
ANNUAL FINANCIAL REPORT STEWART COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



ANNUAL FINANCIAL REPORT
STEWART COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

STEWART COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Stewart County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Stewart County as of and for the year ended June 30, 2014.

Results

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

Our audit resulted in seven 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 COUNTY ENGINEER

- ◆ Purchase orders were not completed properly.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ General ledger payroll liability accounts were not reconciled with payroll reports and payments.
- ◆ The office had deficiencies in accounting for employee health insurance transactions.
- ◆ Some employees received benefits that were not authorized by the School Department's personnel policies.
- ◆ An employee of the School Department was overpaid.

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

- ◆ Duties were not segregated adequately.
-

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Stewart County Officials
June 30, 2014

Officials

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

Board of County Commissioners

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

Board of Education

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

Audit Committee

Marty Grasty
Cheryl Milliken
Bryan Watson

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, 2014, 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, 2014, 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. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.8. in the financial statements, which describes a prior-period adjustment to the beginning net position of the government-wide financial statements totaling \$65,481. This adjustment was necessary due to a capital asset being omitted in a prior year. 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 schedules of funding progress – pension plan and other postemployment benefit plans on pages 63 - 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 29, 2014, on our consideration of Stewart County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stewart County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 29, 2014

JPW/kp

BASIC FINANCIAL STATEMENTS

Stewart County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Government Governmental Activities	Component Unit Stewart County School Department
<u>ASSETS</u>		
Cash	\$ 1,347	\$ 714
Equity in Pooled Cash and Investments	10,832,788	1,720,300
Accounts Receivable	1,009,526	972
Allowance for Uncollectibles	(529,802)	0
Due from Other Governments	618,740	365,343
Due from Primary Government	0	3,519
Due from Component Units	7,463	0
Property Taxes Receivable	5,953,638	854,458
Allowance for Uncollectible Property Taxes	(202,830)	(29,110)
Capital Assets:		
Assets Not Depreciated:		
Land	967,563	1,265,886
Construction in Progress	1,606,546	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	3,929,663	23,049,677
Infrastructure	1,243,615	0
Other Capital Assets	683,412	2,303,734
Total Assets	<u>\$ 26,121,669</u>	<u>\$ 29,535,493</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 44,693	\$ 0
Total Deferred Outflows of Resources	<u>\$ 44,693</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 27,480	\$ 0
Payroll Deductions Payable	75,471	186,265
Contracts Payable	508,563	0
Retainage Payable	16,796	0
Due to Primary Government	0	7,463
Due to State of Tennessee	0	89
Accrued Interest Payable	290,069	0
Noncurrent Liabilities:		
Due Within One Year	2,104,706	0
Due in More Than One Year (net of unamortized premium on debt)	26,317,979	211,635
Total Liabilities	<u>\$ 29,341,064</u>	<u>\$ 405,452</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 5,582,944	\$ 801,256
Total Deferred Inflows of Resources	<u>\$ 5,582,944</u>	<u>\$ 801,256</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,962,394	\$ 26,619,297
Restricted for:		
General Government	69,796	0
Finance	333	0
Administration of Justice	23,870	0
Public Safety	33,826	0
Highway/Public Works	119,526	0
Debt Service	123,552	0
Capital Projects	6,973,886	0
Education	0	168,109
Operation of Non-instructional Services	0	538,430
	<u>(23,064,829)</u>	<u>1,002,949</u>
Total Net Position	<u>\$ (8,757,646)</u>	<u>\$ 28,328,785</u>

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

Stewart County, Tennessee
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Stewart County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,418,221	\$ 76,192	\$ 199,228	\$ 0	\$ (1,142,801)	\$ 0
Finance	699,436	352,689	0	0	(346,747)	0
Administration of Justice	602,507	261,205	23,697	0	(317,605)	0
Public Safety	2,618,795	84,395	150,381	454,194	(1,929,825)	0
Public Health and Welfare	1,801,288	666,550	302,723	49,600	(782,415)	0
Social, Cultural, and Recreational Services	331,672	0	218,943	0	(112,729)	0
Agriculture and Natural Resources	89,552	0	0	0	(89,552)	0
Highway/Public Works	2,190,174	84,361	1,599,065	450,055	(56,693)	0
Education	683,344	0	0	0	(683,344)	0
Interest on Long-term Debt	1,018,904	0	163,032	0	(855,872)	0
Total Primary Government	\$ 11,453,893	\$ 1,525,392	\$ 2,657,069	\$ 953,849	\$ (6,317,583)	\$ 0
Component Unit:						
Stewart County School Department	\$ 18,493,645	\$ 421,193	\$ 2,602,512	\$ 679,768	\$ 0	\$ (14,790,172)
Total Component Unit	\$ 18,493,645	\$ 421,193	\$ 2,602,512	\$ 679,768	\$ 0	\$ (14,790,172)

Continued)

Stewart County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
				Total Governmental Activities	Stewart County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 3,461,379	\$ 755,516
Property Taxes Levied for Debt Service				1,802,975	0
Local Option Sales Taxes				440,779	796,701
Wheel Tax				414,397	0
Litigation Taxes				123,599	0
Wholesale Beer Tax				115,652	0
Other Local Taxes				54,709	25,990
Grants and Contributions Not Restricted to Specific Programs				1,662,973	13,503,502
Unrestricted Investment Income				36,542	17,258
Miscellaneous				33,409	81,672
Total General Revenues				\$ 8,146,414	\$ 15,180,639
Change in Net Position				\$ 1,828,831	\$ 390,467
Net Position, July 1, 2013				(10,651,958)	27,938,318
Prior-period Adjustment - See Note I.D.8.				65,481	0
Net Position, June 30, 2014				\$ (8,757,646)	\$ 28,328,785

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

Stewart County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
\$	0 \$	0 \$	0 \$	0 \$	1,347 \$	0 \$	1,347
Cash	2,111,509	93,262	1,306,528	7,312,924	8,565	0	10,832,788
Equity in Pooled Cash and Investments	1,009,526	0	0	0	0	0	1,009,526
Accounts Receivable	(529,802)	0	0	0	0	0	(529,802)
Allowance for Uncollectibles	308,760	309,980	0	0	0	0	618,740
Due from Other Governments	1,347	0	46,182	0	0	0	47,529
Due from Other Funds	7,463	0	0	0	0	0	7,463
Due from Component Units	3,665,898	248,068	2,039,672	0	0	0	5,953,638
Property Taxes Receivable	(124,891)	(8,451)	(69,488)	0	0	0	(202,830)
Allowance for Uncollectible Property Taxes							
Total Assets	\$ 6,449,810 \$	642,859 \$	3,322,894 \$	7,312,924 \$	9,912 \$	0 \$	17,738,399

ASSETS

LIABILITIES

\$	26,892 \$	588 \$	0 \$	0 \$	0 \$	0 \$	27,480
Accounts Payable	75,463	8	0	0	0	0	75,471
Payroll Deductions Payable	162,128	24,193	0	322,242	0	0	508,563
Contracts Payable	0	0	0	16,796	0	0	16,796
Retainage Payable	46,182	0	0	0	1,347	0	47,529
Due to Other Funds	\$ 310,665 \$	24,789 \$	0 \$	339,038 \$	1,347 \$	0 \$	675,839
Total Liabilities							

DEFERRED INFLOWS OF RESOURCES

\$	3,437,646 \$	232,623 \$	1,912,675 \$	0 \$	0 \$	0 \$	5,582,944
Deferred Current Property Taxes	98,561	6,394	54,859	0	0	0	159,814
Deferred Delinquent Property Taxes	460,294	147,801	24,000	0	0	0	632,095
Other Deferred/Unavailable Revenue	3,996,501 \$	386,818 \$	1,991,534 \$	0 \$	0 \$	0 \$	6,374,853
Total Deferred Inflows of Resources							

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	Governmental Funds	
FUND BALANCES								
Restricted:								
Restricted for General Government	\$ 12,821	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,821
Restricted for Finance	333	0	0	0	0	0	0	333
Restricted for Administration of Justice	23,870	0	0	0	0	0	0	23,870
Restricted for Public Safety	25,261	0	0	0	0	8,565	0	33,826
Restricted for Other Operations	50,975	0	0	0	0	0	0	50,975
Restricted for Highways/Public Works	0	1,780	0	0	0	0	0	1,780
Restricted for Capital Projects	0	0	0	6,973,886	0	0	0	6,973,886
Committed:								
Committed for Public Health and Welfare	15,611	0	0	0	0	0	0	15,611
Committed for Highways/Public Works	0	229,472	0	0	0	0	0	229,472
Committed for Debt Service	0	0	1,331,360	0	0	0	0	1,331,360
Assigned:								
Assigned for Public Health and Welfare	15,438	0	0	0	0	0	0	15,438
Assigned for Social, Cultural, and Recreational Services	4,044	0	0	0	0	0	0	4,044
Unassigned	1,994,291	0	0	0	0	0	0	1,994,291
Total Fund Balances	\$ 2,142,644	\$ 231,252	\$ 1,331,360	\$ 6,973,886	\$ 8,565	\$ 0	\$ 10,687,707	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,449,810	\$ 642,859	\$ 3,322,894	\$ 7,312,924	\$ 9,912	\$ 17,738,399		

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

Stewart County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

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)		\$	10,687,707
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	967,563	
Add: construction in progress		1,606,546	
Add: buildings and improvements net of accumulated depreciation		3,929,663	
Add: infrastructure net of accumulated depreciation		1,243,615	
Add: other capital assets net of accumulated depreciation		683,412	8,430,799
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,584,239)	
Less: bonds payable		(26,151,000)	
Add: deferred amount on refunding		44,693	
Less: compensated absences payable		(141,351)	
Less: other postemployment benefits liability		(158,350)	
Less: accrued interest on notes and bonds		(290,069)	
Less: other deferred revenue - premium on debt		(182,477)	
Less: other long-term liabilities		(205,268)	(28,668,061)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			791,909
Net position of governmental activities (Exhibit A)		\$	<u>(8,757,646)</u>

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

Stewart County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
Revenues							
Local Taxes	\$ 4,288,583	\$ 237,935	\$ 2,427,301	\$ 69,550	\$ 0	\$ 0	\$ 7,023,369
Licenses and Permits	10,202	0	0	0	0	0	10,202
Fines, Forfeitures, and Penalties	56,760	0	0	0	1,730	0	58,490
Charges for Current Services	768,896	71,148	0	0	21,704	0	861,748
Other Local Revenues	41,366	19,111	0	36,542	900	0	97,919
Fees Received from County Officials	600,371	0	0	0	0	0	600,371
State of Tennessee	1,608,937	2,117,358	0	0	0	0	3,726,295
Federal Government	608,848	0	0	0	0	0	608,848
Other Governments and Citizens Groups	182,311	0	163,032	0	0	0	345,343
Total Revenues	\$ 8,166,274	\$ 2,445,552	\$ 2,590,333	\$ 106,092	\$ 24,334	\$ 0	\$ 13,332,585
Expenditures							
Current:							
General Government	\$ 776,770	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 776,770
Finance	701,024	0	0	0	0	0	701,024
Administration of Justice	582,396	0	0	0	21,704	0	604,100
Public Safety	2,735,270	0	0	0	2,347	0	2,737,617
Public Health and Welfare	1,591,494	0	0	0	0	0	1,591,494
Social, Cultural, and Recreational Services	336,092	0	0	0	0	0	336,092
Agriculture and Natural Resources	85,860	0	0	0	0	0	85,860
Other Operations	1,103,102	0	0	0	17	0	1,103,119
Highways	0	2,566,775	0	0	0	0	2,566,775
Debt Service:							
Principal on Debt	0	0	1,836,139	0	0	0	1,836,139
Interest on Debt	0	0	945,826	0	0	0	945,826
Other Debt Service	0	0	92,351	0	0	0	92,351

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0 \$	0 \$	0 \$	1,626,966 \$	0 \$	0 \$	1,626,966
Total Expenditures	\$ 7,912,008 \$	2,566,775 \$	2,874,316 \$	1,626,966 \$	24,068 \$	24,068 \$	15,004,133
Excess (Deficiency) of Revenues Over Expenditures	\$ 254,266 \$	(121,223) \$	(283,983) \$	(1,520,874) \$	266 \$	266 \$	(1,671,548)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0 \$	0 \$	0 \$	513,000 \$	0 \$	0 \$	513,000
Refunding Debt Issued	0	0	7,180,000	0	0	0	7,180,000
Insurance Recovery	22,252	0	0	0	0	0	22,252
Transfers In	0	0	243,726	0	0	0	243,726
Transfers Out	(243,726)	0	0	0	0	0	(243,726)
Payments to Refunded Debt Escrow Agent	0	0	(7,180,000)	0	0	0	(7,180,000)
Total Other Financing Sources (Uses)	\$ (221,474) \$	0 \$	243,726 \$	513,000 \$	0 \$	0 \$	535,252
Net Change in Fund Balances	\$ 32,792 \$	(121,223) \$	(40,257) \$	(1,007,874) \$	266 \$	266 \$	(1,136,296)
Fund Balance, July 1, 2013	2,109,852	352,475	1,371,617	7,981,760	8,299	8,299	11,824,003
Fund Balance, June 30, 2014	\$ 2,142,644 \$	231,252 \$	1,331,360 \$	6,973,886 \$	8,565 \$	8,565 \$	10,687,707

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

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, 2014

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)		\$ (1,136,296)
(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	\$ 2,354,204	
Less: current-year depreciation expense	<u>(582,074)</u>	1,772,130
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(8,173)
(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, 2014	\$ 791,909	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(849,437)</u>	(57,528)
(4) The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: change in premium on debt issuances	\$ 7,667	
Add: principal payments on bonds	1,611,000	
Add: principal payments on notes	225,139	
Add: payment to refunding agent	7,180,000	
Less: note proceeds	(513,000)	
Less: refunding bond proceeds	(7,180,000)	
Less: change in deferred amount on refunding debt	<u>(12,382)</u>	1,318,424
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (60,696)	
Change in other long-term liabilities	3,038	
Change in compensated absences payable	6,652	
Change in other postemployment benefits liability	<u>(8,720)</u>	(59,726)
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,828,831</u>

