

# **ANNUAL FINANCIAL REPORT CARTER COUNTY, TENNESSEE**



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



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

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

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

***BRYAN BURKLIN, CPA, CGFM***  
***Audit Manager***

***MARK TREECE, CPA, CGFM***  
***Auditor 4***

***ROBERT ANDERSON***  
***BRAD BURKE, CPA, CIA***  
***GREG BRUSH, CISA***  
***State Auditors***

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

---



---

## CARTER COUNTY, TENNESSEE

### TABLE OF CONTENTS

---



---

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Carter County Officials		9-10
<u>FINANCIAL SECTION</u>		11
Independent Auditor's Report		12-15
BASIC FINANCIAL STATEMENTS:		16
Government-wide Financial Statements:		
Statement of Net Position	A	17-18
Statement of Activities	B	19-20
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	25-28
Highway/Public Works Fund	C-6	29
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	30
Index and Notes to the Financial Statements		31-79
REQUIRED SUPPLEMENTARY INFORMATION:		80
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Carter County School Department	E-1	81
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Carter County School Department	E-2	82
Notes to the Required Supplementary Information		83

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		84
Nonmajor Governmental Funds:		85-86
Combining Balance Sheet	F-1	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	88
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	89
Solid Waste/Sanitation Fund	F-4	90
Health Department Fund	F-5	91
Drug Control Fund	F-6	92
Sports and Recreation Fund	F-7	93
Major Governmental Fund:		94
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	95
Fiduciary Funds:		96
Combining Statement of Fiduciary Assets and Liabilities	H-1	97
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	98-99
Component Unit:		
Discretely Presented Carter County School Department:		100
Statement of Activities	I-1	101
Balance Sheet – Governmental Funds	I-2	102
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	103
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	104
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	105
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	107
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	108-109
School Federal Projects Fund	I-9	110
Central Cafeteria Fund	I-10	111
Other Education Special Revenue Fund	I-11	112

	Exhibit	Page(s)
Miscellaneous Schedules:		113
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Lease	J-1	114
Schedule of Long-term Debt Requirements by Year	J-2	115-116
Schedule of Transfers	J-3	117
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Carter County School Department	J-4	118
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	119-128
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Carter County School Department	J-6	129-130
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	131-149
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Carter County School Department	J-8	150-162
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-9	163
<u>SINGLE AUDIT SECTION</u>		164
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		165-167
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		168-170
Schedule of Expenditures of Federal Awards and State Grants		171-172
Schedule of Audit Findings Not Corrected		173
Schedule of Findings and Questioned Costs		174-184
Auditee Reporting Responsibilities		185

# ***Audit Highlights***

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

## ***Scope***

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

## ***Results***

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

Our audit resulted in nine findings and recommendations, which we have reviewed with Carter County's 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 MAYOR**

- ◆ Expenditures exceeded appropriations.

---

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

- ◆ The School Nutrition Department had deficiencies related to employee travel.
- ◆ The School Federal Projects Fund had a deficit unassigned fund balance at June 30, 2013.
- ◆ Expenditures exceeded appropriations.

---

### **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ The accounting records did not adequately reflect the financial activity of the office.
  - ◆ The clerk did not comply with the judge's order to invest funds.
  - ◆ The offices' software did not have adequate application controls.
  - ◆ Usernames and passwords were shared by employees.
-

## **CARTER COUNTY**

- ♦ Carter County has a material recurring audit finding.

---

---

## INTRODUCTORY SECTION

---

---



## Carter County Officials

### June 30, 2013

---

#### **Officials**

Leon Humphrey, County Mayor  
Jack Perkins, Road Superintendent  
Kevin Ward, Director of Schools  
Randal Lewis, Trustee  
Ronnie Taylor, Assessor of Property  
Mary Gouge, County Clerk  
John Paul Mathes, Circuit and General Sessions Courts Clerk  
Melissa Moreland, Clerk and Master  
Edrie Bristol, Register of Deeds  
Chris Mathes, Sheriff  
Ingrid Deloach, Finance Director

#### **Board of County Commissioners**

Thomas Bowers, Chairman  
William Armstrong  
Kenneth Arney  
Roscoe Bayless  
Jo Ann Blankenship  
Nancy Brown  
Steve Chambers  
Sonya Culler  
Bobbie Dietz  
Robert Gobble  
Pat Hicks  
Lawrence Hodge

Russell Kyte  
John Lewis  
Steve Lowrance  
Buford Peters  
Ernest Richie  
Scott Sams  
Harry Sisk  
Joel Street  
Louis Tester  
Ronnie Trivett  
Charles Von Cannon  
Richard Winters

#### **Board of Education**

Kelly Crain, Chairman  
Rusty Barnett  
Bobby Blevins  
David Buck

Craig Davis  
Donald Julian  
Ronnie McAmis  
Jerry McMahan

#### **Financial Management Committee**

Jo Ann Blankenship, Chairperson  
Thomas Bowers  
Pat Hicks  
Russell Kyte

Leon Humphrey, County Mayor  
Jack Perkins, Road Superintendent  
Kevin Ward, Director of Schools

## Carter County Officials (Cont.)

---

### **Audit Committee**

Dave Wortman, Chairman  
Travis Holly

Margaret Moses  
Margaret Pate

---

---

## 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

Carter County Mayor and  
Board of County Commissioners  
Carter 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 Carter County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carter County Emergency Communications District, which represent 3.6 percent, 5.8 percent, and three percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carter County Emergency Communications District, is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

We draw attention to Note I.D.8. to the financial statements, which describes a restatement to the beginning net position of the governmental activities totaling \$243,758, which was necessary due to the implementation of GASB Statement No. 65.

## ***Other Matters***

### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress – pension plan and other postemployment benefits plan on pages 81-83 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 Carter 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 Carter 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 Carter 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

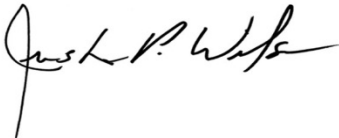
in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter 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 December 17, 2013, on our consideration of Carter 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 Carter 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 line extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 17, 2013

JPW/sb

---

---

## **BASIC FINANCIAL STATEMENTS**

---

---



## Exhibit A

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

	Primary	Component Units	
	Government	Carter	Emergency
	Governmental	County	Communica-
	Activities	School	tions
		Department	District
<u>ASSETS</u>			
Cash	\$ 22,910	\$ 1,548,332	\$ 889,853
Equity in Pooled Cash and Investments	12,859,450	6,812,808	0
Accounts Receivable	117,924	2,603	25,745
Due from Other Governments	1,009,111	1,067,467	55,558
Due from Component Unit	1,208,237	0	0
Property Taxes Receivable	9,709,195	6,286,871	0
Allowance for Uncollectible Property Taxes	(275,419)	(178,339)	0
Prepaid Items	0	0	6,403
Capital Assets:			
Assets Not Depreciated:			
Land	2,002,236	838,418	112,000
Construction in Progress	14,392	13,296	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	28,269,971	19,573,588	0
Other Capital Assets	1,350,054	2,539,290	337,332
Infrastructure	14,851,862	0	0
Total Assets	<u>\$ 71,139,923</u>	<u>\$ 38,504,334</u>	<u>\$ 1,426,891</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 416,838	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 416,838</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 219,233	\$ 119,874	\$ 8,067
Accrued Payroll	163,465	5,965	21,481
Accrued Interest Payable	126,643	0	0
Payroll Deductions Payable	20,868	6,747	499
Contracts Payable	0	29,494	0
Due to Primary Government	0	1,208,237	0
Due to State of Tennessee	11,204	0	0
Other Current Liabilities	5,862	1,542,614	0
Noncurrent Liabilities:			
Due Within One Year	2,858,489	355,367	37,665
Due in More Than One Year (net of unamortized premium on debt)	30,257,793	8,530,303	69,828
Total Liabilities	<u>\$ 33,663,557</u>	<u>\$ 11,798,601</u>	<u>\$ 137,540</u>

(Continued)

Exhibit A

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

		Component Units	
	Primary Government Governmental Activities	Carter County School Department	Emergency Communica- tions District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 9,110,323	\$ 5,899,090	\$ 0
Total Deferred Inflows of Resources	<u>\$ 9,110,323</u>	<u>\$ 5,899,090</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 23,256,421	\$ 22,964,592	\$ 449,332
Restricted for:			
General Government	68,775	0	0
Finance	7,803	0	0
Administration of Justice	110,656	0	0
Public Safety	757,262	0	0
Highways	2,217,369	0	0
Debt Service	4,577,382	0	0
Education	0	2,613,450	0
Capital Projects	137,249	537,995	0
Unrestricted	<u>(2,350,036)</u>	<u>(5,309,394)</u>	<u>840,019</u>
Total Net Position	<u>\$ 28,782,881</u>	<u>\$ 20,806,643</u>	<u>\$ 1,289,351</u>

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

Exhibit B

Carter County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2013

Net (Expense) Revenue and Changes in Net Position									
Functions/Programs	Primary Government					Component Units			
	Expenses	Charges for Services	Program Revenues		Governmental Activities	Carter County School Department	Emergency Communications District		
			Operating Grants and Contributions	Capital Grants and Contributions					
Primary Government:									
Governmental Activities:									
General Government	\$ 1,826,435	\$ 656,062	\$ 15,164	\$ 0	\$ (1,155,209)	\$ 0	\$ 0		0
Finance	1,503,239	1,265,662	0	0	(237,577)	0	0		0
Administration of Justice	1,249,471	995,110	12,225	0	(242,136)	0	0		0
Public Safety	8,950,885	740,979	453,541	0	(7,756,365)	0	0		0
Public Health and Welfare	1,758,029	810,512	381,076	287,313	(279,128)	0	0		0
Social, Cultural, and Recreational Services	106,397	0	0	0	(106,397)	0	0		0
Agriculture and Natural Resources	113,837	0	0	0	(113,837)	0	0		0
Other Operations	1,375,410	0	0	83,807	(1,291,603)	0	0		0
Highways	2,915,470	272,835	1,805,959	960,008	123,332	0	0		0
Interest on Long-term Debt	892,954	0	0	0	(892,954)	0	0		0
Debt Service	52,393	0	0	0	(52,393)	0	0		0
Total Primary Government	\$ 20,744,520	\$ 4,741,160	\$ 2,667,965	\$ 1,331,128	\$ (12,004,267)	\$ 0	\$ 0		0
Component Units:									
Carter County School Department	\$ 49,272,188	\$ 1,053,802	\$ 7,907,654	\$ 0	\$ 0	\$ (40,310,732)	\$ 0		0
Emergency Communications District	1,065,100	737,872	737,051	0	0	0	0		409,823
Total Component Units	\$ 50,337,288	\$ 1,791,674	\$ 8,644,705	\$ 0	\$ 0	\$ (40,310,732)	\$ 0		409,823

(Continued)

Exhibit B

Carter County, Tennessee  
Statement of Activities (Cont.)

Net (Expense) Revenue and Changes in Net Position						
Functions/Programs	Primary Government			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Carter County School Department	Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 7,333,022	\$ 6,014,939	\$ 0
Property Taxes Levied for Highway/Public Works				1,088,388	0	0
Property Taxes Levied for Debt Service				895,963	0	0
Local Option Sales Taxes				787,142	3,851,927	0
Litigation Tax - General				178,594	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				94,403	0	0
Litigation Tax - Special				10,237	0	0
Litigation Tax - Courtroom Security				73,182	0	0
Hotel/Motel Tax				87,915	0	0
Business Tax				412,552	0	0
Mineral Severance Tax				82,278	0	0
Wholesale Beer Tax				193,836	0	0
Other Local Taxes				3,708	3,230	0
Grants and Contributions Not Restricted to Specific Programs				748,414	29,931,394	0
Unrestricted Investment Income				61,507	5,944	1,095
Miscellaneous				141,827	60,297	10,145
Total General Revenues				\$ 12,192,968	\$ 39,867,731	\$ 11,240
Change in Net Position				\$ 188,701	\$ (443,001)	\$ 421,063
Net Position, July 1, 2012				28,837,938	21,249,644	868,288
Restatement – See Note I.D.8.				(243,758)	0	0
Net Position, June 30, 2013				\$ 28,782,881	\$ 20,806,643	\$ 1,289,351

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

## Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	Highway / Public Works	General Debt Service		Other Govern- mental Funds	Total Governmental Funds
	General				
<u>ASSETS</u>					
Cash	\$ 4,942	\$ 0	\$ 0	\$ 17,968	\$ 22,910
Equity in Pooled Cash and Investments	4,965,845	2,322,378	5,177,398	393,829	12,859,450
Accounts Receivable	92,770	7,071	2,480	15,603	117,924
Due from Other Governments	648,914	328,350	137	31,710	1,009,111
Due from Other Funds	15,321	20,278	0	796	36,395
Property Taxes Receivable	7,566,175	1,137,113	1,005,907	0	9,709,195
Allowance for Uncollectible Property Taxes	(214,629)	(32,256)	(28,534)	0	(275,419)
Total Assets	\$ 13,079,338	\$ 3,782,934	\$ 6,157,388	\$ 459,906	\$ 23,479,566
<u>LIABILITIES</u>					
Accounts Payable	\$ 143,970	\$ 34,388	\$ 0	\$ 30,669	\$ 209,027
Accrued Payroll	125,626	22,182	0	15,657	163,465
Payroll Deductions Payable	20,528	304	0	36	20,868
Due to Other Funds	28,199	0	0	18,402	46,601
Due to State of Tennessee	11,204	0	0	0	11,204
Other Current Liabilities	4,842	0	0	1,020	5,862
Total Liabilities	\$ 334,369	\$ 56,874	\$ 0	\$ 65,784	\$ 457,027
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 7,099,486	\$ 1,066,975	\$ 943,862	\$ 0	\$ 9,110,323
Deferred Delinquent Property Taxes	219,564	32,998	29,191	0	281,753
Other Deferred/Unavailable Revenue	133,849	168,985	0	0	302,834
Total Deferred Inflows of Resources	\$ 7,452,899	\$ 1,268,958	\$ 973,053	\$ 0	\$ 9,694,910
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 68,775	\$ 0	\$ 0	\$ 0	\$ 68,775
Restricted for Finance	7,803	0	0	0	7,803
Restricted for Administration of Justice	92,520	0	0	18,136	110,656
Restricted for Public Safety	585,001	0	0	172,261	757,262
Restricted for Highways/Public Works	0	2,109,008	0	0	2,109,008
Restricted for Debt Service	0	0	4,674,834	0	4,674,834
Restricted for Capital Projects	62,249	0	0	75,000	137,249
Committed:					
Committed for Public Safety	118,595	0	0	0	118,595
Committed for Public Health and Welfare	0	0	0	97,644	97,644
Committed for Social, Cultural, and Recreational Services	0	0	0	14,415	14,415
Committed for Highways/Public Works	0	348,094	0	0	348,094
Committed for Debt Service	0	0	509,501	0	509,501
Committed for Capital Projects	0	0	0	16,666	16,666
Assigned:					
Assigned for General Government	17,429	0	0	0	17,429
Assigned for Public Safety	15,216	0	0	0	15,216
Assigned for Other Operations	114,547	0	0	0	114,547
Unassigned	4,209,935	0	0	0	4,209,935
Total Fund Balances	\$ 5,292,070	\$ 2,457,102	\$ 5,184,335	\$ 394,122	\$ 13,327,629
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,079,338	\$ 3,782,934	\$ 6,157,388	\$ 459,906	\$ 23,479,566

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

Carter County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 13,327,629
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,002,236	
Add: construction in progress	14,392	
Add: infrastructure net of accumulated depreciation	14,851,862	
Add: buildings and improvements net of accumulated depreciation	28,269,971	
Add: other capital assets net of accumulated depreciation	<u>1,350,054</u>	46,488,515
(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	\$ (739,699)	
Less: other loans payable	(4,433,041)	
Less: bonds payable	(22,715,000)	
Add: deferred amount on refunding	416,838	
Less: capital lease payments	(1,208,237)	
Add: debt to be contributed by School Department	1,208,237	
Less: compensated absences payable	(571,123)	
Less: landfill closure/postclosure care costs	(2,935,943)	
Add: other postemployment benefits liability (prepaid)	3,855	
Less: accrued interest on bonds, notes, and other loans payable	(126,643)	
Less: unamortized premium on debt	<u>(517,094)</u>	(31,617,850)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>584,587</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 28,782,881</u></u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 9,171,734	\$ 1,206,909	\$ 996,159	\$ 188,118	\$ 11,562,920
Licenses and Permits	390,209	0	0	0	390,209
Fines, Forfeitures, and Penalties	281,561	0	0	68,450	350,011
Charges for Current Services	147,515	0	0	678,030	825,545
Other Local Revenues	219,241	248,684	61,507	117,421	646,853
Fees Received from County Officials	1,941,058	0	0	0	1,941,058
State of Tennessee	1,638,049	2,301,645	43,971	335,874	4,319,539
Federal Government	326,732	31,554	0	0	358,286
Other Governments and Citizens Groups	420,883	40,662	334,331	0	795,876
Total Revenues	\$ 14,536,982	\$ 3,829,454	\$ 1,435,968	\$ 1,387,893	\$ 21,190,297
<u>Expenditures</u>					
Current:					
General Government	\$ 1,776,545	\$ 0	\$ 0	\$ 7,315	\$ 1,783,860
Finance	1,504,523	0	0	0	1,504,523
Administration of Justice	1,240,043	0	0	4,302	1,244,345
Public Safety	7,524,218	0	0	62,304	7,586,522
Public Health and Welfare	331,627	0	0	1,392,380	1,724,007
Social, Cultural, and Recreational Services	97,608	0	0	8,789	106,397
Agriculture and Natural Resources	113,837	0	0	0	113,837
Other Operations	1,367,185	0	0	8,617	1,375,802
Highways	40,662	3,674,854	0	0	3,715,516
Debt Service:					
Principal on Debt	0	0	2,333,985	0	2,333,985
Interest on Debt	0	0	883,463	0	883,463
Other Debt Service	0	0	52,393	0	52,393
Capital Projects	0	0	0	2,883	2,883
Total Expenditures	\$ 13,996,248	\$ 3,674,854	\$ 3,269,841	\$ 1,486,590	\$ 22,427,533
Excess (Deficiency) of Revenues Over Expenditures	\$ 540,734	\$ 154,600	\$ (1,833,873)	\$ (98,697)	\$ (1,237,236)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 29,969	\$ 0	\$ 0	\$ 11,041	\$ 41,010
Transfers In	0	0	0	79,222	79,222
Transfers Out	(79,222)	0	0	0	(79,222)
Total Other Financing Sources (Uses)	\$ (49,253)	\$ 0	\$ 0	\$ 90,263	\$ 41,010
Net Change in Fund Balances	\$ 491,481	\$ 154,600	\$ (1,833,873)	\$ (8,434)	\$ (1,196,226)
Fund Balance, July 1, 2012	4,800,589	2,302,502	7,018,208	402,556	14,523,855
Fund Balance, June 30, 2013	\$ 5,292,070	\$ 2,457,102	\$ 5,184,335	\$ 394,122	\$ 13,327,629

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (1,196,226)
(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	\$ 1,741,915	
Less: current-year depreciation expense	<u>(1,631,243)</u>	110,672
(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 assets disposed		(752,953)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 584,587	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(585,787)</u>	(1,200)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) 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, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items:		
Add: change in premium on debt issuances	\$ 23,612	
Add: principal payments on other loans	1,190,000	
Add: principal payments on notes	163,109	
Add: principal payments on bonds	725,000	
Add: principal payments on capital leases	255,876	
Less: principal contributions on capital leases from School Department	<u>(255,876)</u>	
Less: change in deferred amount on refunding	<u>(36,338)</u>	2,065,383
(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	\$ 3,235	
Change in compensated absences payable	(34,346)	
Change in other postemployment benefits liability	4,680	
Change in landfill closure/postclosure care costs	<u>(10,544)</u>	<u>(36,975)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 188,701</u>

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



Exhibit C-5

Carter County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2012	Encumbrances 6/30/2013			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 9,171,734	\$ 0	\$ 0	\$ 0	\$ 9,171,734	\$ 9,236,847	\$ 9,092,195	\$ 79,539
Licenses and Permits	390,209	0	0	0	390,209	336,900	352,355	37,854
Fines, Forfeitures, and Penalties	281,561	0	0	0	281,561	242,950	242,950	38,611
Charges for Current Services	147,515	0	0	0	147,515	64,750	100,078	47,437
Other Local Revenues	219,241	0	0	0	219,241	52,000	130,988	88,253
Fees Received from County Officials	1,941,058	0	0	0	1,941,058	1,882,000	1,882,000	59,058
State of Tennessee	1,638,049	0	0	0	1,638,049	468,019	1,326,856	311,193
Federal Government	326,732	0	0	0	326,732	43,499	179,501	147,231
Other Governments and Citizens Groups	420,883	0	0	0	420,883	273,400	282,122	138,761
Total Revenues	\$ 14,536,982	\$ 0	\$ 0	\$ 0	\$ 14,536,982	\$ 12,600,365	\$ 13,589,045	\$ 947,937

<u>Expenditures</u>								
<u>General Government</u>								
County Commission	\$ 76,351	\$ 0	\$ 0	\$ 0	\$ 76,351	\$ 80,800	\$ 80,800	\$ 4,449
Board of Equalization	5,538	0	0	0	5,538	5,925	5,925	387
County Mayor/Executive	202,343	0	0	0	202,343	188,567	221,797	19,454
County Attorney	70,678	0	0	0	70,678	50,738	71,738	1,060
Election Commission	320,070	0	0	0	320,070	344,343	346,238	26,168
Register of Deeds	241,026	0	0	0	241,026	261,258	266,458	25,432
Planning	223,316	0	0	0	223,316	273,466	273,466	50,150
County Buildings	613,493	0	15,216	0	628,709	716,629	778,539	149,830
Other General Administration	23,730	0	0	0	23,730	500	24,230	500
<u>Finance</u>								
Accounting and Budgeting	347,478	0	0	0	347,478	414,365	414,365	66,887
Property Assessor's Office	363,475	0	0	0	363,475	433,654	433,654	70,179
Reappraisal Program	95,129	0	0	0	95,129	113,438	113,438	18,309
County Trustee's Office	298,838	0	0	0	298,838	318,318	318,318	19,480
County Clerk's Office	399,603	0	0	0	399,603	458,609	458,609	59,006

