730	
Law Enforcement Supplies		2,801	
Office Supplies		3,777	
Propane Gas		1,034	
Tires and Tubes		7,191	
Uniforms		3,561	
Water and Sewer		1,698	
Other Charges		840	
Law Enforcement Equipment		15,986	
Office Equipment		21,638	
Other Equipment		8,799	
Total Sheriff's Department			\$ 1,589,260

Jail

Supervisor/Director	\$	39,975
Accountants/Bookkeepers		15,455
Guards		479,884
Longevity Pay		3,100
Overtime Pay		21,659

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

In-service Training	\$	400	
Social Security		32,718	
Pensions		37,314	
Employee and Dependent Insurance		82,863	
Life Insurance		1,941	
Medical Insurance		653	
Dental Insurance		1,767	
Unemployment Compensation		1,748	
Employer Medicare		7,645	
Contracts with Government Agencies		205,030	
Contracts with Private Agencies		120,339	
Operating Lease Payments		1,149	
Maintenance and Repair Services - Buildings		3,935	
Maintenance and Repair Services - Equipment		48	
Medical and Dental Services		248,631	
Pest Control		135	
Travel		2,020	
Custodial Supplies		6,774	
Drugs and Medical Supplies		3,781	
Electricity		54,769	
Food Supplies		52,134	
Office Supplies		1,399	
Prisoners Clothing		1,828	
Propane Gas		24,958	
Uniforms		7,780	
Water and Sewer		16,562	
Other Charges		2,601	
Furniture and Fixtures		8,560	
Office Equipment		6,073	
Other Equipment		8,128	
Total Jail			\$ 1,503,756

Fire Prevention and Control

Contributions	\$	110,000	
Total Fire Prevention and Control			110,000

Other Emergency Management

Supervisor/Director	\$	33,802	
Part-time Personnel		3,407	
Longevity Pay		750	
In-service Training		379	
Social Security		2,221	
Pensions		2,412	
Employee and Dependent Insurance		6,192	
Life Insurance		98	
Medical Insurance		65	
Unemployment Compensation		67	

(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.)

Employer Medicare	\$	520	
Communication		2,613	
Contracts with Private Agencies		13,050	
Licenses		401	
Maintenance and Repair Services - Buildings		619	
Maintenance and Repair Services - Equipment		1,018	
Maintenance and Repair Services - Vehicles		2,408	
Electricity		3,962	
Gasoline		1,683	
Office Supplies		248	
Uniforms		314	
Communication Equipment		1,816	
Office Equipment		1,320	
Total Other Emergency Management			\$ 79,365

County Coroner/Medical Examiner

Other Salaries and Wages	\$	3,462	
Social Security		215	
Pensions		242	
Unemployment Compensation		2	
Employer Medicare		50	
Medical and Dental Services		19,910	
Other Contracted Services		6,000	
Total County Coroner/Medical Examiner			29,881

Public Health and Welfare

Local Health Center

Advertising	\$	359	
Communication		1,514	
Dues and Memberships		250	
Maintenance and Repair Services - Buildings		7,314	
Postal Charges		90	
Rentals		455	
Other Contracted Services		5,312	
Food Supplies		292	
Office Supplies		2,166	
Other Charges		309	
Furniture and Fixtures		619	
Office Equipment		442	
Total Local Health Center			19,122

Rabies and Animal Control

Other Contracted Services	\$	5,576	
Total Rabies and Animal Control			5,576

Ambulance/Emergency Medical Services

Supervisor/Director	\$	54,572	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Medical Personnel	\$	475,272	
Secretary(ies)		6,862	
Longevity Pay		6,400	
Overtime Pay		251,829	
Other Salaries and Wages		3,916	
In-service Training		920	
Social Security		46,217	
Pensions		51,568	
Employee and Dependent Insurance		127,831	
Life Insurance		1,905	
Medical Insurance		743	
Dental Insurance		2,065	
Unemployment Compensation		1,165	
Employer Medicare		10,809	
Advertising		757	
Communication		15,055	
Debt Collection Services		45,072	
Dues and Memberships		495	
Operating Lease Payments		1,716	
Licenses		2,418	
Maintenance Agreements		200	
Maintenance and Repair Services - Buildings		1,489	
Maintenance and Repair Services - Equipment		3,040	
Maintenance and Repair Services - Vehicles		47,805	
Medical and Dental Services		1,056	
Postal Charges		36	
Towing Services		1,345	
Travel		1,264	
Disposal Fees		6,409	
Custodial Supplies		813	
Diesel Fuel		18,789	
Drugs and Medical Supplies		44,959	
Electricity		16,059	
Food Supplies		1,001	
Gasoline		2,291	
Office Supplies		1,705	
Propane Gas		1,964	
Tires and Tubes		5,236	
Uniforms		5,319	
Water and Sewer		2,561	
Refunds		5,190	
Furniture and Fixtures		530	
Office Equipment		286	
Total Ambulance/Emergency Medical Services			\$ 1,276,934
<u>Alcohol and Drug Programs</u>			
Communication	\$	888	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs (Cont.)

