

ANNUAL FINANCIAL REPORT

CARTER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

CARTER COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

Our audit resulted in three findings and recommendations, which we have reviewed with Carter County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

- ◆ The offices had accounting deficiencies.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not prepare adequate trial balances of the execution dockets.

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The assessor did not update the personal property accounts in a timely manner.

INTRODUCTORY SECTION

Carter County Officials

June 30, 2015

Officials

Leon Humphrey, County Mayor
Roger Colbaugh, Road Superintendent
Kevin Ward, Director of Schools
Randal Lewis, Trustee
Ronnie Taylor, Assessor of Property
Mary Gouge, County Clerk
Johnny Blankenship, Circuit and General Sessions Courts Clerk
Melissa Moreland, Clerk and Master
Edrie Bristol, Register of Deeds
Dexter Lunceford, Sheriff
Ingrid Deloach, Finance Director

Board of County Commissioners

Leon Humphrey, County Mayor, Chairman	Bradley Johnson
Robert Acuff	John Lewis
Nancy Brown	Ray Lyons
Willie Campbell	Cody McQueen
Robert Carroll	Al Meehan
Sonya Culler	Larry Miller
Bobbie Gouge-Dietz	Buford Peters
Ross Garland	Scott Simerly
Robert Gobble	Louis Tester
Isaiah Grindstaff	Ronnie Trivett
Mike Hill	Charles Von Cannon
Timothy Holdren	Danny Ward
Randall Jenkins	

Board of Education

Rusty Barnett, Chairman	Craig Davis
LaDonna Stout-Boone	Tony Garland
David Buck	Steve Hyder
Kelly Crain	Ronnie McAmis

Financial Management Committee

Ray Lyons, Chairman	Leon Humphrey, County Mayor
Bobbie Gouge-Dietz	Roger Colbaugh, Road Superintendent
Charles Von Cannon	Kevin Ward, Director of Schools
Danny Ward	

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
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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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carter County Emergency Communications District, which represent four percent, 8.4 percent, and 2.6 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, 2015, 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.

Change in Accounting Principle

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

Emphasis of Matter

We draw attention to Note I.D.9 to the financial statements, which describes a restatement decreasing the primary government's beginning Governmental Activities net position by \$928,438, and decreasing the beginning net position of the discretely presented Carter County School Department by \$8,517,065. We also draw attention to Note VI.J. to the financial statements, which describes a restatement decreasing the discretely presented Carter County Emergency Communication District's beginning Governmental Activities net

position by \$98,784. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

In addition, we draw attention to Note I.D.8 to the financial statements, which describes a prior-period adjustment increasing the primary government's beginning Governmental Activities net position by \$571,098. This prior-period adjustment was necessary to correct the balance of post-closure care costs liability previously reported for the county's closed landfill. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit(s) plan(s) on pages 96-102 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.

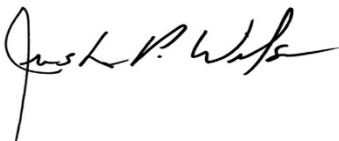
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), and miscellaneous 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 January 20, 2016, 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, sweeping underline that extends to the left.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 20, 2016

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary	Component Units	
	Government	Carter	Emergency
	Governmental	County	Communica-
	Activities	School	tions
		Department	District
<u>ASSETS</u>			
Cash	\$ 17,025	\$ 1,513,520	\$ 408,717
Equity in Pooled Cash and Investments	16,410,161	9,489,071	0
Accounts Receivable	135,981	713	0
Due from Other Governments	925,122	1,253,962	0
Due from Component Units	649,851	0	0
Prepaid Items	0	0	11,179
Property Taxes Receivable	12,337,424	6,304,848	0
Allowance for Uncollectible Property Taxes	(323,812)	(165,479)	0
Net Pension Asset - Cost-sharing Plan	0	86,925	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,995,873	1,038,228	112,000
Construction in Progress	23,450	64,296	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	27,629,848	18,978,275	884,204
Other Capital Assets	1,790,453	2,671,999	306,049
Infrastructure	14,999,170	0	0
Total Assets	<u>\$ 76,590,546</u>	<u>\$ 41,236,358</u>	<u>\$ 1,722,149</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 347,556	\$ 0	\$ 0
Pension Changes in Experience	67,220	90,203	56,282
Pension Changes Other Deferrals	0	211,024	0
Pension Contributions after Measurement Date	1,110,013	2,580,691	75,696
Total Deferred Outflows of Resources	<u>\$ 1,524,789</u>	<u>\$ 2,881,918</u>	<u>\$ 131,978</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 344,158	\$ 119,976	\$ 0
Accrued Payroll	237,118	1,000	85,528
Accrued Interest Payable	120,301	0	0
Payroll Deductions Payable	142,267	664,744	186
Deferred Compensation Payable	0	977	0
Due to Primary Government	0	649,851	0
Due to State of Tennessee	14,688	0	0
Other Current Liabilities	9,561	805,251	0
Noncurrent Liabilities:			
Due Within One Year	2,126,392	228,318	42,868
Due in More Than One Year (net of unamortized premium on debt)	26,347,885	10,828,216	219,806
Total Liabilities	<u>\$ 29,342,370</u>	<u>\$ 13,298,333</u>	<u>\$ 348,388</u>

(Continued)

Exhibit A

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

		Component Units	
	Primary	Carter	Emergency
	Government	County	Communica-
	Governmental	School	tions
	Activities	Department	District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 11,673,945	\$ 5,965,787	\$ 0
Pension Changes in Investment Earnings	1,099,347	8,637,193	53,622
Pension Other Deferrals	0	285,105	0
Total Deferred Inflows of Resources	<u>\$ 12,773,292</u>	<u>\$ 14,888,085</u>	<u>\$ 53,622</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 24,808,924	\$ 22,752,798	\$ 1,302,253
Restricted for:			
General Government	86,039	0	0
Finance	15,944	0	0
Administration of Justice	162,951	0	0
Public Safety	495,108	0	0
Public Health and Welfare	582,962	0	0
Highways	2,007,157	0	0
Debt Service	3,701,036	0	0
Education	0	2,952,543	0
Capital Projects	87,527	263,184	0
Unrestricted	<u>4,052,025</u>	<u>(10,036,662)</u>	<u>149,864</u>
Total Net Position	<u>\$ 35,999,673</u>	<u>\$ 15,931,858</u>	<u>\$ 1,452,117</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, 2015

						Net (Expense) Revenue and Changes in Net Position		
						Primary Government	Component Units	
							Carter County School Department	Emergency Communications District

(Continued)

Exhibit B

Carter County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	
						Carter County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 7,949,077	\$ 6,144,854	\$ 0
Property Taxes Levied for Highway/Public Works					1,125,820	0	0
Property Taxes Levied for Debt Service					2,929,797	0	0
Local Option Sales Taxes					907,109	4,032,909	0
Litigation Tax - General					194,508	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					95,707	0	0
Litigation Tax - Special					9,373	0	0
Litigation Tax - Courtroom Security					76,681	0	0
Hotel/Motel Tax					103,647	0	0
Business Tax					340,202	0	0
Mineral Severance Tax					85,774	0	0
Mixed Drink Tax					1,973	0	0
Wholesale Beer Tax					196,151	0	0
Other Local Taxes					4,126	5,049	0
Grants and Contributions Not Restricted to Specific Programs					807,008	30,724,612	0
Unrestricted Investment Income					52,686	7,879	256
Miscellaneous					27	1,438	48
Sale of Property					4,483	0	0
Pension Income					0	122,066	0
Total General Revenues					\$ 14,884,149	\$ 41,038,807	\$ 304
Change in Net Position					\$ 5,677,570	\$ 2,964,310	\$ 178,121
Net Position, July 1, 2014					30,679,443	21,484,618	1,372,780
Prior-period Adjustment - Landfill Closure/Postclosure Costs (see Note I.D.8)					571,098	0	0
Restatement - Pension Liability (see Note I.D.9)					(928,438)	(8,517,065)	
Restatement - Pension Liability (see Note VI.J.)							(98,784)
Net Position, June 30, 2015					\$ 35,999,673	\$ 15,931,863	\$ 1,452,117