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

Stewart County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 4,288,583	\$ 4,228,614	\$ 4,228,614	\$ 59,969
Licenses and Permits	10,202	11,000	11,000	(798)
Fines, Forfeitures, and Penalties	56,760	47,500	47,500	9,260
Charges for Current Services	768,896	789,210	789,210	(20,314)
Other Local Revenues	41,366	22,500	90,656	(49,290)
Fees Received from County Officials	600,371	598,000	598,000	2,371
State of Tennessee	1,608,937	1,473,687	1,891,259	(282,322)
Federal Government	608,848	147,070	816,620	(207,772)
Other Governments and Citizens Groups	182,311	132,700	172,263	10,048
Total Revenues	\$ 8,166,274	\$ 7,450,281	\$ 8,645,122	\$ (478,848)
Expenditures				
General Government				
County Commission	\$ 28,178	\$ 28,755	\$ 28,784	\$ 606
County Mayor/Executive	152,273	153,898	153,898	1,625
Election Commission	136,895	107,751	141,933	5,038
Register of Deeds	140,687	144,920	144,920	4,233
County Buildings	287,464	269,305	293,503	6,039
Other General Administration	30,978	32,775	32,775	1,797
Preservation of Records	295	651	651	356
Finance				
Accounting and Budgeting	78,255	78,674	78,674	419
Property Assessor's Office	235,204	238,355	238,355	3,151
County Trustee's Office	193,408	203,021	201,787	8,379
County Clerk's Office	194,157	221,619	221,619	27,462
Administration of Justice				
Circuit Court	157,106	161,387	161,387	4,281
General Sessions Judge	120,602	121,205	121,205	603
General Sessions Court Clerk	65,926	67,466	67,466	1,540
Chancery Court	130,204	132,048	132,048	1,844
Juvenile Court	105,973	118,420	118,420	12,447
District Attorney General	2,585	2,585	2,585	0
Public Safety				
Sheriff's Department	1,594,226	1,609,789	1,620,595	26,369
Jail	893,739	946,237	946,237	52,498
Fire Prevention and Control	100,000	100,000	100,000	0
Other Emergency Management	114,230	84,499	119,007	4,777
County Coroner/Medical Examiner	33,075	37,807	37,807	4,732
Public Health and Welfare				
Local Health Center	25,337	29,000	29,000	3,663
Ambulance/Emergency Medical Services	1,241,892	1,252,789	1,252,789	10,897
Alcohol and Drug Programs	50,411	50,000	51,250	839
Other Local Health Services	19,845	0	31,315	11,470
Waste Pickup	46,098	44,237	48,800	2,702
Other Public Health and Welfare	207,911	184,300	254,100	46,189
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	12,000	12,000	12,000	0
Libraries	269,752	230,661	273,293	3,541
Other Social, Cultural, and Recreational	54,340	56,787	61,479	7,139

(Continued)

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>Agriculture and Natural Resources</u>				
Agriculture Extension Service	\$ 58,739	\$ 59,111	\$ 59,111	\$ 372
Soil Conservation	27,121	27,230	27,230	109
<u>Other Operations</u>				
Tourism	11,314	11,500	11,500	186
Tourism-resort District	66,956	63,000	69,000	2,044
Housing and Urban Development	110,735	28,470	278,470	167,735
Other Economic and Community Development	492,828	2,700	736,922	244,094
Veterans' Services	66,004	66,472	66,472	468
Other Charges	257,144	239,793	259,697	2,553
Miscellaneous	98,121	98,152	98,152	31
Total Expenditures	<u>\$ 7,912,008</u>	<u>\$ 7,317,369</u>	<u>\$ 8,584,236</u>	<u>\$ 672,228</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 254,266</u>	<u>\$ 132,912</u>	<u>\$ 60,886</u>	<u>\$ 193,380</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 22,252	\$ 1,000	\$ 14,433	\$ 7,819
Transfers In	0	0	100,000	(100,000)
Transfers Out	(243,726)	(266,000)	(366,000)	122,274
Total Other Financing Sources	<u>\$ (221,474)</u>	<u>\$ (265,000)</u>	<u>\$ (251,567)</u>	<u>\$ 30,093</u>
Net Change in Fund Balance	\$ 32,792	\$ (132,088)	\$ (190,681)	\$ 223,473
Fund Balance, July 1, 2013	<u>2,109,852</u>	<u>1,653,275</u>	<u>1,653,275</u>	<u>456,577</u>
Fund Balance, June 30, 2014	<u>\$ 2,142,644</u>	<u>\$ 1,521,187</u>	<u>\$ 1,462,594</u>	<u>\$ 680,050</u>

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

Stewart County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 237,935	\$ 0	\$ 237,935	\$ 231,163	\$ 237,297	\$ 638
Charges for Current Services	71,148	0	71,148	5,000	71,148	0
Other Local Revenues	19,111	0	19,111	22,500	19,111	0
State of Tennessee	2,117,358	0	2,117,358	1,861,953	2,263,210	(145,852)
Total Revenues	\$ 2,445,552	\$ 0	\$ 2,445,552	\$ 2,120,616	\$ 2,590,766	\$ (145,214)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 149,990	\$ 0	\$ 149,990	\$ 150,776	\$ 149,990	\$ 0
Highway and Bridge Maintenance	1,109,130	0	1,109,130	1,173,885	1,112,967	3,837
Operation and Maintenance of Equipment	376,465	0	376,465	354,872	376,445	(20)
Other Charges	108,146	0	108,146	108,286	108,035	(111)
Employee Benefits	307,051	0	307,051	301,450	307,051	0
Capital Outlay	515,993	(294,000)	221,993	353,613	527,326	305,333
Total Expenditures	\$ 2,566,775	\$ (294,000)	\$ 2,272,775	\$ 2,442,882	\$ 2,581,814	\$ 309,039
Excess (Deficiency) of Revenues Over Expenditures	\$ (121,223)	\$ 294,000	\$ 172,777	\$ (322,266)	\$ 8,952	\$ 163,825
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (121,223)	\$ 294,000	\$ 172,777	\$ (322,266)	\$ 8,952	\$ 163,825
	352,475	(294,000)	58,475	490,017	490,017	(431,542)
Fund Balance, June 30, 2014	\$ 231,252	\$ 0	\$ 231,252	\$ 167,751	\$ 498,969	\$ (267,717)

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

Stewart County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 627,413
Due from Other Governments	<u>62,500</u>
Total Assets	<u><u>\$ 689,913</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 62,500
Due to Litigants, Heirs, and Others	<u>627,413</u>
Total Liabilities	<u><u>\$ 689,913</u></u>

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

STEWART COUNTY, TENNESSEE
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STEWART COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Stewart County issues all debt for the discretely presented Stewart County School Department. Net debt issues totaling \$420,712 were contributed by the county to the School Department during the year ended June 30, 2014.

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 1.78 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future

period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes 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 \$7,344,789 of restricted net position, of which \$56,975 is restricted by enabling legislation.

As of June 30, 2014, Stewart County had \$19,170,885 in outstanding debt for capital purposes for the discretely presented Stewart County School Department. This debt is a liability of Stewart County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Stewart County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

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

8. Prior-period Adjustment

Capital assets were restated \$65,481 from the prior year because a road addition had been omitted.

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 Operation and Maintenance of Equipment and the Other Charges major appropriation categories of the Highway/Public Works Fund by \$20 and \$111, respectively. Expenditures exceeded total appropriations in the School Department's Transportation Fund by \$8. Expenditures exceeded appropriations approved by the County Commission in the School Department's General Purpose School Fund major appropriation category Support Services – Board of Education by \$566. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the Highway/Public Works Fund and greater than anticipated revenues in the General Purpose School Fund.

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, 2014.

B. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	* Restated Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 967,563	\$ 0	\$ 0	\$ 967,563
Construction in Progress	0	1,606,546	0	1,606,546
Total Capital Assets Not Depreciated	\$ 967,563	\$ 1,606,546	\$ 0	\$ 2,574,109
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,683,295	\$ 34,989	\$ 0	\$ 5,718,284
Infrastructure	1,176,449	566,331	0	1,742,780
Other Capital Assets	3,672,917	146,338	(268,536)	3,550,719
Total Capital Assets Depreciated	\$ 10,532,661	\$ 747,658	\$ (268,536)	\$ 11,011,783
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,655,321	\$ 133,300	\$ 0	\$ 1,788,621
Infrastructure	362,767	136,398	0	499,165
Other Capital Assets	2,815,294	312,376	(260,363)	2,867,307
Total Accumulated Depreciation	\$ 4,833,382	\$ 582,074	\$ (260,363)	\$ 5,155,093
Total Capital Assets Depreciated, Net	\$ 5,699,279	\$ 165,584	\$ (8,173)	\$ 5,856,690
Governmental Activities Capital Assets, Net	\$ 6,666,842	\$ 1,772,130	\$ (8,173)	\$ 8,430,799

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

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

Governmental Activities:

General Government	\$	28,825
Finance		315
Administration of Justice		861
Public Safety		155,855
Public Health and Welfare		161,578
Social, Cultural, and Recreational Services		10,838
Agriculture and Natural Resources		84
Other Operations		33,273
Highway/Public Works		<u>190,445</u>
 Total Depreciation Expense - Governmental Activities	\$	<u>582,074</u>

Discretely Presented Stewart County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets				
Not Depreciated:				
Land	\$ 1,265,886	\$ 0	\$ 0	\$ 1,265,886
Construction in Progress	147,441	0	(147,441)	0
Total Capital Assets Not Depreciated	<u>\$ 1,413,327</u>	<u>\$ 0</u>	<u>\$ (147,441)</u>	<u>\$ 1,265,886</u>
 Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,152,880	\$ 0	\$ 0	\$ 35,152,880
Other Capital Assets	4,311,300	931,763	0	5,243,063
Total Capital Assets Depreciated	<u>\$ 39,464,180</u>	<u>\$ 931,763</u>	<u>\$ 0</u>	<u>\$ 40,395,943</u>

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,244,529	\$ 858,674	\$ 0	\$ 12,103,203
Other Capital Assets	2,663,601	275,728	0	2,939,329
Total Accumulated Depreciation	<u>\$ 13,908,130</u>	<u>\$ 1,134,402</u>	<u>\$ 0</u>	<u>\$ 15,042,532</u>
Total Capital Assets Depreciated, Net	<u>\$ 25,556,050</u>	<u>\$ (202,639)</u>	<u>\$ 0</u>	<u>\$ 25,353,411</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,969,377</u>	<u>\$ (202,639)</u>	<u>\$ (147,441)</u>	<u>\$ 26,619,297</u>

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

Governmental Activities:

Instruction	\$ 753,215
Support Services	299,820
Operation of Non-instructional Services	<u>81,367</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,134,402</u>

C. Construction Commitments

At June 30, 2014, the county had uncompleted construction contracts of \$7,149,172 for jail renovations. Funding for these future expenditures has been received.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,347
General Debt Service	General	46,182
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	30,956

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Component Unit: School Department: General Purpose School	\$ 7,463

A receivable of \$3,519 in the School Department's General Purpose School Fund was in transit from the primary government's General Fund at June 30, 2014.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government	Transfer In
Transfer Out	General Debt Service Fund
General Fund	\$ 243,726

**Discretely Presented Stewart County
School Department**

Transfer Out	Transfer In Central Cafeteria Fund
General Purpose School Fund	\$ 34,565

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

E. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 39 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	2 to 5%	4-1-38	\$ 8,654,000	\$ 8,256,000
General Obligation Bonds - Refunding	1.94 to 3.98	3-1-29	23,780,000	17,895,000
Capital Outlay Notes	2.5 to 4.45	2-25-26	1,048,800	849,239
Capital Outlay Notes - Refunding	2	3-1-19	1,125,000	735,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,676,000	\$ 779,291	\$ 2,455,291
2016	1,735,000	728,857	2,463,857
2017	1,805,000	676,897	2,481,897
2018	1,525,000	633,304	2,158,304
2019	1,585,000	593,744	2,178,744
2020-2024	8,560,000	2,246,794	10,806,794
2025-2029	5,030,000	1,166,063	6,196,063
2030-2034	2,170,000	516,020	2,686,020
2035-2038	2,065,000	162,820	2,227,820
Total	\$ 26,151,000	\$ 7,503,790	\$ 33,654,790

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 285,355	\$ 41,566	\$ 326,921
2016	268,184	33,969	302,153
2017	245,809	27,385	273,194
2018	258,962	21,405	280,367
2019	228,801	15,181	243,982
2020-2024	223,490	35,031	258,521
2025-2026	73,638	3,666	77,304
Total	\$ 1,584,239	\$ 178,203	\$ 1,762,442

There is \$1,331,360 in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes, totaled \$2,082, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2013	\$ 27,762,000	\$ 1,296,378
Additions	7,180,000	513,000
Reductions	<u>(8,791,000)</u>	<u>(225,139)</u>
Balance, June 30, 2014	<u>\$ 26,151,000</u>	<u>\$ 1,584,239</u>
Balance Due Within One Year	<u>\$ 1,676,000</u>	<u>\$ 285,355</u>

	<u>Other Long-term Liabilities</u>	<u>Compensated Absences</u>
Balance, July 1, 2013	\$ 208,306	\$ 148,003
Additions	0	210,398
Reductions	<u>(3,038)</u>	<u>(217,050)</u>
Balance, June 30, 2014	<u>\$ 205,268</u>	<u>\$ 141,351</u>
Balance Due Within One Year	<u>\$ 3,169</u>	<u>\$ 140,182</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 149,630
Additions	17,154
Reductions	<u>(8,434)</u>
Balance, June 30, 2014	<u>\$ 158,350</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 28,240,208
Less: Balance Due Within One Year	(2,104,706)
Add: Deferred Revenue - Premium on Debt	<u>182,477</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 26,317,979</u></u>

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

Current Refunding

On November 27, 2013, Stewart County issued \$5,405,000 in general obligation school refunding bonds for a current refunding of \$5,405,000 in Series 2003A school refunding bonds. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Also, as a result of the refunding, total debt service payments over the next ten years will be reduced by \$504,216, and an economic gain (difference between the present value of debt service payments of the refunded and refunding bonds) of \$457,421 was obtained.

On February 28, 2014, Stewart County issued \$1,775,000 in general obligation school refunding bonds for a current refunding of \$1,775,000 in Series 2004 school bonds. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Also, as a result of the refunding, total debt service payments over the next five years will be reduced by \$106,875, and an economic gain (difference between the present value of debt service payments of the refunded and refunding bonds) of \$102,769 was obtained.

Discretely Presented Stewart County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Stewart County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2013	\$ 229,790
Additions	95,237
Reductions	(113,392)
Balance, June 30, 2014	<u>\$ 211,635</u>
Balance Due Within One Year	<u>\$ 0</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Stewart County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$49,328 and \$12,253, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

During the year, Stewart County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Purpose School (\$800,000) and Highway/Public Works (\$100,000) funds. 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, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes	\$ 0	\$ 900,000	\$ (900,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

Primary Government

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

Discretely Presented Stewart County School Department

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

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On June 30, 2014, Director of Schools Dr. Phillip Wallace left office and was succeeded by Leta Joiner. On August 31, 2014, Wilby Williams left the Office of Trustee and was succeeded by Laura Crain, and Jerry Cunningham left the Office of County Engineer and was succeeded by Gary Page.

On July 16, 2014, the county's General Fund issued a \$100,000 tax anticipation note to the Highway/Public Works Fund for temporary operating funds. On August 1, 2014, the county borrowed an \$800,000 tax anticipation note for the General Purpose School Fund for temporary operating funds.