Contracts with Private Agencies	\$	298	
Data Processing Services		300	
Dues and Memberships		175	
Postal Charges		94	
Printing, Stationery, and Forms		400	
Travel		3,499	
Other Contracted Services		31,959	
Office Supplies		9,741	
Other Supplies and Materials		784	
Liability Insurance		1,362	
Other Charges		18,297	
Total Alcohol and Drug Programs			\$ 67,797

Other Local Health Services

Advertising	\$	17,597	
Contracts with Private Agencies		1,920	
Travel		2,436	
Office Supplies		15,472	
Total Other Local Health Services			37,425

Waste Pickup

Temporary Personnel	\$	24,094	
Social Security		1,494	
Pensions		49	
Unemployment Compensation		140	
Employer Medicare		349	
Medical and Dental Services		48	
Rentals		810	
Travel		933	
Disposal Fees		897	
Gasoline		969	
Instructional Supplies and Materials		8,510	
Other Supplies and Materials		2,413	
Total Waste Pickup			40,706

Other Public Health and Welfare

Social Workers	\$	4,780	
Medical Personnel		137,787	
Clerical Personnel		57,862	
Custodial Personnel		23,339	
Part-time Personnel		4,548	
Longevity Pay		2,300	
Social Security		13,230	
Pensions		14,124	
Employee and Dependent Insurance		43,430	
Life Insurance		676	
Medical Insurance		260	

(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.)

Dental Insurance	\$	638	
Unemployment Compensation		400	
Employer Medicare		3,094	
Contracts with Private Agencies		1,080	
Medical and Dental Services		48	
Printing, Stationery, and Forms		617	
Travel		6,460	
Office Supplies		1,048	
Liability Insurance		98	
Workers' Compensation Insurance		6,055	
Other Charges		2,315	
Office Equipment		2,013	
Total Other Public Health and Welfare			\$ 326,202

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

County Official/Administrative Officer Assistant(s)	\$	39,797	
Librarians		45,338	
Longevity Pay		47,629	
Overtime Pay		2,350	
Other Salaries and Wages		6,317	
Social Security		1,150	
Pensions		8,226	
Employee and Dependent Insurance		8,707	
Life Insurance		22,841	
Medical Insurance		395	
Dental Insurance		244	
Unemployment Compensation		557	
Employer Medicare		339	
Communication		1,924	
Dues and Memberships		4,947	
Operating Lease Payments		350	
Maintenance Agreements		3,720	
Maintenance and Repair Services - Buildings		1,100	
Maintenance and Repair Services - Equipment		961	
Postal Charges		35	
Rentals		717	
Travel		360	
Custodial Supplies		2,217	
Electricity		831	
Library Books/Media		8,171	
Office Supplies		20,572	
		3,522	

(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.)

Propane Gas	\$	2,333	
Other Charges		2,380	
Office Equipment		7,193	
Total Libraries			\$ 245,223

Other Social, Cultural, and Recreational

Supervisor/Director	\$	20,663	
Paraprofessionals		34,523	
Longevity Pay		850	
Social Security		3,337	
Pensions		1,502	
Employee and Dependent Insurance		5,504	
Life Insurance		98	
Medical Insurance		65	
Dental Insurance		139	
Unemployment Compensation		255	
Employer Medicare		780	
Dues and Memberships		45	
Travel		2,416	
Food Supplies		1,406	
Instructional Supplies and Materials		4,025	
Workers' Compensation Insurance		500	
Other Charges		150	
Total Other Social, Cultural, and Recreational			76,258

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	54,090	
Communication		1,817	
Contributions		2,300	
Dues and Memberships		361	
Office Equipment		1,840	
Total Agricultural Extension Service			60,408

Soil Conservation

Secretary(ies)	\$	23,331	
Longevity Pay		800	
Social Security		1,470	
Pensions		1,684	
Life Insurance		98	
Dental Insurance		139	
Unemployment Compensation		48	
Employer Medicare		344	
Total Soil Conservation			27,914

(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		6,000	
Travel		1,200	
Other Equipment		8,388	
Total Tourism			\$ 16,088

Tourism - Resort District

Advertising	\$	1,225	
Communication		3,453	
Contracts with Private Agencies		857	
Contributions		22,460	
Dues and Memberships		2,559	
Maintenance and Repair Services - Buildings		3,656	
Maintenance and Repair Services - Equipment		65	
Pest Control		440	
Custodial Supplies		1,352	
Electricity		21,489	
Food Supplies		237	
Office Supplies		832	
Road Signs		100	
Water and Sewer		1,506	
Other Charges		57	
Furniture and Fixtures		1,379	
Office Equipment		380	
Other Equipment		1,480	
Total Tourism - Resort District			63,527

Other Economic and Community Development

Contributions	\$	1,500	
Building Construction		9,975	
Total Other Economic and Community Development			11,475

Veterans' Services

Supervisor/Director	\$	25,667	
Part-time Personnel		13,534	
Longevity Pay		450	
Social Security		2,381	
Pensions		2,138	
Life Insurance		120	
Medical Insurance		103	
Dental Insurance		220	
Unemployment Compensation		142	
Employer Medicare		557	
Communication		1,750	
Operating Lease Payments		882	
Maintenance and Repair Services - Buildings		352	
Postal Charges		52	

(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.)