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 644,574	\$ 0	\$ 0	\$ 644,574	\$ 716,179	\$ 719,179	\$ 74,605
General Sessions Court	233,151	0	0	233,151	238,121	238,121	4,970
Drug Court	11,205	0	0	11,205	0	14,184	2,979
Chancery Court	296,603	0	0	296,603	330,669	330,669	34,066
Judicial Commissioners	41,817	0	0	41,817	41,592	41,592	(225)
Other Administration of Justice	12,693	0	0	12,693	14,000	14,000	1,307
<u>Public Safety</u>							
Sheriff's Department	3,517,199	(119,983)	0	3,397,216	3,430,492	3,560,165	162,949
Jail	3,260,895	0	0	3,260,895	3,476,490	3,543,247	282,352
Juvenile Services	186,588	0	0	186,588	169,497	190,497	3,909
Fire Prevention and Control	317,990	0	0	317,990	330,000	330,000	12,010
Rescue Squad	104,354	0	0	104,354	104,354	104,354	0
Other Emergency Management	124,771	0	0	124,771	92,135	133,830	9,059
Inspection and Regulation	3,661	0	0	3,661	4,170	4,170	509
County Coroner/Medical Examiner	7,639	0	0	7,639	10,280	10,280	2,641
Other Public Safety	1,121	0	0	1,121	950	1,282	161
<u>Public Health and Welfare</u>							
Local Health Center	0	0	0	0	169,000	0	0
Rabies and Animal Control	130,142	0	0	130,142	164,136	167,889	37,747
Ambulance/Emergency Medical Services	173,858	0	0	173,858	173,858	173,858	0
Crippled Children Services	20,727	0	0	20,727	20,727	20,727	0
Aid to Dependent Children	1,500	0	0	1,500	1,500	1,500	0
Other Local Welfare Services	5,400	0	0	5,400	1,600	5,400	0
Other Public Health and Welfare	0	0	0	0	1,425	1,425	1,425
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	46,010	0	0	46,010	46,010	46,010	0
Libraries	36,588	0	0	36,588	36,588	36,588	0
Parks and Fair Boards	13,681	0	0	13,681	22,562	13,681	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Other Social, Cultural, and Recreational	\$ 1,329	\$ 0	\$ 0	\$ 1,329	\$ 4,509	\$ 4,509	\$ 3,180
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	93,983	0	0	93,983	97,222	97,222	3,239
Flood Control	0	0	0	0	3,850	3,850	3,850
Other Agriculture and Natural Resources	19,854	0	0	19,854	19,854	19,854	0
<u>Other Operations</u>							
Tourism	86,637	0	0	86,637	90,000	90,000	3,363
Industrial Development	0	0	0	0	3,875	3,675	3,675
Housing and Urban Development	85,016	0	0	85,016	0	85,016	0
Other Economic and Community Development	600,677	0	0	600,677	47,608	600,718	41
Veterans' Services	36,918	0	0	36,918	39,371	39,371	2,453
Other Charges	2,454	0	0	2,454	2,000	2,454	0
Contributions to Other Agencies	49,500	0	0	49,500	49,500	49,500	0
Employee Benefits	0	0	0	0	18,729	299	299
Miscellaneous	505,983	0	0	505,983	282,222	365,772	(140,211)
<u>Highways</u>							
Litter and Trash Collection	40,662	0	0	40,662	49,203	49,803	9,141
<u>Capital Projects</u>							
Other General Government Projects	0	0	0	0	15,000	198,380	198,380
Total Expenditures	\$ 13,996,248	\$ (119,983)	\$ 15,216	\$ 13,891,481	\$ 13,979,888	\$ 15,120,646	\$ 1,229,165
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 540,734	\$ 119,983	\$ (15,216)	\$ 645,501	\$ (1,379,523)	\$ (1,531,601)	\$ 2,177,102
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 29,969	\$ 0	\$ 0	\$ 29,969	\$ 0	\$ 11,690	\$ 18,279
Transfers Out	(79,222)	0	0	(79,222)	0	(79,222)	0
Total Other Financing Sources	\$ (49,253)	\$ 0	\$ 0	\$ (49,253)	\$ 0	\$ (67,532)	\$ 18,279

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 491,481	\$ 119,983	\$ (15,216)	\$ 596,248	\$ (1,379,523)	\$ (1,599,133)	\$ 2,195,381
Fund Balance, July 1, 2012	4,800,589	(119,983)	0	4,680,606	2,642,714	2,656,899	2,023,707
Fund Balance, June 30, 2013	\$ 5,292,070	\$ 0	\$ (15,216)	\$ 5,276,854	\$ 1,263,191	\$ 1,057,766	\$ 4,219,088

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

## Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,206,909	\$ 1,124,689	\$ 1,124,689	\$ 82,220
Other Local Revenues	248,684	201,000	201,000	47,684
State of Tennessee	2,301,645	1,991,500	1,991,500	310,145
Federal Government	31,554	12,500	12,500	19,054
Other Governments and Citizens Groups	40,662	13,000	13,000	27,662
Total Revenues	<u>\$ 3,829,454</u>	<u>\$ 3,342,689</u>	<u>\$ 3,342,689</u>	<u>\$ 486,765</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 308,513	\$ 330,805	\$ 330,805	\$ 22,292
Highway and Bridge Maintenance	2,180,798	2,166,160	2,305,160	124,362
Operation and Maintenance of Equipment	808,981	1,037,345	1,037,345	228,364
Other Charges	93,837	93,550	101,050	7,213
Employee Benefits	51,272	84,000	65,500	14,228
Capital Outlay	231,453	363,000	363,000	131,547
Total Expenditures	<u>\$ 3,674,854</u>	<u>\$ 4,074,860</u>	<u>\$ 4,202,860</u>	<u>\$ 528,006</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 154,600</u>	<u>\$ (732,171)</u>	<u>\$ (860,171)</u>	<u>\$ 1,014,771</u>
Net Change in Fund Balance	\$ 154,600	(732,171)	(860,171)	1,014,771
Fund Balance, July 1, 2012	<u>2,302,502</u>	<u>2,322,025</u>	<u>2,322,025</u>	<u>(19,523)</u>
Fund Balance, June 30, 2013	<u><u>\$ 2,457,102</u></u>	<u><u>\$ 1,589,854</u></u>	<u><u>\$ 1,461,854</u></u>	<u><u>\$ 995,248</u></u>

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

Exhibit D

Carter County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,210,742
Equity in Pooled Cash and Investments	251,091
Accounts Receivable	11,586
Due from Other Governments	1,085,593
Due from Other Funds	10,206
Property Taxes Receivable	2,810,034
Allowance for Uncollectible Property Taxes	<u>(79,712)</u>
Total Assets	<u>\$ 6,299,540</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,067,006
Due to Litigants, Heirs, and Others	<u>2,232,534</u>
Total Liabilities	<u>\$ 6,299,540</u>

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

---



---

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

---



---

Note	Page(s)
<b>I. Summary of Significant Accounting Policies</b>	
A. Reporting Entity	32
B. Government-wide and Fund Financial Statements	33
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	34
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	36
2. Receivables and Payables	37
3. Capital Assets	38
4. Deferred Outflows/Inflows of Resources	38
5. Compensated Absences	39
6. Long-term Obligations	40
7. Net Position and Fund Balance	40
8. Restatement	42
<b>II. Reconciliation of Government-wide and Fund Financial Statements</b>	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	42
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	43
<b>III. Stewardship, Compliance, and Accountability</b>	
A. Budgetary Information	43
B. Fund Deficit	44
C. Expenditures Exceeded Appropriations	44
<b>IV. Detailed Notes on All Funds</b>	
A. Deposits and Investments	45
B. Capital Assets	46
C. Construction Commitments	49
D. Interfund Receivables, Payables, and Transfers	49
E. Capital Lease	50
F. Long-term Obligations	51
G. On-Behalf Payments	56
<b>V. Other Information</b>	
A. Risk Management	56
B. Accounting Changes	57
C. Contingent Liabilities	58
D. Landfill Closure/Postclosure Care Costs	58
E. Joint Ventures	59
F. Jointly Governed Organizations	61
G. Retirement Commitments	61
H. Other Postemployment Benefits (OPEB)	64
I. Termination Benefits	69
J. Office of Central Accounting, Budgeting, and Purchasing	69
K. Purchasing Laws	70
<b>VI. Other Notes - Discretely Presented Carter County Emergency Communications District</b>	70

**CARTER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Carter 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 Carter County:

**A. Reporting Entity**

Carter County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Carter 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 Carter County School Department operates the public school system in the county, and the voters of Carter 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 Carter County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Carter County, and the Carter 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 Carter County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Carter County Emergency Communications District can be obtained from its administrative office at the following address:



Administrative Office:

Carter County Emergency Communications District  
116 Holston Avenue  
Elizabethton, TN 37644

**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 Carter 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 Carter 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.

Carter County issues all debt for the discretely presented Carter County School Department. There were no debt issues contributed by the county to the School Department and the Elizabethton City School System during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds and fiduciary funds. 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 funds 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 Carter 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. An emphasis is placed on major funds within the governmental category. Carter County has no proprietary funds to report.

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. Carter 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.

Carter County reports the following major governmental funds:

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

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

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

Additionally, Carter County reports the following fund types:

**Capital Projects Fund** – The General Capital Projects Fund accounts for financial resources to be used in the acquisition or construction of capital facilities or other capital assets.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Carter County, and the city school system’s share of educational revenues. 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 Carter 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 cafeteria operations in each of the schools. Charges for current services and federal grants are the foundational revenues of this fund.

Additionally, the Carter County School Department reports the following fund type:

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for building construction and renovations as well as acquisition of other capital assets for the School Department.

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 Carter 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 Debt Service Fund. Carter 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 outstanding at the end of the fiscal year is referred to as due to/from other funds.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.49 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.

Most payables are disaggregated on the face of the financial statements. Other Current Liabilities reflected in the General Fund represent contractor's deposits relating to the HOME Investment Partnerships Program Grant. Other Current Liabilities reflected in the Drug Control Fund represent asset seizures that have not been awarded to the county as of June 30, 2013.

The balance in the account Other Current Liabilities totaling \$1,542,614 on the Statement of Net Position for the School

Department represents the remaining balance in the teachers' insurance clearing account.

### 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 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	40
Other Capital Assets	5 - 10
Infrastructure	40

### 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 acquisition 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, as well as, other receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **5. Compensated Absences**

### **Primary Government**

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

### **Discretely Presented School Department**

The School Department has various policies related to vacation and sick leave benefits. Certain employees of the School Department are allowed to accumulate unused vacation benefits, but are only paid for 40 days of their unused vacation leave upon termination. The School Department, in accordance with contract provisions, allows all certified personnel to accumulate an unlimited amount of earned but unused sick leave benefits, which will be paid to employees at a rate of \$15 per day upon retirement. A liability for these benefits is accrued when incurred in the government-wide financial statements, but is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Non-certified employees are allowed to accumulate earned but unused sick leave benefits. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts to these employees when they 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 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 notes 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, postemployment benefits, and landfill closure/postclosure care costs, 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.

As of June 30, 2013, Carter County had \$6,296,606 in outstanding debt for capital purposes for the discretely presented Carter County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Elizabethton School System) based on an average daily attendance proration. This debt is a liability of Carter County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Elizabethton School System. Carter County also has \$84,371 in outstanding debt that was issued and contributed to another entity for the construction of an animal shelter building. Because of these debt issues, Carter 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 makes assignments for the general government and the Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund includes encumbrances (\$15,216), amounts assigned for industrial purposes (\$114,547), and fund balance appropriated for use in the 2013-14 budget (\$17,429). Assigned fund balance in the School Department’s General Purpose School Fund consists of amounts assigned for encumbrances (\$927,395), an energy savings program (\$320,362), and the extended school program (\$37,959).

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. Restatement**

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$243,758 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

**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 Carter 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 change in net position of governmental activities reported in the government-wide Statement of Activities.

### **Discretely Presented Carter 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**

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt 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, Board of Equalization, County Mayor/Executive, County Attorney, 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 GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2013, the Carter County School Department reported the following significant encumbrance:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Purpose School	School Buses	\$ 392,395

**B. Fund Deficit**

The School Federal Projects Fund (special revenue fund) of the discretely presented Carter County School Department had a negative unassigned fund balance of \$62,885 at June 30, 2013. The negative unassigned fund balance was liquidated when revenues were recognized after June 30, 2013.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded total appropriations in the School Department's Other Special Revenue Fund by \$43,590.

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
General:	
Judicial Commissioners	\$ 225
Miscellaneous	140,211
Solid Waste/Sanitation:	
Recycling Center	8,824

<u>Fund/Major Appropriation Category (Cont.)</u>	<u>Amount Overspent</u>
--	-----------------------------

Discretely Presented School Department

General Purpose School:	
Board of Education	8,149
School Federal Projects:	
Vocational Education Program	538

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

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with

collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2013.

### **B. Capital Assets**

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

#### **Primary Government**

##### **Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 2,002,236	\$ 0	\$ 0	\$ 2,002,236
Construction in Progress	0	14,392	0	14,392
Total Capital Assets				
Not Depreciated	\$ 2,002,236	\$ 14,392	\$ 0	\$ 2,016,628

**Governmental Activities (Cont.):**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Buildings and Improvements	\$ 33,420,283	\$ 0	\$ (920,000)	\$ 32,500,283
Infrastructure	20,603,648	1,268,171	0	21,871,819
Other Capital Assets	4,120,156	459,352	(171,459)	4,408,049
Total Capital Assets Depreciated	<u>\$ 58,144,087</u>	<u>\$ 1,727,523</u>	<u>\$ (1,091,459)</u>	<u>\$ 58,780,151</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,587,126	\$ 815,686	\$ (172,500)	\$ 4,230,312
Infrastructure	6,482,900	537,057	0	7,019,957
Other Capital Assets	2,945,501	278,500	(166,006)	3,057,995
Total Accumulated Depreciation	<u>\$ 13,015,527</u>	<u>\$ 1,631,243</u>	<u>\$ (338,506)</u>	<u>\$ 14,308,264</u>
Total Capital Assets Depreciated, Net	<u>\$ 45,128,560</u>	<u>\$ 96,280</u>	<u>\$ (752,953)</u>	<u>\$ 44,471,887</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,130,796</u>	<u>\$ 110,672</u>	<u>\$ (752,953)</u>	<u>\$ 46,488,515</u>

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

**Governmental Activities:**

General Government	\$ 42,543
Public Safety	800,076
Public Health and Welfare	89,687
Highways	<u>698,937</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,631,243</u>

## Discretely Presented Carter County School Department

### Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 838,418	\$ 0	\$ 0	\$ 838,418
Construction in Progress	748,959	514,485	(1,250,148)	13,296
Total Capital Assets Not Depreciated	<u>\$ 1,587,377</u>	<u>\$ 514,485</u>	<u>\$ (1,250,148)</u>	<u>\$ 851,714</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 42,602,168	\$ 1,250,148	\$ 0	\$ 43,852,316
Other Capital Assets	6,419,971	205,868	(464,416)	6,161,423
Total Capital Assets Depreciated	<u>\$ 49,022,139</u>	<u>\$ 1,456,016</u>	<u>\$ (464,416)</u>	<u>\$ 50,013,739</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 23,526,618	\$ 752,110	\$ 0	\$ 24,278,728
Other Capital Assets	3,615,224	471,325	(464,416)	3,622,133
Total Accumulated Depreciation	<u>\$ 27,141,842</u>	<u>\$ 1,223,435</u>	<u>\$ (464,416)</u>	<u>\$ 27,900,861</u>
Total Capital Assets Depreciated, Net	<u>\$ 21,880,297</u>	<u>\$ 232,581</u>	<u>\$ 0</u>	<u>\$ 22,112,878</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,467,674</u>	<u>\$ 747,066</u>	<u>\$ (1,250,148)</u>	<u>\$ 22,964,592</u>

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

### Governmental Activities:

Instruction	\$ 768,104
Support Services	381,044
Operation of Non-Instructional Services	<u>74,287</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,223,435</u></u>



**C. Construction Commitments**

At June 30, 2013, Carter County had uncompleted construction contracts of \$15,216 in the General Fund. Funding has been received for these future expenditures.

At June 30, 2013, the discretely presented Carter County School Department had uncompleted construction contracts of \$529,518 in the General Purpose School Fund. Funding has been received for these future expenditures.

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

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

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 3,855
"	Nonmajor governmental	11,466
Highway/Public Works	General	17,197
"	Nonmajor governmental	3,081
Nonmajor governmental	General	796
Agency	"	10,206
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	6,425

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.

The amount reflected as due to the primary government from the discretely presented School Department on the government-wide Statement of Net Position also includes a long-term receivable of \$1,208,237 for debt issued by the primary government, the principal of which is being contributed by the School Department. The amount of the receivable not expected to be received within one year is \$937,119.

**Interfund Transfers:**

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

## Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> <u>Nonmajor</u> <u>Governmental</u>
General	\$ 79,222

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. Capital Lease

On November 25, 2002, Carter County entered into a 15-year capital lease agreement for the School Department to upgrade heating and electrical systems. The terms of the agreement require total lease payments of \$3,200,000 plus interest of 5.8 percent. Title to the equipment transfers to the School Department at the end of the lease period. The lease payments are made from the General Debt Service Fund from contributions received from the School Department.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental</u> <u>Activities</u>
Buildings and Improvements	\$ 3,200,000
Less: Accumulated Depreciation	<u>(766,445)</u>
Total Book Value	<u>\$ 2,433,555</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30	Governmental Funds
2014	\$ 334,331
2015	334,331
2016	334,331
2017	334,330
2018	23,091
Total Minimum Lease Payments	\$ 1,360,414
Less: Amount Representing Interest	(152,177)
Present Value of Minimum Lease Payments	\$ 1,208,237

**F. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

Carter County issues other loans 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 loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 25 years for bonds, up to 12 years for notes, and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds -				
Refunding	3.29%	5-1-35	\$ 24,800,000	\$ 22,715,000
Capital Outlay Notes	1.25 to 3.49	5-22-20	1,274,700	739,699
Other Loans	Variable	5-25-29	17,050,000	4,433,041
Capital Lease	5.8	7-15-17	3,200,000	1,208,237

In prior years, Carter County entered into loan agreements with the Montgomery County Public Building Authority (PBA). The loan agreements provide for the PBA to make funds available for loan to Carter County on an as-needed basis for various renovation and construction projects for the discretely presented Carter County School Department. The loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, administrator, and debt remarketing) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2013.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-13	Interest Type	Interest Rates as of 6-30-13	Other Fees 6-30-13
<u>Montgomery County Public Building Authority</u>					
Montgomery County PBA Loan Program	\$ 9,000,000	\$ 818,000	Variable	.32 %	.53 %
Montgomery County PBA Loan Program	3,500,000	921,000	Variable	.27	.54
Montgomery County PBA Loan Program	4,550,000	(1) 2,694,041	Variable	.34	.61
Total		<u>\$ 4,433,041</u>			

(1) \$1,019,959 remains available for draws under this loan agreement; however, the county has determined that this balance will not be drawn.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables. The amount for the loans does not include the \$1,019,959, which has not been drawn by the county.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 755,000	\$ 742,032	\$ 1,497,032
2015	800,000	726,931	1,526,931
2016	825,000	710,931	1,535,931
2017	875,000	694,432	1,569,432
2018	900,000	676,931	1,576,931
2019-2023	5,275,000	2,936,906	8,211,906
2024-2028	5,975,000	2,085,125	8,060,125
2029-2033	5,310,000	1,012,400	6,322,400
2034-2035	2,000,000	120,000	2,120,000
Total	\$ 22,715,000	\$ 9,705,688	\$ 32,420,688

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 167,342	\$ 23,678	\$ 191,020
2015	86,290	19,715	106,005
2016	89,741	16,704	106,445
2017	93,331	13,588	106,919
2018	97,064	10,364	107,428
2019-2020	205,931	10,601	216,532
Total	\$ 739,699	\$ 94,650	\$ 834,349

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 1,245,000	\$ 14,264	\$ 25,581	\$ 1,284,845
2015	447,000	10,399	18,892	476,291
2016	466,000	9,094	16,386	491,480
2017	149,000	7,735	13,775	170,510
2018	153,000	7,229	12,873	173,102
2019-2023	845,000	27,979	49,826	922,805
2024-2028	990,000	12,659	22,543	1,025,202
2029	138,041	469	836	139,346
Total	\$ 4,433,041	\$ 89,828	\$ 160,712	\$ 4,683,581

There is \$5,184,335 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and leases totaled \$507, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness	Outstanding 6-30-2013
<u>Capital Lease</u>	
<u>Contributed through General Purpose School Fund</u>	
Energy Lighting and Control Equipment	\$ 1,208,237

#### Changes in Long-term Obligations

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

##### Governmental Activities:

	Bonds	Notes
Balance, July 1, 2012	\$ 23,440,000	\$ 902,808
Additions	0	0
Reductions	(725,000)	(163,109)
Balance, June 30, 2013	<u>\$ 22,715,000</u>	<u>\$ 739,699</u>
Balance Due Within One Year	<u>\$ 755,000</u>	<u>\$ 167,342</u>
	Other Loans	Capital Leases
Balance, July 1, 2012	\$ 5,623,041	\$ 0
Reclassification of Schools Debt	0	1,464,113
Additions	0	0
Reductions	(1,190,000)	(255,876)
Balance, June 30, 2013	<u>\$ 4,433,041</u>	<u>\$ 1,208,237</u>
Balance Due Within One Year	<u>\$ 1,245,000</u>	<u>\$ 271,118</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2012	\$ 536,777	\$ 2,925,399	\$ 825
Additions	587,542	54,743	129,882
Reductions	(553,196)	(44,199)	(134,562)
Balance, June 30, 2013	<u>\$ 571,123</u>	<u>\$ 2,935,943</u>	<u>\$ (3,855)</u>
Balance Due Within One Year	<u>\$ 276,528</u>	<u>\$ 143,501</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 32,599,188
Add: Unamortized Premium on Debt	517,094
Less: Balance Due Within One Year	<u>(2,858,489)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 30,257,793</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

**Discretely Presented Carter County School Department**

**Changes in Long-term Obligations**

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

Governmental Activities:

	Capital Lease	Compensated Absences
Balance, July 1, 2012	\$ 1,464,113	\$ 1,111,863
Additions	0	1,061,827
Reductions	0	(1,060,643)
Reclassification of School Debt	<u>(1,464,113)</u>	<u>0</u>
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 1,113,047</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 355,367</u>

	Other Postemployment Benefits
Balance, July 1, 2012	\$ 6,302,292
Additions	2,520,486
Reductions	<u>(1,050,155)</u>
Balance, June 30, 2013	<u><u>\$ 7,772,623</u></u>
Balance Due Within One Year	<u><u>\$ 0</u></u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 8,885,670
Less: Balance Due Within One Year	<u>(355,367)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 8,530,303</u></u>

**G. On-Behalf Payments**

**Discretely Presented Carter County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carter County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$354,193 and \$66,826, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.



## **V. OTHER INFORMATION**

### **A. Risk Management**

#### **Primary Government**

Carter County joined 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. Carter County pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The county continues to carry commercial insurance for employee health and accident. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **Discretely Presented Carter County School Department**

The Carter County School Department has purchased commercial insurance for the risks of general liability, property, casualty, and workers' compensation losses. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

The 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, *Tennessee Code Annotated (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 the fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

### **B. Accounting Changes**

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

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

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

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

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

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

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

### **C. Contingent Liabilities**

The county is involved in several pending lawsuits. Based on letters from attorneys, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**D. Landfill Closure/Postclosure Care Costs**

Carter County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill (Elizabethton Carter County Sanitary Landfill) and a demolition landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Carter County closed its sanitary landfill in 2000. The \$2,935,943 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Carter County bills the City of Elizabethton for one-half of the postclosure expenditures in accordance with a written agreement with the city.

**E. Joint Ventures**

The First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the First Judicial District; Carter, Johnson, Unicoi, and Washington counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carter County contributed \$5,000 to the DTF for the year ended June 30, 2013.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Carter County and the counties of Greene, Hawkins, Johnson, Sullivan, Unicoi, and Washington for the operation of a program to divert youth from commitment to the Department of Correction's facilities. This program is governed by a Board of Directors designated by the counties. The Board of Directors has contracted with Universal Health Services, Inc., to manage this program. Operation costs to the counties are allocated according to percentages based on population. Carter County's participation is 12.3 percent. The county also pays a daily fee for each individual from the county using the facility.

Carter County Tomorrow was formed through partnership agreements between Carter County and the City of Elizabethton, City of Johnson City, and the Elizabethton/Carter County Chamber of Commerce. The purpose of Carter County Tomorrow is to provide oversight and promotion of economic development and tourism, as well as civic, social, cultural, and educational programs for Carter County and the Cities of Elizabethton and Johnson City. Carter County Tomorrow is governed by a Board of Directors designated by the participating entities. Funds for operation come primarily from contributions by the county and participating entities. Carter County contributed \$40,000 to Carter County Tomorrow for the year ended June 30, 2013.

### **Discretely Presented School Department**

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Carter County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and 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 (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including 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.