D. Contingent Liabilities

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

E. Joint Venture

Discretely Presented Stewart County School Department

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

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

Administrative Office:

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

F. 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.

G. Retirement Commitments

Plan Description

Information for this footnote for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

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

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

Funding Policy

Stewart County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 6.97 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Stewart County's annual pension cost of \$416,307 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was 17 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	\$416,307	100%	\$0
6-30-12	443,461	100	0
6-30-11	418,341	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 82.54 percent funded. The actuarial accrued liability for benefits was \$7.51 million, and the actuarial value of assets was \$6.20 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.31 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.16 million, and the ratio of the UAAL to the covered payroll was 25.43 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$738,894, \$748,927, and \$699,074, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2014, Stewart County and the Stewart County School Department contributed \$8,434 and \$113,392, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 17,000	\$ 95,000
Interest on the NOPEBO	5,985	9,192
Adjustment to the ARC	(5,831)	(8,955)
Annual OPEB cost	\$ 17,154	\$ 95,237
Less: Amount of contribution	(8,434)	(113,392)
Increase/decrease in NOPEBO	\$ 8,720	\$ (18,155)
Net OPEB obligation, 7-1-13	149,630	229,790
Net OPEB obligation, 6-30-14	\$ 158,350	\$ 211,635

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Government Group	\$ 39,774	35 %	\$ 117,552
6-30-13	"	39,711	19	149,630
6-30-14	"	17,154	49	158,350
6-30-12	Local Education Group	161,747	59	168,742
6-30-13	"	163,585	63	229,790
6-30-14	"	95,237	119	211,635

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Government Group and the Local Education Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. Purchasing Laws

Office of County Mayor

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

Office of County Engineer

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

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

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Stewart County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Stewart County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 6,198	\$ 7,509	\$ 1,311	82.54 %	\$ 5,157	24.43 %
7-1-09	3,742	5,513	1,771	67.87	4,963	35.69
7-1-07	0	0	0	0	0	0

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Stewart County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Stewart County School Department
June 30, 2014

(Dollar amounts in thousands)

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

STEWART COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

Stewart County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,347	\$ 1,347
Equity in Pooled Cash and Investments	8,565	0	8,565
Total Assets	<u>\$ 8,565</u>	<u>\$ 1,347</u>	<u>\$ 9,912</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 1,347	\$ 1,347
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,347</u>	<u>\$ 1,347</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 8,565	\$ 0	\$ 8,565
Total Fund Balances	<u>\$ 8,565</u>	<u>\$ 0</u>	<u>\$ 8,565</u>
Total Liabilities and Fund Balances	<u>\$ 8,565</u>	<u>\$ 1,347</u>	<u>\$ 9,912</u>

Stewart County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 1,730	\$ 0	\$ 1,730
Charges for Current Services	0	21,704	21,704
Other Local Revenues	900	0	900
Total Revenues	<u>\$ 2,630</u>	<u>\$ 21,704</u>	<u>\$ 24,334</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 21,704	\$ 21,704
Public Safety	2,347	0	2,347
Other Operations	17	0	17
Total Expenditures	<u>\$ 2,364</u>	<u>\$ 21,704</u>	<u>\$ 24,068</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 266</u>	<u>\$ 0</u>	<u>\$ 266</u>
Net Change in Fund Balances	\$ 266	\$ 0	\$ 266
Fund Balance, July 1, 2013	<u>8,299</u>	<u>0</u>	<u>8,299</u>
Fund Balance, June 30, 2014	<u>\$ 8,565</u>	<u>\$ 0</u>	<u>\$ 8,565</u>

Stewart County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 1,730	\$ 1,500	\$ 1,500	\$ 230
Other Local Revenues	900	0	900	0
Total Revenues	<u>\$ 2,630</u>	<u>\$ 1,500</u>	<u>\$ 2,400</u>	<u>\$ 230</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 2,347	\$ 500	\$ 3,500	\$ 1,153
<u>Other Operations</u>				
Other Charges	17	40	40	23
Total Expenditures	<u>\$ 2,364</u>	<u>\$ 540</u>	<u>\$ 3,540</u>	<u>\$ 1,176</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 266</u>	<u>\$ 960</u>	<u>\$ (1,140)</u>	<u>\$ 1,406</u>
Net Change in Fund Balance	\$ 266	\$ 960	\$ (1,140)	\$ 1,406
Fund Balance, July 1, 2013	<u>8,299</u>	<u>4,129</u>	<u>4,129</u>	<u>4,170</u>
Fund Balance, June 30, 2014	<u>\$ 8,565</u>	<u>\$ 5,089</u>	<u>\$ 2,989</u>	<u>\$ 5,576</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.

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,427,301	\$ 2,379,564	\$ 2,379,564	\$ 47,737
Other Governments and Citizens Groups	163,032	178,000	180,300	(17,268)
Total Revenues	<u>\$ 2,590,333</u>	<u>\$ 2,557,564</u>	<u>\$ 2,559,864</u>	<u>\$ 30,469</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 188,327	\$ 188,440	\$ 188,329	\$ 2
Education	1,647,812	1,647,813	1,647,813	1
<u>Interest on Debt</u>				
General Government	225,645	225,534	225,645	0
Education	720,181	760,963	720,183	2
<u>Other Debt Service</u>				
General Government	48,271	55,500	55,500	7,229
Education	44,080	1,350	44,430	350
Total Expenditures	<u>\$ 2,874,316</u>	<u>\$ 2,879,600</u>	<u>\$ 2,881,900</u>	<u>\$ 7,584</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (283,983)</u>	<u>\$ (322,036)</u>	<u>\$ (322,036)</u>	<u>\$ 38,053</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 7,180,000	\$ 0	\$ 7,180,000	\$ 0
Transfers In	243,726	266,000	266,000	(22,274)
Payments to Refunded Debt Escrow Agent	(7,180,000)	0	(7,180,000)	0
Total Other Financing Sources	<u>\$ 243,726</u>	<u>\$ 266,000</u>	<u>\$ 266,000</u>	<u>\$ (22,274)</u>
Net Change in Fund Balance	\$ (40,257)	\$ (56,036)	\$ (56,036)	\$ 15,779
Fund Balance, July 1, 2013	<u>1,371,617</u>	<u>1,354,388</u>	<u>1,354,388</u>	<u>17,229</u>
Fund Balance, June 30, 2014	<u>\$ 1,331,360</u>	<u>\$ 1,298,352</u>	<u>\$ 1,298,352</u>	<u>\$ 33,008</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; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Stewart County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 627,413	\$ 627,413
Due from Other Governments	62,500	0	62,500
Total Assets	<u>\$ 62,500</u>	<u>\$ 627,413</u>	<u>\$ 689,913</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 62,500	\$ 0	\$ 62,500
Due to Litigants, Heirs, and Others	0	627,413	627,413
Total Liabilities	<u>\$ 62,500</u>	<u>\$ 627,413</u>	<u>\$ 689,913</u>

Stewart County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 349,402	\$ 349,402	\$ 0
Due from Other Governments	61,500	62,500	61,500	62,500
Total Assets	<u>\$ 61,500</u>	<u>\$ 411,902</u>	<u>\$ 410,902</u>	<u>\$ 62,500</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 61,500	\$ 411,902	\$ 410,902	\$ 62,500
Total Liabilities	<u>\$ 61,500</u>	<u>\$ 411,902</u>	<u>\$ 410,902</u>	<u>\$ 62,500</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 643,008	\$ 3,436,594	\$ 3,452,189	\$ 627,413
Total Assets	<u>\$ 643,008</u>	<u>\$ 3,436,594</u>	<u>\$ 3,452,189</u>	<u>\$ 627,413</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 643,008	\$ 3,436,594	\$ 3,452,189	\$ 627,413
Total Liabilities	<u>\$ 643,008</u>	<u>\$ 3,436,594</u>	<u>\$ 3,452,189</u>	<u>\$ 627,413</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 643,008	\$ 3,436,594	\$ 3,452,189	\$ 627,413
Equity in Pooled Cash and Investments	0	349,402	349,402	0
Due from Other Governments	61,500	62,500	61,500	62,500
Total Assets	<u>\$ 704,508</u>	<u>\$ 3,848,496</u>	<u>\$ 3,863,091</u>	<u>\$ 689,913</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 61,500	\$ 411,902	\$ 410,902	\$ 62,500
Due to Litigants, Heirs, and Others	643,008	3,436,594	3,452,189	627,413
Total Liabilities	<u>\$ 704,508</u>	<u>\$ 3,848,496</u>	<u>\$ 3,863,091</u>	<u>\$ 689,913</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.

Stewart County, Tennessee
Statement of Activities
Discretely Presented Stewart County School Department
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 10,305,639	\$ 0	\$ 975,186	\$ (9,330,453)
Support Services	6,506,506	74,757	366,754	(5,385,227)
Operation of Non-instructional Services	1,681,500	346,436	1,260,572	(74,492)
Total Governmental Activities	\$ 18,493,645	\$ 421,193	\$ 2,602,512	\$ (14,790,172)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 755,516
Local Option Sales Taxes				796,701
Other Local Taxes				25,990
Grants and Contributions Not Restricted for Specific Programs				13,503,502
Unrestricted Investment Income				17,258
Miscellaneous				81,672
Total General Revenues				\$ 15,180,639
Change in Net Position				\$ 390,467
Net Position, July 1, 2013				27,938,318
Net Position, June 30, 2014				\$ 28,328,785

Stewart County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Stewart County School Department
June 30, 2014

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Governmental Funds		
<u>ASSETS</u>					
Cash	\$	0 \$	714 \$	0 \$	714
Equity in Pooled Cash and Investments		1,192,101	368,602	159,597	1,720,300
Accounts Receivable		972	0	0	972
Due from Other Governments		158,612	169,203	37,528	365,343
Due from Other Funds		30,956	0	0	30,956
Due from Primary Government		3,519	0	0	3,519
Property Taxes Receivable		854,458	0	0	854,458
Allowance for Uncollectible Property Taxes		(29,110)	0	0	(29,110)
Total Assets	\$	2,211,508 \$	538,519 \$	197,125 \$	2,947,152

LIABILITIES

Payroll Deductions Payable	\$	186,034 \$	0 \$	231 \$	186,265
Due to Other Funds		0	0	30,956	30,956
Due to Primary Government		7,463	0	0	7,463
Due to State of Tennessee		0	89	0	89
Total Liabilities	\$	193,497 \$	89 \$	31,187 \$	224,773

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$	801,256 \$	0 \$	0 \$	801,256
Deferred Delinquent Property Taxes		22,492	0	0	22,492
Other Deferred/Unavailable Revenue		72,350	0	0	72,350
Total Deferred Inflows of Resources	\$	896,098 \$	0 \$	0 \$	896,098

(Continued)

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria	Other	Governmental Funds	
\$	18,004 \$	0 \$	150,105 \$		168,109
	0	538,430	0		538,430
	0	0	833		833
	0	0	15,000		15,000
	1,103,909	0	0		1,103,909
\$	1,121,913 \$	538,430 \$	165,938 \$		1,826,281
\$	2,211,508 \$	538,519 \$	197,125 \$		2,947,152

FUND BALANCES

Restricted:	
Restricted for Education	
Restricted for Operation of Non-instructional Services	
Committed:	
Committed for Education	
Assigned:	
Assigned for Education	
Unassigned	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

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, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	1,826,281
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,265,886	
Add: buildings and improvements net of accumulated depreciation		23,049,677	
Add: other capital assets net of accumulated depreciation		<u>2,303,734</u>	26,619,297
(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			(211,635)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>94,842</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>28,328,785</u></u>

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, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria		Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 1,661,295	\$ 0	\$ 0	\$ 6,900	\$ 1,668,195	
Licenses and Permits	552	0	0	0	552	
Charges for Current Services	74,757	346,436	0	0	421,193	
Other Local Revenues	76,032	22,898	0	0	98,930	
State of Tennessee	13,873,764	11,213	0	0	13,884,977	
Federal Government	248,946	835,385	1,041,275	0	2,125,606	
Other Governments and Citizens Groups	420,712	0	0	0	420,712	
Total Revenues	\$ 16,356,058	\$ 1,215,932	\$ 1,048,175	\$ 6,900	\$ 18,620,165	
<u>Expenditures</u>						
Current:						
Instruction	\$ 8,395,421	\$ 0	\$ 0	\$ 912,218	\$ 9,307,639	
Support Services	6,332,341	0	157,578	0	6,489,919	
Operation of Non-instructional Services	439,442	1,085,774	0	0	1,525,216	
Capital Outlay	420,712	0	0	0	420,712	
Debt Service:						
Interest on Debt	10,836	0	0	0	10,836	
Other Debt Service	163,032	0	0	0	163,032	
Total Expenditures	\$ 15,761,784	\$ 1,085,774	\$ 1,069,796	\$ 912,218	\$ 17,917,354	
Excess (Deficiency) of Revenues Over Expenditures	\$ 594,274	\$ 130,158	\$ (21,621)	\$ 0	\$ 702,811	

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Governmental Funds	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 14,690	\$ 0	\$ 0	\$ 0	\$ 0	14,690
Transfers In	0	34,565	0	0	0	34,565
Transfers Out	(34,565)	0	0	0	0	(34,565)
Total Other Financing Sources (Uses)	\$ (19,875)	\$ 34,565	\$ 0	\$ 0	\$ 0	14,690
Net Change in Fund Balances	\$ 574,399	\$ 164,723	\$ (21,621)	\$ (21,621)	\$ (21,621)	717,501
Fund Balance, July 1, 2013	547,514	373,707	187,559	187,559	187,559	1,108,780
Fund Balance, June 30, 2014	\$ 1,121,913	\$ 538,430	\$ 165,938	\$ 165,938	\$ 165,938	1,826,281

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, 2014

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)		\$ 717,501
(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	\$ 525,266	
Less: current-year depreciation expense	<u>(1,134,402)</u>	(609,136)
(2) The net effect of various miscellaneous transactions involving capital assets (donations) is to increase net position.		
Add: assets donated and capitalized		259,056
(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, 2014	\$ 94,842	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(89,951)</u>	4,891
(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		<u>18,155</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 390,467</u>

Stewart County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Stewart County School Department
 June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	School Transpor - tation	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 15,758	\$ 143,839	\$ 159,597
Due from Other Governments	37,528	0	37,528
Total Assets	<u>\$ 53,286</u>	<u>\$ 143,839</u>	<u>\$ 197,125</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 231	\$ 0	\$ 231
Due to Other Funds	30,956	0	30,956
Total Liabilities	<u>\$ 31,187</u>	<u>\$ 0</u>	<u>\$ 31,187</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 7,099	\$ 143,006	\$ 150,105
Committed:			
Committed for Education	0	833	833
Assigned:			
Assigned for Education	15,000	0	15,000
Total Fund Balances	<u>\$ 22,099</u>	<u>\$ 143,839</u>	<u>\$ 165,938</u>
Total Liabilities and Fund Balances	<u>\$ 53,286</u>	<u>\$ 143,839</u>	<u>\$ 197,125</u>

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, 2014

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	School Transpor - tation	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 6,900	\$ 6,900
Federal Government	1,041,275	0	1,041,275
Total Revenues	\$ 1,041,275	\$ 6,900	\$ 1,048,175
<u>Expenditures</u>			
Current:			
Instruction	\$ 912,218	\$ 0	\$ 912,218
Support Services	157,455	123	157,578
Total Expenditures	\$ 1,069,673	\$ 123	\$ 1,069,796
Excess (Deficiency) of Revenues Over Expenditures	\$ (28,398)	\$ 6,777	\$ (21,621)
Net Change in Fund Balances	\$ (28,398)	\$ 6,777	\$ (21,621)
Fund Balance, July 1, 2013	50,497	137,062	187,559
Fund Balance, June 30, 2014	\$ 22,099	\$ 143,839	\$ 165,938