Travel	\$ 2,328	
Office Supplies	900	
Other Charges	638	
Office Equipment	620	
Total Veterans' Services		\$ 52,834

Other Charges

Remittance of Revenue Collected	\$ 17,368	
Liability Insurance	105,747	
Premiums on Corporate Surety Bonds	2,452	
Trustee's Commission	99,970	
Workers' Compensation Insurance	68,125	
Total Other Charges		293,662

Miscellaneous

Contributions	\$ 88,816	
Dues and Memberships	4,277	
Total Miscellaneous		93,093

Total General Fund \$ 8,244,480

Drug Control Fund

Public Safety

Drug Enforcement

Law Enforcement Equipment	\$ 18,069	
Other Equipment	2,089	
Total Drug Enforcement		\$ 20,158

Other Operations

Other Charges

Trustee's Commission	\$ 25	
Total Other Charges		25

Total Drug Control Fund 20,183

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 12,770	
Total Chancery Court		\$ 12,770

Total Constitutional Officers - Fees Fund 12,770

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,228	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Accountants/Bookkeepers	\$	35,164	
Secretary(ies)		30,210	
Advertising		574	
Communication		3,576	
Data Processing Services		5,869	
Dues and Memberships		2,451	
Freight Expenses		50	
Postal Charges		380	
Other Contracted Services		753	
Drugs and Medical Supplies		41	
Electricity		5,198	
Office Supplies		1,989	
Water and Sewer		306	
Other Charges		162	
Total Administration			\$ 156,951

Highway and Bridge Maintenance

Foremen	\$	90,447	
Equipment Operators - Heavy		205,292	
Equipment Operators - Light		134,563	
Truck Drivers		133,906	
Laborers		132,839	
Rentals		3,661	
Other Contracted Services		8,741	
Asphalt - Cold Mix		1,692	
Asphalt - Hot Mix		68,188	
Asphalt - Liquid		62,926	
Concrete		8,197	
Crushed Stone		64,719	
Ice		934	
Riprap		6,241	
Pipe - Metal		16,438	
Road Signs		3,456	
Salt		35,212	
Wood Products		859	
Total Highway and Bridge Maintenance			978,311

Operation and Maintenance of Equipment

Foremen	\$	43,356	
Laborers		32,592	
Freight Expenses		639	
Laundry Service		3,419	
Licenses		140	
Maintenance and Repair Services - Equipment		6,111	
Disposal Fees		900	
Diesel Fuel		38,179	
Equipment and Machinery Parts		43,963	

(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.)

Garage Supplies	\$	11,859	
Gasoline		26,795	
Lubricants		7,713	
Propane Gas		2,157	
Tires and Tubes		21,225	
Total Operation and Maintenance of Equipment			\$ 239,048

Other Charges

Building and Contents Insurance	\$	3,063	
Liability Insurance		31,242	
Trustee's Commission		22,566	
Vehicle and Equipment Insurance		19,029	
Workers' Compensation Insurance		40,111	
Other Charges		310	
Total Other Charges			116,321

Employee Benefits

Longevity Pay	\$	17,550	
Social Security		53,430	
Pensions		58,259	
Employee and Dependent Insurance		1,208	
Life Insurance		2,423	
Medical Insurance		169,986	
Dental Insurance		2,552	
Unemployment Compensation		6,428	
Employer Medicare		12,496	
Total Employee Benefits			324,332

Capital Outlay

Engineering Services	\$	514	
Bridge Construction		310,624	
Office Equipment		859	
State Aid Projects		325,574	
Building Purchases		4,835	
Total Capital Outlay			642,406

Total Highway/Public Works Fund \$ 2,457,369

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	20,000	
Principal on Notes		219,387	
Total General Government			\$ 239,387

Education

Principal on Bonds	\$	1,715,000	
Principal on Notes		82,149	
Total Education			1,797,149

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 199,421	
Interest on Notes	32,807	
Total General Government		\$ 232,228

Education

Interest on Bonds	\$ 490,334	
Interest on Notes	19,302	
Total Education		509,636

Other Debt Service

General Government

Trustee's Commission	\$ 49,251	
Other Debt Service	500	
Total General Government		49,751

Education

Other Debt Issuance Charges	\$ 1,250	
Other Debt Service	250	
Total Education		1,500

Total General Debt Service Fund \$ 2,829,651

General Capital Projects Fund

Capital Projects

General Administration Projects

Building Construction	\$ 348,640	
Total General Administration Projects		\$ 348,640

Public Safety Projects

Architects	\$ 16,174	
Trustee's Commission	601	
Building Construction	1,729,247	
Total Public Safety Projects		1,746,022

Highway and Street Capital Projects

Motor Vehicles	\$ 535,258	
Total Highway and Street Capital Projects		535,258

Education Capital Projects

Contributions	\$ 191,602	
Motor Vehicles	282,062	
Total Education Capital Projects		473,664