Carter County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the DTF, Upper East Tennessee Juvenile Detention Center, Carter County Tomorrow, and NETCO can be obtained from their respective administrative offices at the following addresses:

#### Administrative Offices:

Office of District Attorney General  
First Judicial District Drug Task Force  
P.O. Box 38  
Jonesborough, TN 37659

Upper East Tennessee Regional  
Juvenile Detention Center  
307 Wesley Street  
Johnson City, TN 37601

Carter County Tomorrow  
386 Highway 81  
P.O. Box 280  
Elizabethton, TN 37644

Northeast Tennessee Cooperative  
100 East Maple Street  
P.O. Box 1517  
Johnson City, TN 37605

**F. Jointly Governed Organizations**

**Primary Government**

Carter County is a participant in the Watauga River Regional Water Authority with the City of Elizabethton, North Elizabethton Utility District, Siam Utility District, Roan Mountain Utility District, and the South Elizabethton Utility District. The authority was created by Chapter 29, Private Acts of 2001, to plan, operate, and maintain a water and wastewater system in Carter County and the City of Elizabethton. The authority is governed by a five-member board of directors consisting of the Carter County mayor or a named designee and one director to be selected by each of the governing bodies of the four individual utility districts.

Carter County is a member of the East Tennessee Regional Agribusiness Marketing Authority. The authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center's manager as an ex officio member, is in charge of the daily operations of the center.

**G. Retirement Commitments**

**Plan Description**

Employees of Carter 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 Carter 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**

Carter County had previously adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. As of January 1, 2010, the county elected to discontinue the non-contributory provision for all future hires. This will require all new hires to contribute five percent of their earnable compensation to the plan. Employees who were employed prior to January 1, 2010, will continue to be eligible for the noncontributory provision.

The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 14.12 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, the county's annual pension cost of \$1,624,320 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 six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

#### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$1,624,320	100%	\$0
6-30-12	1,581,673	100	0
6-30-11	1,585,315	100	0

#### **Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.62 percent funded. The actuarial accrued liability for benefits was \$36.67 million, and the actuarial value of assets was \$33.59 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.07 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.84 million, and the ratio of the UAAL to the covered payroll was 28.35 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 Carter County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service

who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salary 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 \$1,912,658, \$1,953,231, and \$1,975,793, respectively, equal to the required contributions for each year.

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

### **Primary Government**

#### **Plan Description**

Carter County participates in a commercial postemployment benefits plan administered by United Healthcare Plan of the River Valley, Inc., for medical benefits for retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the County Commission.

#### **Funding Policy**

The plan is purchased commercially and financed on a pay-as-you-go basis. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligibility is determined based



upon the employee's hire date. For those employees hired on or prior to December 31, 2007, to be eligible for benefits, retirees must be age 55 with at least 20 years of service, or have ten years of service and be over the age of 60. For those employees hired subsequent to December 31, 2007, to be eligible for benefits, retirees must be age 55 with at least 20 years of service. Benefits are paid until the retirees reach age 65, provided they are not covered under another health insurance plan. Carter County pays 100 percent of the costs for single coverage. Family coverage is not provided under the plan, other than COBRA. During the year ended June 30, 2013, Carter County contributed \$134,562 for postemployment healthcare benefits.

#### Annual OPEB Cost and Net OPEB Obligation

ARC	\$	129,895
Interest on the NOPEBO		33
Adjustment to the ARC		(46)
Annual OPEB cost	\$	129,882
Amount of contribution		(134,562)
Increase/decrease in NOPEBO	\$	(4,680)
Net OPEB obligation, 7-1-12		825
Net OPEB obligation, 6-30-13	\$	(3,855)

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Commercial Insurance	\$ 125,574	85%	\$ (9,799)
6-30-12	"	126,099	92	825
6-30-13	"	129,882	104	(3,855)

#### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012, was as follows:

Actuarial valuation date	7-1-12
Actuarial accrued liability (AAL)	\$ 1,611,150
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,611,150
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 6,807,682
UAAL as a % of covered payroll	24%

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, 2012, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of 5.5 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after one year. The unfunded actuarial accrued liability is being amortized over a 30-year period beginning with July 1, 2008.

#### **Discretely Presented Carter County School Department**

##### Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, 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>.

The School Department also provides termination benefits for retirees as well as commercial postemployment benefits for dental and life insurance. For accounting purposes, this plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the Board of Education. Termination benefits are further discussed in Note V.I. Life and dental benefits are provided to all certified teachers who upon retirement are (a) at least 55 years of age or have at least 25 years of service and (b) have been employed with the Carter County School System for at least 15 years total

with the last five years preceding retirement having been in the Carter County School System. The benefits are also provided to paraprofessionals who retire from the School Department. To be eligible for benefits, the employee must meet one of the following criteria. The employee may be of any age but have at least 30 years of service, or age 60 with at least 15 years of service, or age 55 with at least 17 years of service. Benefits are paid until the retirees reach age 65.

#### Funding Policy

The premium requirements of the 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 develop their own 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. The School Department pays the full premium for single coverage, with retirees being responsible for the extra cost of family coverage. During the year ended June 30, 2013, the discretely presented School Department contributed \$878,110 for postemployment healthcare benefits.

The Dental, Life, and Termination Benefits Plan is financed on a pay-as-you-go basis. The School Department pays 100 percent of the costs for single coverage. Family coverage of dental insurance is not provided. Family coverage of life insurance is available, but the retiree must pay the full premium. During the year ended June 30, 2013, Carter County contributed \$172,045 for termination benefits and postemployment dental and life insurance benefits.

#### Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Dental, Life, and Termination Benefits Plan
ARC	\$ 2,304,000	\$ 235,069
Interest on the NOPEBO	242,709	9,382
Adjustment to the ARC	(257,631)	(13,043)
Annual OPEB cost	\$ 2,289,078	\$ 231,408
Amount of contribution	(878,110)	(172,045)
Increase/decrease in NOPEBO	\$ 1,410,968	\$ 59,363
Net OPEB obligation, 7-1-12	6,067,735	234,557
Net OPEB obligation, 6-30-13	\$ 7,478,703	\$ 293,920

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 2,147,170	42 %	\$ 4,688,999
6-30-12	"	2,269,469	39	6,067,735
6-30-13	"	2,289,078	38	7,478,703
6-30-11	Dental, Life, and Termination	235,376	86	150,963
6-30-12	"	235,742	65	234,557
6-30-13	"	231,408	74	293,920

#### Funded Status and Funding Progress

The funded status of the OPEB plans as of the last date of the actuarial studies was:

	Local Education Group Plan	Dental, Life, and Termination Benefits Plan
Actuarial valuation date	7-1-11	7-1-12
Actuarial accrued liability (AAL)	\$ 19,879,000	\$ 3,475,268
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 19,879,000	\$ 3,475,268
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 26,702,481	\$ 28,303,390
UAAL as a % of covered payroll	74%	12%

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

#### Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that

perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes 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.

In the July 1, 2012, actuarial valuation for the Dental, Life, and Termination Benefits Plan, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual dental care cost trend rate of 5.5 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after one year. The life insurance and the termination benefits are assumed to remain at current levels. The unfunded actuarial accrued liability is being amortized over a 30-year period beginning with July 1, 2008.

**I. Termination Benefits**

The discretely presented Carter County School Department has entered into a retirement bonus payment plan, in accordance with contract provisions. This plan is available to all certified teachers who are (a) at least 55 years of age or have at least 25 years of service and (b) have been employed with the Carter County School System for at least 15 years total with the last five years preceding retirement having been in the Carter County School System. The plan gives teachers who have met the above requirements and are between the ages of 62 to 65 a one-time bonus of \$5,000 when the employee retires. As discussed in Note V.H., termination benefits are included in the Carter County School Department's OPEB obligations.

**J. Office of Central Accounting, Budgeting, and Purchasing**

**Office of Director of Finance**

Carter County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

**K. Purchasing Law**

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Carter County. Purchases exceeding \$10,000 are required to be competitively bid.

**VI. OTHER NOTES – DISCRETELY PRESENTED CARTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. General Information and Significant Accounting Policies**

Carter County Emergency Communications District (CCECD) is an emergency communications district under *Tennessee Code Annotated*, Section 7-86-120. CCECD has established the number 911 as a primary emergency telephone number to provide emergency service quickly and efficiently.

The financial statements of CCECD have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are reported using the economic resources measurement focus on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CCECD is a discretely presented component unit of Carter County, Tennessee. CCECD is a separate legal entity and is not fiscally dependent upon Carter County. However, the CCECD Board of Directors is appointed by the County Commission, and Carter County has the ability to significantly influence the programs, projects, activities, and level of services provided by CCECD.

CCECD began operations in 1991 and operates as an Enterprise Fund. The Board of Directors authorized the Century Link-United Telephone Company to begin charging the 911 surcharge to all customers in the service area. The surcharge is \$1.50 per residential subscriber and \$3 per line for commercial subscribers up to a maximum 100 lines. The lines actually belong to the phone company and are leased annually by 911.

Program revenue includes service charges, alarm, tape and other revenues, contributions, and state and local insurance reimbursements. Nonoperating revenues are identified in accordance with the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*. When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, CCECD considers restricted funds to have been spent first.

### Basis of Accounting

CCECD utilizes the full accrual basis of accounting. Revenue is recognized in the period in which it is earned and measurable; likewise, expenses are recognized when incurred, if measurable. Accordingly, all of CCECD's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position in accordance with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was implemented during fiscal year 2013.

### Cash and Deposits

Cash and cash equivalents on the Statement of Net Position and Statement of Cash Flows include petty cash, cash on hand, demand deposits, and certificates of deposit with an original maturity of three months or less. The certificates of deposit: long-term have an original maturity of greater than three months. There are no investments at June 30, 2013.

Cash and Certificates of Deposit: long-term are all covered by Federal Deposit Insurance Corporation (FDIC) insurance or by the State of Tennessee collateral pool. CCECD is exposed to concentration of credit risk by placing its deposits in financial institutions. The CCECD has mitigated the risks because the bank balance in excess of the FDIC limit is collateralized by the State of Tennessee bank collateral pool. The total funds held by financial institutions in excess of FDIC insurance coverage was \$490,073 at June 30, 2013.

### Compensated Absences

Each full-time employee will be granted 24 hours of personnel time each calendar year. Full time employees also received sick leave of eight hours per month. There is no limit to the amount of accumulated sick time. At the time of retirement, any accumulated sick leave will be credited toward service time for retirement.

Compensatory time may be earned at 1.5 times the regular rate of pay for time worked over 40 hours per week.

### Accounts Receivable

Accounts receivable at June 30, 2013, consist of various surcharges totaling \$25,745 and a total of \$55,558 due from the Tennessee Emergency Communications Board. CCECD considers accounts receivable to be fully collectible; therefore, no allowance for uncollectibles has been recorded.

## Estimates

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

### **B. Budget**

In accordance with *Tennessee Code Annotated*, 7-86-120, an annual budget is adopted by the district. The budget is approved by the Board and is also submitted to the primary government, Carter County, Tennessee. Expenses are presented at the legal level of control, which in accordance with the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts, is the line-item level.

### **C. Deposits and Investments**

DEPOSITS – All deposits with financial institutions must be collateralized in an amount equal to 105 percent of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the organization. The district does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

INVESTMENTS – Investments are allowed for the district in accordance with *Tennessee Code Annotated*, Section 5-8-301, which includes the provision that counties are authorized to make direct investments in bonds, notes or treasury bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The district may make investments with longer maturities if various restrictions set out in the state law are followed. The district is 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 market value of the securities on the day of purchase.

As of June 30, 2013, the district held no investments.



**D. Capital Assets**

Capital assets are stated at cost. Depreciation is computed using the straight-line method and a life of ten years for renovations, seven years for the furniture, five to seven years for the equipment, and five years for the vehicles. The dollar threshold for capitalization is \$500.

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets, Not Being Depreciated:			
Land	\$ 0	\$ 112,000	\$ 112,000
Capital Assets, Being Depreciated:			
Buildings and Improvements	\$ 0	\$ 219,074	\$ 219,074
Furniture and Fixtures	21,282	740	22,022
Office Equipment	27,834	1,547	29,381
Communication Equipment	688,656	9,935	698,591
Vehicles	41,316	0	41,316
Leasehold Improvements	62,167	0	62,167
Other Capital Assets	139,034	0	139,034
Total Capital Assets Being Depreciated	\$ 980,289	\$ 231,296	\$ 1,211,585
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 0	\$ (3,195)	\$ (3,195)
Furniture and Fixtures	(17,226)	(1,274)	(18,500)
Office Equipment	(24,271)	(863)	(25,134)
Communication Equipment	(554,351)	(47,389)	(601,740)
Vehicles	(26,154)	(4,135)	(30,289)
Leasehold Improvements	(55,740)	(2,571)	(58,311)
Other Capital Assets	(133,184)	(3,900)	(137,084)
Total Accumulated Depreciation	\$ (810,926)	\$ (63,327)	\$ (874,253)
Total Capital Assets, Net	\$ 169,363	\$ 279,969	\$ 449,332

**E. Pension Plan****Plan Description**

Employees of the district 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 the system 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 the district 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, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS>.

### **Funding Policy**

The district has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 11.57 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2013, the district's annual pension cost of \$61,763 to TCRS was equal to the district'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 district'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 three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

#### **Trend Information**

Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
6-30-13	\$	61,763	100%	\$	0
6-30-12		53,130	100		0
6-30-11		54,289	100		0

As of July 1, 2011, the most recent actuarial valuation date, the plan was 92.38 percent funded. The actuarial accrued liability for benefits was \$.63 million, and the actuarial value of assets was \$.58 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.05 million, the covered payroll (annual payroll of active employees covered by the plan) was \$.39 million, and the ratio of the UAAL to the covered payroll was 12.31 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.

#### **F. Other Postemployment Benefits**

Plan Types:

The district has adopted a plan that provides postemployment medical benefits for retirees. Upon retirement, individuals are eligible to continue to receive coverage under the employer provided group medical plan. As of June 30, 2013, there are two retirees under the plan.

The district offers postemployment benefits for full-time regular employees retiring under the Tennessee Consolidated Retirement System (TCRS) guidelines. The district will pay 100 percent of the cost of single coverage. The benefit applies to those full-time employees retiring under TCRS guidelines and have 30 years of continuous service with no minimum age being required or 25 years of service and age 60. The district will pay 100 percent of the premium until the retiree reaches age 65. As of the

effective date of the actuarial valuation, there was a total of 15 active participants. During the prior fiscal year, the board voted to modify the retiree policy and an updated valuation was performed.

#### Funding Policy:

The contribution requirements of plan members are based on pay-as-you go financing requirements.

#### Annual OPEB Cost and Net OPEB Obligation:

The district's other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed 30 years. During the fiscal year ending June 30, 2011, the district voted to modify the retirement benefits and an updated calculation was obtained. The ARC and actuarially accrued liability were significantly reduced. The district had previously recorded the ARC and the related liability at \$90,799. Since the district had funded the plan for the past two years based upon the original plan and actuary study, the current Net OPEB Obligation only reflects current-year contributions for the participating employees. The following table shows the components of the district's costs for the year, the amount actually contributed to the plan, and changes in the OPEB obligation.

#### Annual OPEB Cost and Net OPEB Obligation

Annual Required Contribution (ARC)	\$ 9,394
Interest on Net OPEB Obligation	3,447
Adjustment to ARC	<u>(3,752)</u>
Annual OPEB Cost (Expense)	\$ 9,089
Contribution Made (assumed end of year)	<u>(17,696)</u>
Increase(Decrease) in Net OPEB Obligation	\$ (8,607)
Net OPEB obligation, Beginning of Year	<u>78,435</u>
Net OPEB obligation, End of Year	<u><u>\$ 69,828</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2012, and 2011, was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6-30-13	\$ 9,089	195%	\$ 69,828
6-30-12	11,328	68	78,435
6-30-11	45,930	41	86,163

#### Funding Status and Funding Progress:

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

Actuarial Valuation Date	7-1-11
Actuarial Accrued Liability (AAL)	\$ 80,984
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 80,984
Actuarial Value of Assets as a % of the AAL	0%
Covered Payroll	\$ 550,000
UAAL as a % of Covered Payroll	15%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with 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 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:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value

of assets, consistent with the long-term perspective of the calculations. The following methods and assumptions were used.

The valuation date is July 1, 2011. A discount rate of four percent was used to discount expected liabilities to the valuation dates. Future salaries are expected to increase by 9.5 percent for year two, increase nine percent (year three), 8.5 percent (years four and five), eight (years six and seven), 7.5 percent (years eight and nine), 7.9 percent (years ten and 11), 6.5 percent (years 12 and 13), six percent (years 14 and 15), and 5.5 percent for years 16 and subsequent. The projected unit credit accrual cost method was used to allocate the value of benefits to valuation years. The ARC was calculated using the level percent of payroll amortization method, amortizing costs over 30 years on an open basis.

**G. Contract**

CCECD has a contract for telephone access lines from CenturyLink-United Telephone Southeast. The billing is reviewed annually based on the number of access lines in-service at calendar year end. The monthly base rate is influenced by various additional charges including database, switching fees, transfers, and other services.

**H. Risk Management Activities**

The CCECD carries insurance coverage for property, auto liability, workman's compensation, general liability, and contents. There have been no significant changes from the previous year in the types of coverage. There have been no claims in the past three years, which were not covered by insurance.

**I. Donated Use of Space**

Use of facilities is provided by Carter County at a cost of \$1 per year. Fair market value of the donated space and related occupancy expenses are reflected on the Statement of Revenues, Expenses, and Changes in Net Position based upon the estimated rental value per square foot of \$2.03 and the total square feet occupied, which is 4,997 feet. The annual rental equivalent is estimated at \$10,145.

**J. Rental Income**

An agreement made between the district and the Carter County Red Cross stipulates that a portion of the building can be used by the Red Cross at a rate of \$300 per month. These funds assist in off-setting utility expenses.

**K.     Concentration**

The district depends upon financial resources flowing from, or associated with, both the State of Tennessee and local governments. Because of this dependency, the district is subject to changes in specific flows of intergovernmental revenues based on modifications to state laws and state and local appropriations.

**L.     Subsequent Event**

Subsequent to year-end, renovation and construction progress has begun on the new building.

---

---

## **REQUIRED SUPPLEMENTARY INFORMATION**

---

---



Exhibit E-1

Carter County, Tennessee

Schedule of Funding Progress – Pension Plan

Primary Government and Discretely Presented Carter County School Department

June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued 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	\$ 33,594	\$ 36,668	\$ 3,073	91.62 %	\$ 10,840	28.35 %
7-1-09	28,092	29,057	966	96.68	10,120	9.54
7-1-07	26,789	27,814	1,025	96.31	9,726	10.54

Exhibit E-2

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (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>							
Commercial	7-1-10	\$	\$	1,595	0%	\$	24%
"	7-1-11	0	1,574	1,574	0	6,534	24
"	7-1-12	0	1,611	1,611	0	6,808	24
<u>DISCRETELY PRESENTED SCHOOL DEPARTMENT</u>							
Dental, Life, and Termination	7-1-10	0	3,554	3,554	0	27,761	13
"	7-1-11	0	3,578	3,578	0	27,512	13
"	7-1-12	0	3,475	3,475	0	28,303	12
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	18,782	18,782	0	26,421	71
"	7-1-10	0	18,822	18,822	0	25,662	73
"	7-1-11	0	19,879	19,879	0	26,941	74

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

**BUDGETARY INFORMATION**

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

---

---

**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.

---

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements and maintenance on the courthouse and jail.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Carter County's transfer station, convenience centers, and class IV landfill operations.

Health Department Fund – The Health Department Fund is used to account for transactions of the Carter County Health Department.

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

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions of the Carter County Parks and Recreation Board.

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

# Capital Projects Fund

---

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

---

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit F-1

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Due from Other Governments  
Due from Other Funds

Total Assets

LIABILITIES

Accounts Payable  
Accrued Payroll  
Payroll Deductions Payable  
Due to Other Funds  
Other Current Liabilities  
Total Liabilities

FUND BALANCES

Restricted:  
Restricted for Administration of Justice  
Restricted for Public Safety  
Restricted for Capital Projects  
Committed:  
Committed for Public Health and Welfare  
Committed for Social, Cultural, and Recreational Services  
Committed for Capital Projects  
Total Fund Balances

Total Liabilities and Fund Balances

	Special Revenue Funds							Capital Projects Fund	
	Constitutional Officers - Fees						Total	General Capital Projects	Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation				
\$	0 \$	6,666 \$	0 \$	0 \$	0 \$	11,302 \$	17,968 \$	0 \$	17,968
	18,136	54,176	42,108	173,281	14,462	0	302,163	91,666	393,829
	0	15,439	0	0	0	164	15,603	0	15,603
	0	0	31,710	0	0	0	31,710	0	31,710
	0	796	0	0	0	0	796	0	796
\$	18,136 \$	77,077 \$	73,818 \$	173,281 \$	14,462 \$	11,466 \$	368,240 \$	91,666 \$	459,906
\$	0 \$	26,816 \$	3,806 \$	0 \$	47 \$	0 \$	30,669 \$	0 \$	30,669
	0	9,956	5,701	0	0	0	15,657	0	15,657
	0	36	0	0	0	0	36	0	36
	0	5,145	1,791	0	0	11,466	18,402	0	18,402
	0	0	0	1,020	0	0	1,020	0	1,020
\$	0 \$	41,953 \$	11,298 \$	1,020 \$	47 \$	11,466 \$	65,784 \$	0 \$	65,784
\$	18,136 \$	0 \$	0 \$	0 \$	0 \$	0 \$	18,136 \$	0 \$	18,136
	0	0	0	172,261	0	0	172,261	0	172,261
	0	0	0	0	0	0	0	75,000	75,000
	0	35,124	62,520	0	0	0	97,644	0	97,644
	0	0	0	0	14,415	0	14,415	0	14,415
	0	0	0	0	0	0	0	16,666	16,666
\$	18,136 \$	35,124 \$	62,520 \$	172,261 \$	14,415 \$	0 \$	302,456 \$	91,666 \$	394,122
\$	18,136 \$	77,077 \$	73,818 \$	173,281 \$	14,462 \$	11,466 \$	368,240 \$	91,666 \$	459,906

Exhibit F-2

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

	Special Revenue Funds							Capital Projects Fund	
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Total	General Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues</u>									
Local Taxes	\$ 10,237	\$ 0	\$ 169,000	\$ 0	\$ 8,881	\$ 0	\$ 188,118	\$ 0	\$ 188,118
Fines, Forfeitures, and Penalties	0	0	0	68,450	0	0	68,450	0	68,450
Charges for Current Services	0	670,715	0	0	0	7,315	678,030	0	678,030
Other Local Revenues	0	117,151	270	0	0	0	117,421	0	117,421
State of Tennessee	0	0	335,874	0	0	0	335,874	0	335,874
Total Revenues	\$ 10,237	\$ 787,866	\$ 505,144	\$ 68,450	\$ 8,881	\$ 7,315	\$ 1,387,893	\$ 0	\$ 1,387,893
<u>Expenditures</u>									
Current:									
General Government	\$ 0	\$ 0	0	0	0	7,315	7,315	0	7,315
Administration of Justice	4,302	0	0	0	0	0	4,302	0	4,302
Public Safety	0	0	0	62,304	0	0	62,304	0	62,304
Public Health and Welfare	0	910,152	482,228	0	0	0	1,392,380	0	1,392,380
Social, Cultural, and Recreational Services	0	0	0	0	8,789	0	8,789	0	8,789
Other Operations	97	7,886	0	634	0	0	8,617	0	8,617
Capital Projects	0	0	0	0	0	0	0	2,883	2,883
Total Expenditures	\$ 4,399	\$ 918,038	\$ 482,228	\$ 62,938	\$ 8,789	\$ 7,315	\$ 1,483,707	\$ 2,883	\$ 1,486,590
Excess (Deficiency) of Revenues Over Expenditures									
	\$ 5,838	\$ (130,172)	\$ 22,916	\$ 5,512	\$ 92	\$ 0	\$ (95,814)	\$ (2,883)	\$ (98,697)
<u>Other Financing Sources (Uses)</u>									
Insurance Recovery	\$ 0	\$ 11,041	0	0	0	0	11,041	0	11,041
Transfers In	0	79,222	0	0	0	0	79,222	0	79,222
Total Other Financing Sources (Uses)	\$ 0	\$ 90,263	0	0	0	0	\$ 90,263	0	\$ 90,263
Net Change in Fund Balances									
Fund Balance, July 1, 2012	\$ 5,838	\$ (39,909)	\$ 22,916	\$ 5,512	\$ 92	\$ 0	\$ (5,551)	\$ (2,883)	\$ (8,434)
	12,298	75,033	39,604	166,749	14,323	0	308,007	94,549	402,556
Fund Balance, June 30, 2013									
	\$ 18,136	\$ 35,124	\$ 62,520	\$ 172,261	\$ 14,415	\$ 0	\$ 302,456	\$ 91,666	\$ 394,122