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, 2015

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 3,941	\$ 0	\$ 0	\$ 13,084	\$ 17,025
Equity in Pooled Cash and Investments	8,446,167	2,537,548	4,511,305	915,141	16,410,161
Accounts Receivable	121,827	9,141	3,154	1,859	135,981
Due from Other Governments	577,015	340,698	0	7,409	925,122
Due from Other Funds	14,891	11,666	0	0	26,557
Property Taxes Receivable	8,972,925	1,153,859	2,210,640	0	12,337,424
Allowance for Uncollectible Property Taxes	(224,831)	(30,285)	(68,696)	0	(323,812)
Total Assets	\$ 17,911,935	\$ 4,022,627	\$ 6,656,403	\$ 937,493	\$ 29,528,458
<u>LIABILITIES</u>					
Accounts Payable	\$ 295,110	\$ 16,017	\$ 0	\$ 33,031	\$ 344,158
Accrued Payroll	195,622	31,654	0	9,842	237,118
Payroll Deductions Payable	120,341	16,386	0	5,540	142,267
Due to Other Funds	11,666	0	0	14,891	26,557
Due to State of Tennessee	14,688	0	0	0	14,688
Other Current Liabilities	3,816	0	0	5,745	9,561
Total Liabilities	\$ 641,243	\$ 64,057	\$ 0	\$ 69,049	\$ 774,349
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 8,524,500	\$ 1,091,807	\$ 2,057,638	\$ 0	\$ 11,673,945
Deferred Delinquent Property Taxes	194,566	27,643	73,361	0	295,570
Other Deferred/Unavailable Revenue	153,078	182,264	0	0	335,342
Total Deferred Inflows of Resources	\$ 8,872,144	\$ 1,301,714	\$ 2,130,999	\$ 0	\$ 12,304,857

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 86,039	\$ 0	\$ 0	\$ 0	\$ 86,039
Restricted for Finance	15,944	0	0	0	15,944
Restricted for Administration of Justice	125,875	0	0	37,076	162,951
Restricted for Public Safety	403,749	0	0	91,359	495,108
Restricted for Public Health and Welfare	110,049	0	0	472,913	582,962
Restricted for Highways/Public Works	0	1,889,527	0	0	1,889,527
Restricted for Debt Service	0	0	3,747,976	0	3,747,976
Restricted for Capital Projects	55,272	0	0	32,255	87,527
Committed:					
Committed for Public Safety	141,589	0	0	0	141,589
Committed for Public Health and Welfare	1,000	0	0	188,516	189,516
Committed for Social, Cultural, and Recreational Services	0	0	0	29,659	29,659
Committed for Highways/Public Works	0	767,329	0	0	767,329
Committed for Debt Service	0	0	777,428	0	777,428
Committed for Capital Projects	0	0	0	16,666	16,666
Assigned:					
Assigned for General Government	26,243	0	0	0	26,243
Assigned for Administration of Justice	37,420	0	0	0	37,420
Assigned for Public Safety	81,181	0	0	0	81,181
Assigned for Other Operations	148,390	0	0	0	148,390
Unassigned	7,165,797	0	0	0	7,165,797
Total Fund Balances	<u>\$ 8,398,548</u>	<u>\$ 2,656,856</u>	<u>\$ 4,525,404</u>	<u>\$ 868,444</u>	<u>\$ 16,449,252</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,911,935</u>	<u>\$ 4,022,627</u>	<u>\$ 6,656,403</u>	<u>\$ 937,493</u>	<u>\$ 29,528,458</u>

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 16,449,252
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,995,873	
Add: construction in progress	23,450	
Add: infrastructure net of accumulated depreciation	14,999,170	
Add: buildings and improvements net of accumulated depreciation	27,629,848	
Add: other capital assets net of accumulated depreciation	<u>1,790,453</u>	46,438,794
(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	\$ (486,067)	
Less: other loans payable	(2,741,041)	
Less: bonds payable	(21,160,000)	
Add: deferred amount on refunding	347,556	
Less: capital lease payable	(649,851)	
Add: debt to be contributed by the School Department	649,851	
Less: compensated absences payable	(598,439)	
Less: landfill closure/postclosure care costs	(2,260,824)	
Less: other postemployment benefits liability	(11,090)	
Less: accrued interest on bonds, notes, and other loans payable	(120,301)	
Less: unamortized premium on debt	(469,870)	
Less: net pension liability	<u>(97,095)</u>	(27,597,171)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,177,233	
Less: deferred inflows of resources related to pensions	<u>(1,099,347)</u>	77,886
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>630,912</u>
Net position of governmental activities (Exhibit A)		<u>\$ 35,999,673</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, 2015

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 10,049,709	\$ 1,250,922	\$ 2,984,440	\$ 189,654	\$ 14,474,725
Licenses and Permits	407,466	0	0	0	407,466
Fines, Forfeitures, and Penalties	237,871	0	0	37,162	275,033
Charges for Current Services	88,473	0	0	529,478	617,951
Other Local Revenues	116,052	338,371	52,686	87,724	594,833
Fees Received from County Officials	2,052,611	0	0	0	2,052,611
State of Tennessee	1,991,740	2,159,886	99,055	562,376	4,813,057
Federal Government	201,240	34,864	0	0	236,104
Other Governments and Citizens Groups	847,766	4,440	334,331	21,949	1,208,486
Total Revenues	\$ 15,992,928	\$ 3,788,483	\$ 3,470,512	\$ 1,428,343	\$ 24,680,266
<u>Expenditures</u>					
Current:					
General Government	\$ 1,790,069	\$ 0	\$ 0	\$ 58	\$ 1,790,127
Finance	1,550,193	0	0	187	1,550,380
Administration of Justice	1,242,127	0	0	280	1,242,407
Public Safety	8,158,101	0	0	103,705	8,261,806
Public Health and Welfare	688,466	0	0	936,726	1,625,192
Social, Cultural, and Recreational Services	106,637	0	0	3,571	110,208
Agriculture and Natural Resources	101,909	0	0	0	101,909
Other Operations	711,420	0	0	5,624	717,044
Highways	32,261	3,543,391	0	0	3,575,652
Debt Service:					
Principal on Debt	0	0	1,620,558	0	1,620,558
Interest on Debt	0	0	800,570	0	800,570
Other Debt Service	0	0	79,982	0	79,982