Total General Capital Projects Fund 3,103,584

Total Governmental Funds - Primary Government \$ 16,668,037

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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,569,576	
Career Ladder Program	30,250	
Career Ladder Extended Contracts	19,000	
Homebound Teachers	28,148	
Educational Assistants	350,561	
Other Salaries and Wages	26,944	
Certified Substitute Teachers	100	
Non-certified Substitute Teachers	64,294	
Social Security	301,469	
Pensions	429,289	
Medical Insurance	778,684	
Unemployment Compensation	942	
Employer Medicare	70,962	
Other Fringe Benefits	368	
Instructional Supplies and Materials	40,774	
Textbooks	5,337	
Other Supplies and Materials	23,234	
Fee Waivers	1,539	
Other Charges	2,500	
Regular Instruction Equipment	69,793	
Total Regular Instruction Program		\$ 6,813,764

Alternative Instruction Program

Teachers	\$ 46,276	
Educational Assistants	12,265	
Social Security	760	
Pensions	856	
Unemployment Compensation	106	
Employer Medicare	849	
Maintenance and Repair Services - Equipment	132	
Other Equipment	4,265	
Total Alternative Instruction Program		65,509

Special Education Program

Teachers	\$ 686,641	
Career Ladder Program	4,000	
Educational Assistants	6,804	
Social Security	41,531	
Pensions	65,243	
Medical Insurance	105,382	
Unemployment Compensation	1,122	
Employer Medicare	9,713	
Contracts with Private Agencies	9,184	
Total Special Education Program		929,620

(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

Teachers	\$ 419,511	
Career Ladder Program	4,000	
Educational Assistants	9,654	
Social Security	25,248	
Pensions	39,431	
Medical Insurance	64,176	
Unemployment Compensation	550	
Employer Medicare	5,982	
Instructional Supplies and Materials	28,638	
Total Vocational Education Program		\$ 597,190

Support Services

Attendance

Supervisor/Director	\$ 42,691	
Career Ladder Program	1,000	
Social Security	2,522	
Pensions	3,950	
Medical Insurance	8,098	
Unemployment Compensation	38	
Employer Medicare	590	
Travel	1,639	
Other Contracted Services	5,400	
Other Supplies and Materials	4,437	
In Service/Staff Development	836	
Total Attendance		71,201

Health Services

Supervisor/Director	\$ 61,177	
Medical Personnel	129,669	
Social Security	11,299	
Pensions	14,840	
Medical Insurance	27,306	
Unemployment Compensation	402	
Employer Medicare	2,643	
Travel	4,962	
Drugs and Medical Supplies	2,382	
Food Supplies	489	
Other Supplies and Materials	8,548	
Other Charges	168	
Total Health Services		263,885

Other Student Support

Career Ladder Program	\$ 2,000	
Guidance Personnel	288,234	
Secretary(ies)	18,292	
School Resource Officer	48,012	

(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.)

Other Salaries and Wages	\$	1,467	
Social Security		18,853	
Pensions		26,598	
Medical Insurance		22,321	
Unemployment Compensation		377	
Employer Medicare		4,433	
Evaluation and Testing		9,956	
Other Supplies and Materials		23,850	
Total Other Student Support			\$ 464,393

Regular Instruction Program

Supervisor/Director	\$	146,959	
Career Ladder Program		2,000	
Librarians		215,195	
Secretary(ies)		28,131	
Social Security		22,787	
Pensions		34,540	
Medical Insurance		72,928	
Unemployment Compensation		462	
Employer Medicare		5,329	
Travel		10,122	
Library Books/Media		7,653	
In Service/Staff Development		5,177	
Total Regular Instruction Program			551,283

Special Education Program

Supervisor/Director	\$	65,222	
Psychological Personnel		49,240	
Secretary(ies)		26,105	
Social Security		8,140	
Pensions		12,170	
Medical Insurance		18,751	
Unemployment Compensation		186	
Employer Medicare		1,904	
Travel		504	
Other Supplies and Materials		15	
Total Special Education Program			182,237

Vocational Education Program

Travel	\$	704	
Total Vocational Education Program			704

Other Programs

On-behalf Payments to OPEB	\$	51,056	
Total Other Programs			51,056

(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

Secretary to Board	\$	3,000	
Board and Committee Members Fees		19,560	
Social Security		1,399	
Employer Medicare		327	
Dues and Memberships		7,539	
Legal Services		13,643	
Other Contracted Services		899	
Other Supplies and Materials		230	
Liability Insurance		37,462	
Premiums on Corporate Surety Bonds		1,921	
Trustee's Commission		64,885	
Workers' Compensation Insurance		186,356	
In Service/Staff Development		14,729	
Other Charges		3,237	
Total Board of Education			\$ 355,187