## Exhibit F-3

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,237	\$ 10,500	\$ 10,500	\$ (263)
Total Revenues	\$ 10,237	\$ 10,500	\$ 10,500	\$ (263)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 5,600	\$ 5,600	\$ 5,600
<u>Administration of Justice</u>				
Other Administration of Justice	4,302	4,800	4,800	498
<u>Other Operations</u>				
Miscellaneous	97	100	100	3
Total Expenditures	\$ 4,399	\$ 10,500	\$ 10,500	\$ 6,101
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,838	\$ 0	\$ 0	\$ 5,838
Net Change in Fund Balance	\$ 5,838	\$ 0	\$ 0	\$ 5,838
Fund Balance, July 1, 2012	12,298	0	0	12,298
Fund Balance, June 30, 2013	\$ 18,136	\$ 0	\$ 0	\$ 18,136

## Exhibit F-4

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 670,715	\$ 707,000	\$ 707,000	\$ (36,285)
Other Local Revenues	117,151	85,000	85,000	32,151
Total Revenues	<u>\$ 787,866</u>	<u>\$ 792,000</u>	<u>\$ 792,000</u>	<u>\$ (4,134)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 42,501	\$ 44,959	\$ 44,959	\$ 2,458
Recycling Center	63,984	48,660	55,160	(8,824)
Landfill Operation and Maintenance	803,667	790,064	857,390	53,723
<u>Other Operations</u>				
Miscellaneous	7,886	10,000	10,000	2,114
Total Expenditures	<u>\$ 918,038</u>	<u>\$ 893,683</u>	<u>\$ 967,509</u>	<u>\$ 49,471</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (130,172)</u>	<u>\$ (101,683)</u>	<u>\$ (175,509)</u>	<u>\$ 45,337</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 11,041	0	0	\$ 11,041
Transfers In	79,222	79,222	153,048	(73,826)
Total Other Financing Sources	<u>\$ 90,263</u>	<u>\$ 79,222</u>	<u>\$ 153,048</u>	<u>\$ (62,785)</u>
Net Change in Fund Balance	<u>\$ (39,909)</u>	<u>\$ (22,461)</u>	<u>\$ (22,461)</u>	<u>\$ (17,448)</u>
Fund Balance, July 1, 2012	<u>75,033</u>	<u>22,461</u>	<u>22,461</u>	<u>52,572</u>
Fund Balance, June 30, 2013	<u><u>\$ 35,124</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>\$ 35,124</u></u>

Exhibit F-5

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Health Department Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 169,000	\$ 0	\$ 169,000	\$ 0
Other Local Revenues	270	1,500	1,500	(1,230)
State of Tennessee	335,874	169,000	335,930	(56)
Total Revenues	<u>\$ 505,144</u>	<u>\$ 170,500</u>	<u>\$ 506,430</u>	<u>\$ (1,286)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 482,228	\$ 169,000	\$ 504,930	\$ 22,702
Total Expenditures	<u>\$ 482,228</u>	<u>\$ 169,000</u>	<u>\$ 504,930</u>	<u>\$ 22,702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 22,916</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 21,416</u>
Net Change in Fund Balance	\$ 22,916	\$ 1,500	\$ 1,500	\$ 21,416
Fund Balance, July 1, 2012	<u>39,604</u>	<u>0</u>	<u>0</u>	<u>39,604</u>
Fund Balance, June 30, 2013	<u><u>\$ 62,520</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 61,020</u></u>

Exhibit F-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 68,450	\$ 55,000	\$ 74,000	\$ (5,550)
Other Local Revenues	0	19,000	0	0
State of Tennessee	0	5,000	5,000	(5,000)
Total Revenues	<u>\$ 68,450</u>	<u>\$ 79,000</u>	<u>\$ 79,000</u>	<u>\$ (10,550)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 62,304	\$ 110,000	\$ 110,000	\$ 47,696
<u>Other Operations</u>				
Miscellaneous	634	800	800	166
Total Expenditures	<u>\$ 62,938</u>	<u>\$ 110,800</u>	<u>\$ 110,800</u>	<u>\$ 47,862</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,512</u>	<u>\$ (31,800)</u>	<u>\$ (31,800)</u>	<u>\$ 37,312</u>
Net Change in Fund Balance	\$ 5,512	\$ (31,800)	\$ (31,800)	\$ 37,312
Fund Balance, July 1, 2012	<u>166,749</u>	<u>31,800</u>	<u>31,800</u>	<u>134,949</u>
Fund Balance, June 30, 2013	<u><u>\$ 172,261</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 172,261</u></u>

## Exhibit F-7

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Sports and Recreation Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,881	\$ 0	\$ 11,281	\$ (2,400)
Charges for Current Services	0	11,281	0	0
Total Revenues	<u>\$ 8,881</u>	<u>\$ 11,281</u>	<u>\$ 11,281</u>	<u>\$ (2,400)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 8,789	\$ 11,281	\$ 11,281	\$ 2,492
Total Expenditures	<u>\$ 8,789</u>	<u>\$ 11,281</u>	<u>\$ 11,281</u>	<u>\$ 2,492</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 92</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 92</u>
Net Change in Fund Balance	\$ 92	\$ 0	\$ 0	\$ 92
Fund Balance, July 1, 2012	<u>14,323</u>	<u>0</u>	<u>0</u>	<u>14,323</u>
Fund Balance, June 30, 2013	<u><u>\$ 14,415</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 14,415</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

---

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

---

Exhibit G

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 996,159	\$ 1,039,271	\$ 1,039,271	\$ (43,112)
Other Local Revenues	61,507	60,000	60,000	1,507
State of Tennessee	43,971	33,208	33,208	10,763
Other Governments and Citizens Groups	334,331	0	334,331	0
Total Revenues	\$ 1,435,968	\$ 1,132,479	\$ 1,466,810	\$ (30,842)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 808,329	\$ 808,329	\$ 808,329	\$ 0
Education	1,525,656	1,270,543	1,526,419	763
<u>Interest on Debt</u>				
General Government	758,627	758,627	758,627	0
Education	124,836	302,589	381,044	256,208
<u>Other Debt Service</u>				
General Government	19,988	66,000	66,000	46,012
Education	32,405	49,500	49,500	17,095
Total Expenditures	\$ 3,269,841	\$ 3,255,588	\$ 3,589,919	\$ 320,078
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,833,873)	\$ (2,123,109)	\$ (2,123,109)	\$ 289,236
Net Change in Fund Balance	\$ (1,833,873)	\$ (2,123,109)	\$ (2,123,109)	\$ 289,236
Fund Balance, July 1, 2012	7,018,208	7,006,147	7,006,147	12,061
Fund Balance, June 30, 2013	\$ 5,184,335	\$ 4,883,038	\$ 4,883,038	\$ 301,297

# Fiduciary Funds

---

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, 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.

City School ADA - Elizabethton Fund – The City School ADA - Elizabethton Fund is used to account for the city school system's share of education revenues collected by the county, which must be apportioned to the system on an average daily attendance basis. These collections are remitted to the city school system 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 and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due to the state, cities, other county funds, litigants, heirs, and others.



Exhibit H-1

Carter County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>			
	Cities -	City	Constitu-	
	Sales	School	tional	
	Tax	ADA -	Officers -	
		Elizabethton	Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,210,742	\$ 2,210,742
Equity in Pooled Cash and Investments	0	251,091	0	251,091
Accounts Receivable	0	0	11,586	11,586
Due from Other Governments	778,469	307,124	0	1,085,593
Due from Other Funds	0	0	10,206	10,206
Property Taxes Receivable	0	2,810,034	0	2,810,034
Allowance for Uncollectible Property Taxes	0	(79,712)	0	(79,712)
Total Assets	\$ 778,469	\$ 3,288,537	\$ 2,232,534	\$ 6,299,540
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 778,469	\$ 3,288,537	\$ 0	\$ 4,067,006
Due to Litigants, Heirs, and Others	0	0	2,232,534	2,232,534
Total Liabilities	\$ 778,469	\$ 3,288,537	\$ 2,232,534	\$ 6,299,540

## Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,420,285	\$ 4,420,285	\$ 0
Due from Other Governments	751,918	778,469	751,918	778,469
Total Assets	\$ 751,918	\$ 5,198,754	\$ 5,172,203	\$ 778,469
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 751,918	\$ 5,198,754	\$ 5,172,203	\$ 778,469
Total Liabilities	\$ 751,918	\$ 5,198,754	\$ 5,172,203	\$ 778,469
<u>City School ADA - Elizabethton Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 121,979	\$ 4,487,025	\$ 4,357,913	\$ 251,091
Due from Other Governments	293,798	307,124	293,798	307,124
Property Taxes Receivable	2,752,386	2,810,034	2,752,386	2,810,034
Allowance for Uncollectible Property Taxes	(78,574)	(79,712)	(78,574)	(79,712)
Total Assets	\$ 3,089,589	\$ 7,524,471	\$ 7,325,523	\$ 3,288,537
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,089,589	\$ 7,524,471	\$ 7,325,523	\$ 3,288,537
Total Liabilities	\$ 3,089,589	\$ 7,524,471	\$ 7,325,523	\$ 3,288,537
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,848,940	\$ 7,343,529	\$ 7,981,727	\$ 2,210,742
Accounts Receivable	13,245	11,586	13,245	11,586
Due from Other Funds	4,084	10,206	4,084	10,206
Total Assets	\$ 2,866,269	\$ 7,365,321	\$ 7,999,056	\$ 2,232,534
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,866,269	\$ 7,365,321	\$ 7,999,056	\$ 2,232,534
Total Liabilities	\$ 2,866,269	\$ 7,365,321	\$ 7,999,056	\$ 2,232,534

( Continued)

## Exhibit H-2

Carter County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,848,940	\$ 7,343,529	\$ 7,981,727	\$ 2,210,742
Equity in Pooled Cash and Investments	121,979	8,907,310	8,778,198	251,091
Accounts Receivable	13,245	11,586	13,245	11,586
Due from Other Governments	1,045,716	1,085,593	1,045,716	1,085,593
Due from Other Funds	4,084	10,206	4,084	10,206
Property Taxes Receivable	2,752,386	2,810,034	2,752,386	2,810,034
Allowance for Uncollectible Property Taxes	(78,574)	(79,712)	(78,574)	(79,712)
Total Assets	<u>\$ 6,707,776</u>	<u>\$ 20,088,546</u>	<u>\$ 20,496,782</u>	<u>\$ 6,299,540</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,841,507	\$ 12,723,225	\$ 12,497,726	\$ 4,067,006
Due to Litigants, Heirs, and Others	2,866,269	7,365,321	7,999,056	2,232,534
Total Liabilities	<u>\$ 6,707,776</u>	<u>\$ 20,088,546</u>	<u>\$ 20,496,782</u>	<u>\$ 6,299,540</u>

# Carter County School Department

---

This section presents combining and individual fund financial statements for the Carter County School Department, a discretely presented component unit. The School Department uses a General Fund, three Special Revenue Funds, and one Capital Projects Fund.

---

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.

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for the Head Start Program.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit I-1

Carter County, Tennessee  
Statement of Activities  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 29,459,671	\$ 0	\$ 4,541,003	\$ (24,918,668)
Support Services	14,691,960	286,076	747,027	(13,658,857)
Operation of Non-Instructional Services	5,042,102	767,726	2,619,624	(1,654,752)
Other Debt Service	78,455	0	0	(78,455)
Total Governmental Activities	\$ 49,272,188	\$ 1,053,802	\$ 7,907,654	\$ (40,310,732)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 6,014,939
Local Option Sales Taxes				3,851,927
Other Local Taxes				3,230
Grants and Contributions Not Restricted for Specific Programs				29,931,394
Unrestricted Investment Income				5,944
Miscellaneous				60,297
Total General Revenues				\$ 39,867,731
Change in Net Position				\$ (443,001)
Net Position, July 1, 2012				21,249,644
Net Position, June 30, 2013				\$ 20,806,643

## Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,300,189	\$ 72,331	\$ 175,812	\$ 1,548,332
Equity in Pooled Cash and Investments	4,546,039	2,183,958	82,811	6,812,808
Accounts Receivable	890	0	1,713	2,603
Due from Other Governments	766,685	147,208	153,574	1,067,467
Due from Other Funds	6,425	0	0	6,425
Property Taxes Receivable	6,286,871	0	0	6,286,871
Allowance for Uncollectible Property Taxes	(178,339)	0	0	(178,339)
Total Assets	<u>\$ 12,728,760</u>	<u>\$ 2,403,497</u>	<u>\$ 413,910</u>	<u>\$ 15,546,167</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 107,874	\$ 4,158	\$ 7,842	\$ 119,874
Accrued Payroll	4,283	0	1,682	5,965
Payroll Deductions Payable	5,645	0	1,102	6,747
Contracts Payable	29,494	0	0	29,494
Due to Other Funds	0	0	6,425	6,425
Other Current Liabilities	1,300,189	66,613	175,812	1,542,614
Total Liabilities	<u>\$ 1,447,485</u>	<u>\$ 70,771</u>	<u>\$ 192,863</u>	<u>\$ 1,711,119</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,899,090	\$ 0	\$ 0	\$ 5,899,090
Deferred Delinquent Property Taxes	182,440	0	0	182,440
Other Deferred/Unavailable Revenue	388,208	0	53,934	442,142
Total Deferred Inflows of Resources	<u>\$ 6,469,738</u>	<u>\$ 0</u>	<u>\$ 53,934</u>	<u>\$ 6,523,672</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 250,725	\$ 2,332,726	\$ 29,999	\$ 2,613,450
Restricted for Capital Projects	537,995	0	0	537,995
Committed:				
Committed for Education	1,225,274	0	199,999	1,425,273
Assigned:				
Assigned for Education	756,198	0	0	756,198
Assigned for Capital Projects	529,518	0	0	529,518
Unassigned	1,511,827	0	(62,885)	1,448,942
Total Fund Balances	<u>\$ 4,811,537</u>	<u>\$ 2,332,726</u>	<u>\$ 167,113</u>	<u>\$ 7,311,376</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,728,760</u>	<u>\$ 2,403,497</u>	<u>\$ 413,910</u>	<u>\$ 15,546,167</u>

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 7,311,376	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 838,418		
Add: construction in progress	13,296		
Add: building and improvements net of accumulated depreciation	19,573,588		
Add: other capital assets net of accumulated depreciation	<u>2,539,290</u>	22,964,592	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: principal on lease to be contributed to primary government	\$ (1,208,237)		
Less: compensated absences payable	(1,113,047)		
Less: other postemployment benefits liability	<u>(7,772,623)</u>	(10,093,907)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
		<u>624,582</u>	
Net position of governmental activities (Exhibit A)		<u>\$ 20,806,643</u>	

Exhibit I-4

Carter County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2013

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 10,063,017	\$ 0	\$ 0	\$ 10,063,017
Licenses and Permits	1,363	0	0	1,363
Charges for Current Services	282,910	770,959	0	1,053,869
Other Local Revenues	141,061	6,950	0	148,011
State of Tennessee	29,494,876	29,671	0	29,524,547
Federal Government	707,285	2,202,397	4,408,846	7,318,528
Other Governments and Citizens Groups	300	0	834,900	835,200
Total Revenues	<u>\$ 40,690,812</u>	<u>\$ 3,009,977</u>	<u>\$ 5,243,746</u>	<u>\$ 48,944,535</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 24,069,845	\$ 0	\$ 2,994,089	\$ 27,063,934
Support Services	13,349,602	0	1,033,400	14,383,002
Operation of Non-Instructional Services	1,041,452	2,937,412	1,094,948	5,073,812
Capital Outlay	698,388	0	0	698,388
Debt Service:				
Other Debt Service	334,331	0	0	334,331
Total Expenditures	<u>\$ 39,493,618</u>	<u>\$ 2,937,412</u>	<u>\$ 5,122,437</u>	<u>\$ 47,553,467</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,197,194</u>	<u>\$ 72,565</u>	<u>\$ 121,309</u>	<u>\$ 1,391,068</u>
Net Change in Fund Balances	\$ 1,197,194	\$ 72,565	\$ 121,309	\$ 1,391,068
Fund Balance, July 1, 2012	<u>3,614,343</u>	<u>2,260,161</u>	<u>45,804</u>	<u>5,920,308</u>
Fund Balance, June 30, 2013	<u>\$ 4,811,537</u>	<u>\$ 2,332,726</u>	<u>\$ 167,113</u>	<u>\$ 7,311,376</u>



Exhibit I-5

Carter County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,391,068
(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	\$ 720,353	
Less: current-year depreciation expense	<u>(1,223,435)</u>	(503,082)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 624,582	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(739,930)</u>	(115,348)
(3) The issuance of long-term debt (e.g., capital leases) 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.		
Add: principal contribution on lease for primary government		255,876
(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 compensated absences payable	\$ (1,184)	
Change in other postemployment benefits liability	<u>(1,470,331)</u>	<u>(1,471,515)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (443,001)</u>

## Exhibit I-6

Carter County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Carter County School Department  
June 30, 2013

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Other Education Special Revenue	Total	Education Capital Projects	
<u>ASSETS</u>					
Cash	\$ 138,790	\$ 37,022	\$ 175,812	\$ 0	\$ 175,812
Equity in Pooled Cash and Investments	50,658	8,642	59,300	23,511	82,811
Accounts Receivable	1,713	0	1,713	0	1,713
Due from Other Governments	153,574	0	153,574	0	153,574
Total Assets	\$ 344,735	\$ 45,664	\$ 390,399	\$ 23,511	\$ 413,910
<u>LIABILITIES</u>					
Accounts Payable	\$ 5,688	\$ 2,154	\$ 7,842	\$ 0	\$ 7,842
Accrued Payroll	1,682	0	1,682	0	1,682
Payroll Deductions Payable	1,102	0	1,102	0	1,102
Due to Other Funds	6,425	0	6,425	0	6,425
Other Current Liabilities	138,790	37,022	175,812	0	175,812
Total Liabilities	\$ 153,687	\$ 39,176	\$ 192,863	\$ 0	\$ 192,863
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Other Deferred/Unavailable Revenue	\$ 53,934	\$ 0	\$ 53,934	\$ 0	\$ 53,934
Total Deferred Inflows of Resources	\$ 53,934	\$ 0	\$ 53,934	\$ 0	\$ 53,934
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 0	\$ 6,488	\$ 6,488	\$ 23,511	\$ 29,999
Committed:					
Committed for Education	199,999	0	199,999	0	199,999
Unassigned	(62,885)	0	(62,885)	0	(62,885)
Total Fund Balances	\$ 137,114	\$ 6,488	\$ 143,602	\$ 23,511	\$ 167,113
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 344,735	\$ 45,664	\$ 390,399	\$ 23,511	\$ 413,910

Exhibit I-7

Carter County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2013

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Other Education Special Revenue	Total	Education Capital Projects	
<u>Revenues</u>					
Federal Government	\$ 4,149,027	\$ 259,819	\$ 4,408,846	\$ 0	\$ 4,408,846
Other Governments and Citizens Groups	0	834,900	834,900	0	834,900
Total Revenues	\$ 4,149,027	\$ 1,094,719	\$ 5,243,746	\$ 0	\$ 5,243,746
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,994,089	\$ 0	\$ 2,994,089	\$ 0	\$ 2,994,089
Support Services	1,032,071	1,329	1,033,400	0	1,033,400
Operation of Non-Instructional Services	0	1,094,948	1,094,948	0	1,094,948
Total Expenditures	\$ 4,026,160	\$ 1,096,277	\$ 5,122,437	\$ 0	\$ 5,122,437
Excess (Deficiency) of Revenues Over Expenditures	\$ 122,867	\$ (1,558)	\$ 121,309	\$ 0	\$ 121,309
Net Change in Fund Balances	\$ 122,867	\$ (1,558)	\$ 121,309	\$ 0	\$ 121,309
Fund Balance, July 1, 2012	14,247	8,046	22,293	23,511	45,804
Fund Balance, June 30, 2013	\$ 137,114	\$ 6,488	\$ 143,602	\$ 23,511	\$ 167,113

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>							
Local Taxes	\$ 10,063,017	\$ 0	\$ 0	\$ 10,063,017	\$ 9,665,422	\$ 9,665,422	\$ 397,595
Licenses and Permits	1,363	0	0	1,363	1,500	1,500	(137)
Charges for Current Services	282,910	0	0	282,910	309,428	309,428	(26,518)
Other Local Revenues	141,061	0	0	141,061	105,200	105,200	35,861
State of Tennessee	29,494,876	0	0	29,494,876	28,494,700	29,577,501	(82,625)
Federal Government	707,285	0	0	707,285	202,000	753,049	(45,764)
Other Governments and Citizens Groups	300	0	0	300	0	0	300
<b>Total Revenues</b>	<b>\$ 40,690,812</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 40,690,812</b>	<b>\$ 38,778,250</b>	<b>\$ 40,412,100</b>	<b>\$ 278,712</b>
<b>Expenditures</b>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,359,193	\$ 0	\$ 0	\$ 19,359,193	\$ 19,935,136	\$ 19,790,377	\$ 431,184
Alternative Instruction Program	121,317	0	0	121,317	125,593	125,593	4,276
Special Education Program	3,132,375	0	0	3,132,375	3,122,175	3,143,227	10,852
Vocational Education Program	1,433,982	0	0	1,433,982	1,510,928	1,481,398	47,416
Adult Education Program	22,978	0	0	22,978	25,237	25,237	2,259
<u>Support Services</u>							
Health Services	410,997	0	0	410,997	303,822	423,152	12,155
Other Student Support	810,630	0	0	810,630	831,456	838,556	27,926
Regular Instruction Program	1,480,367	0	0	1,480,367	1,450,005	1,636,776	156,409
Alternative Instruction Program	111,092	0	0	111,092	119,606	119,606	8,514
Special Education Program	379,576	0	0	379,576	360,640	389,187	9,611
Vocational Education Program	182,922	0	0	182,922	155,289	184,820	1,898
Adult Programs	83,074	0	0	83,074	97,425	97,425	14,351
Other Programs	421,019	0	0	421,019	0	421,019	0
Board of Education	684,289	0	0	684,289	665,750	676,140	(8,149)
Director of Schools	422,614	0	0	422,614	423,543	442,393	19,779
Office of the Principal	2,462,484	0	0	2,462,484	2,372,361	2,465,881	3,397