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 6,976	\$ 0	\$ 0	\$ 42,745	\$ 49,721
Total Expenditures	\$ 14,388,159	\$ 3,543,391	\$ 2,501,110	\$ 1,092,896	\$ 21,525,556
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 1,604,769	 \$ 245,092	 \$ 969,402	 \$ 335,447	 \$ 3,154,710
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 5,009	\$ 2,349	\$ 0	\$ 0	\$ 7,358
Transfers In	0	0	0	100,174	100,174
Transfers Out	(100,174)	0	0	0	(100,174)
Total Other Financing Sources (Uses)	\$ (95,165)	\$ 2,349	\$ 0	\$ 100,174	\$ 7,358
 Net Change in Fund Balances	 \$ 1,509,604	 \$ 247,441	 \$ 969,402	 \$ 435,621	 \$ 3,162,068
Fund Balance, July 1, 2014	6,888,944	2,409,415	3,556,002	432,823	13,287,184
 Fund Balance, June 30, 2015	 \$ 8,398,548	 \$ 2,656,856	 \$ 4,525,404	 \$ 868,444	 \$ 16,449,252

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, 2015

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 3,162,068
(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	\$ 1,542,028	
Less: current-year depreciation expense	<u>(1,754,108)</u>	(212,080)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Add: assets donated and capitalized	\$ 574,349	
Less: book value of assets disposed	<u>(5,785)</u>	568,564
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 630,912	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(730,213)</u>	(99,301)
(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	447,000	
Add: principal payments on notes	86,290	
Add: principal payments on bonds	800,000	
Add: principal payments on capital leases	287,268	
Less: principal contributions on capital leases from the School Department	<u>(287,268)</u>	
Less: change in deferred amount on refunding	<u>(34,058)</u>	1,322,844
(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	\$ 2,989	
Change in compensated absences payable	(82,960)	
Change in other postemployment benefits liability	(7,696)	
Change in landfill closure/postclosure care costs	113,913	
Change in net pension liability/asset	831,343	
Change in deferred outflows related to pensions	1,177,233	
Change in deferred inflows related to pensions	<u>(1,099,347)</u>	935,475
Change in net position of governmental activities (Exhibit B)		<u>\$ 5,677,570</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,049,709	\$ 0	\$ 0	\$ 10,049,709	\$ 9,265,837	\$ 9,136,722	\$ 912,987
Licenses and Permits	407,466	0	0	407,466	337,500	380,945	26,521
Fines, Forfeitures, and Penalties	237,871	0	0	237,871	235,250	235,250	2,621
Charges for Current Services	88,473	0	0	88,473	62,750	65,830	22,643
Other Local Revenues	116,052	0	0	116,052	55,000	40,803	75,249
Fees Received from County Officials	2,052,611	0	0	2,052,611	1,842,000	1,838,920	213,691
State of Tennessee	1,991,740	0	0	1,991,740	1,137,164	1,457,121	534,619
Federal Government	201,240	0	0	201,240	33,499	72,749	128,491
Other Governments and Citizens Groups	847,766	0	0	847,766	279,900	849,895	(2,129)
Total Revenues	\$ 15,992,928	\$ 0	\$ 0	\$ 15,992,928	\$ 13,248,900	\$ 14,078,235	\$ 1,914,693
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 99,235	\$ 0	\$ 0	\$ 99,235	\$ 86,879	\$ 106,879	\$ 7,644
Board of Equalization	5,480	0	0	5,480	5,629	5,629	149
County Mayor/Executive	215,479	0	0	215,479	179,137	216,459	980
County Attorney	76,894	0	0	76,894	60,738	78,531	1,637
Election Commission	318,476	0	13,700	332,176	347,875	349,043	16,867
Register of Deeds	238,413	0	0	238,413	248,195	248,195	9,782
Planning	214,434	(7,850)	0	206,584	259,793	273,068	66,484
County Buildings	621,658	(6,608)	12,543	627,593	683,694	678,505	50,912
<u>Finance</u>							
Accounting and Budgeting	363,588	0	0	363,588	393,644	394,386	30,798
Property Assessor's Office	386,649	0	0	386,649	416,529	416,529	29,880
Reappraisal Program	80,748	0	0	80,748	103,211	103,211	22,463
County Trustee's Office	309,878	0	0	309,878	317,952	317,968	8,090
County Clerk's Office	409,330	0	0	409,330	435,680	440,139	30,809
<u>Administration of Justice</u>							
Circuit Court	623,330	0	0	623,330	680,153	680,153	56,823
General Sessions Court	240,061	0	0	240,061	242,141	244,832	4,771
Drug Court	7,712	0	0	7,712	0	0	(7,712)

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Chancery Court	\$ 323,256	\$ 0	\$ 0	\$ 323,256	\$ 314,138	\$ 360,675	\$ 37,419
Judicial Commissioners	39,012	0	0	39,012	39,512	39,512	500
Other Administration of Justice	8,756	0	0	8,756	13,300	14,089	5,333
<u>Public Safety</u>							
Sheriff's Department	4,215,578	(9,568)	79,581	4,285,591	3,494,953	4,363,357	77,766
Jail	3,144,300	0	1,600	3,145,900	3,499,152	3,333,621	187,721
Juvenile Services	194,635	0	0	194,635	201,740	202,049	7,414
Fire Prevention and Control	321,420	0	0	321,420	330,000	330,000	8,580
Rescue Squad	170,000	0	0	170,000	170,000	170,000	0
Other Emergency Management	94,450	0	0	94,450	87,528	98,074	3,624
Inspection and Regulation	3,693	0	0	3,693	3,960	3,960	267
County Coroner/Medical Examiner	12,661	0	0	12,661	9,280	13,765	1,104
Other Public Safety	1,364	0	0	1,364	2,501	2,501	1,137
<u>Public Health and Welfare</u>							
Local Health Center	280,104	0	0	280,104	169,000	280,092	(12)
Rabies and Animal Control	160,416	0	0	160,416	155,929	189,859	29,443
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
Other Local Welfare Services	1,800	0	0	1,800	1,520	2,400	600
Other Public Health and Welfare	51,561	0	0	51,561	1,425	61,875	10,314
<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	22,562	0	0	22,562	22,562	22,562	0
Other Social, Cultural, and Recreational	1,477	0	0	1,477	3,748	3,748	2,271
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	79,485	0	0	79,485	92,361	92,361	12,876
Flood Control	2,570	0	0	2,570	3,658	3,658	1,088
Other Agriculture and Natural Resources	19,854	0	0	19,854	19,854	19,854	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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 116,623	\$ 0	\$ 0	\$ 116,623	\$ 90,000	\$ 90,000	\$ (26,623)
Industrial Development	0	0	0	0	1,000	1,000	1,000
Housing and Urban Development	3,000	0	0	3,000	0	3,000	0
Other Economic and Community Development	128,388	0	0	128,388	101,941	138,191	9,803
Veterans' Services	30,424	0	0	30,424	31,136	31,136	712
Other Charges	1,794	0	0	1,794	1,900	1,900	106
Contributions to Other Agencies	49,500	0	0	49,500	49,500	49,500	0
Miscellaneous	381,691	0	0	381,691	360,468	384,595	2,904
<u>Highways</u>							
Litter and Trash Collection	32,261	0	0	32,261	46,743	47,743	15,482
<u>Capital Projects</u>							
Other General Government Projects	6,976	0	0	6,976	0	6,976	0
Total Expenditures	\$ 14,388,159	\$ (24,026)	\$ 107,424	\$ 14,471,557	\$ 14,057,242	\$ 15,192,763	\$ 721,206
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,604,769	\$ 24,026	\$ (107,424)	\$ 1,521,371	\$ (808,342)	\$ (1,114,528)	\$ 2,635,899
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,009	\$ 0	\$ 0	\$ 5,009	\$ 0	\$ 5,009	\$ 0
Transfers Out	(100,174)	0	0	(100,174)	0	(159,618)	59,444
Total Other Financing Sources	\$ (95,165)	\$ 0	\$ 0	\$ (95,165)	\$ 0	\$ (154,609)	\$ 59,444
Net Change in Fund Balance	\$ 1,509,604	\$ 24,026	\$ (107,424)	\$ 1,426,206	\$ (808,342)	\$ (1,269,137)	\$ 2,695,343
Fund Balance, July 1, 2014	6,888,944	(24,026)	0	6,864,918	3,619,801	3,619,801	3,245,117
Fund Balance, June 30, 2015	\$ 8,398,548	\$ 0	\$ (107,424)	\$ 8,291,124	\$ 2,811,459	\$ 2,350,664	\$ 5,940,460