Stewart County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Stewart County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,661,295	\$ 0	\$ 1,661,295	\$ 1,505,062	\$ 1,668,094	\$ (6,799)
Licenses and Permits	552	0	552	625	625	(73)
Charges for Current Services	74,757	0	74,757	71,750	71,750	3,007
Other Local Revenues	76,032	0	76,032	49,000	49,000	27,032
State of Tennessee	13,873,764	0	13,873,764	13,637,262	13,886,997	(13,233)
Federal Government	248,946	0	248,946	237,200	237,200	11,746
Other Governments and Citizens Groups	420,712	0	420,712	398,678	398,678	22,034
Total Revenues	\$ 16,356,058	\$ 0	\$ 16,356,058	\$ 15,899,577	\$ 16,312,344	\$ 43,714
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 6,831,315	\$ 0	\$ 6,831,315	\$ 6,993,505	\$ 6,982,604	\$ 151,289
Alternative Instruction Program	61,284	0	61,284	63,695	63,695	2,411
Special Education Program	867,326	0	867,326	885,135	885,134	17,808
Vocational Education Program	635,496	0	635,496	651,461	651,461	15,965
<u>Support Services</u>						
Attendance	66,468	0	66,468	64,177	67,305	837
Health Services	378,169	0	378,169	396,317	396,317	18,148
Other Student Support	456,544	0	456,544	488,925	488,925	32,381
Regular Instruction Program	440,374	0	440,374	571,730	527,605	87,231
Special Education Program	170,119	0	170,119	175,438	175,438	5,319
Vocational Education Program	1,025	0	1,025	2,000	2,000	975
Other Programs	61,581	0	61,581	0	61,581	0
Board of Education	358,765	0	358,765	358,274	358,199	(566)
Director of Schools	225,816	0	225,816	229,667	229,741	3,925
Office of the Principal	815,353	0	815,353	870,670	845,509	30,156

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Fiscal Services	\$ 109,980	\$ 0	\$ 109,980	\$ 112,022	\$ 112,022	\$ 2,042
Operation of Plant	1,313,920	0	1,313,920	1,331,890	1,331,889	17,969
Maintenance of Plant	397,967	0	397,967	466,800	466,800	68,833
Transportation	1,247,662	0	1,247,662	1,205,654	1,249,779	2,117
Central and Other	288,598	0	288,598	134,926	323,080	34,482
<u>Operation of Non-instructional Services</u>						
Food Service	7,127	0	7,127	9,500	9,500	2,373
Community Services	27,947	0	27,947	28,486	28,486	539
Early Childhood Education	404,368	0	404,368	416,679	416,679	12,311
<u>Capital Outlay</u>						
Regular Capital Outlay	420,712	(420,712)	0	398,678	420,712	420,712
<u>Interest on Debt</u>						
Education	10,836	0	10,836	0	10,836	0
<u>Other Debt Service</u>						
Education	163,032	0	163,032	0	163,032	0
<u>Total Expenditures</u>	<u>\$ 15,761,784</u>	<u>\$ (420,712)</u>	<u>\$ 15,341,072</u>	<u>\$ 15,855,629</u>	<u>\$ 16,268,329</u>	<u>\$ 927,257</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ 594,274</u>	<u>\$ 420,712</u>	<u>\$ 1,014,986</u>	<u>\$ 43,948</u>	<u>\$ 44,015</u>	<u>\$ 970,971</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 14,690	\$ 0	\$ 14,690	\$ 0	\$ 0	\$ 14,690
Transfers Out	(34,565)	0	(34,565)	(34,500)	(34,565)	0
<u>Total Other Financing Sources</u>	<u>\$ (19,875)</u>	<u>\$ 0</u>	<u>\$ (19,875)</u>	<u>\$ (34,500)</u>	<u>\$ (34,565)</u>	<u>\$ 14,690</u>

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 574,399	\$ 420,712	\$ 995,111	\$ 9,448	\$ 9,450	\$ 985,661
Fund Balance, July 1, 2013	547,514	(420,712)	126,802	531,247	531,247	(404,445)
Fund Balance, June 30, 2014	\$ 1,121,913	\$ 0	\$ 1,121,913	\$ 540,695	\$ 540,697	\$ 581,216

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,041,275	\$ 1,229,579	\$ 1,340,483	\$ (299,208)
Total Revenues	\$ 1,041,275	\$ 1,229,579	\$ 1,340,483	\$ (299,208)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 433,685	\$ 453,671	\$ 558,792	\$ 125,107
Special Education Program	463,511	527,006	541,896	78,385
Vocational Education Program	15,022	15,022	15,022	0
<u>Support Services</u>				
Other Student Support	17,079	45,986	19,606	2,527
Regular Instruction Program	138,975	186,493	203,766	64,791
Vocational Education Program	1,401	1,401	1,401	0
Total Expenditures	\$ 1,069,673	\$ 1,229,579	\$ 1,340,483	\$ 270,810
Excess (Deficiency) of Revenues Over Expenditures	\$ (28,398)	\$ 0	\$ 0	\$ (28,398)
Net Change in Fund Balance	\$ (28,398)	\$ 0	\$ 0	\$ (28,398)
Fund Balance, July 1, 2013	50,497	0	0	50,497
Fund Balance, June 30, 2014	\$ 22,099	\$ 0	\$ 0	\$ 22,099

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 346,436	\$ 405,000	\$ 405,000	\$ (58,564)
Other Local Revenues	22,898	27,500	27,500	(4,602)
State of Tennessee	11,213	12,000	12,000	(787)
Federal Government	835,385	842,912	842,912	(7,527)
Total Revenues	<u>\$ 1,215,932</u>	<u>\$ 1,287,412</u>	<u>\$ 1,287,412</u>	<u>\$ (71,480)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,085,774	\$ 1,309,022	\$ 1,309,022	\$ 223,248
Total Expenditures	<u>\$ 1,085,774</u>	<u>\$ 1,309,022</u>	<u>\$ 1,309,022</u>	<u>\$ 223,248</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 130,158</u>	<u>\$ (21,610)</u>	<u>\$ (21,610)</u>	<u>\$ 151,768</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 34,565	\$ 34,500	\$ 34,500	\$ 65
Total Other Financing Sources	<u>\$ 34,565</u>	<u>\$ 34,500</u>	<u>\$ 34,500</u>	<u>\$ 65</u>
Net Change in Fund Balance	\$ 164,723	\$ 12,890	\$ 12,890	\$ 151,833
Fund Balance, July 1, 2013	<u>373,707</u>	<u>369,316</u>	<u>369,316</u>	<u>4,391</u>
Fund Balance, June 30, 2014	<u>\$ 538,430</u>	<u>\$ 382,206</u>	<u>\$ 382,206</u>	<u>\$ 156,224</u>

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,900	\$ 380	\$ 395	\$ 6,505
Total Revenues	\$ 6,900	\$ 380	\$ 395	\$ 6,505
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 123	\$ 100	\$ 115	\$ (8)
Total Expenditures	\$ 123	\$ 100	\$ 115	\$ (8)
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,777	\$ 280	\$ 280	\$ 6,497
Net Change in Fund Balance	\$ 6,777	\$ 280	\$ 280	\$ 6,497
Fund Balance, July 1, 2013	137,062	136,686	136,686	376
Fund Balance, June 30, 2014	\$ 143,839	\$ 136,966	\$ 136,966	\$ 6,873

MISCELLANEOUS SCHEDULES

Stewart County, Tennessee
 Schedule of Changes in Long-term Notes and Bonds
 For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-14
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Ambulance	\$ 118,800	4.45 %	11-5-09	11-5-14	\$ 50,681	\$ 0	\$ 24,797	\$ 0	\$ 25,884
Courthouse Capital Outlay Note, Series 2012	126,000	3.5	8-25-11	8-25-23	117,442	0	8,875	0	108,567
Ambulance Capital Outlay Note, Series 2012	116,000	2.9	11-4-11	11-4-15	88,255	0	28,577	0	59,678
G.O. Capital Outlay Refunding Note, Series 2011	1,125,000	2	11-10-11	3-1-19	865,000	0	130,000	0	735,000
Public Safety Vehicles Capital Outlay Notes, Series 2013	175,000	3	11-1-12	11-1-17	175,000	0	32,890	0	142,110
Public Safety/Public Health Capital Outlay Notes	135,000	2.5	11-7-13	11-7-18	0	135,000	0	0	135,000
County Courthouse/Schools Capital Outlay Notes	378,000	3.25	2-25-14	2-25-26	0	378,000	0	0	378,000
Total Notes Payable					\$ 1,296,378	\$ 513,000	\$ 225,139	\$ 0	\$ 1,584,239
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Industrial Park Development (FmHA)	454,000	5	10-15-77	10-1-16	\$ 72,000	\$ 0	\$ 16,000	\$ 0	\$ 56,000
School Refunding, Series 2003	6,035,000	3.4	5-11-03	9-1-16	2,240,000	0	530,000	0	1,710,000
School Refunding, Series 2003A	8,255,000	2.5 to 4.55	12-1-03	11-27-13	5,840,000	0	435,000	5,405,000	0
School Bonds, Series 2004	9,500,000	3 to 4.75	8-1-04	2-28-14	2,090,000	0	315,000	1,775,000	0
School Refunding, Series 2005	3,470,000	3.79	3-3-05	6-1-24	2,305,000	0	170,000	0	2,135,000
School Refunding, Series 2007	6,330,000	3.98	1-26-07	3-1-29	6,250,000	0	85,000	0	6,165,000
Public Improvement Bonds, Series 2012	8,200,000	2 to 3.125	12-20-12	4-1-38	8,200,000	0	0	0	8,200,000
School Refunding Bond, Series 2013	765,000	2.69	5-15-13	3-1-24	765,000	0	60,000	0	705,000
School Refunding, Series 2013A	5,405,000	2.59	11-27-13	12-1-23	0	5,405,000	0	0	5,405,000
School Refunding, Series 2014	1,775,000	1.94	2-28-14	3-1-19	0	1,775,000	0	0	1,775,000
Total Bonds Payable					\$ 27,762,000	\$ 7,180,000	\$ 1,611,000	\$ 7,180,000	\$ 26,151,000

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2015	\$ 285,355	\$ 41,566	\$ 326,921
2016	268,184	33,969	302,153
2017	245,809	27,385	273,194
2018	258,962	21,405	280,367
2019	228,801	15,181	243,982
2020	41,785	9,907	51,692
2021	43,161	8,531	51,692
2022	44,630	7,063	51,693
2023	46,125	5,568	51,693
2024	47,789	3,962	51,751
2025	36,218	2,433	38,651
2026	37,420	1,233	38,653
Total	\$ 1,584,239	\$ 178,203	\$ 1,762,442

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 1,676,000	\$ 779,291	\$ 2,455,291
2016	1,735,000	728,857	2,463,857
2017	1,805,000	676,897	2,481,897
2018	1,525,000	633,304	2,158,304
2019	1,585,000	593,744	2,178,744
2020	1,640,000	552,696	2,192,696
2021	1,705,000	501,927	2,206,927
2022	1,675,000	449,102	2,124,102
2023	1,735,000	398,034	2,133,034
2024	1,805,000	345,035	2,150,035
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	\$ 26,151,000	\$ 7,503,790	\$ 33,654,790

Stewart County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Stewart County School Department
For the Year Ended June 30, 2014

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ 243,726
Total Transfers Primary Government			<u>\$ 243,726</u>
<u>DISCRETELY PRESENTED STEWART COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Deferred compensation, insurance, and retirement match	\$ 34,565
Total Transfers Discretely Presented Stewart County School Department			<u>\$ 34,565</u>

Stewart County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Stewart County School Department
For the Year Ended June 30, 2014

Official	Authorization for Salary	\$	Salary Paid During Period	\$	Bond	Surety
County Mayor	Section 8-24-102, TCA		75,221	\$	25,000	State Automobile Mutual Insurance Company
County Engineer	Section 8-24-102, TCA		67,795		100,000	"
Director of Schools	State Board of Education and County Board of Education		106,147 (1)		50,000	"
Trustee	Section 8-24-102, TCA		61,632		645,600	"
Assessor of Property	Section 8-24-102, TCA		61,632		50,000	"
County Clerk	Section 8-24-102, TCA		61,632		25,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA		61,632		25,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge		61,632 (2)		50,000	"
Register of Deeds	Section 8-24-102, TCA		61,632		15,000	"
Sheriff	Section 8-24-102, TCA		67,795 (3)		25,000	"
Employee Blanket Bonds:						
County Mayor and County Engineer:						
All Employees					150,000	Tennessee Risk Management Trust
Director of Schools:						
All Employees					150,000	"

(1) Includes a chief executive officer training supplement of \$1,000 and a retirement bonus of \$12,470.

(2) Does not include special commissioner fees of \$21,704.

(3) Does not include a law enforcement training supplement of \$600.

Stewart County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2014

	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	\$ 3,063,592	\$ 0	\$ 0	\$ 207,606	\$ 1,704,552	
Trustee's Collections - Prior Year	91,589	0	0	6,028	49,896	
Circuit/Clerk & Master Collections - Prior Years	49,632	0	0	3,300	27,038	
Interest and Penalty	18,031	0	0	1,229	9,853	
Payments in-Lieu-of Taxes - T.V.A.	942	0	0	64	524	
Payments in-Lieu-of Taxes - Local Utilities	290,864	0	0	19,682	161,834	
Payments in-Lieu-of Taxes - Other	107,990	0	0	26	59,207	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	440,779	0	0	0	0	
Hotel/Motel Tax	18,856	0	0	0	0	
Wheel Tax	0	0	0	0	414,397	
Litigation Tax - General	38,105	0	0	0	0	
Litigation Tax - Special Purpose	16,748	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	
Business Tax	32,433	0	0	0	0	
Mixed Drink Tax	2,188	0	0	0	0	
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	115,652	0	0	0	0	
Interstate Telecommunications Tax	1,182	0	0	0	0	
Total Local Taxes	\$ 4,288,583	\$ 0	\$ 0	\$ 237,935	\$ 2,427,301	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 4,540	\$ 0	\$ 0	\$ 0	\$ 0	
Cable TV Franchise	3,200	0	0	0	0	