Director of Schools

County Official/Administrative Officer	\$	96,824	
Career Ladder Program		1,000	
Secretary(ies)		26,105	
Clerical Personnel		30,691	
Social Security		9,386	
Pensions		12,808	
Medical Insurance		10,607	
Unemployment Compensation		185	
Employer Medicare		2,195	
Communication		30,023	
Travel		1,623	
Office Supplies		6,847	
Other Charges		30,064	
Total Director of Schools			258,358

Office of the Principal

Principals	\$	276,951	
Career Ladder Program		3,000	
Accountants/Bookkeepers		84,580	
Assistant Principals		231,124	
Secretary(ies)		88,896	
Social Security		40,663	
Pensions		56,509	
Medical Insurance		79,496	
Unemployment Compensation		948	
Employer Medicare		9,541	
Other Supplies and Materials		911	
Other Charges		27,370	
Total Office of the Principal			899,989

(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	\$	87,728	
Social Security		5,251	
Pensions		2,214	
Medical Insurance		15,651	
Unemployment Compensation		124	
Employer Medicare		1,228	
Data Processing Services		20,244	
Travel		487	
Data Processing Supplies		1,356	
Office Supplies		1,327	
Total Fiscal Services			\$ 135,610

Operation of Plant

Custodial Personnel	\$	46,258	
Social Security		2,868	
Pensions		1,632	
Unemployment Compensation		169	
Employer Medicare		671	
Other Fringe Benefits		60	
Pest Control		4,962	
Disposal Fees		6,868	
Other Contracted Services		399,438	
Electricity		549,370	
Natural Gas		66,567	
Water and Sewer		85,646	
Boiler Insurance		6,148	
Building and Contents Insurance		120,003	
Other Charges		1,415	
Total Operation of Plant			1,292,075

Maintenance of Plant

Supervisor/Director	\$	46,800	
Maintenance Personnel		235,252	
Social Security		17,216	
Pensions		14,617	
Medical Insurance		36,107	
Unemployment Compensation		591	
Employer Medicare		4,026	
Maintenance and Repair Services - Buildings		44,186	
Maintenance and Repair Services - Equipment		34,968	
Maintenance and Repair Services - Vehicles		150	
Rentals		906	
Other Supplies and Materials		80,031	
Other Charges		2,903	
Maintenance Equipment		26,342	
Total Maintenance of Plant			544,095

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	27,443	
Mechanic(s)		77,864	
Bus Drivers		563,584	
Social Security		40,988	
Pensions		32,345	
Medical Insurance		43,786	
Unemployment Compensation		2,166	
Employer Medicare		9,586	
Other Fringe Benefits		778	
Contracts with Private Agencies		4,841	
Travel		1,175	
Diesel Fuel		87,819	
Gasoline		24,820	
Lubricants		12,427	
Tires and Tubes		34,362	
Vehicle Parts		159,427	
Other Supplies and Materials		2,971	
Vehicle and Equipment Insurance		34,581	
In Service/Staff Development		1,578	
Other Charges		129,652	
Administration Equipment		387	
Transportation Equipment		7,513	
Total Transportation			\$ 1,300,093

Central and Other

Maintenance Personnel	\$	357	
Other Salaries and Wages		50,070	
Social Security		2,910	
Pensions		3,495	
Medical Insurance		15,274	
Unemployment Compensation		66	
Employer Medicare		681	
Maintenance and Repair Services - Equipment		12,493	
Other Contracted Services		144,360	
Other Supplies and Materials		1,216	
Administration Equipment		295	
Data Processing Equipment		5,790	
Total Central and Other			237,007

Operation of Non-instructional Services

Food Service

Other Supplies and Materials	\$	10,674	
Total Food Service			10,674

Community Services

Supervisor/Director	\$	22,069	
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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.)

<u>General Purpose School Fund (Cont.)</u>		
<u>Operation of Non-instructional Services (Cont.)</u>		
<u>Community Services (Cont.)</u>		
Clerical Personnel	\$ 4,916	
Social Security	1,695	
Unemployment Compensation	78	
Employer Medicare	397	
Other Fringe Benefits	361	
Total Community Services		\$ 29,516
<u>Early Childhood Education</u>		
Supervisor/Director	\$ 28,460	
Teachers	195,226	
Educational Assistants	76,680	
Non-certified Substitute Teachers	14,417	
Social Security	17,458	
Pensions	25,573	
Medical Insurance	33,198	
Unemployment Compensation	597	
Employer Medicare	4,083	
Other Charges	13,795	
Total Early Childhood Education		409,487
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Building Improvements	\$ 339,429	
Total Regular Capital Outlay		339,429
<u>Interest on Debt</u>		
<u>Education</u>		
Contributions	\$ 3,605	
Total Education		3,605
<u>Other Debt Service</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$ 222,116	
Total Education		222,116
Total General Purpose School Fund		\$ 16,028,083
<u>School Federal Projects Fund</u>		
<u>Instruction</u>		
<u>Regular Instruction Program</u>		
Teachers	\$ 105,192	
Educational Assistants	62,543	
Other Salaries and Wages	53,200	
Social Security	13,417	
Pensions	17,406	
Medical Insurance	22,061	

(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.)