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 (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,250,922	\$ 0	\$ 0	\$ 1,250,922	\$ 1,124,689	\$ 1,124,689	\$ 126,233
Other Local Revenues	338,371	0	0	338,371	201,000	263,260	75,111
State of Tennessee	2,159,886	0	0	2,159,886	1,991,500	2,089,500	70,386
Federal Government	34,864	0	0	34,864	12,500	12,500	22,364
Other Governments and Citizens Groups	4,440	0	0	4,440	13,000	13,000	(8,560)
Total Revenues	\$ 3,788,483	\$ 0	\$ 0	\$ 3,788,483	\$ 3,342,689	\$ 3,502,949	\$ 285,534
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 358,712	\$ 0	\$ 0	\$ 358,712	\$ 339,038	\$ 377,637	\$ 18,925
Highway and Bridge Maintenance	2,146,354	(91,000)	0	2,055,354	2,260,279	2,344,680	289,326
Operation and Maintenance of Equipment	645,488	0	2,400	647,888	1,039,494	1,014,494	366,606
Other Charges	94,424	0	0	94,424	104,096	104,096	9,672
Employee Benefits	64,736	0	0	64,736	65,941	65,941	1,205
Capital Outlay	233,677	0	241,107	474,784	355,000	479,005	4,221
Total Expenditures	\$ 3,543,391	\$ (91,000)	\$ 243,507	\$ 3,695,898	\$ 4,163,848	\$ 4,385,853	\$ 689,955
Excess (Deficiency) of Revenues Over Expenditures	\$ 245,092	\$ 91,000	\$ (243,507)	\$ 92,585	\$ (821,159)	\$ (882,904)	\$ 975,489
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,349	\$ 0	\$ 0	\$ 2,349	\$ 0	\$ 0	\$ 2,349
Total Other Financing Sources	\$ 2,349	\$ 0	\$ 0	\$ 2,349	\$ 0	\$ 0	\$ 2,349
Net Change in Fund Balance	\$ 247,441	\$ 91,000	\$ (243,507)	\$ 94,934	\$ (821,159)	\$ (882,904)	\$ 977,838
Fund Balance, July 1, 2014	2,409,415	(91,000)	0	2,318,415	1,627,037	1,627,037	691,378
Fund Balance, June 30, 2015	\$ 2,656,856	\$ 0	\$ (243,507)	\$ 2,413,349	\$ 805,878	\$ 744,133	\$ 1,669,216

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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,620,116
Equity in Pooled Cash and Investments	246,458
Accounts Receivable	27,707
Due from Other Governments	1,203,527
Property Taxes Receivable	3,103,547
Allowance for Uncollectible Property Taxes	<u>(81,456)</u>
Total Assets	<u><u>\$ 6,119,899</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,472,076
Due to Litigants, Heirs, and Others	<u>1,647,823</u>
Total Liabilities	<u><u>\$ 6,119,899</u></u>

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

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

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
529 South Sycamore Street
Elizabethton, TN 37643

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 during the year ended June 30, 2015.

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.

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 1.37 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, 2015.

The balance in the account Other Current Liabilities totaling \$805,251 on the Statement of Net Position for the School Department represents the remaining balances in the teachers' insurance clearing account and the federal payroll tax clearing account of \$788,496 and \$16,755, respectively.

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. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience, employer contributions made to the pension plan after the measurement date, pension other deferrals, and deferred charges on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in investment earnings, pension other deferrals, and various 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 policy, 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 bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, termination benefits, other postemployment benefits, landfill closure/postclosure care costs, and pensions 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, 2015, Carter County had \$3,876,959 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. Therefore, 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 (\$107,424), amounts assigned for industrial purposes (\$148,390), and amounts assigned for chancery court computer upgrades (\$37,420). Assigned fund balance in the School Department’s General Purpose School Fund consists of amounts assigned for encumbrances (\$987,192), an energy savings program (\$303,185), and software purchases (\$14,947).

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

8. Prior-period Adjustment

A prior-period adjustment was recognized in the Statement of Activities decreasing the beginning landfill postclosure care liability by \$571,098 due to a re-calculation of prior postclosure care expenses.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Carter County’s beginning net position by \$928,438 has been recognized in the Statement of Activities. In addition, a restatement decreasing the discretely presented School Department’s beginning net position by \$8,517,065 has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$1,245,890) and the pension cost-sharing plan (\$7,271,175).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Carter County’s participation in the Public Employee Retirement Plan of the Tennessee

Consolidated Retirement System (TCRS), and additions to/deductions from Carter County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Carter County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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

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, 2015, Carter County reported the following significant encumbrance:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Primary Government:		
Highway/Public Works	Highways and bridges	\$ 115,250
"	Dump truck	128,257

B. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Overspent</u>
<u>Primary Government</u>	
General:	
Drug Court	\$ 7,712
Local Health Center	12
Tourism	26,623

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance 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, 2015.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 1,993,236	\$ 8,422	\$ (5,785)	\$ 1,995,873
Construction in Progress	0	23,450	0	23,450
Total Capital Assets Not Depreciated	\$ 1,993,236	\$ 31,872	\$ (5,785)	\$ 2,019,323
Capital Assets Depreciated:				
Buildings and Improvements	\$ 32,874,500	\$ 632,782	\$ 0	\$ 33,507,282
Infrastructure	22,440,732	704,391	0	23,145,123
Other Capital Assets	4,644,684	747,332	(79,759)	5,312,257
Total Capital Assets Depreciated	\$ 59,959,916	\$ 2,084,505	\$ (79,759)	\$ 61,964,662
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,042,943	\$ 834,491	\$ 0	\$ 5,877,434
Infrastructure	7,572,261	573,692	0	8,145,953
Other Capital Assets	3,255,638	345,925	(79,759)	3,521,804
Total Accumulated Depreciation	\$ 15,870,842	\$ 1,754,108	\$ (79,759)	\$ 17,545,191
Total Capital Assets Depreciated, Net	\$ 44,089,074	\$ 330,397	\$ 0	\$ 44,419,471
Governmental Activities Capital Assets, Net	\$ 46,082,310	\$ 362,269	\$ (5,785)	\$ 46,438,794

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

Governmental Activities:

General Government	\$ 53,889
Public Safety	813,597
Public Health and Welfare	117,438
Highways	<u>769,184</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,754,108</u></u>