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	2,462 \$	0 \$	0 \$	0 \$	0
Total Licenses and Permits	10,202 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	558 \$	0 \$	0 \$	0 \$	0
Officers Costs	3,648	0	0	0	0
Drug Control Fines	1,869	1,018	0	0	0
Data Entry Fee - Circuit Court	772	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	428	0	0	0	0
<u>General Sessions Court</u>					
Fines	8,343	0	0	0	0
Officers Costs	19,224	0	0	0	0
Game and Fish Fines	410	0	0	0	0
Drug Control Fines	712	712	0	0	0
Jail Fees	2,445	0	0	0	0
DUI Treatment Fines	3,087	0	0	0	0
Data Entry Fee - General Sessions Court	4,942	0	0	0	0
<u>Juvenile Court</u>					
Fines	46	0	0	0	0
Officers Costs	1,094	0	0	0	0
Data Entry Fee - Juvenile Court	206	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	488	0	0	0	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court (Cont.)</u>					
Data Entry Fee - Chancery Court	1,456 \$	0 \$	0 \$	0 \$	0
Courtroom Security Fee	6	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	1,427	0	0	0	0
Other Fines, Forfeitures, and Penalties	5,599	0	0	0	0
Total Fines, Forfeitures, and Penalties	56,760 \$	1,730 \$	0 \$	0 \$	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	753,496 \$	0 \$	0 \$	0 \$	0
<u>Fees</u>					
Telephone Commissions	5,277	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	21,704	0	0
Data Processing Fee - Register	4,668	0	0	0	0
Probation Fees	900	0	0	0	0
Data Processing Fee - Sheriff	1,957	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,700	0	0	0	0
Data Processing Fee - County Clerk	898	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	0	71,148	0
Total Charges for Current Services	768,896 \$	0 \$	21,704 \$	71,148 \$	0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	0 \$	0 \$	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Lease/Rentals	\$ 8,000	\$ 0	\$ 0	\$ 0	0
Sale of Materials and Supplies	290	0	0	0	0
Commissary Sales	1,995	0	0	0	0
Sale of Gasoline	0	0	0	13,213	0
Miscellaneous Refunds	9,415	0	0	5,898	0
<u>Nonrecurring Items</u>					
Sale of Equipment	16,015	900	0	0	0
Damages Recovered from Individuals	891	0	0	0	0
Performance Bond Forfeitures	4,760	0	0	0	0
Total Other Local Revenues	\$ 41,366	\$ 900	\$ 0	\$ 19,111	\$ 0
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 121,648	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	48,287	0	0	0	0
General Sessions Court Clerk	77,098	0	0	0	0
Clerk and Master	53,586	0	0	0	0
Juvenile Court Clerk	6,739	0	0	0	0
Register	57,862	0	0	0	0
Sheriff	5,008	0	0	0	0
Trustee	230,143	0	0	0	0
Total Fees Received from County Officials	\$ 600,371	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
\$	23,697 \$	0 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	10,800	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	223,208	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs						
<u>Public Works Grants</u>						
Bridge Program	0	0	0	259,316	0	0
State Aid Program	0	0	0	190,739	0	0
Litter Program	47,700	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	16,000	0	0	0	0	0
Resort District Sales Tax	135,976	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Alcoholic Beverage Tax	39,679	0	0	0	0	0
State Revenue Sharing - T.V.A.	809,425	0	0	71,238	0	0
Contracted Prisoner Boarding	25,678	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	1,586,451	0	0
Petroleum Special Tax	0	0	0	9,614	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	212,489	0	0	0	0	0
Other State Revenues	31,315	0	0	0	0	0
Total State of Tennessee	\$ 1,608,937 \$	0 \$	0 \$	2,117,358 \$	0	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 49,600	\$ 0	\$ 0	\$ 0	0
Law Enforcement Grants	7,772	0	0	0	0
Other Federal through State	496,986	0	0	0	0
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	10,890	0	0	0	0
Forest Service	43,200	0	0	0	0
Other Direct Federal Revenue	400	0	0	0	0
Total Federal Government	\$ 608,848	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 153,076	\$ 0	\$ 0	\$ 0	163,032
Contracted Services	21,531	0	0	0	0
<u>Citizens Groups</u>					
Donations	5,954	0	0	0	0
<u>Other</u>					
Other	1,750	0	0	0	0
Total Other Governments and Citizens Groups	\$ 182,311	\$ 0	\$ 0	\$ 0	163,032
Total	\$ 8,166,274	\$ 2,630	\$ 21,704	\$ 2,445,552	2,590,333

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	0 \$	4,975,750
Trustee's Collections - Prior Year	0	147,513
Circuit/Clerk & Master Collections - Prior Years	0	79,970
Interest and Penalty	0	29,113
Payments in-Lieu-of Taxes - T.V.A.	0	1,530
Payments in-Lieu-of Taxes - Local Utilities	0	472,380
Payments in-Lieu-of Taxes - Other	804	168,027
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	440,779
Hotel/Motel Tax	0	18,856
Wheel Tax	0	414,397
Litigation Tax - General	0	38,105
Litigation Tax - Special Purpose	0	16,748
Litigation Tax - Jail, Workhouse, or Courthouse	68,746	68,746
Business Tax	0	32,433
Mixed Drink Tax	0	2,188
<u>Statutory Local Taxes</u>		
Wholesale Beer Tax	0	115,652
Interstate Telecommunications Tax	0	1,182
Total Local Taxes	<u>69,550 \$</u>	<u>7,023,369</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Vaccination	0 \$	4,540
Cable TV Franchise	0	3,200

(Continued)

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Beer Permits	0 \$	2,462
Total Licenses and Permits	<u>0 \$</u>	<u>10,202</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	0 \$	558
Officers Costs	0	3,648
Drug Control Fines	0	2,887
Data Entry Fee - Circuit Court	0	772
<u>Criminal Court</u>		
DUI Treatment Fines	0	428
<u>General Sessions Court</u>		
Fines	0	8,343
Officers Costs	0	19,224
Game and Fish Fines	0	410
Drug Control Fines	0	1,424
Jail Fees	0	2,445
DUI Treatment Fines	0	3,087
Data Entry Fee - General Sessions Court	0	4,942
<u>Juvenile Court</u>		
Fines	0	46
Officers Costs	0	1,094
Data Entry Fee - Juvenile Court	0	206
<u>Chancery Court</u>		
Officers Costs	0	488

(Continued)

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Chancery Court (Cont.)</u>		
Data Entry Fee - Chancery Court	0 \$	1,456
Courtroom Security Fee	0	6
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	1,427
Other Fines, Forfeitures, and Penalties	0	5,599
Total Fines, Forfeitures, and Penalties	0 \$	58,490
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	0 \$	753,496
<u>Fees</u>		
Telephone Commissions	0	5,277
Constitutional Officers' Fees and Commissions	0	21,704
Data Processing Fee - Register	0	4,668
Probation Fees	0	900
Data Processing Fee - Sheriff	0	1,957
Sexual Offender Registration Fees - Sheriff	0	1,700
Data Processing Fee - County Clerk	0	898
<u>Other Charges for Services</u>		
Other Charges for Services	0	71,148
Total Charges for Current Services	0 \$	861,748
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	36,542 \$	36,542

(Continued)

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

	<u>Capital Projects Fund</u>		
	General Capital Projects	Total	
<u>Other Local Revenues (Cont.)</u>			
<u>Recurring Items (Cont.)</u>			
Lease/Rentals	0 \$	8,000	
Sale of Materials and Supplies	0	290	
Commissary Sales	0	1,995	
Sale of Gasoline	0	13,213	
Miscellaneous Refunds	0	15,313	
<u>Nonrecurring Items</u>			
Sale of Equipment	0	16,915	
Damages Recovered from Individuals	0	891	
Performance Bond Forfeitures	0	4,760	
Total Other Local Revenues	<u>36,542 \$</u>	<u>97,919</u>	
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	0 \$	121,648	
Circuit Court Clerk	0	48,287	
General Sessions Court Clerk	0	77,098	
Clerk and Master	0	53,586	
Juvenile Court Clerk	0	6,739	
Register	0	57,862	
Sheriff	0	5,008	
Trustee	0	230,143	
Total Fees Received from County Officials	<u>0 \$</u>	<u>600,371</u>	

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
State of Tennessee		
<u>General Government Grants</u>		
Juvenile Services Program	0 \$	23,697
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	10,800
Health and Welfare Grants	0	223,208
Health Department Programs		
<u>Public Works Grants</u>		
Bridge Program	0	259,316
State Aid Program	0	190,739
Litter Program	0	47,700
<u>Other State Revenues</u>		
Income Tax	0	16,000
Resort District Sales Tax	0	135,976
Beer Tax	0	17,806
Alcoholic Beverage Tax	0	39,679
State Revenue Sharing - T.V.A.	0	880,663
Contracted Prisoner Boarding	0	25,678
Gasoline and Motor Fuel Tax	0	1,586,451
Petroleum Special Tax	0	9,614
Registrar's Salary Supplement	0	15,164
Other State Grants	0	212,489
Other State Revenues	0	31,315
Total State of Tennessee	<u>0 \$</u>	<u>3,726,295</u>

(Continued)

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

	<u>Capital Projects Fund</u>	Total
	General Capital Projects	
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	0 \$	49,600
Law Enforcement Grants	0	7,772
Other Federal through State	0	496,986
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	0	10,890
Forest Service	0	43,200
Other Direct Federal Revenue	0	400
Total Federal Government	<u>0 \$</u>	<u>608,848</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	0 \$	316,108
Contracted Services	0	21,531
<u>Citizens Groups</u>		
Donations	0	5,954
<u>Other</u>		
Other	0	1,750
Total Other Governments and Citizens Groups	<u>0 \$</u>	<u>345,343</u>
Total	<u>106,092 \$</u>	<u>13,332,585</u>

Stewart County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Stewart County School Department
 For the Year Ended June 30, 2014

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Total	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 713,069	\$ 0	\$ 0	\$ 2	\$ 713,071	
Trustee's Collections - Prior Year	18,412	0	0	4,044	22,456	
Circuit/Clerk & Master Collections - Prior Years	9,260	0	0	2,200	11,460	
Interest and Penalty	3,579	0	0	654	4,233	
Payments in-Lieu-of Taxes - T.V.A.	220	0	0	0	220	
Payments in-Lieu-of Taxes - Local Utilities	67,795	0	0	0	67,795	
Payments in-Lieu-of Taxes - Other	26,427	0	0	0	26,427	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	790,201	0	0	0	790,201	
Business Tax	30,688	0	0	0	30,688	
Mixed Drink Tax	287	0	0	0	287	
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	1,357	0	0	0	1,357	
Total Local Taxes	\$ 1,661,295	\$ 0	\$ 0	\$ 6,900	\$ 1,668,195	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	552	0	0	0	552	
Total Licenses and Permits	\$ 552	\$ 0	\$ 0	\$ 0	\$ 552	
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	0	0	244,283	0	244,283	
Lunch Payments - Adults	0	0	19,632	0	19,632	

(Continued)

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

	<u>Special Revenue Funds</u>					
	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Total	
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
A la carte Sales	0 \$	0 \$	51,946 \$	0 \$	51,946	
Receipts from Individual Schools	22,280	0	30,575	0	52,855	
<u>Other Charges for Services</u>						
Other Charges for Services	52,477	0	0	0	52,477	
Total Charges for Current Services	<u>74,757 \$</u>	<u>0 \$</u>	<u>346,436 \$</u>	<u>0 \$</u>	<u>421,193</u>	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	15,920 \$	0 \$	1,338 \$	0 \$	17,258	
Sale of Materials and Supplies	2,120	0	0	0	2,120	
Miscellaneous Refunds	56,904	0	17,610	0	74,514	
<u>Nonrecurring Items</u>						
Sale of Equipment	1,026	0	0	0	1,026	
Sale of Property	0	0	3,950	0	3,950	
<u>Other Local Revenues</u>						
Other Local Revenues	62	0	0	0	62	
Total Other Local Revenues	<u>76,032 \$</u>	<u>0 \$</u>	<u>22,898 \$</u>	<u>0 \$</u>	<u>98,930</u>	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	61,581 \$	0 \$	0 \$	0 \$	61,581	
<u>State Education Funds</u>						
Basic Education Program	11,021,000	0	0	0	11,021,000	
Early Childhood Education	413,974	0	0	0	413,974	

(Continued)

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

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation		
State of Tennessee (Cont.)						
<u>State Education Funds (Cont.)</u>						
School Food Service	\$ 0 \$	0 \$	11,213 \$	0 \$	0 \$	11,213
Other State Education Funds	361,363	0	0	0	0	361,363
Statewide Student Management System (SSMS)	5,621	0	0	0	0	5,621
Career Ladder Program	67,519	0	0	0	0	67,519
Career Ladder - Extended Contract	25,345	0	0	0	0	25,345
<u>Other State Revenues</u>						
Mixed Drink Tax	2,096	0	0	0	0	2,096
State Revenue Sharing - T.V.A.	1,808,211	0	0	0	0	1,808,211
Other State Grants	107,054	0	0	0	0	107,054
Total State of Tennessee	\$ 13,873,764 \$	0 \$	11,213 \$	0 \$	0 \$	13,884,977
Federal Government						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0 \$	0 \$	524,455 \$	0 \$	0 \$	524,455
USDA - Commodities	0	0	70,719	0	0	70,719
Breakfast	0	0	240,211	0	0	240,211
Vocational Education - Basic Grants to States	0	28,029	0	0	0	28,029
Title I Grants to Local Education Agencies	0	384,633	0	0	0	384,633
Special Education - Grants to States	0	420,370	0	0	0	420,370
Special Education Preschool Grants	0	15,312	0	0	0	15,312
Rural Education	0	49,496	0	0	0	49,496
Eisenhower Professional Development State Grants	0	61,256	0	0	0	61,256
Race-to-the-Top - ARRA	0	82,179	0	0	0	82,179
Other Federal through State	56,815	0	0	0	0	56,815

(Continued)

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

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation		
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Public Law 874 - Maintenance and Operation	\$ 192,131 \$	0 \$	0 \$	0 \$	0 \$	192,131
Total Federal Government	\$ 248,946 \$	1,041,275 \$	835,385 \$	0 \$	0 \$	2,125,606
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 420,712 \$	0 \$	0 \$	0 \$	0 \$	420,712
Total Other Governments and Citizens Groups	\$ 420,712 \$	0 \$	0 \$	0 \$	0 \$	420,712
Total	\$ 16,356,058 \$	1,041,275 \$	1,215,932 \$	6,900 \$	18,620,165	

Stewart County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	20,857	
Social Security		1,319	
Employer Medicare		305	
Audit Services		3,997	
Dues and Memberships		1,700	
Total County Commission			\$ 28,178

County Mayor/Executive

County Official/Administrative Officer	\$	75,221	
Secretary(ies)		24,646	
Longevity Pay		600	
Overtime Pay		319	
Social Security		6,009	
State Retirement		6,983	
Employee and Dependent Insurance		11,585	
Life Insurance		195	
Unemployment Compensation		72	
Employer Medicare		1,405	
Communication		3,841	
Data Processing Services		9,545	
Dues and Memberships		1,700	
Postal Charges		2,795	
Rentals		88	
Travel		2,154	
Office Supplies		3,295	
Other Charges		28	
Office Equipment		1,792	
Total County Mayor/Executive			152,273

Election Commission

County Official/Administrative Officer	\$	55,468	
Part-time Personnel		15,382	
Election Commission		1,055	
Social Security		4,393	
State Retirement		3,866	
Life Insurance		98	
Unemployment Compensation		145	
Employer Medicare		1,027	
Communication		2,029	
Data Processing Services		12,412	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		560	
Maintenance and Repair Services - Office Equipment		91	
Postal Charges		1,048	
Rentals		504	
Travel		2,269	
Office Supplies		866	
Office Equipment		35,632	
Total Election Commission			136,895

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		25,468	
Longevity Pay		550	
Social Security		4,885	
State Retirement		6,071	
Employee and Dependent Insurance		29,548	
Life Insurance		195	
Unemployment Compensation		57	
Employer Medicare		1,142	
Communication		1,716	
Dues and Memberships		522	
Operating Lease Payments		6,071	
Postal Charges		500	
Office Supplies		2,330	
Total Register of Deeds			\$ 140,687