Unemployment Compensation	\$	369	
Employer Medicare		3,160	
Instructional Supplies and Materials		89,282	
Other Charges		2,323	
Regular Instruction Equipment		123,786	
Total Regular Instruction Program			\$ 492,739

Special Education Program

Teachers	\$	95,868	
Educational Assistants		147,464	
Speech Pathologist		64,184	
Other Salaries and Wages		3,000	
Social Security		18,202	
Pensions		18,163	
Unemployment Compensation		244	
Employer Medicare		4,497	
Other Fringe Benefits		368	
Other Contracted Services		4,104	
Instructional Supplies and Materials		1,592	
Other Charges		3,097	
Special Education Equipment		17,742	
Total Special Education Program			378,525

Vocational Education Program

Other Supplies and Materials	\$	867	
Vocational Instruction Equipment		17,390	
Total Vocational Education Program			18,257

Support Services

Other Student Support

Other Salaries and Wages	\$	19,350	
Social Security		294	
Unemployment Compensation		83	
Employer Medicare		349	
Travel		6,000	
Other Supplies and Materials		12,184	
In Service/Staff Development		13,953	
Other Charges		4,250	
Total Other Student Support			56,463

Regular Instruction Program

Supervisor/Director	\$	39,231	
Other Salaries and Wages		11,700	
Unemployment Compensation		155	
Employer Medicare		739	
Travel		579	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$ 1,185	
In Service/Staff Development	7,561	
Total Regular Instruction Program		\$ 61,150

Special Education Program

Travel	\$ 1,287	
Other Contracted Services	15,153	
Other Supplies and Materials	900	
In Service/Staff Development	1,205	
Other Charges	13,778	
Total Special Education Program		32,323

Vocational Education Program

Travel	\$ 1,252	
In Service/Staff Development	676	
Total Vocational Education Program		1,928

Total School Federal Projects Fund \$ 1,041,385

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$ 68,995
Clerical Personnel	34,992
Cafeteria Personnel	287,274
Other Salaries and Wages	4,164
Social Security	24,215
Pensions	21,120
Medical Insurance	16,729
Unemployment Compensation	879
Employer Medicare	5,663
Other Fringe Benefits	315
Advertising	4,002
Communication	1,497
Dues and Memberships	598
Maintenance and Repair Services - Equipment	16,520
Pest Control	748
Postal Charges	330
Travel	1,908
Disposal Fees	5,762
Other Contracted Services	38,647
Food Preparation Supplies	23,692
Food Supplies	423,543
Office Supplies	2,158
Uniforms	4,865
Chemicals	6,857

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

USDA - Commodities	\$ 70,325	
Other Supplies and Materials	1,864	
In Service/Staff Development	5,712	
Other Charges	3,586	
Food Service Equipment	179,059	
Total Food Service		<u>\$ 1,256,019</u>

Total Central Cafeteria Fund \$ 1,256,019

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$ 1	
Total Board of Education		\$ 1

Transportation

Transportation Equipment	\$ 54,399	
Total Transportation		<u>54,399</u>

Total School Transportation Fund 54,400

Total Governmental Funds - Stewart County School Department \$ 18,379,887

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, 2016

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 339,155
Total Cash Receipts	<u>\$ 339,155</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 335,421
Trustee's Commission	3,734
Total Cash Disbursements	<u>\$ 339,155</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2015	<u>0</u>
Cash Balance, June 30, 2016	<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

**Independent Auditor's 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***

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, 2016, 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 16, 2016.

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: 2016-002, 2016-003, and 2016-004.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

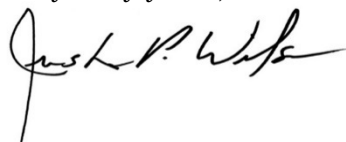
Stewart County's Responses to Findings

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 16, 2016

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
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**Independent Auditor's 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 the Uniform Guidance**

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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.

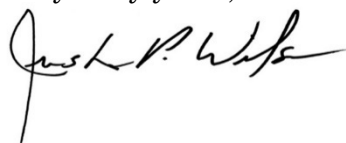
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise Stewart County's basic financial statements. We issued our report thereon dated September 16, 2016, 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 the Uniform Guidance 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 16, 2016

JPW/sb

Stewart County, Tennessee, and the Stewart County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2016

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	\$ 247,146
National School Lunch Program	10.555	N/A	578,031 (6)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	70,325 (6)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(3)	7,307
Passed-through State Department of Finance and Administration:			
Schools and Roads - Grants to States	10.665	(4)	50,173
Total U.S. Department of Agriculture			<u>\$ 952,982</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-1630	\$ 270
Total U.S. Department of Justice			<u>\$ 270</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(5)	\$ 14,018
Total U.S. Department of Transportation			<u>\$ 14,018</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00116-111	\$ 1,824
Total U.S. Institute of Museum and Library Services			<u>\$ 1,824</u>
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 232,937
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	493,568
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	392,864
Special Education - Preschool Grants	84.173	N/A	18,173
Career and Technical Education - Basic Grants to States	84.048	N/A	29,835
Rural Education	84.358	N/A	54,908
Improving Teacher Quality State Grants	84.367	N/A	52,107
Total U.S. Department of Education			<u>\$ 1,274,392</u>
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	(4)	\$ 67,014
Total U.S. Department of Health and Human Services			<u>\$ 67,014</u>