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

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 1,038,228	\$ 0	\$ 0	\$ 1,038,228
Construction in Progress	<u>390,083</u>	<u>64,296</u>	<u>(390,083)</u>	<u>64,296</u>
Total Capital Assets Not Depreciated	<u>\$ 1,428,311</u>	<u>\$ 64,296</u>	<u>\$ (390,083)</u>	<u>\$ 1,102,524</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 43,703,501	\$ 655,317	\$ 0	\$ 44,358,818
Other Capital Assets	<u>6,641,658</u>	<u>611,012</u>	<u>0</u>	<u>7,252,670</u>
Total Capital Assets Depreciated	<u>\$ 50,345,159</u>	<u>\$ 1,266,329</u>	<u>\$ 0</u>	<u>\$ 51,611,488</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 24,602,237	\$ 778,306	\$ 0	\$ 25,380,543
Other Capital Assets	<u>4,065,130</u>	<u>515,541</u>	<u>0</u>	<u>4,580,671</u>
Total Accumulated Depreciation	<u>\$ 28,667,367</u>	<u>\$ 1,293,847</u>	<u>\$ 0</u>	<u>\$ 29,961,214</u>
Total Capital Assets Depreciated, Net	<u>\$ 21,677,792</u>	<u>\$ (27,518)</u>	<u>\$ 0</u>	<u>\$ 21,650,274</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 23,106,103</u></u>	<u><u>\$ 36,778</u></u>	<u><u>\$ (390,083)</u></u>	<u><u>\$ 22,752,798</u></u>

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

Governmental Activities:

Instruction	\$ 796,315
Support Services	410,263
Operation of Non-instructional Services	<u>87,269</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,293,847</u>

C. Construction Commitments

At June 30, 2015, the discretely presented Carter County School Department had uncompleted construction contracts of \$950,760 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, 2015, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 14,891
Highway/Public Works	General	11,666
Discretely Presented School Department:		
General Purpose School	Central Cafeteria	78,980
Central Cafeteria	General Purpose School	29,016
Nonmajor governmental	"	86,683

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

Due to/from Primary Government and Component Units:

The amount reflected as Due to the Primary Government from the discretely presented School Department on the government-wide Statement of Net Position consists of a long-term receivable of \$649,851 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 \$345,469.

Interfund Transfers:

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

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> <u>Nonmajor</u> <u>Governmental</u>
General	\$ 100,174

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 lease-purchase 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 the capital lease are as follows:

<u>Asset</u>	<u>Governmental</u> <u>Activities</u>
Buildings and Improvements	\$ 3,200,000
Less: Accumulated Depreciation	<u>(926,445)</u>
Total Book Value	<u><u>\$ 2,273,555</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30	Governmental Funds
2016	\$ 334,331
2017	334,330
2018	23,091
Total Minimum Lease Payments	\$ 691,752
Less: Amount Representing Interest	(41,901)
Present Value of Minimum Lease Payments	\$ 649,851

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Carter County issues bonds and 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, 2015, 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, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds -				
Refunding	3.29%	5-1-35	\$ 24,800,000	\$ 21,160,000
Capital Outlay Notes	3.49	5-22-20	1,024,700	486,067
Other Loans	Variable	5-25-29	7,030,041	2,741,041
Capital Lease	5.8	7-15-17	3,200,000	649,851

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, 2015.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Interest Rates as of 6-30-15	Other Fees 6-30-15
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Montgomery County Public
Building Authority

Montgomery County PBA Loan Program	\$ 3,500,000	\$ 322,000	Variable	.24 %	.97 %
Montgomery County PBA Loan Program	3,530,041	<u>2,419,041</u>	Variable	.21	.78
Total		<u><u>\$ 2,741,041</u></u>			

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2021-2025	5,525,000	2,597,407	8,122,407
2026-2030	6,035,000	1,678,162	7,713,162
2031-2035	5,000,000	600,000	5,600,000
Total	<u><u>\$ 21,160,000</u></u>	<u><u>\$ 8,236,725</u></u>	<u><u>\$ 29,396,725</u></u>

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 486,067	\$ 51,257	\$ 537,324

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 466,000	\$ 5,853	\$ 21,906	\$ 493,759
2017	149,000	4,778	17,664	171,442
2018	153,000	4,465	16,507	173,972
2019	158,000	4,143	15,319	177,462
2020	164,000	3,811	14,093	181,904
2021-2025	900,000	13,673	50,554	964,227
2026-2029	751,041	3,761	13,907	768,709
Total	\$ 2,741,041	\$ 40,484	\$ 149,950	\$ 2,931,475

There is \$4,525,404 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and the capital lease totaled \$436, based on the 2010 federal census.

The School Department is currently contributing funds to service 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.

Description of Indebtedness	Outstanding 6-30-15
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Capital Lease

Contributions from the General Purpose School Fund

Energy Lighting and Control Equipment	\$ 649,851
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Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2014	\$ 21,960,000	\$ 572,357	\$ 3,188,041
Reductions	(800,000)	(86,290)	(447,000)
Balance, June 30, 2015	\$ 21,160,000	\$ 486,067	\$ 2,741,041
Balance Due Within One Year	\$ 825,000	\$ 89,741	\$ 466,000

	Capital Leases	Compensated Absences	*Restated Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2014	\$ 937,119	\$ 515,479	\$ 2,374,737
Additions	0	836,279	0
Reductions	(287,268)	(753,319)	(113,913)
Balance, June 30, 2015	\$ 649,851	\$ 598,439	\$ 2,260,824
Balance Due Within One Year	\$ 304,382	\$ 292,848	\$ 148,421

	**Restated Net Pension Liability Agent Plan	Other Postemployment Benefits
Balance, July 1, 2014	\$ 928,438	\$ 3,394
Additions	1,768,132	133,361
Reductions	(2,599,475)	(125,665)
Balance, June 30, 2015	\$ 97,095	\$ 11,090
Balance Due Within One Year	\$ 0	\$ 0

*The July 1, 2014 landfill postclosure care costs liability balance includes a prior-period adjustment of \$571,098 as discussed in Note I.D.8.

**See Note I.D.9 for restatement. The restatement in Note I.D.9 is comprised of an amount for the beginning net pension liability of (\$1,629,723) and an amount for employer contributions made during the year ended June 30, 2014, of \$701,285.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 28,004,407
Add: Unamortized Premium on Debt	469,870
Less: Balance Due Within One Year	<u>(2,126,392)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 26,347,885</u></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, 2015, was as follows:

Governmental Activities:

	Compensated Absences	Termination Benefits*
Balance, July 1, 2014	\$ 735,157	\$ 35,508
Additions	218,223	45,653
Reductions	<u>(237,675)</u>	<u>(35,508)</u>
Balance, June 30, 2015	<u>\$ 715,705</u>	<u>\$ 45,653</u>
Balance Due Within One Year	<u>\$ 182,665</u>	<u>\$ 45,653</u>
	Other Postemployment Benefits	**Restated Net Pension Liability - Agent Plan
Balance, July 1, 2014	\$ 8,878,304	\$ 1,245,890
Additions	2,295,419	2,372,693
Reductions	<u>(1,008,841)</u>	<u>(3,488,289)</u>
Balance, June 30, 2015	<u>\$ 10,164,882</u>	<u>\$ 130,294</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

* Balance at June 30, 2014, was included in compensated absences.

**See Note I.D.9 for restatement. The restatement in Note I.D.9 is comprised

of an amount for the beginning net pension liability of (\$2,186,959) and an amount for employer contributions made during the year ended June 30, 2014, of \$941,069.