County Buildings

Custodial Personnel	\$	46,763	
Maintenance Personnel		60,034	
Part-time Personnel		12,094	
Longevity Pay		1,350	
Overtime Pay		308	
Social Security		7,601	
State Retirement		6,245	
Employee and Dependent Insurance		5,804	
Life Insurance		427	
Medical Insurance		157	
Dental Insurance		482	
Unemployment Compensation		462	
Employer Medicare		1,778	
Communication		2,262	
Contracts with Private Agencies		3,805	
Maintenance Agreements		13,464	
Maintenance and Repair Services - Buildings		41,519	
Maintenance and Repair Services - Vehicles		3,821	
Pest Control		1,900	
Rentals		430	
Permits		105	
Custodial Supplies		4,996	
Electricity		48,526	
Gasoline		5,115	
Office Supplies		633	
Tires and Tubes		1,088	
Water and Sewer		4,334	
Other Charges		59	
Principal on Notes		3,038	
Interest on Notes		8,794	
Maintenance Equipment		70	
Total County Buildings			287,464

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Accounting Services	\$	642	
Contracts with Private Agencies		150	
Dues and Memberships		250	
Operating Lease Payments		5,528	
Legal Services		12,336	
Legal Notices, Recording, and Court Costs		7,580	
Penalties		701	
Duplicating Supplies		929	
Other Charges		2,862	
Total Other General Administration			\$ 30,978

Preservation of Records

Operating Lease Payments	\$	245	
Office Equipment		50	
Total Preservation of Records			295

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	55,468	
Longevity Pay		200	
Social Security		3,080	
State Retirement		3,866	
Employee and Dependent Insurance		14,549	
Life Insurance		98	
Medical Insurance		63	
Dental Insurance		139	
Unemployment Compensation		72	
Employer Medicare		720	
Total Accounting and Budgeting			78,255

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		30,904	
Assessment Personnel		22,765	
Clerical Personnel		26,379	
Part-time Personnel		5,478	
Longevity Pay		2,400	
Board and Committee Members Fees		990	
Social Security		8,466	
State Retirement		9,875	
Employee and Dependent Insurance		33,691	
Life Insurance		355	
Medical Insurance		174	
Dental Insurance		476	
Unemployment Compensation		297	
Employer Medicare		1,980	
Communication		1,498	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Contracts with Private Agencies	\$	11,502	
Data Processing Services		5,992	
Dues and Memberships		1,700	
Operating Lease Payments		587	
Maintenance and Repair Services - Vehicles		103	
Medical and Dental Services		48	
Postal Charges		797	
Travel		2,484	
Gasoline		647	
Office Supplies		1,134	
Other Charges		2,650	
Office Equipment		200	
Total Property Assessor's Office			\$ 235,204

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		70,518	
Longevity Pay		2,000	
Social Security		8,146	
State Retirement		7,172	
Employee and Dependent Insurance		8,635	
Life Insurance		334	
Medical Insurance		153	
Dental Insurance		151	
Unemployment Compensation		267	
Local Retirement		876	
Employer Medicare		1,905	
Communication		3,658	
Data Processing Services		8,374	
Dues and Memberships		517	
Operating Lease Payments		1,467	
Postal Charges		4,435	
Travel		1,353	
Data Processing Supplies		6,353	
Office Supplies		2,611	
Other Charges		243	
Office Equipment		2,608	
Total County Trustee's Office			193,408

County Clerk's Office

County Official/Administrative Officer	\$	61,632
Deputy(ies)		77,537
Longevity Pay		2,200
Social Security		8,283
State Retirement		9,700
Employee and Dependent Insurance		17,829
Life Insurance		391

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Medical Insurance	\$	190	
Dental Insurance		418	
Unemployment Compensation		216	
Employer Medicare		1,937	
Communication		1,952	
Data Processing Services		3,237	
Dues and Memberships		407	
Postal Charges		2,604	
Travel		72	
Office Supplies		4,872	
Office Equipment		680	
Total County Clerk's Office			\$ 194,157

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		48,678	
Longevity Pay		750	
Jury and Witness Expense		6,108	
Social Security		6,759	
State Retirement		5,899	
Employee and Dependent Insurance		5,389	
Life Insurance		293	
Medical Insurance		127	
Dental Insurance		278	
Unemployment Compensation		144	
Local Retirement		770	
Employer Medicare		1,581	
Communication		2,349	
Data Processing Services		7,332	
Dues and Memberships		407	
Operating Lease Payments		2,691	
Postal Charges		1,098	
Printing, Stationery, and Forms		200	
Travel		460	
Food Supplies		241	
Office Supplies		2,361	
Other Charges		638	
Office Equipment		921	
Total Circuit Court			157,106

General Sessions Judge

Judge(s)	\$	88,133	
Longevity Pay		650	
Other Per Diem and Fees		14,788	
Social Security		6,360	
State Retirement		6,667	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Life Insurance	\$	98	
Unemployment Compensation		78	
Employer Medicare		1,487	
Dues and Memberships		750	
Travel		1,336	
Office Supplies		255	
Total General Sessions Judge			\$ 120,602

General Sessions Court Clerk

Deputy(ies)	\$	47,151	
Longevity Pay		750	
Social Security		2,944	
State Retirement		3,286	
Life Insurance		196	
Dental Insurance		139	
Unemployment Compensation		144	
Employer Medicare		688	
Communication		1,723	
Data Processing Services		3,381	
Operating Lease Payments		734	
Postal Charges		1,098	
Printing, Stationery, and Forms		200	
Travel		102	
Office Supplies		2,028	
Other Charges		405	
Office Equipment		957	
Total General Sessions Court Clerk			65,926

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		24,600	
Part-time Personnel		780	
Longevity Pay		750	
Social Security		5,136	
State Retirement		6,010	
Employee and Dependent Insurance		11,945	
Life Insurance		195	
Medical Insurance		63	
Dental Insurance		139	
Unemployment Compensation		78	
Employer Medicare		1,201	
Communication		1,715	
Data Processing Services		3,921	
Dues and Memberships		487	
Postal Charges		3,389	
Printing, Stationery, and Forms		169	
Office Supplies		2,141	
Office Equipment		5,853	
Total Chancery Court			130,204

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Probation Officer(s)	\$	25,737	
Youth Service Officer(s)		37,149	
Longevity Pay		850	
Social Security		3,490	
State Retirement		4,383	
Employee and Dependent Insurance		11,269	
Life Insurance		195	
Medical Insurance		79	
Dental Insurance		139	
Unemployment Compensation		144	
Employer Medicare		816	
Communication		4,695	
Contracts with Private Agencies		2,644	
Dues and Memberships		155	
Operating Lease Payments		2,446	
Maintenance and Repair Services - Vehicles		1,080	
Postal Charges		736	
Travel		2,647	
Gasoline		905	
Office Supplies		4,103	
Other Charges		202	
Office Equipment		2,109	
Total Juvenile Court			\$ 105,973

District Attorney General

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

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Deputy(ies)		320,534	
Investigator(s)		56,790	
Lieutenant(s)		33,925	
Sergeant(s)		60,748	
Salary Supplements		11,400	
Dispatchers/Radio Operators		216,277	
Clerical Personnel		40,018	
Part-time Personnel		25,104	
School Resource Officer		105,388	
Longevity Pay		10,250	
Overtime Pay		40,482	
Other Salaries and Wages		7,984	
In-Service Training		5,753	
Social Security		55,710	
State Retirement		54,665	
Employee and Dependent Insurance		243,655	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Life Insurance	\$	2,983	
Medical Insurance		948	
Dental Insurance		2,709	
Unemployment Compensation		2,385	
Employer Medicare		13,029	
Communication		8,544	
Contracts with Private Agencies		1,750	
Data Processing Services		4,420	
Dues and Memberships		1,599	
Operating Lease Payments		2,446	
Licenses		46	
Maintenance and Repair Services - Buildings		1,283	
Maintenance and Repair Services - Equipment		2,626	
Maintenance and Repair Services - Office Equipment		44	
Maintenance and Repair Services - Vehicles		36,010	
Medical and Dental Services		2,471	
Postal Charges		1,310	
Towing Services		225	
Travel		3,075	
Custodial Supplies		1,450	
Electricity		9,778	
Gasoline		70,943	
Law Enforcement Supplies		5,116	
Office Supplies		4,612	
Propane Gas		916	
Tires and Tubes		7,551	
Uniforms		4,342	
Water and Sewer		1,491	
Other Charges		3,758	
Law Enforcement Equipment		13,166	
Motor Vehicles		10,605	
Office Equipment		14,092	
Other Equipment		2,025	
Total Sheriff's Department			\$ 1,594,226

Jail

Supervisor/Director	\$	39,000
Guards		272,240
Longevity Pay		3,200
Overtime Pay		13,680
Social Security		18,578
State Retirement		17,579
Employee and Dependent Insurance		73,404
Life Insurance		1,217
Medical Insurance		441
Dental Insurance		1,491
Unemployment Compensation		1,031

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Employer Medicare	\$	4,345	
Contracts with Government Agencies		199,220	
Contracts with Private Agencies		46,351	
Operating Lease Payments		734	
Maintenance and Repair Services - Buildings		2,193	
Maintenance and Repair Services - Equipment		40	
Medical and Dental Services		80,699	
Travel		4,267	
Custodial Supplies		3,124	
Drugs and Medical Supplies		5,198	
Electricity		15,758	
Food Supplies		73,460	
Office Supplies		925	
Prisoners Clothing		377	
Uniforms		2,379	
Water and Sewer		11,605	
Other Charges		585	
Other Equipment		618	
Total Jail			\$ 893,739

Fire Prevention and Control

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

Other Emergency Management

Supervisor/Director	\$	32,977	
Part-time Personnel		2,693	
Longevity Pay		650	
Social Security		1,951	
State Retirement		2,298	
Employee and Dependent Insurance		14,549	
Life Insurance		98	
Unemployment Compensation		94	
Employer Medicare		456	
Communication		2,880	
Contracts with Private Agencies		11,250	
Maintenance and Repair Services - Buildings		203	
Maintenance and Repair Services - Equipment		837	
Maintenance and Repair Services - Vehicles		893	
Towing Services		75	
Electricity		3,006	
Food Supplies		113	
Gasoline		2,749	
Office Supplies		265	
Tires and Tubes		660	
Uniforms		593	
Communication Equipment		34,627	
Other Equipment		313	
Total Other Emergency Management			114,230

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Salaries and Wages	\$	3,297	
Social Security		204	
State Retirement		230	
Unemployment Compensation		4	
Employer Medicare		48	
Medical and Dental Services		22,832	
Other Contracted Services		6,000	
Office Equipment		460	
Total County Coroner/Medical Examiner			\$ 33,075

Public Health and Welfare

Local Health Center

Advertising	\$	547	
Communication		1,452	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		11,656	
Postal Charges		86	
Rentals		2,622	
Other Contracted Services		6,242	
Custodial Supplies		155	
Food Supplies		259	
Office Supplies		1,411	
Furniture and Fixtures		457	
Office Equipment		250	
Total Local Health Center			25,337

Ambulance/Emergency Medical Services

Supervisor/Director	\$	52,581	
Medical Personnel		475,037	
Secretary(ies)		6,309	
Longevity Pay		6,350	
Overtime Pay		236,814	
Other Salaries and Wages		3,820	
In-Service Training		1,595	
Social Security		45,325	
State Retirement		43,999	
Employee and Dependent Insurance		119,545	
Life Insurance		1,970	
Medical Insurance		570	
Dental Insurance		1,636	
Unemployment Compensation		1,644	
Employer Medicare		10,600	
Communication		10,942	
Debt Collection Services		42,300	
Dues and Memberships		330	
Operating Lease Payments		2,597	
Licenses		1,950	

(Continued)

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.)

Maintenance Agreements	\$	200	
Maintenance and Repair Services - Buildings		1,534	
Maintenance and Repair Services - Equipment		2,367	
Maintenance and Repair Services - Vehicles		20,554	
Medical and Dental Services		507	
Postal Charges		16	
Towing Services		225	
Travel		807	
Tuition		1,503	
Disposal Fees		6,444	
Custodial Supplies		923	
Diesel Fuel		37,476	
Drugs and Medical Supplies		41,475	
Electricity		16,926	
Food Supplies		777	
Gasoline		4,252	
Office Supplies		1,573	
Propane Gas		7,569	
Tires and Tubes		6,831	
Uniforms		10,739	
Water and Sewer		2,087	
Refunds		4,901	
Other Charges		55	
Communication Equipment		1,010	
Office Equipment		1,395	
Other Equipment		3,832	
Total Ambulance/Emergency Medical Services			\$ 1,241,892

Alcohol and Drug Programs

Communication	\$	516	
Data Processing Services		687	
Dues and Memberships		275	
Postal Charges		103	
Printing, Stationery, and Forms		593	
Travel		2,630	
Other Contracted Services		33,654	
Office Supplies		4,641	
Other Supplies and Materials		812	
Other Charges		6,500	
Total Alcohol and Drug Programs			50,411

Other Local Health Services

Advertising	\$	7,923	
Contracts with Private Agencies		5,469	
Travel		500	
Office Supplies		5,953	
Total Other Local Health Services			19,845

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup

Temporary Personnel	\$	29,492	
Social Security		1,829	
State Retirement		49	
Unemployment Compensation		200	
Employer Medicare		428	
Maintenance and Repair Services - Vehicles		628	
Medical and Dental Services		48	
Rentals		2,455	
Travel		73	
Disposal Fees		814	
Gasoline		743	
Instructional Supplies and Materials		5,943	
Tires and Tubes		673	
Other Supplies and Materials		2,723	
Total Waste Pickup			\$ 46,098

Other Public Health and Welfare

Medical Personnel	\$	68,448	
Clerical Personnel		52,824	
Custodial Personnel		23,339	
Part-time Personnel		5,084	
Longevity Pay		1,700	
Social Security		8,699	
State Retirement		8,489	
Employee and Dependent Insurance		29,917	
Life Insurance		448	
Medical Insurance		127	
Dental Insurance		278	
Unemployment Compensation		473	
Employer Medicare		2,034	
Communication		84	
Contracts with Private Agencies		808	
Travel		1,933	
Office Supplies		3,128	
Liability Insurance		98	
Total Other Public Health and Welfare			207,911

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

County Official/Administrative Officer	\$	38,826	
Assistant(s)		41,922	
Librarians		44,992	
Longevity Pay		2,850	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Overtime Pay	\$	7,449	
Social Security		8,008	
State Retirement		6,728	
Employee and Dependent Insurance		16,836	
Life Insurance		351	
Medical Insurance		227	
Dental Insurance		394	
Unemployment Compensation		500	
Employer Medicare		1,873	
Communication		4,788	
Contracts with Private Agencies		700	
Dues and Memberships		447	
Operating Lease Payments		3,720	
Maintenance Agreements		1,100	
Maintenance and Repair Services - Buildings		7,046	
Medical and Dental Services		48	
Postal Charges		238	
Rentals		360	
Travel		2,690	
Custodial Supplies		938	
Electricity		8,043	
Food Supplies		77	
Library Books/Media		16,112	
Office Supplies		4,112	
Propane Gas		4,552	
Other Charges		388	
Building Construction		34,989	
Furniture and Fixtures		4,379	
Office Equipment		4,069	
Total Libraries			\$ 269,752

Other Social, Cultural, and Recreational

Supervisor/Director	\$	18,958	
Paraprofessionals		21,808	
Longevity Pay		750	
Social Security		2,420	
State Retirement		1,321	
Life Insurance		98	
Unemployment Compensation		246	
Employer Medicare		566	
Communication		67	
Dues and Memberships		30	
Travel		3,546	
Food Supplies		2,246	
Instructional Supplies and Materials		1,784	
Workers' Compensation Insurance		500	
Total Other Social, Cultural, and Recreational			54,340

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	52,610	
Communication		1,486	
Contributions		2,300	
Dues and Memberships		343	
Office Equipment		2,000	
Total Agriculture Extension Service			\$ 58,739

Soil Conservation

Secretary(ies)	\$	22,762	
Longevity Pay		700	
Social Security		1,429	
State Retirement		1,587	
Life Insurance		98	
Dental Insurance		139	
Unemployment Compensation		72	
Employer Medicare		334	
Total Soil Conservation			27,121

Other Operations

Tourism

Part-time Personnel	\$	5,314	
Contributions		6,000	
Total Tourism			11,314

Tourism-resort District

Advertising	\$	850	
Communication		3,597	
Contracts with Private Agencies		927	
Contributions		23,500	
Dues and Memberships		2,559	
Maintenance and Repair Services - Buildings		3,537	
Maintenance and Repair Services - Equipment		80	
Pest Control		200	
Custodial Supplies		1,360	
Electricity		22,752	
Food Supplies		63	
Office Supplies		1,462	
Road Signs		700	
Water and Sewer		1,295	
Furniture and Fixtures		2,914	
Office Equipment		360	
Other Equipment		800	
Total Tourism-resort District			66,956

Housing and Urban Development

Contracts with Other Public Agencies	\$	4,000	
Contracts with Private Agencies		26,443	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Housing and Urban Development (Cont.)