(Continued)

Stewart County, Tennessee, and the Stewart County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-17416	\$ 18,850
Homeland Security Grant Program	97.067	34101-22815	1,500
Total U.S. Department of Homeland Security			\$ 20,350
Total Expenditures of Federal Awards			\$ 2,330,850
<u>State Grants</u>		<u>Contract Number</u>	
Litter Program - State Department of Transportation	N/A	40100-07416	\$ 40,467
Lottery for Education Afterschool Program - State Department of Education	N/A	33109-09015	53,348
Clean Tennessee Energy Grants - State Department of Environment and Conservation	N/A	32701-02444	25,000
Archives Development Grant - Tennessee Secretary of State	N/A	30504-01516-12	4,400
Library Pavilion Grant - Tennessee Secretary of State	N/A	30504-02114-15	1,200
Three-Star Grant - State Department of Economic and Community Development	N/A	33007-28416	9,975
Local Health Services - State Department of Health	N/A	34360-16816	325,815
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	12,625
Early Childhood Education - State Department of Education	N/A	(4)	409,487
Coordinated School Health - State Department of Education	N/A	(4)	130,000
Connect Tennessee - State Department of Education	N/A	(4)	5,388
Safe Schools - State Department of Education	N/A	(4)	12,460
ACT/EXPLORE/PLAN - Testing - State Department of Education	N/A	(4)	3,838
Teacher Leader Council - State Department of Education	N/A	(4)	10,000
Family Resource Centers - State Department of Education	N/A	(4)	29,612
Total State Grants			\$ 1,082,615

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) Stewart County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) 03-4730044001: \$2,801; Information not available: \$4,506.
- (4) Information not available.
- (5) Z15GHS336: \$13,716; Z16GHS337: \$302.
- (6) Total for CFDA No. 10.555 is \$648,356.

Stewart County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Stewart County, Tennessee, for the year ended June 30, 2016.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2015	164	2015-001	The Office had Deficiencies in Budget Operations	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	165	2015-002	General Ledger Payroll Liability Accounts were not Reconciled with Payroll Reports and Payments	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICES OF DIRECTOR OF SCHOOLS AND COUNTY CLERK</u>					
2015	166	2015-003	Duties were not Segregated Adequately	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER OF DEEDS; AND SHERIFF</u>					
2015	166	2015-003	Duties were not Segregated Adequately	N/A	Corrected
<u>OFFICE OF COUNTY CLERK</u>					
2015	167	2015-004	Multiple Employees Operated from the Same Cash Drawer	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF CLERK AND MASTER</u>					
2015	167	2015-004	Multiple Employees Operated from the Same Cash Drawer	N/A	Corrected

Stewart County, Tennessee
Summary Schedule of Prior-year Findings (Cont.)

Prior-year Federal Award Findings

There were no prior-year federal award findings to report.

STEWART COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Stewart County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit of the financial statements, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Paraphrased written responses for all findings are presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. The director of schools and county clerk provided corrective action plans for these findings.

Findings relating specifically to the audit of federal awards are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2016-001

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance 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, and management failed to correct the finding noted in the prior-year audit report.

- A. Expenditures exceeded appropriations approved by the County Commission in two 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 - Other Student Support	\$ 5,797
Support Services - Director of Schools	548
School Federal Projects:	
Instruction - Vocational Education Program	1,649
Support Services - Vocational Education Program	428

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 exceeded appropriations in three of 61 line items of the General Purpose School Fund by amounts ranging from \$100 to \$61,177. 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.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

If expenditures exceed approved appropriations, a budget amendment will be submitted to the Board of Education and the County Commission for their approval. Where possible, spending will be cut off at a point within the year where there is adequate time to prepare the appropriate amendments if appropriations are to be exceeded. The finance director will monitor spending on a monthly basis and communicate the status of relevant budget items to all department heads. In the future, the finance director will have oversight of all departments to ensure compliance with proper budget procedures. All amendments to the budget will be completed by the finance director with the approval of the director of schools. In addition, revamped purchasing procedures and reporting are included in the internal control checklist. These procedures will provide additional oversight and will ensure spending is within the approved limits of the budget. This year has been a year of change, growth, and reassignment of duties. As with any implementation involving significant change, a learning curve is evident. The mistakes made have been learning experiences.

FINDING 2016-002

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 oversight and the 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.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

It has been an ongoing effort this year to develop a system to ensure the liability accounts are reconciled properly. The Board of Education has worked with the county's accounting department and has received a great deal of guidance and training for new employees on proper procedures for reconciliation and oversight. Again, the implementation of change takes time, and mistakes must be viewed as learning experiences. All employees are committed to the goal of following all procedures properly. The payroll department will meet monthly with the benefits department prior to the issuance of checks to ensure deductions are accurate. Both departments will review invoices and reconcile with deductions on a monthly basis. These reconciliations will be reported and approved by the finance director on a monthly basis.