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	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	\$ 144,129	\$ 0	\$ 0	\$ 144,129	\$ 158,000	\$ 158,000	\$ 13,871
Operation of Plant	2,771,670	0	0	2,771,670	2,815,463	2,815,463	43,793
Maintenance of Plant	714,703	0	5,482	720,185	748,903	768,903	48,718
Transportation	1,950,424	0	392,395	2,342,819	2,364,918	2,473,708	130,889
Central and Other	319,612	0	0	319,612	327,800	327,800	8,188
<u>Operation of Non-Instructional Services</u>							
Community Services	741,874	0	0	741,874	194,428	776,322	34,448
Early Childhood Education	299,578	0	0	299,578	0	300,526	948
<u>Capital Outlay</u>							
Regular Capital Outlay	698,388	(525,234)	529,518	702,672	335,300	811,643	108,971
<u>Principal on Debt</u>							
Education	0	0	0	0	230,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	105,000	0	0
<u>Other Debt Service</u>							
Education	334,331	0	0	334,331	0	335,000	669
Total Expenditures	\$ 39,493,618	\$ (525,234)	\$ 927,395	\$ 39,895,779	\$ 38,778,250	\$ 41,028,152	\$ 1,132,373
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,197,194	\$ 525,234	\$ (927,395)	\$ 795,033	\$ 0	\$ (616,052)	\$ 1,411,085
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2012	\$ 1,197,194	\$ 525,234	\$ (927,395)	\$ 795,033	\$ 0	\$ (616,052)	\$ 1,411,085
	3,614,343	(525,234)	0	3,089,109	426,460	1,042,511	2,046,598
<u>Fund Balance, June 30, 2013</u>	\$ 4,811,537	\$ 0	\$ (927,395)	\$ 3,884,142	\$ 426,460	\$ 426,459	\$ 3,457,683

Exhibit I-9

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Carter County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,149,027	\$ 2,391,375	\$ 4,732,032	\$ (583,005)
Total Revenues	\$ 4,149,027	\$ 2,391,375	\$ 4,732,032	\$ (583,005)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,875,182	\$ 1,849,448	\$ 2,158,363	\$ 283,181
Special Education Program	1,036,365	0	1,201,273	164,908
Vocational Education Program	82,542	0	83,404	862
<u>Support Services</u>				
Attendance	1,773	0	4,772	2,999
Other Student Support	225,873	103,430	251,352	25,479
Regular Instruction Program	369,624	342,597	526,012	156,388
Special Education Program	364,180	88,828	430,379	66,199
Vocational Education Program	1,538	0	1,000	(538)
Transportation	69,083	7,072	75,477	6,394
Total Expenditures	\$ 4,026,160	\$ 2,391,375	\$ 4,732,032	\$ 705,872
Excess (Deficiency) of Revenues Over Expenditures	\$ 122,867	\$ 0	\$ 0	\$ 122,867
Net Change in Fund Balance	\$ 122,867	\$ 0	\$ 0	\$ 122,867
Fund Balance, July 1, 2012	14,247	0	0	14,247
Fund Balance, June 30, 2013	\$ 137,114	\$ 0	\$ 0	\$ 137,114

## Exhibit I-10

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Carter County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 770,959	\$ 892,500	\$ 892,500	\$ (121,541)
Other Local Revenues	6,950	8,000	8,000	(1,050)
State of Tennessee	29,671	25,000	25,000	4,671
Federal Government	2,202,397	1,845,000	2,009,632	192,765
Total Revenues	<u>\$ 3,009,977</u>	<u>\$ 2,770,500</u>	<u>\$ 2,935,132</u>	<u>\$ 74,845</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,937,412	\$ 2,938,026	\$ 3,102,658	\$ 165,246
Total Expenditures	<u>\$ 2,937,412</u>	<u>\$ 2,938,026</u>	<u>\$ 3,102,658</u>	<u>\$ 165,246</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 72,565</u>	<u>\$ (167,526)</u>	<u>\$ (167,526)</u>	<u>\$ 240,091</u>
Net Change in Fund Balance	\$ 72,565	\$ (167,526)	\$ (167,526)	\$ 240,091
Fund Balance, July 1, 2012	<u>2,260,161</u>	<u>167,526</u>	<u>167,526</u>	<u>2,092,635</u>
Fund Balance, June 30, 2013	<u>\$ 2,332,726</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,332,726</u>

## Exhibit I-11

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Carter County School Department  
Other Education Special Revenue Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 259,819	\$ 1,028,000	\$ 110,430	\$ 149,389
Other Governments and Citizens Groups	834,900	0	943,123	(108,223)
Total Revenues	<u>\$ 1,094,719</u>	<u>\$ 1,028,000</u>	<u>\$ 1,053,553</u>	<u>\$ 41,166</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Operation of Plant	\$ 1,329	\$ 0	\$ 1,484	\$ 155
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	1,094,948	1,027,134	1,051,203	(43,745)
Total Expenditures	<u>\$ 1,096,277</u>	<u>\$ 1,027,134</u>	<u>\$ 1,052,687</u>	<u>\$ (43,590)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,558)</u>	<u>\$ 866</u>	<u>\$ 866</u>	<u>\$ (2,424)</u>
Net Change in Fund Balance	\$ (1,558)	\$ 866	\$ 866	(2,424)
Fund Balance, July 1, 2012	<u>8,046</u>	<u>0</u>	<u>0</u>	<u>8,046</u>
Fund Balance, June 30, 2013	<u>\$ 6,488</u>	<u>\$ 866</u>	<u>\$ 866</u>	<u>\$ 5,622</u>



---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit J-1

Carter County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Lease  
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Paid and/or	
					Outstanding 7-1-12	Matured During Period 6-30-13
<u>NOTES PAYABLE</u>						
<u>Payable through General Debt Service Fund</u>						
School Renovations	\$ 1,024,700	3.49	5-22-08	5-22-20	\$ 735,108	\$ 655,328
Animal Shelter	250,000	1.25	12-20-10	12-20-13	167,700	83,329
Total Notes Payable					\$ 902,808	\$ 739,699
<u>OTHER LOANS PAYABLE</u>						
<u>Public Building Authority Loan Agreements</u>						
<u>Payable through General Debt Service Fund</u>						
County and School Renovation and Construction	9,000,000	Variable	7-20-1999	5-25-14	\$ 1,599,000	\$ 781,000
County and School Renovation and Construction	3,500,000	Variable	6-14-01	5-25-16	1,199,000	278,000
County and School Renovation and Construction (1)	3,530,041	Variable	11-21-05	5-25-29	2,825,041	131,000
Total Other Loans Payable					\$ 5,623,041	\$ 4,433,041
<u>BONDS PAYABLE</u>						
<u>Payable through General Debt Service Fund</u>						
General Obligation Refunding Bonds, Series 2010	24,800,000	3.2898	10-7-10	5-1-35	\$ 23,440,000	\$ 22,715,000
Total Bonds Payable					\$ 23,440,000	\$ 22,715,000
<u>CAPITAL LEASE PAYABLE</u>						
<u>Contributed by School Department through General Purpose School Fund</u>						
Energy Lighting and Control Equipment	3,200,000	5.8	11-25-02	7-15-17	\$ 1,464,113	\$ 255,876
Total Capital Lease Payable					\$ 1,464,113	\$ 255,876

(1) The total amount approved was \$4,550,000, of which \$1,019,959 remains available for draws as of June 30, 2013. However, the county does not intend to draw down any of the remaining balance.

## Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 167,342	\$ 23,678	\$ 191,020
2015	86,290	19,715	106,005
2016	89,741	16,704	106,445
2017	93,331	13,588	106,919
2018	97,064	10,364	107,428
2019	100,947	7,027	107,974
2020	104,984	3,574	108,558
Total	\$ 739,699	\$ 94,650	\$ 834,349

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 1,245,000	\$ 14,264	\$ 25,581	\$ 1,284,845
2015	447,000	10,399	18,892	476,291
2016	466,000	9,094	16,386	491,480
2017	149,000	7,735	13,775	170,510
2018	153,000	7,229	12,873	173,102
2019	158,000	6,708	11,946	176,654
2020	164,000	6,171	10,990	181,161
2021	169,000	5,614	9,997	184,611
2022	174,000	5,039	8,973	188,012
2023	180,000	4,447	7,920	192,367
2024	186,000	3,835	6,830	196,665
2025	191,000	3,203	5,704	199,907
2026	198,000	2,554	4,547	205,101
2027	204,000	1,880	3,349	209,229
2028	211,000	1,187	2,113	214,300
2029	138,041	469	836	139,346
Total	\$ 4,433,041	\$ 89,828	\$ 160,712	\$ 4,683,581

(Continued)

## Exhibit J-2

Carter County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 755,000	\$ 742,032	\$ 1,497,032
2015	800,000	726,931	1,526,931
2016	825,000	710,931	1,535,931
2017	875,000	694,432	1,569,432
2018	900,000	676,931	1,576,931
2019	1,000,000	654,431	1,654,431
2020	1,000,000	624,431	1,624,431
2021	1,050,000	584,432	1,634,432
2022	1,075,000	552,931	1,627,931
2023	1,150,000	520,681	1,670,681
2024	1,100,000	486,182	1,586,182
2025	1,150,000	453,181	1,603,181
2026	1,200,000	418,681	1,618,681
2027	1,225,000	382,681	1,607,681
2028	1,300,000	344,400	1,644,400
2029	1,310,000	292,400	1,602,400
2030	1,000,000	240,000	1,240,000
2031	1,000,000	200,000	1,200,000
2032	1,000,000	160,000	1,160,000
2033	1,000,000	120,000	1,120,000
2034	1,000,000	80,000	1,080,000
2035	1,000,000	40,000	1,040,000
Total	\$ 22,715,000	\$ 9,705,688	\$ 32,420,688

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2014	\$ 271,118	\$ 63,213	\$ 334,331
2015	287,268	47,063	334,331
2016	304,382	29,949	334,331
2017	322,510	11,820	334,330
2018	22,959	132	23,091
Total	\$ 1,208,237	\$ 152,177	\$ 1,360,414

Exhibit J-3

Carter County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2013

From Fund	To Fund	Purpose	Amount
General	Solid Waste/Sanitation	Operations	\$ 79,222
Total Transfers			<u>\$ 79,222</u>

Exhibit J-4

Carter County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Carter County School Department  
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 87,811	\$ 50,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	91,493	50,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA	77,629	100,000	RLI Insurance Company
Trustee	Section 8-24-102, TCA	70,572	1,656,300	"
Assessor of Property	Section 8-24-102, TCA	70,572	50,000	"
Finance Director	County Commission	57,665	50,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	70,572	50,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	70,572	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	70,572 (1)	100,000	"
Register of Deeds	Section 8-24-102, TCA	70,572	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	83,629 (2)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Does not include special commissioner fees of \$6,987.

(2) Includes a county workhouse supplement of \$6,000.

Exhibit J-5

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

	Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 6,835,305	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,027,751
Trustee's Collections - Prior Year	266,591	0	0	0	0	0	0	36,442
Trustee's Collections - Bankruptcy	241	0	0	0	0	0	0	31
Circuit/Clerk & Master Collections - Prior Years	82,123	0	0	0	0	0	0	11,065
Interest and Penalty	89,880	0	0	0	0	0	0	12,395
Payments in-Lieu of Taxes - T.V.A.	13,632	0	0	0	0	0	0	2,018
Payments in-Lieu of Taxes - Local Utilities	170,399	0	0	0	0	0	0	25,609
Payments in-Lieu of Taxes - Other	1,857	0	0	0	0	0	0	279
<u>County Local Option Taxes</u>								
Local Option Sales Tax	607,359	0	0	169,000	0	8,881	0	0
Hotel/Motel Tax	87,915	0	0	0	0	0	0	0
Litigation Tax - General	178,594	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	10,237	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	94,403	0	0	0	0	0	0	0
Litigation Tax - Courtroom Security	73,182	0	0	0	0	0	0	0
Business Tax	412,552	0	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0	82,278
<u>Statutory Local Taxes</u>								
Bank Excise Tax	60,157	0	0	0	0	0	0	9,041
Wholesale Beer Tax	193,836	0	0	0	0	0	0	0
Interstate Telecommunications Tax	3,708	0	0	0	0	0	0	0
Total Local Taxes	\$ 9,171,734	\$ 10,237	\$ 0	\$ 169,000	\$ 0	\$ 8,881	\$ 0	\$ 1,206,909
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 1,933	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	316,096	0	0	0	0	0	0	0
<u>Permits</u>								
Beer Permits	500	0	0	0	0	0	0	0
Building Permits	8,410	0	0	0	0	0	0	0
Electrical Permits	34,320	0	0	0	0	0	0	0
Other Permits	28,950	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 390,209	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$	1,769	\$	0	\$	0	\$	0
Drug Control Fines		0		0		0	0	0
Drug Court Fees		707		0		2,342	0	0
Jail Fees		3,030		0		0	0	0
Judicial Commissioner Fees		595		0		0	0	0
DUI Treatment Fines		1,146		0		0	0	0
Data Entry Fee - Circuit Court		1,546		0		0	0	0
Courtroom Security Fee		4,516		0		0	0	0
<u>Criminal Court</u>								
Fines		49,329		0		0	0	0
Data Entry Fee - Criminal Court		85		0		0	0	0
<u>General Sessions Court</u>								
Fines		65,792		0		0	0	0
Officers Costs		52,158		0		0	0	0
Drug Control Fines		0		0		9,093	0	0
Drug Court Fees		9,072		0		0	0	0
Jail Fees		14,824		0		0	0	0
Judicial Commissioner Fees		3,308		0		0	0	0
DUI Treatment Fines		11,584		0		0	0	0
Data Entry Fee - General Sessions Court		13,078		0		0	0	0
Courtroom Security Fee		5,057		0		0	0	0
<u>Juvenile Court</u>								
Fines		10,067		0		0	0	0
Officers Costs		1,194		0		0	0	0
Drug Court Fees		1,425		0		0	0	0
Jail Fees		6,242		0		0	0	0
Data Entry Fee - Juvenile Court		1,197		0		0	0	0
<u>Chancery Court</u>								
Officers Costs		1,796		0		0	0	0
Data Entry Fee - Chancery Court		1,606		0		0	0	0
Courtroom Security Fee		144		0		0	0	0
Other Courts - In-county								
Jail Fees		28		0		0	0	0
<u>Judicial District Drug Program</u>								
Drug Task Force Forfeitures and Seizures		0		0		35,968	0	0

(Continued)



Exhibit J-5

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

	Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works
Fines, Forfeitures, and Penalties (Cont.)								
Other Fines, Forfeitures, and Penalties								
Proceeds from Confiscated Property	\$	0 \$	0 \$	0 \$	21,047 \$	0 \$	0 \$	0
Other Fines, Forfeitures, and Penalties		20,266	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$	281,561 \$	0 \$	0 \$	68,450 \$	0 \$	0 \$	0
Charges for Current Services								
General Service Charges								
Transfer Waste Stations Collection Charge	\$	0 \$	0 \$	606,299 \$	0 \$	0 \$	0 \$	0
Tipping Fees		0	0	64,416	0	0	0	0
Work Release Charges for Board		12,980	0	0	0	0	0	0
Other General Service Charges		1,451	0	0	0	0	0	0
Fees								
Copy Fees		2,531	0	0	0	0	0	0
Telephone Commissions		101,669	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions		0	0	0	0	0	328	0
Special Commissioner Fees/Special Master Fees		0	0	0	0	0	6,987	0
Data Processing Fee - Register		16,302	0	0	0	0	0	0
Data Processing Fee - Sheriff		5,788	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff		5,850	0	0	0	0	0	0
Data Processing Fee - County Clerk		944	0	0	0	0	0	0
Total Charges for Current Services	\$	147,515 \$	0 \$	670,715 \$	0 \$	0 \$	7,315 \$	0
Other Local Revenues								
Recurring Items								
Investment Income	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Lease/Rentals		58,107	0	0	0	0	0	0
Sale of Gasoline		0	0	0	0	0	0	232,173
Sale of Maps		1,000	0	0	0	0	0	0
Sale of Recycled Materials		0	0	69,821	0	0	0	0
Sale of Animals/Livestock		9,538	0	0	0	0	0	0
Miscellaneous Refunds		102,946	0	22,100	270	0	0	16,511
Nonrecurring Items								
Sale of Equipment		41,900	0	0	0	0	0	0
Sale of Property		5,750	0	25,230	0	0	0	0
Total Other Local Revenues	\$	219,241 \$	0 \$	117,151 \$	270 \$	0 \$	0 \$	248,684

(Continued)

Exhibit J-5

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

Special Revenue Funds								
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 445,471	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	141,018	0	0	0	0	0	0	0
General Sessions Court Clerk	328,767	0	0	0	0	0	0	0
Clerk and Master	172,175	0	0	0	0	0	0	0
Register	207,904	0	0	0	0	0	0	0
Sheriff	23,387	0	0	0	0	0	0	0
Trustee	622,336	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,941,058	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 12,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	27,439	0	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	27,600	0	0	0	0	0	0	0
Other Public Safety Grants	4,882	0	0	0	0	0	0	0
<u>Health and Welfare Grants</u>								
Health Department Programs	0	0	0	335,874	0	0	0	0
<u>Public Works Grants</u>								
State Aid Program	510,473	0	0	0	0	0	0	449,535
Litter Program	11,382	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	74,802	0	0	0	0	0	0	0
Beer Tax	20,494	0	0	0	0	0	0	0
Alcoholic Beverage Tax	77,417	0	0	0	0	0	0	0
Mixed Drink Tax	4,394	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	49,707
Contracted Prisoner Boarding	555,114	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	1,760,969
Petroleum Special Tax	0	0	0	0	0	0	0	41,434
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0
State Shared Sales Tax - Cities	9,350	0	0	0	0	0	0	0
Other State Revenues	287,313	0	0	0	0	0	0	0
Total State of Tennessee	\$ 1,638,049	\$ 0	\$ 0	\$ 335,874	\$ 0	\$ 0	\$ 0	\$ 2,301,645

(Continued)

Exhibit J-5

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

	Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works
Federal Government								
Federal Through State								
Homeland Security Grants								
Direct Federal Revenue								
Police Service (Lake Area)	\$ 119,951	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
FHA Grant	13,693	0	0	0	0	0	0	0
Forest Service	83,807	0	0	0	0	0	0	0
Other Direct Federal Revenue	90,681	0	0	0	0	0	0	31,554
Total Federal Government	18,600	0	0	0	0	0	0	0
	\$ 326,732	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,554
Other Governments and Citizens Groups								
Other Governments								
Contributions	\$ 159,273	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	254,229	0	0	0	0	0	0	40,662
Citizens Groups								
Donations	7,381	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 420,883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,662
	\$ 14,536,982	\$ 10,237	\$ 787,866	\$ 505,144	\$ 68,450	\$ 8,881	\$ 7,315	\$ 3,829,454

(Continued)

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

	<u>Debt Service</u>		
	<u>Fund</u>		<u>Total</u>
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 910,248	\$	8,773,304
Trustee's Collections - Prior Year	25,243		328,276
Trustee's Collections - Bankruptcy	127		399
Circuit/Clerk & Master Collections - Prior Years	15,604		108,792
Interest and Penalty	12,322		114,597
Payments in-Lieu-of Taxes - T.V.A.	1,716		17,366
Payments in-Lieu-of Taxes - Local Utilities	22,654		218,662
Payments in-Lieu-of Taxes - Other	247		2,383
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0		785,240
Hotel/Motel Tax	0		87,915
Litigation Tax - General	0		178,594
Litigation Tax - Special Purpose	0		10,237
Litigation Tax - Jail, Workhouse, or Courthouse	0		94,403
Litigation Tax - Courtroom Security	0		73,182
Business Tax	0		412,552
Mineral Severance Tax	0		82,278
<u>Statutory Local Taxes</u>			
Bank Excise Tax	7,998		77,196
Wholesale Beer Tax	0		193,836
Interstate Telecommunications Tax	0		3,708
<u>Total Local Taxes</u>	\$ 996,159	\$	11,562,920
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	0	\$	1,933
Cable TV Franchise	0		316,096
<u>Permits</u>			
Beer Permits	0		500
Building Permits	0		8,410
Electrical Permits	0		34,320
Other Permits	0		28,950
<u>Total Licenses and Permits</u>	\$ 0	\$	390,209

(Continued)

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

		Debt Service Fund	Total
	\$		
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0	0	1,769
Drug Control Fines	0	0	2,342
Drug Court Fees	0	0	707
Jail Fees	0	0	3,030
Judicial Commissioner Fees	0	0	595
DUI Treatment Fines	0	0	1,146
Data Entry Fee - Circuit Court	0	0	1,546
Courtroom Security Fee	0	0	4,516
<u>Criminal Court</u>			
Fines	0	0	49,329
Data Entry Fee - Criminal Court	0	0	85
<u>General Sessions Court</u>			
Fines	0	0	65,792
Officers Costs	0	0	52,158
Drug Control Fines	0	0	9,093
Drug Court Fees	0	0	9,072
Jail Fees	0	0	14,824
Judicial Commissioner Fees	0	0	3,308
DUI Treatment Fines	0	0	11,584
Data Entry Fee - General Sessions Court	0	0	13,078
Courtroom Security Fee	0	0	5,057
<u>Juvenile Court</u>			
Fines	0	0	10,067
Officers Costs	0	0	1,194
Drug Court Fees	0	0	1,425
Jail Fees	0	0	6,242
Data Entry Fee - Juvenile Court	0	0	1,197
<u>Chancery Court</u>			
Officers Costs	0	0	1,796
Data Entry Fee - Chancery Court	0	0	1,606
Courtroom Security Fee	0	0	144
<u>Other Courts - In-county</u>			
Jail Fees	0	0	28
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	0	0	35,968

(Continued)

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

	Debt Service Fund		Total
		General Debt Service	
Fines, Forfeitures, and Penalties (Cont.)			
Other Fines, Forfeitures, and Penalties			
Proceeds from Confiscated Property	\$ 0	\$	21,047
Other Fines, Forfeitures, and Penalties	0		20,266
Total Fines, Forfeitures, and Penalties	\$ 0	\$	350,011
Charges for Current Services			
General Service Charges			
Transfer Waste Stations Collection Charge	\$ 0	\$	606,299
Tipping Fees	0		64,416
Work Release Charges for Board	0		12,980
Other General Service Charges	0		1,451
Fees			
Copy Fees	0		2,531
Telephone Commissions	0		101,669
Constitutional Officers' Fees and Commissions	0		328
Special Commissioner Fees/Special Master Fees	0		6,987
Data Processing Fee - Register	0		16,302
Data Processing Fee - Sheriff	0		5,788
Sexual Offender Registration Fees - Sheriff	0		5,850
Data Processing Fee - County Clerk	0		944
Total Charges for Current Services	\$ 0	\$	825,545
Other Local Revenues			
Recurring Items			
Investment Income	\$ 61,507	\$	61,507
Lease/Rentals	0		58,107
Sale of Gasoline	0		232,173
Sale of Maps	0		1,000
Sale of Recycled Materials	0		69,821
Sale of Animals/Livestock	0		9,538
Miscellaneous Refunds	0		141,827
Nonrecurring Items			
Sale of Equipment	0		41,900
Sale of Property	0		30,980
Total Other Local Revenues	\$ 61,507	\$	646,853

(Continued)

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

	Debt Service Fund		Total
		General Debt Service	
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	\$	0 \$	445,471
Circuit Court Clerk		0	141,018
General Sessions Court Clerk		0	328,767
Clerk and Master		0	172,175
Register		0	207,904
Sheriff		0	23,387
Trustee		0	622,336
Total Fees Received from County Officials	\$	0 \$	1,941,058
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$	0 \$	12,225
Solid Waste Grants		0	27,439
Public Safety Grants			
Law Enforcement Training Programs		0	27,600
Other Public Safety Grants		0	4,882
Health and Welfare Grants			
Health Department Programs		0	335,874
Public Works Grants			
State Aid Program		0	960,008
Litter Program		0	11,382
<u>Other State Revenues</u>			
Income Tax		0	74,802
Beer Tax		0	20,494
Alcoholic Beverage Tax		0	77,417
Mixed Drink Tax		0	4,394
State Revenue Sharing - T.V.A.		43,971	93,678
Contracted Prisoner Boarding		0	555,114
Gasoline and Motor Fuel Tax		0	1,760,969
Petroleum Special Tax		0	41,434
Registrar's Salary Supplement		0	15,164
State Shared Sales Tax - Cities		0	9,350
Other State Revenues		0	287,313
Total State of Tennessee	\$	43,971 \$	4,319,539