Evaluation and Testing	\$	300	
Building Construction		79,992	
Total Housing and Urban Development			\$ 110,735

Other Economic and Community Development

Consultants	\$	10,650	
Contributions		1,500	
Engineering Services		41,500	
Other Charges		664	
Building Construction		438,514	
Total Other Economic and Community Development			492,828

Veterans' Services

Supervisor/Director	\$	35,195	
Part-time Personnel		14,447	
Longevity Pay		700	
Social Security		3,109	
State Retirement		2,453	
Life Insurance		161	
Medical Insurance		63	
Dental Insurance		139	
Unemployment Compensation		145	
Employer Medicare		727	
Communication		3,688	
Dues and Memberships		105	
Operating Lease Payments		986	
Maintenance and Repair Services - Buildings		704	
Postal Charges		442	
Travel		1,315	
Office Supplies		1,226	
Office Equipment		399	
Total Veterans' Services			66,004

Other Charges

Remittance of Revenue Collected	\$	11,409	
Liability Insurance		87,863	
Premiums on Corporate Surety Bonds		100	
Trustee's Commission		94,672	
Workers' Compensation Insurance		63,100	
Total Other Charges			257,144

Miscellaneous

Contributions	\$	93,881	
Dues and Memberships		4,240	
Total Miscellaneous			98,121

Total General Fund \$ 7,912,008

(Continued)

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

Drug Control Fund

Public Safety

Drug Enforcement

Other Charges	\$	1,244	
Law Enforcement Equipment		1,103	
Total Drug Enforcement			\$ 2,347

Other Operations

Other Charges

Trustee's Commission	\$	17	
Total Other Charges			17

Total Drug Control Fund \$ 2,364

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	21,704	
Total Chancery Court			\$ 21,704

Total Constitutional Officers - Fees Fund 21,704

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,795	
Accountants/Bookkeepers		30,267	
Secretary(ies)		29,922	
Advertising		1,377	
Communication		2,818	
Data Processing Services		5,250	
Dues and Memberships		2,496	
Freight Expenses		13	
Postal Charges		375	
Printing, Stationery, and Forms		454	
Travel		725	
Other Contracted Services		744	
Electricity		5,912	
Office Supplies		1,424	
Water and Sewer		243	
Other Charges		175	
Total Administration			\$ 149,990

Highway and Bridge Maintenance

Foremen	\$	115,802	
Equipment Operators - Heavy		178,728	
Equipment Operators - Light		96,642	
Truck Drivers		165,011	
Laborers		85,598	
Explosive and Drilling Services		750	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Rentals	\$	6,656	
Other Contracted Services		7,777	
Asphalt - Cold Mix		1,921	
Asphalt - Hot Mix		240,163	
Asphalt - Liquid		62,406	
Concrete		4,560	
Crushed Stone		102,119	
Ice		384	
Riprap		7,700	
Pipe - Metal		12,336	
Road Signs		2,293	
Salt		18,284	
Total Highway and Bridge Maintenance			\$ 1,109,130

Operation and Maintenance of Equipment

Foremen	\$	43,924	
Laborers		34,599	
Freight Expenses		635	
Laundry Service		2,906	
Maintenance and Repair Services - Equipment		12,335	
Rentals		2,511	
Disposal Fees		7,727	
Diesel Fuel		78,166	
Equipment and Machinery Parts		72,979	
Garage Supplies		14,028	
Gasoline		60,552	
Lubricants		7,707	
Office Supplies		21	
Propane Gas		6,212	
Tires and Tubes		32,098	
Other Charges		65	
Total Operation and Maintenance of Equipment			376,465

Other Charges

Building and Contents Insurance	\$	1,935	
Liability Insurance		29,846	
Trustee's Commission		21,400	
Vehicle and Equipment Insurance		17,396	
Workers' Compensation Insurance		37,342	
Other Charges		227	
Total Other Charges			108,146

Employee Benefits

Longevity Pay	\$	17,800	
Social Security		50,008	
State Retirement		52,067	
Employee and Dependent Insurance		1,066	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Life Insurance	\$	2,299	
Medical Insurance		162,828	
Dental Insurance		2,227	
Unemployment Compensation		7,061	
Employer Medicare		11,695	
Total Employee Benefits			\$ 307,051

Capital Outlay

Bridge Construction	\$	259,617	
Building Improvements		189	
Communication Equipment		936	
Data Processing Equipment		206	
Office Equipment		150	
State Aid Projects		254,895	
Total Capital Outlay			515,993

Total Highway/Public Works Fund \$ 2,566,775

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	16,000	
Principal on Notes		172,327	
Total General Government			\$ 188,327

Education

Principal on Bonds	\$	1,595,000	
Principal on Notes		52,812	
Total Education			1,647,812

Interest on Debt

General Government

Interest on Bonds	\$	201,021	
Interest on Notes		24,624	
Total General Government			225,645

Education

Interest on Bonds	\$	713,153	
Interest on Notes		7,028	
Total Education			720,181

Other Debt Service

General Government

Trustee's Commission	\$	47,771	
Other Debt Service		500	
Total General Government			48,271

(Continued)

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Education

Other Debt Issuance Charges	\$ 43,080	
Other Debt Service	1,000	
Total Education	<u>44,080</u>	\$ 44,080

Total General Debt Service Fund \$ 2,874,316

General Capital Projects Fund

Capital Projects

Public Safety Projects

Architects	\$ 114,921	
Trustee's Commission	705	
Building Construction	692,994	
Motor Vehicles	26,570	
Total Public Safety Projects	<u>835,190</u>	\$ 835,190

Public Health and Welfare Projects

Motor Vehicles	\$ 74,574	
Other Equipment	33,858	
Total Public Health and Welfare Projects	<u>108,432</u>	108,432

Education Capital Projects

Contributions	\$ 420,712	
Transportation Equipment	262,632	
Total Education Capital Projects	<u>683,344</u>	683,344

Total General Capital Projects Fund 1,626,966

Total Governmental Funds - Primary Government \$ 15,004,133

Stewart County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Stewart County School Department
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,741,826	
Career Ladder Program		37,000	
Career Ladder Extended Contracts		20,000	
Homebound Teachers		19,148	
Educational Assistants		291,830	
Other Salaries and Wages		35,367	
Non-certified Substitute Teachers		20,942	
Social Security		305,213	
State Retirement		437,234	
Medical Insurance		776,159	
Unemployment Compensation		2,775	
Employer Medicare		71,774	
Other Fringe Benefits		413	
Instructional Supplies and Materials		38,585	
Textbooks		11,262	
Other Supplies and Materials		3,512	
Fee Waivers		1,858	
Other Charges		2,934	
Regular Instruction Equipment		13,483	
Total Regular Instruction Program			\$ 6,831,315

Alternative Instruction Program

Teachers	\$	44,285	
Educational Assistants		13,576	
Social Security		842	
State Retirement		946	
Unemployment Compensation		40	
Employer Medicare		839	
Maintenance and Repair Services - Equipment		756	
Total Alternative Instruction Program			61,284

Special Education Program

Teachers	\$	611,949	
Career Ladder Program		5,000	
Educational Assistants		13,057	
Speech Pathologist		15,200	
Social Security		36,967	
State Retirement		55,695	
Medical Insurance		103,506	
Unemployment Compensation		681	
Employer Medicare		8,792	
Contracts with Private Agencies		16,479	
Total Special Education Program			867,326

Vocational Education Program

Teachers	\$	445,838	
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(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	4,000	
Educational Assistants		12,525	
Social Security		27,210	
State Retirement		40,819	
Medical Insurance		72,562	
Unemployment Compensation		231	
Employer Medicare		6,364	
Instructional Supplies and Materials		25,019	
T&I Construction Materials		928	
Total Vocational Education Program			\$ 635,496

Support Services

Attendance

Supervisor/Director	\$	40,858	
Career Ladder Program		1,000	
Social Security		2,419	
State Retirement		3,717	
Medical Insurance		7,244	
Unemployment Compensation		13	
Employer Medicare		566	
Travel		1,289	
Other Contracted Services		5,621	
Other Supplies and Materials		3,517	
In Service/Staff Development		224	
Total Attendance			66,468

Health Services

Supervisor/Director	\$	58,800	
Medical Personnel		145,181	
Social Security		12,011	
State Retirement		17,082	
Medical Insurance		29,400	
Unemployment Compensation		168	
Employer Medicare		2,809	
Travel		2,512	
Other Contracted Services		107,752	
Drugs and Medical Supplies		2,065	
Other Supplies and Materials		289	
Other Charges		100	
Total Health Services			378,169

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		290,971	
Secretary(ies)		16,952	
School Resource Officer		43,548	

(Continued)

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	\$	11,683	
Social Security		18,040	
State Retirement		25,012	
Medical Insurance		13,976	
Unemployment Compensation		157	
Employer Medicare		4,576	
Evaluation and Testing		2,810	
Other Contracted Services		11,400	
Other Supplies and Materials		15,419	
Total Other Student Support			\$ 456,544

Regular Instruction Program

Supervisor/Director	\$	134,137	
Career Ladder Program		2,000	
Librarians		162,109	
Secretary(ies)		24,183	
Educational Assistants		2,852	
Social Security		19,174	
State Retirement		27,980	
Medical Insurance		48,314	
Unemployment Compensation		136	
Employer Medicare		4,484	
Other Fringe Benefits		2	
Travel		3,104	
Library Books/Media		7,048	
Other Supplies and Materials		849	
In Service/Staff Development		4,002	
Total Regular Instruction Program			440,374

Special Education Program

Supervisor/Director	\$	60,584	
Psychological Personnel		45,934	
Secretary(ies)		25,098	
Social Security		7,659	
State Retirement		11,208	
Medical Insurance		15,507	
Unemployment Compensation		132	
Employer Medicare		1,791	
Travel		2,206	
Total Special Education Program			170,119

Vocational Education Program

Travel	\$	1,025	
Total Vocational Education Program			1,025

(Continued)

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 Programs

On-behalf Payments to OPEB	\$ 61,581	
Total Other Programs		\$ 61,581

Board of Education

Secretary to Board	\$ 3,000	
Board and Committee Members Fees	19,560	
Social Security	1,399	
Employer Medicare	327	
Audit Services	6,000	
Dues and Memberships	10,231	
Legal Services	11,740	
Travel	513	
Other Contracted Services	14,451	
Liability Insurance	35,469	
Premiums on Corporate Surety Bonds	1,807	
Trustee's Commission	63,228	
Workers' Compensation Insurance	178,580	
In Service/Staff Development	8,711	
Criminal Investigation of Applicants - TBI	240	
Other Charges	3,509	
Total Board of Education		358,765

Director of Schools

County Official/Administrative Officer	\$ 92,677	
Career Ladder Program	1,000	
Secretary(ies)	25,098	
Clerical Personnel	29,511	
Social Security	9,047	
State Retirement	12,125	
Medical Insurance	5,070	
Unemployment Compensation	63	
Employer Medicare	2,116	
Communication	18,475	
Postal Charges	533	
Travel	1,289	
Office Supplies	4,395	
Other Supplies and Materials	206	
Other Charges	24,211	
Total Director of Schools		225,816

Office of the Principal

Principals	\$ 262,317	
Career Ladder Program	4,000	
Accountants/Bookkeepers	77,223	
Assistant Principals	206,002	
Secretary(ies)	79,781	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Social Security	\$	36,142	
State Retirement		50,124	
Medical Insurance		65,051	
Unemployment Compensation		326	
Employer Medicare		8,733	
Postal Charges		2,100	
Other Supplies and Materials		651	
Other Charges		22,903	
Total Office of the Principal			\$ 815,353

Fiscal Services

Accountants/Bookkeepers	\$	82,939	
Social Security		4,997	
State Retirement		2,056	
Medical Insurance		4,725	
Unemployment Compensation		42	
Employer Medicare		1,169	
Data Processing Services		11,514	
Travel		365	
Data Processing Supplies		591	
Office Supplies		1,582	
Total Fiscal Services			109,980

Operation of Plant

Nightwatchmen	\$	14,436	
Custodial Personnel		272,326	
Social Security		17,603	
State Retirement		12,496	
Medical Insurance		4,541	
Unemployment Compensation		430	
Employer Medicare		4,117	
Other Fringe Benefits		926	
Maintenance and Repair Services - Equipment		3,366	
Disposal Fees		9,268	
Other Contracted Services		14,925	
Custodial Supplies		48,834	
Electricity		527,612	
Natural Gas		109,255	
Water and Sewer		60,322	
Other Supplies and Materials		63	
Boiler Insurance		5,783	
Building and Contents Insurance		105,355	
Other Charges		95,574	
Plant Operation Equipment		6,688	
Total Operation of Plant			1,313,920

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Maintenance Personnel	\$	205,472	
Social Security		12,535	
State Retirement		12,036	
Medical Insurance		26,452	
Unemployment Compensation		143	
Employer Medicare		2,932	
Maintenance and Repair Services - Buildings		26,720	
Maintenance and Repair Services - Equipment		23,381	
Other Supplies and Materials		75,309	
Other Charges		2,704	
Maintenance Equipment		10,283	
Total Maintenance of Plant			\$ 397,967

Transportation

Supervisor/Director	\$	25,004	
Mechanic(s)		78,612	
Bus Drivers		536,361	
Social Security		39,198	
State Retirement		27,873	
Medical Insurance		20,290	
Unemployment Compensation		944	
Employer Medicare		9,167	
Other Fringe Benefits		1,049	
Contracts with Private Agencies		4,486	
Maintenance and Repair Services - Vehicles		125	
Travel		1,060	
Other Contracted Services		36	
Diesel Fuel		257,817	
Gasoline		39,327	
Lubricants		7,646	
Tires and Tubes		26,264	
Vehicle Parts		125,881	
Other Supplies and Materials		2,024	
Vehicle and Equipment Insurance		32,528	
In Service/Staff Development		1,650	
Other Charges		8,314	
Administration Equipment		292	
Transportation Equipment		1,714	
Total Transportation			1,247,662