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, 2015	\$ 11,056,534
Less: Balance Due Within One Year	<u>(228,318)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,828,216</u>

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Carter County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2015, were \$5,800. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2015, were \$312,412 and \$55,787, 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

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

establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

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

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

C. Subsequent Event

Finance Director Ingrid Deloach resigned on August 12, 2015, and was succeeded by Christa Byrd effective August 13, 2015.

D. 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.

E. Changes in Administration

On August 31, 2014, Jack Perkins left the Office of Road Superintendent and was succeeded by Roger Colbaugh, Chris Mathes left the Office of Sheriff and was succeeded by Dexter Lunceford, John Paul Mathes left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Johnny Blankenship.

F. 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

\$2,260,824 reported as postclosure care liability at June 30, 2015, represents amounts based on what it would cost to perform all postclosure care in 2015. The postclosure care liability includes a prior-period adjustment by \$571,098 as discussed in Note I.D.8. 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.

G. 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 made no contributions to the DTF for the year ended June 30, 2015.

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, 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, 2015.

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

H. Jointly Governed Organization

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.

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64, *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. 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 operation of the center.

I. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Carter County and non-certified employees of the discretely presented Carter County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 42.7 percent and the non-certified employees of the discretely presented School Department comprise 57.3 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly.

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

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

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

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	442
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	567
Active Employees	534
Total	<u>1,543</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees hired after January 1, 2010, contribute five percent of salary, while employees hired before January 1, 2010, are noncontributory. Carter County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Carter County were \$1,799,747 based on a rate of 14.94 percent of pensionable payroll. By law, employer contributions

are required to be paid. The TCRS may intercept Carter County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 39,383,641	\$ 35,566,959	\$ 3,816,682
Changes for the year:			
Service Cost	\$ 968,307	\$ 0	\$ 968,307
Interest	2,954,231	0	2,954,231
Differences Between Expected and Actual Experience	196,779	0	196,779
Contributions-Employer	0	1,642,354	(1,642,354)
Contributions-Employees	0	205,685	(205,685)
Net Investment Income	0	5,882,079	(5,882,079)
Benefit Payments, Including Refunds of Employee Contributions	(1,924,412)	(1,924,412)	0
Administrative Expense	0	(21,508)	21,508
Net Changes	\$ 2,194,905	\$ 5,784,198	\$ (3,589,293)
Balance, June 30, 2014	\$ 41,578,546	\$ 41,351,157	\$ 227,389

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 42.7%	\$ 17,754,039	\$ 17,656,944	\$ 97,095
School Department 57.3%	23,824,507	23,694,213	130,294
Total	\$ 41,578,546	\$ 41,351,157	\$ 227,389

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

	1%	Current	1%
	Decrease	Discount	Increase
Carter County	6.5%	Rate	7.5%
			8.5%

Net Pension Liability \$ 5,388,480 \$ 227,389 \$ (4,089,362)

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

Pension Expense. For the year ended June 30, 2015, Carter County recognized pension expense of \$470,220.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 157,423	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,574,582
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	1,799,747	N/A
Total	<u>\$ 1,957,170</u>	<u>\$ 2,574,582</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,177,233	\$ 1,099,347
School Department	779,937	1,475,235
Total	<u>\$ 1,957,170</u>	<u>\$ 2,574,582</u>

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

Year Ending June 30	Amount
2016	\$ (604,290)
2017	(604,290)
2018	(604,290)
2019	(604,290)

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

Payable to the Pension Plan

At June 30, 2015, Carter County reported a payable of \$53,595 for the Primary Government and \$27,897 for the School Department for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Discretely Presented Carter County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Carter County and non-certified employees of the discretely presented Carter County School Department are provided a defined benefit pension plan through the Public Employee Retirement

Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 42.7 percent and the non-certified employees of the discretely presented School Department comprise 57.3 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEAs if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$29,013, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 29,013	N/A

The Carter County School Department's employer contributions of \$29,013 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2016.

Payable to the Pension Plan

At June 30, 2015, Carter County Schools reported a payable of \$2,719 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A

reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEAs if the required employer contributions are not remitted. Employer contributions by the Carter County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,861,944, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Carter County School Department reported an asset of \$86,925 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Carter County School Department's proportion of the net pension asset was based on the Carter County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year

ended June 30, 2014. At the June 30, 2014, measurement date, the Carter County School Department's proportion was .534930 percent. The proportion measured as of June 30, 2013, was .555143 percent.

Pension Income. For the year ended June 30, 2015, the Carter County School Department recognized a pension income of \$122,066.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 211,029	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	7,161,958
Changes in Proportion of Net Pension Liability (Asset)	0	285,105
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>1,861,944</u>	<u>N/A</u>
Total	<u>\$ 2,072,973</u>	<u>\$ 7,447,063</u>

The Carter County School Department's employer contributions of \$1,861,944 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,802,835)
2017	(1,802,835)
2018	(1,802,835)
2019	(1,802,835)
2020	(12,346)
Thereafter	(12,346)

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 14,660,660 \$ (86,925) \$ (12,296,324)

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

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the discretely presented Carter County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Carter County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Carter County School Department contributed \$47,501 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

J. **Other Postemployment Benefits (OPEB)**

Primary Government

Plan Description

Carter County participates in a commercial postemployment benefits plan administered by Blue Cross Blue Shield of Tennessee, 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, 2015, Carter County contributed \$125,665 for postemployment healthcare benefits.

Annual OPEB Cost and Net OPEB Obligation

ARC	\$	133,414
Interest on the NOPEBO		136
Adjustment to the ARC		(189)
Annual OPEB cost	\$	133,361
Amount of contribution		(125,665)
Increase/decrease in NOPEBO	\$	7,696
Net OPEB obligation, 7-1-14		3,394
Net OPEB obligation, 6-30-15	\$	11,090

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Commercial Insurance	\$ 129,882	104%	\$ (3,855)
6-30-14	"	130,873	94	3,394
6-30-15	"	133,361	94	11,090

Funded Status and Funding Progress

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

Actuarial valuation date	7-1-14
Actuarial accrued liability (AAL)	\$ 1,676,954
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,676,954
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 6,523,601
UAAL as a % of covered payroll	26%

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, 2014, 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 4.5 percent. Rates include a 2.5 percent general inflation assumption. 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 plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for health care 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.K. 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 for the state administered plans 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 plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department pays the full premium for single coverage for pre-65 retirees, with retirees being responsible for the extra cost of family coverage. The School Department does not pay any portion of retirees' Medicare Supplement premiums. The School Department contributed \$749,602 for postemployment healthcare benefits during the year ended June 30, 2015.

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, 2015, Carter County contributed \$259,239 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	\$ 2,080,000	\$ 211,363
Interest on the NOPEBO	342,921	12,211
Adjustment to the ARC	(334,101)	(16,975)
Annual OPEB cost	\$ 2,088,820	\$ 206,599
Amount of contribution	(749,602)	(259,239)
Increase/decrease in NOPEBO	\$ 1,339,218	\$ (52,640)
Net OPEB obligation, 7-1-14	8,573,036	305,268
Net OPEB obligation, 6-30-15	\$ 9,912,254	\$ 252,628

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 2,289,078	38	% \$ 7,478,703
6-30-14	"	2,015,706	46	8,573,036
6-30-15	"	2,088,820	36	9,912,254
6-30-13	Dental, Life, and Termination	231,408	74	293,920
6-30-14	"	231,440	95	305,268
6-30-15	"	206,599	126	252,628

Funded Status and Funding Progress

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

	Local Education Group Plan	Dental, Life, and Termination Benefits Plan
Actuarial valuation date	7-1-13	7-1-14
Actuarial accrued liability (AAL)	\$ 18,050,000	\$ 3,159,819
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 18,050,000	\$ 3,159,819
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 24,553,279	\$ 27,488,825
UAAL as a % of covered payroll	74%	11%

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Education 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 seven percent for fiscal year 2015. The trend will decrease to 6.5 percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. 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, 2014, 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 4.5 percent. The life insurance and the termination benefits are assumed to remain at current levels. The unfunded actuarial accrued liability is being amortized as a level amount on an open basis over a 30-year period which is reset as of each actuarial valuation date.