(Continued)

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

	Debt Service Fund	
	General Debt Service	Total
Federal Government		
<u>Federal Through State</u>		
Homeland Security Grants	0 \$	119,951
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	0	13,693
FHA Grant	0	83,807
Forest Service	0	122,235
Other Direct Federal Revenue	0	18,600
Total Federal Government	0 \$	358,286
Other Governments and Citizens Groups		
<u>Other Governments</u>		
Contributions	334,331 \$	493,604
Contracted Services	0	294,891
Citizens Groups		
Donations	0	7,381
Total Other Governments and Citizens Groups	334,331 \$	795,876
Total	1,435,968 \$	21,190,297



## Exhibit J-6

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,683,420	\$ 0	\$ 0	\$ 0	\$ 5,683,420
Trustee's Collections - Prior Year	191,529	0	0	0	191,529
Trustee's Collections - Bankruptcy	202	0	0	0	202
Circuit/Clerk & Master Collections - Prior Years	61,045	0	0	0	61,045
Interest and Penalty	66,921	0	0	0	66,921
Payments in-Lieu-of Taxes - T.V.A.	16,016	0	0	0	16,016
Payments in-Lieu-of Taxes - Local Utilities	141,579	0	0	0	141,579
Payments in-Lieu-of Taxes - Other	1,543	0	0	0	1,543
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,847,547	0	0	0	3,847,547
<u>Statutory Local Taxes</u>					
Bank Excise Tax	49,985	0	0	0	49,985
Interstate Telecommunications Tax	3,230	0	0	0	3,230
Total Local Taxes	\$ 10,063,017	\$ 0	\$ 0	\$ 0	\$ 10,063,017
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,363	\$ 0	\$ 0	\$ 0	\$ 1,363
Total Licenses and Permits	\$ 1,363	\$ 0	\$ 0	\$ 0	\$ 1,363
<u>Charges for Current Services</u>					
<u>Fees</u>					
Copy Fees	\$ 67	\$ 0	\$ 0	\$ 0	\$ 67
<u>Education Charges</u>					
Lunch Payments - Children	0	0	313,588	0	313,588
Lunch Payments - Adults	0	0	66,857	0	66,857
Income from Breakfast	0	0	179,609	0	179,609
Special Milk Sales	0	0	1,407	0	1,407
A la carte Sales	0	0	80,698	0	80,698
Contract for Instructional Services with Other LEAs	86,923	0	0	0	86,923
Receipts from Individual Schools	70,353	0	0	0	70,353
Community Service Fees - Children	125,567	0	0	0	125,567
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	128,800	0	128,800
Total Charges for Current Services	\$ 282,910	\$ 0	\$ 770,959	\$ 0	\$ 1,053,869
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 334	\$ 0	\$ 5,610	\$ 0	\$ 5,944
Refund of Telecommunication and Internet Fees (E-Rate)	57,121	0	0	0	57,121
Miscellaneous Refunds	60,052	0	98	0	60,150
<u>Nonrecurring Items</u>					
Sale of Equipment	23,474	0	1,242	0	24,716
Damages Recovered from Individuals	80	0	0	0	80
Total Other Local Revenues	\$ 141,061	\$ 0	\$ 6,950	\$ 0	\$ 148,011
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 421,019	\$ 0	\$ 0	\$ 0	\$ 421,019
<u>State Education Funds</u>					
Basic Education Program	27,313,283	0	0	0	27,313,283
Early Childhood Education	151,778	0	0	0	151,778
School Food Service	0	0	29,671	0	29,671
Driver Education	10,731	0	0	0	10,731
Other State Education Funds	442,322	0	0	0	442,322

(Continued)

## Exhibit J-6

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

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total	
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
Career Ladder Program	\$ 296,195	\$ 0	\$ 0	\$ 0	\$ 296,195	
Career Ladder - Extended Contract	102,700	0	0	0	102,700	
<u>Other State Revenues</u>						
Mixed Drink Tax	2,803	0	0	0	2,803	
State Revenue Sharing - T.V.A.	728,399	0	0	0	728,399	
Other State Grants	25,646	0	0	0	25,646	
Total State of Tennessee	\$ 29,494,876	\$ 0	\$ 29,671	\$ 0	\$ 29,524,547	
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,519,940	\$ 0	\$ 1,519,940	
USDA - Commodities	0	0	164,632	0	164,632	
Breakfast	0	0	517,825	0	517,825	
USDA - Other	53,212	0	0	259,819	313,031	
Adult Education State Grant Program	76,939	0	0	0	76,939	
Vocational Education - Basic Grants to States	0	115,527	0	0	115,527	
Other Vocational	0	80,359	0	0	80,359	
Title I Grants to Local Education Agencies	0	1,782,957	0	0	1,782,957	
Special Education - Grants to States	34,956	1,335,827	0	0	1,370,783	
Special Education Preschool Grants	14,643	87,044	0	0	101,687	
Eisenhower Professional Development State Grants	0	243,637	0	0	243,637	
Race-to-the-Top - ARRA	0	377,051	0	0	377,051	
Other Federal through State	281,673	126,625	0	0	408,298	
<u>Direct Federal Revenue</u>						
Forest Service	94,662	0	0	0	94,662	
Other Direct Federal Revenue	151,200	0	0	0	151,200	
Total Federal Government	\$ 707,285	\$ 4,149,027	\$ 2,202,397	\$ 259,819	\$ 7,318,528	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contracted Services	\$ 0	\$ 0	\$ 0	\$ 834,900	\$ 834,900	
<u>Citizens Groups</u>						
Donations	300	0	0	0	300	
Total Other Governments and Citizens Groups	\$ 300	\$ 0	\$ 0	\$ 834,900	\$ 835,200	
Total	\$ 40,690,812	\$ 4,149,027	\$ 3,009,977	\$ 1,094,719	\$ 48,944,535	

## Exhibit J-7

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	44,549	
Social Security		2,474	
State Retirement		1,550	
Employer Medicare		646	
Audit Services		17,227	
Dues and Memberships		5,832	
Legal Notices, Recording, and Court Costs		2,588	
Postal Charges		186	
Travel		566	
Other Supplies and Materials		199	
Other Charges		534	
Total County Commission			\$ 76,351

Board of Equalization

Board and Committee Members Fees	\$	5,100	
Social Security		316	
Employer Medicare		74	
Other Supplies and Materials		48	
Total Board of Equalization			5,538

County Mayor/Executive

County Official/Administrative Officer	\$	87,811	
Secretary(ies)		30,517	
Part-time Personnel		2,578	
Social Security		6,956	
State Retirement		16,713	
Life Insurance		72	
Medical Insurance		15,078	
Dental Insurance		470	
Unemployment Compensation		201	
Employer Medicare		1,627	
Dues and Memberships		1,070	
Postal Charges		124	
Rentals		1,350	
Travel		1,902	
Library Books/Media		627	
Office Supplies		266	
Other Supplies and Materials		419	
Premiums on Corporate Surety Bonds		98	
Tax Relief Program		33,230	
Other Charges		1,068	
Office Equipment		166	
Total County Mayor/Executive			202,343

County Attorney

Other Salaries and Wages	\$	550	
Social Security		34	
State Retirement		78	
Employer Medicare		8	
Legal Services		70,008	
Total County Attorney			70,678

(Continued)

## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Election Commission

Supervisor/Director	\$	63,515	
Deputy(ies)		27,391	
Data Processing Personnel		22,750	
Other Salaries and Wages		8,818	
Board and Committee Members Fees		12,157	
Election Workers		58,125	
Social Security		7,696	
State Retirement		16,046	
Life Insurance		108	
Medical Insurance		22,371	
Dental Insurance		706	
Unemployment Compensation		270	
Employer Medicare		1,800	
Legal Notices, Recording, and Court Costs		6,490	
Maintenance Agreements		15,552	
Postal Charges		4,283	
Rentals		1,903	
Travel		5,917	
Office Supplies		3,289	
Other Supplies and Materials		21,436	
Data Processing Equipment		3,497	
Office Equipment		15,950	
Total Election Commission			\$ 320,070

Register of Deeds

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		71,247	
Social Security		8,732	
State Retirement		19,998	
Life Insurance		144	
Medical Insurance		30,668	
Dental Insurance		941	
Unemployment Compensation		271	
Employer Medicare		2,042	
Data Processing Services		20,926	
Dues and Memberships		662	
Rentals		1,042	
Travel		994	
Data Processing Supplies		1,349	
Office Supplies		3,306	
Other Supplies and Materials		7,412	
Premiums on Corporate Surety Bonds		50	
Data Processing Equipment		670	
Total Register of Deeds			241,026

Planning

Supervisor/Director	\$	37,732	
Data Processing Personnel		19,919	
Foremen		27,163	
Clerical Personnel		5,008	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Other Salaries and Wages	\$	18,245	
Board and Committee Members Fees		4,750	
Social Security		6,878	
State Retirement		11,973	
Life Insurance		72	
Medical Insurance		23,001	
Dental Insurance		706	
Unemployment Compensation		444	
Employer Medicare		1,613	
Communication		611	
Contracts with Government Agencies		12,250	
Maintenance and Repair Services - Vehicles		1,551	
Postal Charges		197	
Rentals		2,001	
Travel		198	
Gasoline		2,044	
Office Supplies		1,835	
Premiums on Corporate Surety Bonds		100	
Other Charges		41,812	
Office Equipment		3,213	
Total Planning			\$ 223,316

County Buildings

Custodial Personnel	\$	54,942	
Social Security		3,367	
State Retirement		7,756	
Life Insurance		108	
Medical Insurance		22,371	
Dental Insurance		706	
Unemployment Compensation		271	
Employer Medicare		788	
Architects		14,392	
Communication		35,788	
Engineering Services		8,692	
Maintenance and Repair Services - Buildings		51,911	
Maintenance and Repair Services - Equipment		11,137	
Maintenance and Repair Services - Vehicles		1,921	
Pest Control		4,229	
Other Contracted Services		8,644	
Custodial Supplies		11,802	
Electricity		218,882	
Gasoline		372	
Utilities		54,283	
Water and Sewer		18,247	
Other Supplies and Materials		74	
Building and Contents Insurance		23,750	
Workers' Compensation Insurance		30,500	
Other Charges		4,604	
Communication Equipment		23,610	
Heating and Air Conditioning Equipment		346	
Total County Buildings			613,493

(Continued)

## Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Other General Administration

Refunds	\$	23,730	
Total Other General Administration			\$ 23,730

FinanceAccounting and Budgeting

Supervisor/Director	\$	57,665	
Deputy(ies)		40,202	
Accountants/Bookkeepers		129,096	
In-Service Training		355	
Social Security		13,452	
State Retirement		32,040	
Life Insurance		216	
Medical Insurance		43,441	
Dental Insurance		1,411	
Unemployment Compensation		540	
Employer Medicare		3,146	
Dues and Memberships		75	
Legal Notices, Recording, and Court Costs		2,769	
Maintenance Agreements		9,230	
Postal Charges		3,912	
Travel		476	
Data Processing Supplies		2,614	
Office Supplies		4,349	
Premiums on Corporate Surety Bonds		467	
Other Charges		1,840	
Office Equipment		182	
Total Accounting and Budgeting			347,478

Property Assessor's Office

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		143,406	
Social Security		12,524	
State Retirement		30,073	
Life Insurance		234	
Medical Insurance		63,851	
Dental Insurance		1,529	
Unemployment Compensation		544	
Employer Medicare		2,944	
Communication		2,531	
Contracts with Government Agencies		9,167	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		970	
Postal Charges		1,213	
Printing, Stationery, and Forms		343	
Rentals		539	
Gasoline		1,890	
Office Supplies		1,897	
Premiums on Corporate Surety Bonds		172	
Other Charges		7,152	
Motor Vehicles		8,100	
Office Equipment		824	
Total Property Assessor's Office			363,475

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Deputy(ies)	\$	56,918	
Social Security		3,416	
State Retirement		8,035	
Life Insurance		72	
Medical Insurance		15,334	
Dental Insurance		470	
Unemployment Compensation		180	
Employer Medicare		799	
Communication		591	
Data Processing Services		6,200	
Postal Charges		318	
Gasoline		1,890	
Office Supplies		906	
Total Reappraisal Program			\$ 95,129

County Trustee's Office

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		101,901	
Clerical Personnel		8,057	
Social Security		11,060	
State Retirement		24,344	
Life Insurance		180	
Medical Insurance		38,335	
Dental Insurance		1,176	
Unemployment Compensation		441	
Employer Medicare		2,587	
Contracts with Government Agencies		9,167	
Dues and Memberships		637	
Legal Notices, Recording, and Court Costs		271	
Maintenance Agreements		7,803	
Postal Charges		13,944	
Rentals		605	
Travel		228	
Office Supplies		2,391	
Premiums on Corporate Surety Bonds		4,799	
Office Equipment		340	
Total County Trustee's Office			298,838

County Clerk's Office

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		166,887	
Accountants/Bookkeepers		8,924	
Social Security		14,554	
State Retirement		31,552	
Life Insurance		258	
Medical Insurance		63,763	
Dental Insurance		1,686	
Unemployment Compensation		678	
Employer Medicare		3,404	
Dues and Memberships		727	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Maintenance Agreements	\$	18,179	
Postal Charges		10,812	
Printing, Stationery, and Forms		113	
Rentals		3,140	
Travel		652	
Office Supplies		2,507	
Other Supplies and Materials		117	
Premiums on Corporate Surety Bonds		98	
Office Equipment		980	
Total County Clerk's Office			\$ 399,603

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,572	
Clerical Personnel		337,147	
Social Security		24,997	
State Retirement		53,725	
Life Insurance		510	
Medical Insurance		95,015	
Dental Insurance		3,097	
Unemployment Compensation		1,449	
Employer Medicare		5,846	
Dues and Memberships		527	
Legal Notices, Recording, and Court Costs		186	
Maintenance Agreements		14,400	
Postal Charges		8,689	
Rentals		7,029	
Travel		261	
Other Contracted Services		1,000	
Office Supplies		8,996	
Other Supplies and Materials		1,723	
Premiums on Corporate Surety Bonds		260	
Office Equipment		9,145	
Total Circuit Court			644,574

General Sessions Court

Judge(s)	\$	153,225	
Secretary(ies)		24,611	
Social Security		8,566	
State Retirement		25,110	
Life Insurance		72	
Medical Insurance		15,334	
Dental Insurance		470	
Unemployment Compensation		90	
Employer Medicare		2,543	
Travel		1,911	
Library Books/Media		720	
Office Supplies		499	
Total General Sessions Court			233,151

(Continued)



## Exhibit J-7

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

## General Fund (Cont.)

## Administration of Justice (Cont.)

## Drug Court

Remittance of Revenue Collected	\$ 11,205	
Total Drug Court		\$ 11,205

## Chancery Court

County Official/Administrative Officer	\$ 70,572	
Clerical Personnel	102,754	
In-Service Training	175	
Social Security	10,550	
State Retirement	23,699	
Life Insurance	177	
Medical Insurance	52,199	
Dental Insurance	1,156	
Unemployment Compensation	423	
Employer Medicare	2,467	
Dues and Memberships	647	
Maintenance Agreements	14,508	
Postal Charges	8,486	
Rentals	1,834	
Travel	85	
Office Supplies	4,921	
Premiums on Corporate Surety Bonds	1,278	
Office Equipment	672	
Total Chancery Court		296,603

## Judicial Commissioners

Other Salaries and Wages	\$ 37,106	
Social Security	2,301	
Employer Medicare	538	
Dues and Memberships	375	
Travel	1,497	
Total Judicial Commissioners		41,817

## Other Administration of Justice

Jury and Witness Expense	\$ 9,388	
Maintenance and Repair Services - Vehicles	250	
Postal Charges	373	
Other Charges	2,682	
Total Other Administration of Justice		12,693

## Public Safety

## Sheriff's Department

County Official/Administrative Officer	\$ 83,629	
Deputy(ies)	1,120,393	
Investigator(s)	190,040	
Accountants/Bookkeepers	21,102	
Salary Supplements	27,600	
Dispatchers/Radio Operators	94,215	
Clerical Personnel	56,060	
Part-time Personnel	78,929	
School Resource Officer	159,043	

(Continued)

## Exhibit J-7

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

## General Fund (Cont.)

## Public Safety (Cont.)

## Sheriff's Department (Cont.)

In-Service Training	\$	14,269	
Social Security		111,571	
State Retirement		235,795	
Life Insurance		2,348	
Medical Insurance		393,559	
Dental Insurance		12,652	
Unemployment Compensation		5,713	
Employer Medicare		26,093	
Communication		10,984	
Dues and Memberships		2,850	
Maintenance and Repair Services - Buildings		14,248	
Maintenance and Repair Services - Equipment		1,214	
Maintenance and Repair Services - Vehicles		88,544	
Medical and Dental Services		15,952	
Postal Charges		3,644	
Rentals		9,029	
Towing Services		3,740	
Transportation - Other than Students		2,188	
Travel		13,420	
Other Contracted Services		27,776	
Custodial Supplies		1,000	
Gasoline		188,485	
Office Supplies		18,513	
Tires and Tubes		11,134	
Uniforms		25,487	
Premiums on Corporate Surety Bonds		152	
Vehicle and Equipment Insurance		137,215	
Workers' Compensation Insurance		51,250	
Other Charges		1,965	
Administration Equipment		2,525	
Law Enforcement Equipment		50,936	
Motor Vehicles		194,817	
Office Equipment		7,120	
Total Sheriff's Department			\$ 3,517,199

## Jail

Guards	\$	1,498,480
Cafeteria Personnel		39,128
Maintenance Personnel		18,234
In-Service Training		5,798
Social Security		93,108
State Retirement		206,379
Life Insurance		2,115
Medical Insurance		383,217
Dental Insurance		13,289
Unemployment Compensation		7,981
Employer Medicare		21,774
Maintenance and Repair Services - Buildings		43,287
Maintenance and Repair Services - Equipment		5,942
Medical and Dental Services		396,972

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Custodial Supplies	\$	57,794	
Drugs and Medical Supplies		3,449	
Food Preparation Supplies		3,256	
Food Supplies		275,586	
Prisoners Clothing		1,801	
Uniforms		24,680	
Medical Claims		83,609	
Workers' Compensation Insurance		74,230	
Other Charges		786	
Total Jail			\$ 3,260,895

Juvenile Services

Youth Service Officer(s)	\$	56,182	
Social Security		3,421	
State Retirement		7,931	
Life Insurance		66	
Medical Insurance		13,497	
Dental Insurance		431	
Unemployment Compensation		196	
Employer Medicare		800	
Contracts with Government Agencies		100,702	
Dues and Memberships		20	
Evaluation and Testing		122	
Legal Notices, Recording, and Court Costs		485	
Travel		703	
Office Supplies		346	
Office Equipment		1,686	
Total Juvenile Services			186,588

Fire Prevention and Control

Contributions	\$	314,990	
Other Charges		3,000	
Total Fire Prevention and Control			317,990

Rescue Squad

Other Charges	\$	104,354	
Total Rescue Squad			104,354

Other Emergency Management

Supervisor/Director	\$	30,517	
Secretary(ies)		23,671	
Social Security		3,345	
State Retirement		7,505	
Life Insurance		33	
Medical Insurance		2,300	
Dental Insurance		216	
Unemployment Compensation		200	
Employer Medicare		782	
Communication		2,128	
Dues and Memberships		100	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Other Emergency Management (Cont.)

Postal Charges	\$	10	
Printing, Stationery, and Forms		92	
Rentals		120	
Travel		250	
Other Contracted Services		300	
Gasoline		764	
Instructional Supplies and Materials		115	
Office Supplies		196	
Uniforms		500	
Other Supplies and Materials		2,303	
Other Charges		19,351	
Motor Vehicles		29,781	
Office Equipment		192	
Total Other Emergency Management			\$ 124,771

Inspection and Regulation

Supervisor/Director	\$	3,000	
Social Security		186	
State Retirement		424	
Unemployment Compensation		8	
Employer Medicare		43	
Total Inspection and Regulation			3,661

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	6,300	
Communication		203	
Other Supplies and Materials		819	
Premiums on Corporate Surety Bonds		317	
Total County Coroner/Medical Examiner			7,639

Other Public Safety

Board and Committee Members Fees	\$	1,100	
Social Security		6	
State Retirement		14	
Employer Medicare		1	
Total Other Public Safety			1,121

Public Health and WelfareRabies and Animal Control

Supervisor/Director	\$	30,000	
Part-time Personnel		12,390	
Other Salaries and Wages		17,857	
Social Security		3,670	
State Retirement		6,719	
Life Insurance		72	
Medical Insurance		14,567	
Dental Insurance		470	
Unemployment Compensation		335	
Employer Medicare		859	
Communication		1,701	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Maintenance and Repair Services - Buildings	\$	2,004	
Maintenance and Repair Services - Vehicles		712	
Postal Charges		23	
Rentals		640	
Disposal Fees		815	
Other Contracted Services		1,919	
Animal Food and Supplies		1,814	
Custodial Supplies		5,229	
Drugs and Medical Supplies		15,238	
Electricity		5,690	
Equipment and Machinery Parts		614	
Gasoline		2,166	
Office Supplies		336	
Uniforms		455	
Water and Sewer		1,245	
Other Supplies and Materials		588	
Other Charges		859	
Other Equipment		1,155	
Total Rabies and Animal Control			\$ 130,142

Ambulance/Emergency Medical Services

Contributions	\$	173,858	
Total Ambulance/Emergency Medical Services			173,858

Crippled Children Services

Contributions	\$	20,727	
Total Crippled Children Services			20,727

Aid to Dependent Children

Contributions	\$	1,500	
Total Aid to Dependent Children			1,500

Other Local Welfare Services

Pauper Burials	\$	5,400	
Total Other Local Welfare Services			5,400

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	46,010	
Total Senior Citizens Assistance			46,010

Libraries

Contributions	\$	36,588	
Total Libraries			36,588

Parks and Fair Boards

Contributions	\$	13,681	
Total Parks and Fair Boards			13,681

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Other Social, Cultural, and Recreational

Contributions	\$	1,329	
Total Other Social, Cultural, and Recreational			\$ 1,329

Agriculture and Natural ResourcesAgriculture Extension Service

Other Salaries and Wages	\$	74,549	
Social Security		357	
Unemployment Compensation		58	
Employer Medicare		83	
Other Fringe Benefits		8,919	
Communication		1,905	
Contributions		2,395	
Travel		939	
Electricity		1,673	
Office Supplies		139	
Utilities		1,391	
Water and Sewer		575	
Office Equipment		1,000	
Total Agriculture Extension Service			93,983

Other Agriculture and Natural Resources

Contracts with Government Agencies	\$	18,952	
Contributions		902	
Total Other Agriculture and Natural Resources			19,854

Other OperationsTourism

Contributions	\$	86,637	
Total Tourism			86,637

Housing and Urban Development

Other Charges	\$	11,566	
Other Construction		73,450	
Total Housing and Urban Development			85,016

Other Economic and Community Development

Contributions	\$	60,767	
Other Contracted Services		533,660	
Other Charges		6,250	
Total Other Economic and Community Development			600,677

Veterans' Services

Supervisor/Director	\$	22,173	
Social Security		1,375	
State Retirement		3,130	
Life Insurance		36	
Medical Insurance		7,667	
Dental Insurance		235	
Unemployment Compensation		90	
Employer Medicare		321	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Veterans' Services (Cont.)