Central and Other

Other Salaries and Wages	\$	37,833	
Social Security		1,922	
State Retirement		2,637	
Medical Insurance		9,385	
Unemployment Compensation		21	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Employer Medicare	\$	449	
Maintenance and Repair Services - Equipment		12,190	
Other Contracted Services		33,850	
Other Supplies and Materials		1,435	
Data Processing Equipment		807	
Other Equipment		188,069	
Total Central and Other			\$ 288,598

Operation of Non-instructional Services

Food Service

Food Supplies	\$	7,127	
Total Food Service			7,127

Community Services

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

Early Childhood Education

Supervisor/Director	\$	34,889	
Teachers		186,399	
Educational Assistants		83,710	
Non-certified Substitute Teachers		4,000	
Social Security		17,412	
State Retirement		24,806	
Medical Insurance		31,489	
Unemployment Compensation		226	
Employer Medicare		4,072	
Instructional Supplies and Materials		4,426	
Other Supplies and Materials		3,298	
In Service/Staff Development		236	
Other Equipment		9,405	
Total Early Childhood Education			404,368

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	420,712	
Total Regular Capital Outlay			420,712

Interest on Debt

Education

Interest on Notes	\$	10,836	
Total Education			10,836

(Continued)

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 163,032	
Total Education		\$ 163,032

Total General Purpose School Fund \$ 15,761,784

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 102,047	
Educational Assistants	62,659	
Other Salaries and Wages	86,207	
Social Security	14,899	
State Retirement	17,800	
Medical Insurance	23,683	
Unemployment Compensation	179	
Employer Medicare	3,535	
Instructional Supplies and Materials	67,990	
Other Supplies and Materials	29,173	
Regular Instruction Equipment	25,513	
Total Regular Instruction Program		\$ 433,685

Special Education Program

Teachers	\$ 84,210	
Educational Assistants	229,444	
Speech Pathologist	50,684	
Social Security	22,118	
State Retirement	23,653	
Medical Insurance	25,214	
Unemployment Compensation	473	
Employer Medicare	5,173	
Instructional Supplies and Materials	2,904	
In Service/Staff Development	1,000	
Other Charges	5,638	
Regular Instruction Equipment	7,000	
Special Education Equipment	6,000	
Total Special Education Program		463,511

Vocational Education Program

Maintenance and Repair Services - Equipment	\$ 1,000	
Vocational Instruction Equipment	14,022	
Total Vocational Education Program		15,022

Support Services

Other Student Support

Travel	\$ 11,606	
Other Supplies and Materials	5,473	
Total Other Student Support		17,079

(Continued)

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

Supervisor/Director	\$	16,353	
Other Salaries and Wages		25,644	
Social Security		589	
State Retirement		833	
Medical Insurance		839	
Unemployment Compensation		69	
Employer Medicare		606	
Travel		1,410	
Other Supplies and Materials		37,018	
In Service/Staff Development		53,434	
Other Charges		2,180	
Total Regular Instruction Program			\$ 138,975

Vocational Education Program

Travel	\$	1,401	
Total Vocational Education Program			1,401

Total School Federal Projects Fund \$ 1,069,673

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	60,659	
Clerical Personnel		26,659	
Cafeteria Personnel		322,177	
Other Salaries and Wages		33,653	
Social Security		27,392	
State Retirement		24,164	
Medical Insurance		13,984	
Unemployment Compensation		362	
Employer Medicare		6,406	
Other Fringe Benefits		334	
Communication		3,199	
Maintenance and Repair Services - Equipment		5,453	
Travel		2,181	
Other Contracted Services		13,882	
Food Preparation Supplies		19,978	
Food Supplies		419,248	
Office Supplies		4,041	
Uniforms		3,417	
USDA - Commodities		70,719	
Other Supplies and Materials		22,197	
In Service/Staff Development		1,061	
Other Charges		4,452	
Food Service Equipment		156	
Total Food Service			\$ 1,085,774

Total Central Cafeteria Fund 1,085,774

(Continued)

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

<u>School Transportation Fund</u>		
<u>Support Services</u>		
<u>Board of Education</u>		
Trustee's Commission	\$	123
Total Board of Education		<u>\$ 123</u>
Total School Transportation Fund		<u>\$ 123</u>
Total Governmental Funds - Stewart County School Department		<u>\$ 17,917,354</u>

Stewart County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2014

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 349,402
Total Cash Receipts	<u>\$ 349,402</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 345,908
Trustee's Commission	3,494
Total Cash Disbursements	<u>\$ 349,402</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2014, 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 29, 2014.

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: 2014-001, 2014-002, 2014-003, 2014-005, 2014-006, and 2014-007.

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 one 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 2014-004.

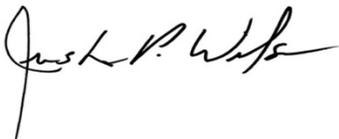
Stewart County's Responses to Findings

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 29, 2014

JPW/kp



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Stewart County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Stewart County's major federal programs for the year ended June 30, 2014. Stewart County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stewart County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Stewart County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

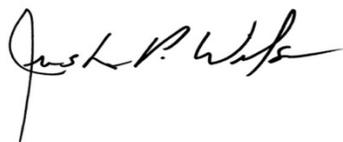
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Stewart County's basic financial statements. We issued our report thereon dated September 29, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 29, 2014

JPW/kp

Stewart County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

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	\$ 240,211
National School Lunch Program	10.555	N/A	524,455 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	70,719 (4)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	3,574
Passed-through State Department of Finance and Administration:			
Schools and Roads - Grants to States	10.665	(2)	56,815
Total U.S. Department of Agriculture			\$ 895,774
U.S. Department of Housing and Urban Development:			
Direct Program:			
Shelter Plus Care	14.238	TN0081C4J070800	\$ 26,442
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	33004-84213	454,194
Total U.S. Department of Housing and Urban Development			\$ 480,636
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23628	\$ 90
Total U.S. Department of Justice			\$ 90
U. S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z14GHS327	\$ 7,772
Total U. S. Department of Transportation			\$ 7,772
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00114-111	\$ 1,620
Total U.S. Institute of Museum and Library Services			\$ 1,620
U.S. Department of Education:			
Direct Program:			
Impact Aid	84.041	N/A	\$ 192,131
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	387,202
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	445,987
Special Education - Preschool Grants	84.173	N/A	17,528
Career and Technical Education - Basic Grants to States	84.048	N/A	28,029
Rural Education	84.358	N/A	47,510
Improving Teacher Quality State Grants	84.367	N/A	61,235
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	82,184
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	5,621
Total U.S. Department of Education			\$ 1,267,427

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(3)	\$ 34,182
Total U.S. Election Assistance Commission			\$ 34,182
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG1338863	\$ 49,600
Total U.S. Department of Health and Human Services			\$ 49,600
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-07014	\$ 16,350
Total U.S. Department of Homeland Security			\$ 16,350
Total Expenditures of Federal Awards			\$ 2,753,451

State Grants		Contract Number	
Litter Program - State Department of Transportation	N/A	40100-15314	\$ 33,700
Lottery for Education Afterschool Program - State Department of Education	N/A	DG12-C000054	66,658
Library Pavilion Grant - Tennessee Secretary of State	N/A	30504-00214	15,000
Three Star Grant - State Department of Economic and Community Development	N/A	33007-16613	7,463
Rebuild and Recover Grant - Tennessee Housing Development Agency	N/A	RR-13-003	83,992
Local Health Services - State Department of Health	N/A	GG1437303	223,208
State Supplement - State Department of Children's Services	N/A	31601-88110	9,000
Child and Family Intervention - State Department of Children's Services	N/A	35910-20249	14,607
Early Childhood Education - State Department of Education	N/A	(2)	413,974
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	815
Coordinated School Health - State Department of Education	N/A	(2)	132,766
Connect Tennessee - State Department of Education	N/A	(2)	6,117
Safe Schools - State Department of Education	N/A	(2)	13,400
Family Resource Centers - State Department of Education	N/A	(2)	25,732
Project Diabetes Initiative Service - State Department of Health	N/A	GG-13333656	107,054
Total State Grants			\$ 1,153,486

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) 30510-00213-29: \$32,642; 30510-00113-81: \$1,540.

(4) Total for CFDA No. 10.555 is \$595,174.

Stewart County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Stewart County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF COUNTY ENGINEER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	138	Purchase orders were not completed properly

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-003	139	The office had deficiencies in accounting for employee health insurance transactions

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-004	140	Duties were not segregated adequately

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-005	141	Multiple employees operated from the same cash drawer

STEWART COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Stewart County is unmodified.
2. The audit of the financial statements of Stewart County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Stewart County.
4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Stewart County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY ENGINEER

FINDING 2014-001 **PURCHASE ORDERS WERE NOT COMPLETED PROPERLY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 30 disbursements totaling \$56,256 from a population of 474 vendor checks totaling \$2,088,124. Our sample revealed that in 11 of 17 applicable instances, descriptions and dollar amounts of purchases were not listed on the purchase orders until the invoices were received from the vendors. The dollar amounts and descriptions of items on purchase orders are necessary to quantify purchasing commitments and to identify the items purchased. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report. The failure to list descriptions and dollar amounts on purchase orders when they are issued increases the risk of unauthorized purchases.

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2014-002 **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, School Federal Projects, and Central Cafeteria 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 a lack of understanding of sound business practices and internal controls.

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 – DR. PHILLIP WALLACE, DIRECTOR OF SCHOOLS

The School Department is currently working to correct this issue. We are working with our fiscal consultant from the Tennessee Department of Education and our software provider to help with this problem. Additional training will be provided for all accounting employees in the use of the accounting/payroll software.

FINDING 2014-003

THE OFFICE HAD DEFICIENCIES IN ACCOUNTING FOR EMPLOYEE HEALTH INSURANCE TRANSACTIONS

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

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

- A. Employee payroll deductions and corresponding School Department contributions for health insurance premiums were not reconciled with health insurance billings monthly. We could not determine the last time such a reconciling procedure was performed. Sound business practices dictate that payroll insurance deductions and the employer's contributions for health insurance premiums be reconciled with billings for health insurance coverage monthly. The failure to regularly reconcile payroll insurance deduction accounts and the employer's contributions with billings increases the risk that errors will not be discovered and corrected in a timely manner.
- B. The county trustee maintains an insurance clearing bank account for deposits of employee payroll deductions and School Department contributions for employee health insurance premiums, which are then withdrawn from the account by the LEGIF. The insurance clearing bank account was overdrawn July through December 2013 in amounts ranging from \$3,980 to \$30,950. Bank charges of \$277 were also incurred due to these overdrafts. In January 2014, the county trustee insisted that enough money should be deposited by the School Department in the clearing account to keep the account from being overdrawn. The School Department deposited \$30,950 into the account to clear the overdraft balance without attempting to reconcile the differences. The account was once again overdrawn by \$5,449 on

June 30, 2014. The various overdrafts can be attributed directly to the deficiencies noted in Finding 2014-003 Part A. above.

These deficiencies resulted from a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DR. PHILLIP WALLACE, DIRECTOR OF SCHOOLS

The School Department is currently reconciling health insurance contributions on a monthly basis and correcting any errors that are found. Procedures were changed in January 2014, to improve this process. Since that time, the account has remained balanced. We are working closely with the trustee to ensure that this account stays in good standing.

AUDITOR'S COMMENT

As noted in the finding, the School Department was unable to provide us with any reconciliations of this account for the year under examination. In January 2014, the School Department deposited \$30,950, which did clear the account overdraft but did not identify or correct the differences. The account did remain balanced for February through May 2014; however, by June 30, 2014, the account had an unidentified overdraft of \$5,449. The School Department did make some payroll procedure changes in January 2014, which resulted in the general ledger payroll deduction accounts also accumulating unidentified balances as noted in Finding 2014-002.

FINDING 2014-004

SOME EMPLOYEES RECEIVED BENEFITS THAT WERE NOT AUTHORIZED BY THE SCHOOL DEPARTMENT'S PERSONNEL POLICIES

(Noncompliance Under *Government Auditing Standards*)

Some employees of the School Department received benefits, which were not authorized by the department's personnel policies. Employees paid from the Central Cafeteria Fund were paid for unused sick leave days at the end of the fiscal year. The School Department's personnel policy states that "Sick leave shall be cumulative for all earned days not used to a maximum, which would be earned in two years." The policy also states that "Under no circumstances can sick leave be exchanged for cash." School Department personnel advised that the policy had been changed for employees paid by the Central Cafeteria Fund; however, there was no indication that a policy change had ever been approved by the Board of Education.

RECOMMENDATION

The School Department should not provide employees with benefits that are not authorized by the personnel policies adopted by the Board of Education. Any policy changes should be reflected in the minutes of the Board of Education.

MANAGEMENT'S RESPONSE – DR. PHILLIP WALLACE, DIRECTOR OF SCHOOLS

Nothing in the current board policies allows Central Cafeteria Fund employees to roll sick days over from year-to-year. They are paid for unused sick days at the end of each school year. Board policy does not prohibit the payment of unused sick days for Central Cafeteria Fund employees. It appears a board policy from 1999 was cited in the finding. This was replaced by a newer policy in 2000. The board was aware of the pay-out to staff on an annual basis; therefore, the board acquiesced to this. The fact that the pay-out was brought to the board for alteration on June 24, 2014, to decide whether it could be done on a semi-annual basis shows that they were aware.

AUDITOR'S COMMENT

The personnel policies approved by the Board of Education do not allow for the payment of accrued sick leave and do not provide for a different policy for Central Cafeteria Fund employees. Management provided us with a copy of rules that supposedly applied to Central Cafeteria Fund employees and allowed for the payment of sick leave. However, these rules were actually only a proposal to change the personnel policy and were never adopted by the Board of Education. The minutes of June 24, 2014, do reflect that changing the method of the payment of sick leave was discussed with the Board of Education; however, the board did not approve any policy changes at that time. The School Department should not provide employees with benefits that are not authorized by the existing personnel policies adopted by the Board of Education.

FINDING 2014-005

AN EMPLOYEE OF THE SCHOOL DEPARTMENT WAS OVERPAID

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

A part-time employee of the School Department was overpaid when she changed to full-time work status on December 2, 2013. A payroll miscalculation resulted in an overpayment of \$667 when she received the full-time salary for the period November 11 through December 1, 2013, instead of her hourly salary for the actual hours worked. This deficiency was the result of a lack of management oversight. We have reviewed this overpayment with the employee and management, and it should be corrected by a payroll adjustment in the 2014-15 year.

RECOMMENDATION

The School Department should properly calculate wages earned and compensate employees accordingly. The School Department should ensure that the overpaid salary is recovered.

MANAGEMENT’S RESPONSE – DR. PHILLIP WALLACE, DIRECTOR OF SCHOOLS

The employee went from full-time status to part-time status and then back to full-time status. The final status of full-time employment was in the middle of a pay period, and the time sheet was not received by the payroll department due to a faulty fax machine. The payroll department paid the employee for a full-time salary for the entire month. The School Department has adjusted the employee’s pay to correct the overpayment.

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

FINDING 2014-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DR. PHILLIP WALLACE, DIRECTOR OF SCHOOLS

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

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

FINDING 2014-007

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

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

RECOMMENDATION

Officials should assign each employee their own cash drawer.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Stewart County.

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

Stewart County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

STEWART COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014

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