K. Termination Benefits

The discretely presented Carter County School Department has entered into a retirement bonus payment plan in accordance with policy. This plan is available to all certified and non-certified personnel who meet the eligibility requirements. To be eligible, certified personnel must have been employed with the Carter County School System for at least 30 years, or who are retiring with 29 years of service and one year of sick days for a total of 30 years, with the ten years preceding retirement having been employed with

the Carter County School System. Non-certified personnel must have been employed for at least 30 years, with the ten years preceding retirement having been with the Carter County School System. The plan gives certified and non-certified personnel who have met the above requirements a one-time bonus of \$5,000 when the employee retires. As discussed in Note V.J., termination benefits are included in the Carter County School Department OPEB obligations.

L. 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.

M. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by the finance director 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.

Operating revenue includes service charges, alarm revenues, and operational funding and shared wireless funding. 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 net position 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*.

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, 2015.

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 of \$250,000 is collateralized by the State of Tennessee bank collateral pool. At certain times during the year, the total funds held by financial institutions exceeded FDIC insurance coverage.

Compensated Absences

Each full-time employee will be granted 24 hours of personnel time each calendar year. Full-time employees also received sick leave in the amount 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.

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.

Pensions

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

B. Budget

In accordance with *Tennessee Code Annotated*, Section 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 Director of Local Finance 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, 2015, 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 to ten years for the furniture, five to ten years for the equipment, and five years for the vehicles. The dollar threshold for capitalization is \$500.

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets, Not Being Depreciated:				
Land	\$ 112,000	\$ 0	\$ 0	\$ 112,000
Construction in Progress	738,408	0	(738,408)	0
Total Capital Assets Not Being Depreciated	<u>\$ 850,408</u>	<u>\$ 0</u>	<u>\$ (738,408)</u>	<u>\$ 112,000</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 222,031	\$ 692,902	\$ 0	\$ 914,933
Furniture and Fixtures	34,380	53,752	0	88,132
Office Equipment	29,381	0	0	29,381
Communication Equipment	703,804	214,707	(64,731)	853,780
Vehicles	41,316	0	0	41,316
Leasehold Improvements	62,167	0	(4,100)	58,067
Other Capital Assets	139,034	1,980	0	141,014
Total Capital Assets Being Depreciated	<u>\$ 1,232,113</u>	<u>\$ 963,341</u>	<u>\$ (68,831)</u>	<u>\$ 2,126,623</u>

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ (8,783)	\$ (21,946)	\$ 0	\$ (30,729)
Furniture and Fixtures	(19,537)	(9,736)	0	(29,273)
Office Equipment	(26,166)	(1,032)	0	(27,198)
Communication Equipment	(627,373)	(29,730)	44,353	(612,750)
Vehicles	(34,424)	(4,135)	0	(38,559)
Leasehold Improvements	(60,682)	(50)	2,665	(58,067)
Other Capital Assets	(139,398)	(396)	0	(139,794)
Total Accumulated Depreciation	<u>\$ (916,363)</u>	<u>\$ (67,025)</u>	<u>\$ 47,018</u>	<u>\$ (936,370)</u>
Total Capital Assets, Net	<u>\$ 1,166,158</u>	<u>\$ 896,316</u>	<u>\$ (760,221)</u>	<u>\$ 1,302,253</u>

E. Pension Plan

General Information About the Pension Plan

Plan Description. Employees of the Carter County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

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

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	5
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	13
Active Employees	18
Total	<u><u>36</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Carter County Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Carter County were \$75,696 based on a rate of 11.57 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Carter County Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Carter County Emergency Communications District's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

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

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 882,484	\$ 715,036	\$ 167,448
Changes for the year:			
Service Cost	\$ 35,930	\$ 0	\$ 35,930
Interest	68,117	0	68,117
Differences Between Expected and Actual Experience	63,317	0	63,317
Contributions-Employer	0	68,664	(68,664)
Net Investment Income	0	122,442	(122,442)
Benefit Payments, Including Refunds of Employee Contributions	(20,388)	(20,388)	0
Administrative Expense	0	(648)	648
Net Changes	\$ 146,976	\$ 170,070	\$ (23,094)
Balance, June 30, 2014	\$ 1,029,460	\$ 885,106	\$ 144,354

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

Carter County Emergency Communications District	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 351,233	\$ 144,354	\$ (20,942)

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

Pension Expense. For the year ended June 30, 2015, Carter County Emergency Communications District recognized pension expense of \$42,910.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Carter County Emergency Communications

District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 56,282	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	53,622
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	75,696	N/A
Total	<u>\$ 131,978</u>	<u>\$ 53,622</u>

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

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

Year Ending June 30	Amount
2016	\$ (6,371)
2017	(6,371)
2018	(6,371)
2019	(6,371)
2020	7,035
Thereafter	21,105

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

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, 2015, 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 a 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)	\$	13,062
Interest on Net OPEB Obligation		2,518
Adjustment to ARC		(3,071)
Annual OPEB Cost (Expense)	\$	12,509
Contribution Made (assumed end of year)		0
Increase(Decrease) in Net OPEB Obligation	\$	12,509
Net OPEB obligation, 7-1-14		62,943
Net OPEB obligation, 6-30-15	\$	75,452

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015, 2014, and 2013, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6-30-15	\$ 12,509	0%	\$ 75,452
6-30-14	10,155	181	62,943
6-30-13	9,089	195	69,828

Funding Status and Funding Progress:

The funded status of the plan as of July 1, 2014, the date of the actuarial valuation was as follows:

Actuarial Valuation Date	7-1-14
Actuarial Accrued Liability (AAL)	\$ 77,257
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 77,257
Actuarial Value of Assets as a % of the AAL	0%
Covered Payroll	\$ 620,000
UAAL as a % of Covered Payroll	13%

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, 2014. A discount rate of four percent was used to discount expected liabilities to the valuation dates. Future salaries are expected to increase at an annual rate of three percent. Average health care trend costs rates are assumed to increase by 8.5 percent for years two and three, increase eight percent (years four and five), 7.5 percent (years six and seven), seven percent (years eight and nine), 6.5 percent (years ten and 11), six percent (years 12 and 13), 5.5 percent for years 14 and subsequent. The projected unit credit actuarial 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

The district 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 district 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. 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.

J. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015. As a result of implementing the provisions of these statements, the district recognized the initial establishment of a net pension liability at July 1, 2013. Accordingly, the district restated its financial statements for the year ended June 30, 2014. The effect of the restatement was to decrease the district's beginning net position by \$98,784.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

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

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 968,307
Interest	2,954,231
Differences Between Actual and Expected Experience	196,779
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,924,412)</u>
Net Change in Total Pension Liability (Asset)	\$ 2,194,905
Total Pension Liability (Asset), Beginning	<u>39,383,641</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 41,578,546</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,642,354
Contributions - Employee	205,685
Net Investment Income	5,882,079
Benefit Payments, Including Refunds of Employee Contributions	(1,924,412)
Administrative Expense	<u>(21,508)</u>
Net Change in Plan Fiduciary Net Position	\$ 5,784,198
Plan Fiduciary Net Position, Beginning	<u>35,566,959</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 41,351,157</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ 227,389</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.45%
Covered Employee Payroll	\$ 11,631,366
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	1.95%

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

Note: data presented is 42.7% primary government and 57.3% non-certified employees of the discretely presented School Department.