Postal Charges	\$	84	
Rentals		709	
Travel		348	
Other Contracted Services		399	
Office Supplies		56	
Office Equipment		295	
Total Veterans' Services			\$ 36,918

Other Charges

Judgments	\$	2,454	
Total Other Charges			2,454

Contributions to Other Agencies

Contributions	\$	49,500	
Total Contributions to Other Agencies			49,500

Miscellaneous

Maintenance and Repair Services - Buildings	\$	616	
Postal Charges		2,228	
Permits		19,000	
Other Contracted Services		287,313	
Trustee's Commission		193,436	
Solid Waste Equipment		3,390	
Total Miscellaneous			505,983

HighwaysLitter and Trash Collection

Guards	\$	11,535	
Social Security		715	
Unemployment Compensation		97	
Employer Medicare		167	
Maintenance and Repair Services - Equipment		1,245	
Instructional Supplies and Materials		17,398	
Other Supplies and Materials		3,500	
Other Charges		6,005	
Total Litter and Trash Collection			40,662

Total General Fund \$ 13,996,248

Courthouse and Jail Maintenance FundAdministration of JusticeOther Administration of Justice

Data Processing Equipment	\$	4,302	
Total Other Administration of Justice			\$ 4,302

Other OperationsMiscellaneous

Trustee's Commission	\$	97	
Total Miscellaneous			97

Total Courthouse and Jail Maintenance Fund 4,399

(Continued)

## Exhibit J-7

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

Solid Waste/Sanitation FundPublic Health and WelfareConvenience Centers

Laborers	\$	26,676	
Social Security		1,642	
State Retirement		2,484	
Medical Insurance		7,667	
Dental Insurance		235	
Unemployment Compensation		181	
Employer Medicare		384	
Communication		648	
Rentals		600	
Utilities		1,814	
Other Charges		170	
Total Convenience Centers			\$ 42,501

Recycling Center

Laborers	\$	20,471	
Social Security		1,269	
State Retirement		2,891	
Life Insurance		36	
Medical Insurance		7,667	
Dental Insurance		235	
Unemployment Compensation		90	
Employer Medicare		297	
Communication		849	
Maintenance and Repair Services - Buildings		11,469	
Maintenance and Repair Services - Equipment		6,595	
Rentals		840	
Gasoline		1,057	
Office Supplies		34	
Utilities		7,117	
Other Charges		3,067	
Total Recycling Center			63,984

Landfill Operation and Maintenance

Supervisor/Director	\$	42,591	
Laborers		125,503	
Social Security		10,122	
State Retirement		23,479	
Life Insurance		266	
Medical Insurance		59,273	
Dental Insurance		1,152	
Unemployment Compensation		738	
Employer Medicare		2,368	
Communication		1,951	
Dues and Memberships		100	
Evaluation and Testing		16,713	
Maintenance and Repair Services - Buildings		5,325	
Maintenance and Repair Services - Equipment		31,317	
Postal Charges		218	
Rentals		1,843	
Travel		2,704	

(Continued)



## Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Landfill Operation and Maintenance (Cont.)

Disposal Fees	\$	311,279	
Crushed Stone		2,651	
Diesel Fuel		37,513	
Garage Supplies		189	
Gasoline		8,916	
Lubricants		1,166	
Office Supplies		1,293	
Uniforms		4,543	
Utilities		6,244	
Liability Insurance		432	
Workers' Compensation Insurance		17,650	
Other Charges		12,042	
Solid Waste Equipment		74,086	
Total Landfill Operation and Maintenance			\$ 803,667

Other OperationsMiscellaneous

Trustee's Commission	\$	7,886	
Total Miscellaneous			7,886

Total Solid Waste/Sanitation Fund \$ 918,038

Health Department FundPublic Health and WelfareLocal Health Center

Supervisor/Director	\$	8,363	
Secretary(ies)		2,160	
Other Salaries and Wages		243,923	
Social Security		17,228	
State Retirement		29,197	
Life Insurance		318	
Medical Insurance		63,467	
Dental Insurance		2,077	
Unemployment Compensation		1,136	
Employer Medicare		3,471	
Communication		5,693	
Contracts with Government Agencies		53,800	
Maintenance and Repair Services - Buildings		6,597	
Pest Control		390	
Postal Charges		1,910	
Travel		4,142	
Drugs and Medical Supplies		137	
Utilities		27,175	
Other Supplies and Materials		4,962	
Workers' Compensation Insurance		4,000	
Other Charges		2,082	
Total Local Health Center			\$ 482,228

Total Health Department Fund 482,228

(Continued)

## Exhibit J-7

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

Drug Control FundPublic SafetySheriff's Department

Other Salaries and Wages	\$	2,942	
Confidential Drug Enforcement Payments		20,000	
Travel		3,961	
Animal Food and Supplies		70	
Other Supplies and Materials		6,863	
Motor Vehicles		28,468	
Total Sheriff's Department			\$ 62,304

Other OperationsMiscellaneous

Trustee's Commission	\$	634	
Total Miscellaneous			634

Total Drug Control Fund \$ 62,938

Sports and Recreation FundSocial, Cultural, and Recreational ServicesParks and Fair Boards

Electricity	\$	564	
Other Charges		8,225	
Total Parks and Fair Boards			\$ 8,789

Total Sports and Recreation Fund 8,789

Constitutional Officers - Fees FundGeneral GovernmentOther General Administration

Special Commissioner Fees/Special Master Fees	\$	6,987	
Other Charges		328	
Total Other General Administration			\$ 7,315

Total Constitutional Officers - Fees Fund 7,315

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	77,629	
Assistant(s)		39,956	
Supervisor/Director		31,956	
Secretary(ies)		33,870	
Social Security		11,242	
State Retirement		26,033	
Life Insurance		144	
Medical Insurance		30,668	
Dental Insurance		941	
Unemployment Compensation		270	
Employer Medicare		2,629	
Dues and Memberships		3,341	
Postal Charges		47	
Printing, Stationery, and Forms		94	

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Rentals	\$	35	
Travel		283	
Other Contracted Services		35,488	
Office Supplies		3,419	
Other Charges		5,152	
Communication Equipment		4,061	
Office Equipment		1,255	
Total Administration			\$ 308,513

Highway and Bridge Maintenance

Foremen	\$	67,455	
Equipment Operators		105,531	
Truck Drivers		180,391	
Laborers		394,554	
Social Security		45,120	
State Retirement		102,607	
Life Insurance		1,005	
Medical Insurance		241,138	
Dental Insurance		6,544	
Unemployment Compensation		3,426	
Employer Medicare		10,552	
Rentals		359	
Other Contracted Services		14,485	
Asphalt - Hot Mix		856,707	
Asphalt - Liquid		10,720	
Concrete		123	
Crushed Stone		63,460	
General Construction Materials		2,643	
Other Road Supplies		4,853	
Pipe		18,070	
Road Signs		3,598	
Salt		15,518	
Small Tools		190	
Uniforms		31,291	
Other Supplies and Materials		458	
Total Highway and Bridge Maintenance			2,180,798

Operation and Maintenance of Equipment

Mechanic(s)	\$	73,800	
Social Security		4,542	
State Retirement		10,470	
Life Insurance		108	
Medical Insurance		23,001	
Dental Insurance		706	
Unemployment Compensation		270	
Employer Medicare		1,062	
Freight Expenses		2,170	
Maintenance and Repair Services - Equipment		29,766	
Towing Services		1,870	
Other Contracted Services		3,465	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	214,673	
Equipment and Machinery Parts		155,436	
Garage Supplies		13,372	
Gasoline		225,580	
Lubricants		7,677	
Small Tools		1,895	
Tires and Tubes		30,388	
Other Supplies and Materials		8,730	
Total Operation and Maintenance of Equipment			\$ 808,981

Other Charges

Communication	\$	7,874	
Electricity		10,404	
Natural Gas		4,431	
Water and Sewer		1,981	
Judgments		3,347	
Premiums on Corporate Surety Bonds		197	
Trustee's Commission		43,504	
Vehicle and Equipment Insurance		20,000	
Other Charges		2,099	
Total Other Charges			93,837

Employee Benefits

Other Fringe Benefits	\$	1,272	
Workers' Compensation Insurance		50,000	
Total Employee Benefits			51,272

Capital Outlay

Engineering Services	\$	2,667	
Highway Equipment		193,640	
Motor Vehicles		35,146	
Total Capital Outlay			231,453

Total Highway/Public Works Fund \$ 3,674,854

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	725,000	
Principal on Notes		83,329	
Total General Government			\$ 808,329

Education

Principal on Notes	\$	79,780	
Principal on Capital Leases		255,876	
Principal on Other Loans		1,190,000	
Total Education			1,525,656

(Continued)

## Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	756,531	
Interest on Notes		<u>2,096</u>	
Total General Government			\$ 758,627
<u>Education</u>			
Interest on Notes	\$	25,655	
Interest on Capital Leases		78,455	
Interest on Other Loans		<u>20,726</u>	
Total Education			124,836
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	19,838	
Other Debt Service		<u>150</u>	
Total General Government			19,988
<u>Education</u>			
Other Debt Service	\$	<u>32,405</u>	
Total Education			<u>32,405</u>
Total General Debt Service Fund			\$ 3,269,841
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Furniture and Fixtures	\$	<u>2,883</u>	
Total Public Safety Projects			<u>\$ 2,883</u>
Total General Capital Projects Fund			<u>2,883</u>
Total Governmental Funds - Primary Government			<u>\$ 22,427,533</u>

## Exhibit J-8

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

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$	12,715,007	
Career Ladder Program		149,295	
Career Ladder Extended Contracts		85,250	
Homebound Teachers		47,014	
Educational Assistants		291,167	
Certified Substitute Teachers		72,122	
Non-certified Substitute Teachers		319,479	
Social Security		819,096	
State Retirement		1,177,971	
Life Insurance		9,075	
Medical Insurance		2,276,379	
Dental Insurance		80,889	
Unemployment Compensation		8,535	
Employer Medicare		193,538	
Other Fringe Benefits		608,944	
Maintenance and Repair Services - Equipment		2,780	
Other Contracted Services		34,612	
Instructional Supplies and Materials		354,874	
Textbooks		58,657	
Other Supplies and Materials		15,683	
Other Charges		1,088	
Regular Instruction Equipment		37,738	
Total Regular Instruction Program			\$ 19,359,193

Alternative Instruction Program

Teachers	\$	92,145	
Career Ladder Program		1,000	
Social Security		5,666	
State Retirement		8,271	
Life Insurance		50	
Medical Insurance		11,978	
Dental Insurance		497	
Unemployment Compensation		42	
Employer Medicare		1,325	
Other Supplies and Materials		343	
Total Alternative Instruction Program			121,317

Special Education Program

Teachers	\$	1,727,244	
Career Ladder Program		16,000	
Homebound Teachers		41,982	
Educational Assistants		282,725	
Speech Pathologist		115,479	
Social Security		132,634	
State Retirement		206,684	
Life Insurance		1,746	
Medical Insurance		451,597	
Dental Insurance		16,973	
Unemployment Compensation		1,618	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	31,020	
Maintenance and Repair Services - Equipment		754	
Other Contracted Services		70,619	
Instructional Supplies and Materials		11,349	
Other Supplies and Materials		12,502	
Other Charges		2,357	
Special Education Equipment		9,092	
Total Special Education Program			\$ 3,132,375

Vocational Education Program

Teachers	\$	996,706	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		2,200	
Educational Assistants		21,561	
Social Security		63,090	
State Retirement		92,471	
Life Insurance		678	
Medical Insurance		154,738	
Dental Insurance		6,689	
Unemployment Compensation		634	
Employer Medicare		14,755	
Maintenance and Repair Services - Equipment		1,000	
Other Contracted Services		286	
Instructional Supplies and Materials		53,607	
Textbooks		3,677	
Other Supplies and Materials		1,929	
Vocational Instruction Equipment		11,961	
Total Vocational Education Program			1,433,982

Adult Education Program

Teachers	\$	19,958	
Social Security		1,237	
State Retirement		6	
Unemployment Compensation		39	
Employer Medicare		289	
Maintenance and Repair Services - Equipment		156	
Instructional Supplies and Materials		917	
Other Charges		376	
Total Adult Education Program			22,978

Support Services

Health Services

Medical Personnel	\$	264,611	
Social Security		16,333	
State Retirement		33,962	
Life Insurance		275	
Medical Insurance		65,267	
Dental Insurance		2,709	
Unemployment Compensation		254	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Health Services (Cont.)

Employer Medicare	\$	3,820	
Travel		8,263	
Drugs and Medical Supplies		7,964	
Other Supplies and Materials		6,676	
Other Charges		863	
Total Health Services			\$ 410,997

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		563,499	
Attendants		39,904	
Social Security		36,413	
State Retirement		51,388	
Life Insurance		328	
Medical Insurance		91,175	
Dental Insurance		3,230	
Unemployment Compensation		391	
Employer Medicare		8,592	
Evaluation and Testing		10,710	
Total Other Student Support			810,630

Regular Instruction Program

Supervisor/Director	\$	257,582	
Career Ladder Program		13,000	
Career Ladder Extended Contracts		3,300	
Librarians		511,871	
Other Salaries and Wages		84,385	
Social Security		53,720	
State Retirement		80,766	
Life Insurance		480	
Medical Insurance		125,378	
Dental Insurance		4,730	
Unemployment Compensation		310	
Employer Medicare		12,563	
Maintenance and Repair Services - Equipment		113,118	
Travel		13,390	
Penalties		113	
Other Contracted Services		121,426	
Library Books/Media		7,977	
Office Supplies		129	
Other Supplies and Materials		33,755	
In Service/Staff Development		38,090	
Other Charges		4,284	
Total Regular Instruction Program			1,480,367

Alternative Instruction Program

Supervisor/Director	\$	51,395	
Career Ladder Program		1,000	
Secretary(ies)		12,906	

(Continued)



Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Other Salaries and Wages	\$	19,805	
Social Security		5,276	
State Retirement		6,475	
Life Insurance		50	
Medical Insurance		11,978	
Dental Insurance		497	
Unemployment Compensation		76	
Employer Medicare		1,234	
Other Contracted Services		400	
Total Alternative Instruction Program			\$ 111,092

Special Education Program

Supervisor/Director	\$	70,173	
Career Ladder Program		4,000	
Psychological Personnel		43,641	
Career Ladder Extended Contracts		2,200	
Assessment Personnel		43,926	
Clerical Personnel		27,560	
Social Security		11,601	
State Retirement		18,105	
Life Insurance		100	
Medical Insurance		25,567	
Dental Insurance		982	
Unemployment Compensation		56	
Employer Medicare		2,713	
Maintenance and Repair Services - Equipment		2,925	
Travel		22,132	
Other Contracted Services		14,492	
Other Supplies and Materials		13,895	
In Service/Staff Development		14,548	
Other Charges		55,484	
Other Equipment		5,476	
Total Special Education Program			379,576

Vocational Education Program

Supervisor/Director	\$	62,326	
Career Ladder Program		1,000	
Secretary(ies)		27,236	
Social Security		5,497	
State Retirement		9,469	
Life Insurance		50	
Medical Insurance		13,755	
Dental Insurance		497	
Unemployment Compensation		11	
Employer Medicare		1,285	
Maintenance and Repair Services - Equipment		1,994	
Travel		17,791	
Other Supplies and Materials		136	
Other Charges		41,875	
Total Vocational Education Program			182,922

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Adult Programs

Supervisor/Director	\$	25,849	
Other Salaries and Wages		35,606	
Social Security		2,389	
State Retirement		5,314	
Life Insurance		33	
Medical Insurance		7,677	
Dental Insurance		323	
Unemployment Compensation		27	
Employer Medicare		559	
Travel		4,702	
Other Supplies and Materials		20	
In Service/Staff Development		575	
Total Adult Programs			\$ 83,074

Other Programs

On-Behalf Payments to OPEB	\$	421,019	
Total Other Programs			421,019

Board of Education

Board and Committee Members Fees	\$	9,900	
Social Security		465	
State Retirement		551	
Unemployment Compensation		1	
Employer Medicare		144	
Audit Services		18,000	
Dues and Memberships		11,319	
Legal Services		10,500	
Travel		9,562	
Liability Insurance		222,224	
Trustee's Commission		241,234	
Workers' Compensation Insurance		156,140	
In Service/Staff Development		1,706	
Other Charges		2,543	
Total Board of Education			684,289

Director of Schools

County Official/Administrative Officer	\$	91,493	
Secretary(ies)		103,589	
Clerical Personnel		36,942	
Social Security		13,464	
State Retirement		27,337	
Life Insurance		139	
Medical Insurance		33,018	
Dental Insurance		1,367	
Unemployment Compensation		55	
Employer Medicare		3,209	
Communication		66,617	
Dues and Memberships		5,938	
Maintenance and Repair Services - Equipment		1,152	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Director of Schools (Cont.)

Postal Charges	\$	3,043	
Travel		8,510	
Other Contracted Services		19,224	
Office Supplies		3,130	
Other Supplies and Materials		340	
In Service/Staff Development		902	
Other Charges		3,145	
Total Director of Schools			\$ 422,614

Office of the Principal

Principals	\$	882,325	
Career Ladder Program		21,000	
Career Ladder Extended Contracts		6,600	
Assistant Principals		100,748	
Secretary(ies)		233,487	
Clerical Personnel		67,780	
Other Salaries and Wages		486,142	
Social Security		108,079	
State Retirement		174,322	
Life Insurance		1,227	
Medical Insurance		335,674	
Dental Insurance		12,098	
Unemployment Compensation		1,026	
Employer Medicare		25,276	
Other Contracted Services		4,940	
Office Supplies		1,530	
Other Charges		230	
Total Office of the Principal			2,462,484

Fiscal Services

Other Contracted Services	\$	144,129	
Total Fiscal Services			144,129

Operation of Plant

Custodial Personnel	\$	770,428	
Social Security		47,472	
State Retirement		76,049	
Life Insurance		847	
Medical Insurance		201,893	
Dental Insurance		8,101	
Unemployment Compensation		1,307	
Employer Medicare		11,215	
Rentals		14,000	
Disposal Fees		13,664	
Other Contracted Services		79,313	
Custodial Supplies		95,188	
Electricity		1,070,121	
Natural Gas		320,602	
Water and Sewer		61,470	
Total Operation of Plant			2,771,670

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Maintenance of Plant

Supervisor/Director	\$	46,535	
Secretary(ies)		25,180	
Maintenance Personnel		263,103	
Social Security		21,062	
State Retirement		46,695	
Life Insurance		300	
Medical Insurance		71,256	
Dental Insurance		2,982	
Unemployment Compensation		153	
Employer Medicare		4,925	
Laundry Service		9,649	
Maintenance and Repair Services - Buildings		59,028	
Maintenance and Repair Services - Equipment		24,681	
Disposal Fees		138	
Other Contracted Services		93,852	
General Construction Materials		564	
Other Supplies and Materials		20,726	
Other Charges		3,383	
Heating and Air Conditioning Equipment		20,491	
Total Maintenance of Plant			\$ 714,703

Transportation

Supervisor/Director	\$	42,380	
Mechanic(s)		154,162	
Bus Drivers		563,712	
Clerical Personnel		26,175	
Social Security		48,012	
State Retirement		106,362	
Life Insurance		1,545	
Medical Insurance		361,706	
Dental Insurance		15,233	
Unemployment Compensation		1,359	
Employer Medicare		11,396	
Contracts with Parents		7,454	
Laundry Service		9,248	
Medical and Dental Services		2,290	
Other Contracted Services		3,309	
Diesel Fuel		217,815	
Gasoline		128,121	
Lubricants		4,794	
Tires and Tubes		23,436	
Vehicle Parts		89,384	
Other Supplies and Materials		5,691	
Other Charges		17,997	
Transportation Equipment		108,843	
Total Transportation			1,950,424

Central and Other

Data Processing Personnel	\$	226,740	
---------------------------	----	---------	--

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Social Security	\$	13,745	
State Retirement		32,058	
Life Insurance		126	
Medical Insurance		29,946	
Dental Insurance		1,242	
Unemployment Compensation		36	
Employer Medicare		3,214	
Maintenance and Repair Services - Equipment		5,175	
Travel		5,961	
Data Processing Supplies		140	
Office Supplies		293	
Other Supplies and Materials		936	
Total Central and Other			\$ 319,612

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	31,333	
Part-time Personnel		445,613	
Other Salaries and Wages		69,458	
Social Security		33,304	
State Retirement		25,199	
Life Insurance		12	
Medical Insurance		5,117	
Dental Insurance		122	
Unemployment Compensation		942	
Employer Medicare		7,879	
Rentals		3,000	
Travel		4,475	
Food Supplies		58,484	
Instructional Supplies and Materials		7,202	
Other Supplies and Materials		1,929	
In Service/Staff Development		3,899	
Other Charges		43,906	
Total Community Services			741,874

Early Childhood Education

Supervisor/Director	\$	35,875	
Teachers		112,517	
Clerical Personnel		8,406	
Educational Assistants		37,515	
Other Salaries and Wages		35	
Non-certified Substitute Teachers		3,831	
Social Security		9,936	
State Retirement		14,787	
Life Insurance		149	
Medical Insurance		32,992	
Dental Insurance		1,466	
Unemployment Compensation		164	
Employer Medicare		2,844	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Communication	\$	1,814	
Rentals		3,000	
Travel		1,164	
Instructional Supplies and Materials		18,613	
In Service/Staff Development		1,730	
Other Charges		12,740	
Total Early Childhood Education			\$ 299,578

Capital OutlayRegular Capital Outlay

Architects	\$	28,447	
Building Construction		21,650	
Building Improvements		642,632	
Other Capital Outlay		5,659	
Total Regular Capital Outlay			698,388

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	334,331	
Total Education			334,331

Total General Purpose School Fund \$ 39,493,618

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	1,036,449	
Educational Assistants		104,376	
Other Salaries and Wages		54,523	
Certified Substitute Teachers		1,200	
Non-certified Substitute Teachers		2,725	
Social Security		68,489	
State Retirement		93,446	
Life Insurance		668	
Medical Insurance		189,754	
Dental Insurance		6,585	
Unemployment Compensation		1,149	
Employer Medicare		16,440	
Other Contracted Services		43,950	
Instructional Supplies and Materials		83,394	
Other Supplies and Materials		161,647	
Regular Instruction Equipment		10,387	
Total Regular Instruction Program			\$ 1,875,182

Special Education Program

Teachers	\$	120,592	
Educational Assistants		493,316	
Social Security		37,131	
State Retirement		73,717	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	1,124	
Medical Insurance		261,746	
Dental Insurance		10,586	
Unemployment Compensation		1,458	
Employer Medicare		8,685	
Instructional Supplies and Materials		26,932	
Special Education Equipment		1,078	
Total Special Education Program			\$ 1,036,365

Vocational Education Program

Instructional Supplies and Materials	\$	2,978	
Vocational Instruction Equipment		79,564	
Total Vocational Education Program			82,542

Support Services

Attendance

Travel	\$	1,773	
Total Attendance			1,773

Other Student Support

Social Workers	\$	22,731	
Bus Drivers		659	
Other Salaries and Wages		97,162	
Social Security		4,403	
State Retirement		6,470	
Life Insurance		25	
Medical Insurance		5,989	
Dental Insurance		249	
Unemployment Compensation		54	
Employer Medicare		1,726	
Evaluation and Testing		28,480	
Travel		23,369	
Other Contracted Services		6,076	
Other Supplies and Materials		21,700	
In Service/Staff Development		3,123	
Other Charges		3,657	
Total Other Student Support			225,873

Regular Instruction Program

Supervisor/Director	\$	50,682	
Other Salaries and Wages		151,563	
In-Service Training		250	
Social Security		12,490	
State Retirement		20,802	
Life Insurance		105	
Medical Insurance		25,681	
Dental Insurance		1,044	
Unemployment Compensation		35	
Employer Medicare		2,921	

(Continued)

## Exhibit J-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Communication	\$	255	
Maintenance and Repair Services - Equipment		2,663	
Travel		35,997	
Other Supplies and Materials		16,868	
In Service/Staff Development		47,391	
Other Charges		877	
Total Regular Instruction Program			\$ 369,624

Special Education Program

Secretary(ies)	\$	22,878	
Other Salaries and Wages		187,588	
Social Security		12,944	
State Retirement		22,618	
Life Insurance		151	
Medical Insurance		35,935	
Dental Insurance		1,491	
Unemployment Compensation		131	
Employer Medicare		3,027	
Travel		6,089	
Other Contracted Services		57,675	
In Service/Staff Development		8,493	
Other Equipment		5,160	
Total Special Education Program			364,180

Vocational Education Program

Travel	\$	1,538	
Total Vocational Education Program			1,538

Transportation

Bus Drivers	\$	22,372	
Other Salaries and Wages		27,111	
Social Security		3,049	
State Retirement		3,159	
Life Insurance		50	
Medical Insurance		11,978	
Dental Insurance		497	
Unemployment Compensation		154	
Employer Medicare		713	
Total Transportation			69,083

Total School Federal Projects Fund \$ 4,026,160

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	54,535	
Clerical Personnel		25,314	
Cafeteria Personnel		803,328	
Other Salaries and Wages		31,000	

(Continued)



## Exhibit J-8

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

Central Cafeteria Fund (Cont.)Operation of Non-Instructional Services (Cont.)Food Service (Cont.)