OFFICES OF DIRECTOR OF SCHOOLS AND COUNTY CLERK

FINDING 2016-003

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 and County Clerk. Officials and employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Financial duties at the Board of Education will be segregated to the extent possible with available resources. We have taken steps to change the receipting of funds and to provide additional oversight to payroll operations. In April 2016, a new finance director was appointed and tasked with ensuring procedures are in alignment with the guidelines set forth by the Division of Local Government Audit. The internal control checklist for this office will be updated and revised to ensure compliance with all audit standards. Training

on the specifics of the internal control policies began this summer and will be ongoing with pertinent staff throughout the year as the policy evolves.

MANAGEMENT'S RESPONSE – COUNTY CLERK

Management agrees that duties were possibly not adequately segregated in the Office of County Clerk according to Local Government Audit's guidelines. Management has attempted to segregate duties whenever possible, but with limited personnel it makes the task really difficult. Employees and the official have to be cross-trained to do most all aspects of the office to keep it operating efficiently, depending on the circumstances of each individual day. Management will continue to segregate duties whenever possible as personnel allows.

OFFICE OF COUNTY CLERK

FINDING 2016-004

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 Office of County Clerk. 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 with 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 county clerk 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

The county clerk should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – COUNTY CLERK

Management agrees that separate cash drawers were not maintained. Management disagrees with the principle that failure to do so reduces the ability to reconcile receipts with cash collections. Management has operated this office for 36 years with one cash drawer and has always balanced receipts and collections perfectly. Several cash drawers would place an undue hardship on the end of day check-up, whereby each cash drawer would have to be reconciled separately, only to be placed back together and recalculated for deposit and daily cash book entry. This is counter-productive, creating additional work and complicating the process for the same end result. Multiple cash drawers also require larger amounts of cash on hand for change, requiring more trips to the bank.

AUDITOR'S COMMENT

As noted in the finding above, good internal controls dictate that each employee should have a separate cash drawer, start the day with a standard fixed amount of cash in their cash drawer to make change, and reconcile back with this fixed amount at the end of the day. Allowing multiple employees to access cash in only one drawer increases the risks that a cash shortage may occur. If only one cash drawer is in use, and a cash shortage does occur, the official may be solely responsible since it would not be possible to identify the employee responsible.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016. Our audit followed audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Findings relating specifically to the audit of the financial statements of Stewart County, Tennessee, are separately presented under Part II, Findings Relating to the Financial Statements.

**Stewart County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

Corrective Action - Financial Statement Findings

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2016-001 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

Response and Corrective Action Plan Prepared by:	Leta Joiner, Director of Schools, and Chris Guynn, Finance Director, Stewart County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	The office was implementing changes and reassigning duties during the year.

Planned Corrective Action:

Budget amendments will be submitted to the Board of Education and the County Commission when necessary. Where possible, spending will be cut off prior to year-end to have adequate time to prepare the appropriate amendments. The finance director will monitor spending on a monthly basis and communicate the status of relevant budget items to all department heads. In addition, purchasing procedures and reporting have been revamped.

FINDING 2016-002 **GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS**

Response and Corrective Action Plan Prepared by:	Leta Joiner, Director of Schools, and Chris Guynn, Finance Director, Stewart County, Tennessee
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Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	August 31, 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	The office was developing a system to ensure accounts were reconciled.

Planned Corrective Action:

The payroll department will meet monthly with the benefits department prior to the issuance of checks to ensure deductions are accurate. Both departments will review invoices and reconcile with deductions on a monthly basis. These reconciliations will be reported and approved by the finance director on a monthly basis. We feel those procedures are now in place and this should correct this problem moving forward.

OFFICES OF DIRECTOR OF SCHOOLS AND COUNTY CLERK

FINDING 2016-003 DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:	Leta Joiner, Director of Schools, and Chris Guynn, Finance Director; Jimmy Fitzhugh, County Clerk, Stewart County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	None given

Planned Corrective Action – Director of Schools:

We have taken steps to change the receipting of funds and to provide additional oversight to payroll operations. In April 2016, a new finance director was appointed and tasked with ensuring procedures are in alignment with Local Government Audit guidelines. The internal control checklist for this office will be updated and revised to ensure compliance with all audit standards. Training on the specifics of the internal control policies began this summer and will be ongoing with pertinent staff throughout the year as the policies evolve.

Planned Corrective Action – County Clerk:

Management has completed an internal controls assessment which includes a segregation of duties checklist. Management plans to follow this checklist as closely as possible as personnel allows.

OFFICE OF COUNTY CLERK

FINDING 2016-004

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

Response and Corrective Action Plan Prepared by:

Jimmy Fitzhugh, County
Clerk, Stewart County,
Tennessee

Person Responsible for Implementing the Corrective Action:

Same

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:

Yes

Reason Why Corrective Action was Not Taken – PY

Official does not feel
corrective action is
necessary.

Planned Corrective Action:

Management has no corrective action plan.

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.