Social Security	\$	56,270	
State Retirement		88,918	
Life Insurance		1,206	
Medical Insurance		279,601	
Dental Insurance		11,773	
Unemployment Compensation		1,589	
Employer Medicare		13,170	
Other Fringe Benefits		24,011	
Communication		4,132	
Dues and Memberships		390	
Maintenance and Repair Services - Equipment		30,366	
Travel		2,340	
Penalties		26	
Other Contracted Services		62,112	
Food Preparation Supplies		80,345	
Food Supplies		1,085,743	
Office Supplies		4,078	
Uniforms		5,850	
USDA - Commodities		164,632	
Other Supplies and Materials		22,395	
Trustee's Commission		12	
In Service/Staff Development		6,762	
Other Charges		557	
Food Service Equipment		76,957	
Total Food Service			\$ 2,937,412

Total Central Cafeteria Fund \$ 2,937,412

Other Education Special Revenue FundSupport ServicesOperation of Plant

Custodial Personnel	\$	1,227	
Social Security		76	
State Retirement		4	
Unemployment Compensation		4	
Employer Medicare		18	
Total Operation of Plant			\$ 1,329

Operation of Non-Instructional ServicesEarly Childhood Education

Supervisor/Director	\$	44,106	
Teachers		279,005	
Clerical Personnel		27,560	
Educational Assistants		100,890	
Other Salaries and Wages		166,078	
Non-certified Substitute Teachers		14,836	
Social Security		36,595	
State Retirement		63,200	
Life Insurance		518	

(Continued)

## Exhibit J-8

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

Other Education Special Revenue Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Medical Insurance	\$	134,072	
Dental Insurance		5,107	
Unemployment Compensation		500	
Employer Medicare		8,558	
Operating Lease Payments		9,414	
Travel		4,068	
Food Supplies		110,430	
Instructional Supplies and Materials		41,903	
Other Supplies and Materials		124	
In Service/Staff Development		15,683	
Other Charges		32,301	
Total Early Childhood Education			\$ 1,094,948

Total Other Education Special Revenue Fund \$ 1,096,277

Total Governmental Funds - Carter County School Department \$ 47,553,467

## Exhibit J-9

Carter County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund	City School ADA - Elizabethton Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 2,539,778	\$ 2,539,778
Trustee's Collections - Prior Years	0	85,583	85,583
Trustee's Collections - Bankruptcy	0	88	88
Circuit/Clerk and Master Collections - Prior Years	0	27,285	27,285
Interest and Penalty	0	29,908	29,908
Payments in-Lieu-of Taxes - Local Utilities	0	63,294	63,294
Payments in-Lieu-of Taxes - Other	0	690	690
Local Option Sales Tax	4,420,285	1,714,301	6,134,586
Bank Excise Tax	0	22,342	22,342
Interstate Telecommunications Tax	0	1,580	1,580
Marriage Licenses	0	674	674
Mixed Drink Tax	0	1,357	1,357
Donations	0	145	145
Total Cash Receipts	\$ 4,420,285	\$ 4,487,025	\$ 8,907,310
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,376,082	\$ 4,286,421	\$ 8,662,503
Trustee's Commission	44,203	71,492	115,695
Total Cash Disbursements	\$ 4,420,285	\$ 4,357,913	\$ 8,778,198
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 129,112	\$ 129,112
Cash Balance, July 1, 2012	0	121,979	121,979
Cash Balance, June 30, 2013	\$ 0	\$ 251,091	\$ 251,091

---

---

## **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

Carter County Mayor and  
Board of County Commissioners  
Carter 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 Carter County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements, and have issued our report thereon dated December 17, 2013. Our report includes a reference to other auditors who audited the financial statements of the Carter County Emergency Communications District, as described in our report on Carter County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Carter 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 Carter County's internal control. Accordingly, we do not express an opinion on the effectiveness of Carter County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-005(B) and 2013-009.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-003, 2013-007, and 2013-008.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carter County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001, 2013-002, 2013-004, 2013-005(A), and 2013-006.

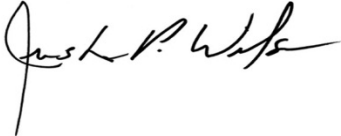
## **Carter County's Responses to Findings**

Carter County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Carter 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 Carter County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 line extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 17, 2013

JPW/sb



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

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

We have audited Carter 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 Carter County's major federal programs for the year ended June 30, 2013. Carter 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 Carter 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 Carter 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 Carter County's compliance.

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-010. Our opinion on each major federal program is not modified with respect to this matter.

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

Management of Carter 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 Carter 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 Carter 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.

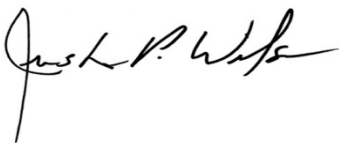
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 Carter County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements. We issued our report thereon dated December 17, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 17, 2013

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Schools and Roads - Grants to States	10.665	N/A	\$ 201,643
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	164,632 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	517,825
National School Lunch Program	10.555	N/A	1,519,940 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	151,764
Total U.S. Department of Agriculture			<u>\$ 2,555,804</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(4)	\$ 539,910
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-10-08	83,807
Total U.S. Department of Housing and Urban Development			<u>\$ 623,717</u>
U.S. Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 68,408
Total U.S. Bureau of Land Management			<u>\$ 68,408</u>
U.S. Department of Education:			
Direct Program:			
Funds for the Improvement of Education	84.215	U215X090265	\$ 151,200
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,786,494
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	163
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,373,594
Special Education - Preschool Grants	84.173	N/A	97,772
Career and Technical Education - Basic Grants to States	84.048	N/A	191,093
Twenty-first Century Community Learning Centers	84.287	(2)	281,673
Education Technology State Grants	84.318	(2)	728
Improving Teacher Quality State Grants	84.367	N/A	243,293
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grants, Recovery Act	84.395	N/A	374,363
Education Jobs Fund	84.410	N/A	8,257
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	76,939
Total U.S. Department of Education			<u>\$ 4,585,569</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	N/A	\$ 40,500
Homeland Security Grant Program	97.067	N/A	220,899
Total U.S. Department of Homeland Security			<u>\$ 261,399</u>
Total Expenditures of Federal Awards			<u>\$ 8,094,897</u>

State Grants		Contract Number	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 12,225
State Aid Program - State Department of Transportation	N/A	(6)	396,381
Used Oil Grant - State Department of Environment and Conservation	N/A	GG-12-37738-00	27,439
Litter Program - State Department of Transportation	N/A	(2)	11,382
Health Department Program - State Department of Health	N/A	(2)	335,874
Adult Basic Education - State Department of Education	N/A	(2)	25,646
Lottery for Education Afterschool Programs - State Department of Education	N/A	(2)	319,271
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	151,778
Connect TN - State Department of Education	N/A	(2)	18,231
Coordinated School Health - State Department of Education	N/A	(2)	60,484
Family Resource Center - State Department of Education	N/A	(2)	29,612
Statewide Student Management System - State Department of Education	N/A	(2)	14,724
Driver's Education - State Department of Education	N/A	(2)	10,731
Railroad Authority Grant - State Department of Transportation	N/A	(5)	287,313
Total State Grants			<u>\$ 1,701,091</u>

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Information not available.  
(3) Total for CFDA No. 10.555 is \$1,684,572.  
(4) GG-09-29607-00: \$104,789; GG-12-39231-00: \$435,121.  
(5) Z-13-RE2005-00: \$1,143; Z-10-RE22081a-00: \$521; Z-13-RE2023-00: \$1,314; Z-13-RR1012-00: \$46,600; Z-12-RE1007-00: \$5,832; Z-13-RE1008-00: \$33,185; Z-13-RE1006-00: \$175,840; Z-12-RE1043-00: \$16,223; Z-12-RE1025-00: \$6,655.  
(6) SA 1038-2 1F: \$226,456; SA 1020-2 1F: \$169,925.

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

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Carter County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
12.01	181	The School Federal Projects Fund had a deficit unassigned fund balance
12.03	182	Expenditures exceeded appropriations

**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

Finding Number	Page Number	Subject
12.04	184	The accounting records did not adequately reflect the financial activity of the office
12.05	186	The office software did not have adequate application controls
12.07	188	Employees shared usernames and passwords

**CARTER COUNTY**

Finding Number	Page Number	Subject
12.08	189	Carter County has a material recurring audit finding

---

---

**CARTER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

---

---

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

1. Our report on the financial statements of Carter County is unmodified.
2. The audit of the financial statements of Carter County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Carter County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389), the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395), and the Community Development Block Grant Program (CFDA No. 14.228) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Carter 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 written responses of the county mayor, director of schools, director of finance, and circuit court clerk are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2013-001**

#### **EXPENDITURES EXCEEDED APPROPRIATIONS**

(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations in the major appropriation categories (the legal level of control) in the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Judicial Commissioners	\$ 225
Miscellaneous	140,211
Solid Waste/Sanitation:	
Recycling Center	8,824

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” The deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

### **RECOMMENDATION**

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

### **MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE AND COUNTY MAYOR**

We hereby acknowledge that expenditures did exceed appropriations in the following categories of the General Fund: Judicial Commissioners and Miscellaneous. Judicial Commissioners ran over by \$225 as a result of accrued payroll at the end of the year. The Miscellaneous category exceeded appropriations as a result of the failure to amend for revenues received for the Railroad Authority of \$144,109.09 during the month of May. The Solid Waste/Sanitation Fund had expenditures that exceeded appropriations in the Recycling Center category. This was a result of an insurance reimbursement that was

received to cover the expenses of damages to the recycling center. Revenues were received in February and April, but an amendment was not approved. In order to correct all excesses in the future, the Finance Department will increase communications among employees to ensure that all amendments are requested, and all accounting is budgeted sufficiently.

---

## **OFFICE OF DIRECTOR OF SCHOOLS**

### **FINDING 2013-002**

### **THE SCHOOL NUTRITION DEPARTMENT HAD DEFICIENCIES RELATED TO EMPLOYEE TRAVEL**

(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

We performed tests of internal controls and compliance related to the Allowable Costs/Cost Principles associated with the Child Nutrition Cluster (CFDA Nos. 10.553 and 10.556). One of the requirements of Allowable Costs/Cost Principles is that program expenditures comply with state and local laws and regulations. We determined that the School Nutrition Department had not complied with Carter County's travel and credit card policies. We selected nine travel related disbursements associated with trips made and scheduled by the food service supervisor and staff to San Antonio, Texas; Kansas City, Missouri; Gatlinburg, Tennessee; and Knoxville, Tennessee. Requirements of the travel policy include the following: (1) all travel must have prior approval and generally will use the "Staff Development/Meeting Request" form; and (2) requests for out of county travel in excess of \$1,000 must have the approval of at least two of four designated individuals (director of schools, finance director, county mayor, or the Budget Committee chairman). Certain disbursements associated with the above-noted travel were charged to a county credit card. Therefore, credit card charges are also governed by the county's Credit Card Policy, which requires that a purchase order be obtained prior to making a purchase with a credit card. Our examination revealed the following deficiencies in these travel related disbursements:

- A. Two instances were noted where purchase orders were not obtained, two instances where the purchase orders were obtained after the purchases were made, and other instances where insufficient explanatory information was included on the request.
- B. We noted that the "Staff Development/Meeting Request" forms were not always completed prior to the purchase, and the travel dates reflected on the form did not always correspond with the actual travel dates. We also noted that in most instances, approval of the two management level individuals was not obtained.
- C. In November 2012, the food service supervisor charged \$850 to the department's credit card to attend a conference in San Antonio, Texas, scheduled for January 2013. The director did not attend the conference and the department was unable to recoup the cost of the registration (\$475) and service charge associated with the airline ticket (\$150). It should be noted,



that the remaining cost of the airline ticket (\$225.20) was applied toward a May 2013 trip to San Antonio, Texas.

These deficiencies were the result of the food service supervisor failing to adhere to the county's travel and credit card policies.

#### RECOMMENDATION

The Food Service Department should adhere to all requirements of the Carter County Travel and Credit Card policies. Expenditures should not be made without obtaining the proper approval. Information on various approval forms and purchase orders should be accurate, complete, and consistent. Purchase orders should be obtained prior to all credit card charges. Every effort should be made to cancel any planned trips early enough to recoup the corresponding deposits. Employees should not receive promotional benefits from direct School Department purchases.

---

#### FINDING 2013-003

#### **THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT UNASSIGNED FUND BALANCE AT JUNE 30, 2013**

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

The School Federal Projects Fund had a deficit unassigned fund balance of \$62,885 at June 30, 2013. This deficit resulted from the deferral of several grant reimbursements set up as accounts receivable that were not received within the department's 60-day availability period.

#### RECOMMENDATION

Officials should liquidate the deficit unassigned fund balance and should request expenditure reimbursements from grant programs in a timely manner.

#### MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE AND DIRECTOR OF SCHOOLS

We hereby acknowledge that the above finding was caused by a combination of events. On June 27, 2013, a reimbursement request of \$45,142 was submitted for the Focus School Grant. This request was somehow lost at the state level, and reimbursement was not received until October 15, 2013. The request was sent in timely. However, reimbursement was delayed because of errors at the state level. The remaining overage was due to the reimbursement request moving from the FACTS system to the ePlan system. All cash needed at the time was requested on June 27, 2013. However, further requests were not allowable until the conversion of the ePlan system was completed. Cash continues to be requested on a weekly basis to eliminate this problem.

---

FINDING 2013-004

**EXPENDITURES EXCEEDED APPROPRIATIONS**  
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded total appropriations in the School Department's Other Special Revenue Fund by \$43,590. Also, expenditures exceeded appropriations in the major appropriation categories (the legal level of control) in the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School: Board of Education	\$ 8,149
School Federal Projects: Vocational Education Program	538

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies." The deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE AND DIRECTOR OF SCHOOLS

The excess expenditures were a result of end-of-year expenses, such as the Trustee's Commission not being sufficiently anticipated. In order to correct this in future years, the Finance Department will continue to review all accounts at year end and ensure that budgets are set sufficiently.

---

## **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

### **FINDING 2013-005**

#### **THE ACCOUNTING RECORDS DID NOT ADEQUATELY REFLECT THE FINANCIAL ACTIVITY OF THE OFFICE**

(A. – Material Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Material Weakness Under *Government Auditing Standards*)

The Circuit and General Sessions Courts' general ledgers did not adequately reflect the financial activity of the office for the year ended June 30, 2013. During the prior year, the clerk's office installed a new software application. Our review of this software application disclosed several internal control weaknesses, which are discussed in Findings 2013-007 and 2013-008. Sound accounting procedures dictate that accounting records should be maintained currently and should accurately reflect the account balances. We noted numerous errors in account balances reflected on the general ledgers during the period under audit. These deficiencies were in part attributable to the failure of management to ensure that the software vendor designed the system with proper computer application controls, the failure to accurately post and reconcile items with the general ledger application timely, and the failure to correct any errors discovered promptly. Inaccurate accounting records increase the risk of misappropriation of funds. We noted the following deficiencies:

- A. The software application could not generate a trial balance of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated, (TCA)*. At June 30, 2013, the circuit and general sessions courts clerk was able to generate a listing of undisbursed items. However, these listings did not reconcile with Circuit Court and General Sessions Court general ledger accounts by \$294,147 and \$701,856, respectively. We discussed the differences with management while performing our audit procedures, and management was unaware of the increases from the amounts noted in the prior-year audit report. After completing our audit procedures, management informed us that the differences were due in part to software issues where receipts had not been removed from the listing after having been paid out. However, we have not reviewed the subsequent corrections made by management and the software vendor.

In addition, the undisbursed receipt listings did not give specific information on case numbers. The information provided on these listings included the receipt number, receipt date, and receipt amount by general ledger account number. Other information provided was to reference the receipt number and/or transaction number; therefore we were not able to verify the information to individual cases. Also, information relating to short-term investment account activity was not reflected on these reports.

It should be noted that the clerk did remit some unidentified funds to the state as unclaimed property. However, with the material differences and weaknesses noted with the information reflected on the undisbursed receipt listing, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*. This statute provides

that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office.

- B. While annual financial reports for Circuit Court and General Sessions Court were prepared in compliance with Section 5-8-505, *TCA*, the information on these reports did not accurately reflect the financial operations of the court offices. Commission amounts earned and paid did not tie with amounts receipted by the county trustee from the courts, and total disbursements did not tie to the general ledger activity. Adjustments to commissions earned totaling \$8,479 in Circuit Court and \$5,612 in General Sessions Court were required to reconcile with amounts actually received by the county trustee. In addition, adjustments to disbursement amounts shown on the financial reports of \$140,078 in Circuit Court and \$12,232 in General Sessions Court were necessary to reconcile with the general ledger/bank activity. These deficiencies are the result of internal control weaknesses noted in the software application system and lack of management oversight.

Due to the numerous errors, management's general lack of oversight, and weaknesses in the software controls, we were unable to satisfy ourselves concerning the propriety of all transactions of the Office of Circuit and General Sessions Courts Clerk. Balances were determined using available documentation and by applying alternative auditing procedures. However, we cannot ascertain the accuracy of these balances, which comprise a portion of the Constitutional Officers – Agency Fund.

#### RECOMMENDATION

The execution docket trial balances should be reconciled with general ledger accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute. Management should have appropriate processes in place to ensure that the general ledgers are materially correct. In addition, management should contact their vendor concerning the addition of controls to the software application to ensure these significant deficiencies have been addressed. These controls would help to ensure the reliability and integrity of the information maintained by the system.

#### MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Prepayment items on the report were doubled on the undisbursed receipts report because as each item was being disbursed, a bill that reduces the balances of said account was not being created. Thus, no flags were created within the system's database that would indicate a problem was occurring. Once discovered on July 22, 2013, the software vendor was contacted immediately, and corrective measures were taken. As of October 1, 2013, the current unreconciled total for Circuit Court is \$122,347 and General Sessions is \$90,784. This is a \$166,660 improvement from the previous year's audit.

FINDING 2013-006

**THE CLERK DID NOT COMPLY WITH THE JUDGE'S ORDER TO INVEST FUNDS**

(Noncompliance Under *Government Auditing Standards*)

In the course of our audit, we became aware of a check written on May 14, 2013, totaling \$522.75 from the fee and commission account of Circuit Court to a local bank. Upon further inquiry, we determined that the circuit court clerk had failed to invest \$123,577.97 as instructed by a judge's order dated April 14, 2012. The check represented interest that would have been earned if the funds had been invested by the clerk as ordered by the judge on April 14, 2012. The disbursement was supported by an order signed by the judge instructing the clerk's office "to take \$522.75 from the clerk's fee account to pay interest from April 19, 2012 to present." This \$522.75 would have been remitted as revenue to the county's General Fund had the clerk invested the funds. The order was filed May 14, 2013. This deficiency was the result of the circuit court clerk not investing funds as ordered by the court.

RECOMMENDATION

As a matter of due diligence and proper management, funds received from the court for trusts should be invested timely as directed by the court.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

The funds were in an interest bearing account since April 27, 2012. The funds ordered to pay for interest came from interest sent in monthly to said account. Therefore, what was paid in came out to be placed into a separate account as per order.

We know there are still improvements to be made and our goals have remained the same; to continue to move forward and become stronger in all accounting policies, practices, and procedures.

AUDITOR'S COMMENT

The amount that was not invested separately per the court's order was earning interest as part of the office's checking account; however, the rate earned appears to be less than the amount the judge ordered to be paid due to the failure to invest the funds separately.

FINDING 2013-007

**THE OFFICES' SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**

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

The following internal control deficiencies related to the software were identified:

- A. The activity report that served as a cash journal could only be sorted by bank account rather than by court. Users could add, edit, or delete each line entry in the report without leaving an audit trail. Unexplained skips in receipts,

deposits, and check numbers were noted on these activity reports. Account balances on this report could be altered as well. Also, the software did not require the user to close accounting periods.

- B. Users could alter or delete receipts without leaving an audit trail of the original information. Users could also alter payment information on the cost bill without leaving an audit trail.
- C. Receipts could be backdated or postdated. These receipts were not available for posting to the activity report. The receipt number sequence displayed on reports was misleading due to unexplained skips. Therefore, it would be difficult to identify backdated or postdated receipts when viewing collection reports.
- D. The application could not generate an execution docket trial balance report.
- E. Users could make alterations to checks without leaving an audit trail of the original information. Also, when a check is voided, the original information is not retained within the application. Duplicate check numbers could be assigned as well.

Sound business practices dictate that proper computer application controls be implemented. Since the vendor did not design the system with proper controls, inappropriate system activity could occur. This was also the result of management's failure to correct the deficiencies noted in the prior-year audit report.

#### **RECOMMENDATION**

Management should contact their vendor concerning the addition of controls to the application to ensure these significant deficiencies have been addressed. These controls would help to ensure the reliability and integrity of the information maintained by the system.

---

#### **FINDING 2013-008**

#### **USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**

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

Although each employee had been assigned a unique username and password for accessing the office's accounting software, employees also used a shared username and password when processing transactions. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should be confidential and should not be shared among employees.

---

## CARTER COUNTY

### FINDING 2013-009

### **CARTER COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

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

<u>Finding Numbers</u>	<u>Description</u>
2013-005, 12.04, 11.05	Execution docket trial balances did not reconcile with general ledger accounts - Office of Circuit and General Sessions Courts Clerk

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Carter County has an Audit Committee, which provided management with guidance to correct the reported material noncompliance from the previous audits; however, the circuit and general sessions court clerk has not corrected the above-noted deficiency.

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

Federal Agency	Finding Number	Federal CFDA		Criteria	Explanation	Amount Questioned
		Number	Number			
U.S. Department of Education: Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program National School Lunch Program	2013-010			Circular A-133,	Noncompliance, see Finding 2013-002: \$ The School Department had deficiencies in the use of Federal Child Nutrition Program funds.	0
		10.553		Compliance		
		10.555		Supplement, Part 3B.		



**CARTER COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2013**

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

**Director of Schools – Corrective Action Plan for Current-Year's Finding**

**FINDING 2013-010**

Contact person: Dr. Kevin Ward, Director of Schools  
Marisa Potter, School Nutrition Program Supervisor

Corrective action taken: The Food Service Department will adhere to all requirements of the Carter County travel and credit card policies. Expenditures will not be made without obtaining proper approval. All approval forms and purchase orders will be checked for accuracy before submission. Purchase orders will be obtained prior to all credit card charges. Every effort will be made to cancel any planned trips early enough to recoup the corresponding deposits. Employees will not receive promotional benefits from direct School Department purchases. All expenditures will be reviewed to ensure that any promotional benefits associated with payments made directly by the School Department are being earned and used for official business only.

Anticipated completion date: December 31, 2013