Exhibit E-2

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

	2014	2015
Actuarially Determined Contribution	\$ 1,642,354	\$ 1,799,747
Less Contributions in Relation to the Actuarially Determined Contribution	(1,642,354)	(1,799,747)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 11,634,366	\$ 12,046,508
Contributions as a Percentage of Covered Employee Payroll	14.12%	14.94%

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

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

Exhibit E-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 18,133
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(29,013)</u>
Contribution Deficiency (Excess)	<u><u>\$ (10,880)</u></u>
 Covered Employee Payroll	 \$ 725,312
 Contributions as a Percentage of Covered Employee Payroll	 4.00%

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

Exhibit E-4

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

	2014	2015
Actuarially Determined Contribution	\$ 1,864,442	\$ 1,861,944
Less Contributions in Relation to the Actuarially Determined Contribution	(1,864,442)	(1,861,944)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 20,996,151	\$ 20,596,723
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

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

Exhibit E-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.534930%
School Department's Proportionate Share of the Net Pension Asset	\$ 86,925
Covered Employee Payroll	\$ 20,996,151
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit E-6

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

(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	7-1-11	\$ 0	\$ 1,574	\$ 1,574	0%	\$ 6,534	24%
"	7-1-12	0	1,611	1,611	0	6,808	24
"	7-1-14	0	1,677	1,677	0	6,524	26
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>							
Dental, Life, and Termination	7-1-11	\$ 0	\$ 3,578	\$ 3,578	0%	\$ 27,512	13%
"	7-1-12	0	3,475	3,475	0	28,303	12
"	7-1-14	0	3,160	3,160	0	27,489	11
Local Education Group	7-1-10	0	18,822	18,822	0	25,662	73
"	7-1-11	0	19,879	19,879	0	26,941	74
"	7-1-13	0	18,050	18,050	0	25,293	71

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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 of deeds, 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

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>ASSETS</u>					
Cash	\$ 0	\$ 6,740	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	37,076	127,054	567,211	105,220	29,659
Accounts Receivable	0	1,643	0	100	0
Due from Other Governments	0	7,409	0	0	0
Total Assets	<u>\$ 37,076</u>	<u>\$ 142,846</u>	<u>\$ 567,211</u>	<u>\$ 105,320</u>	<u>\$ 29,659</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 27,574	\$ 1,816	\$ 3,641	\$ 0
Accrued Payroll	0	9,263	579	0	0
Payroll Deductions Payable	0	5,271	269	0	0
Due to Other Funds	0	2,086	1,770	4,575	0
Other Current Liabilities	0	0	0	5,745	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 44,194</u>	<u>\$ 4,434</u>	<u>\$ 13,961</u>	<u>\$ 0</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Administration of Justice	\$ 37,076	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Public Safety	0	0	0	91,359	0
Restricted for Public Health and Welfare	0	0	472,913	0	0
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	0	98,652	89,864	0	0
Committed for Social, Cultural, and Recreational Services	0	0	0	0	29,659
Committed for Capital Projects	0	0	0	0	0
Total Fund Balances	<u>\$ 37,076</u>	<u>\$ 98,652</u>	<u>\$ 562,777</u>	<u>\$ 91,359</u>	<u>\$ 29,659</u>
Total Liabilities and Fund Balances	<u>\$ 37,076</u>	<u>\$ 142,846</u>	<u>\$ 567,211</u>	<u>\$ 105,320</u>	<u>\$ 29,659</u>

(Continued)

Exhibit F-1

Carter County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	Constitu - tional Officers - Fees	Total	General Capital Projects		
<u>ASSETS</u>					
Cash	\$ 6,344	\$ 13,084	\$ 0	\$	13,084
Equity in Pooled Cash and Investments	0	866,220	48,921		915,141
Accounts Receivable	116	1,859	0		1,859
Due from Other Governments	0	7,409	0		7,409
Total Assets	\$ 6,460	\$ 888,572	\$ 48,921	\$	937,493
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 33,031	\$ 0	\$	33,031
Accrued Payroll	0	9,842	0		9,842
Payroll Deductions Payable	0	5,540	0		5,540
Due to Other Funds	6,460	14,891	0		14,891
Other Current Liabilities	0	5,745	0		5,745
Total Liabilities	\$ 6,460	\$ 69,049	\$ 0	\$	69,049
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Administration of Justice	\$ 0	\$ 37,076	\$ 0	\$	37,076
Restricted for Public Safety	0	91,359	0		91,359
Restricted for Public Health and Welfare	0	472,913	0		472,913
Restricted for Capital Projects	0	0	32,255		32,255
Committed:					
Committed for Public Health and Welfare	0	188,516	0		188,516
Committed for Social, Cultural, and Recreational Services	0	29,659	0		29,659
Committed for Capital Projects	0	0	16,666		16,666
Total Fund Balances	\$ 0	\$ 819,523	\$ 48,921	\$	868,444
Total Liabilities and Fund Balances	\$ 6,460	\$ 888,572	\$ 48,921	\$	937,493

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, 2015

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>Revenues</u>					
Local Taxes	\$ 9,373	\$ 0	\$ 169,000	\$ 0	\$ 11,281
Fines, Forfeitures, and Penalties	0	0	0	37,162	0
Charges for Current Services	0	528,773	0	0	0
Other Local Revenues	0	83,464	0	4,260	0
State of Tennessee	0	20,789	541,587	0	0
Other Governments and Citizens Groups	0	0	0	0	21,949
Total Revenues	<u>\$ 9,373</u>	<u>\$ 633,026</u>	<u>\$ 710,587</u>	<u>\$ 41,422</u>	<u>\$ 33,230</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	0	0	0	0
Public Safety	0	0	0	103,525	0
Public Health and Welfare	0	699,052	237,674	0	0
Social, Cultural, and Recreational Services	0	0	0	0	3,571
Other Operations	93	5,272	0	259	0
Capital Projects	0	0	0	0	0
Total Expenditures	<u>\$ 93</u>	<u>\$ 704,324</u>	<u>\$ 237,674</u>	<u>\$ 103,784</u>	<u>\$ 3,571</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,280</u>	<u>\$ (71,298)</u>	<u>\$ 472,913</u>	<u>\$ (62,362)</u>	<u>\$ 29,659</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 100,174	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 100,174</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 9,280	\$ 28,876	\$ 472,913	\$ (62,362)	\$ 29,659
Fund Balance, July 1, 2014	<u>27,796</u>	<u>69,776</u>	<u>89,864</u>	<u>153,721</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 37,076</u>	<u>\$ 98,652</u>	<u>\$ 562,777</u>	<u>\$ 91,359</u>	<u>\$ 29,659</u>

(Continued)

Exhibit F-2

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	Constitu - tional Officers - Fees	Total	General Capital Projects		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 189,654	\$ 0	\$	189,654
Fines, Forfeitures, and Penalties	0	37,162	0		37,162
Charges for Current Services	705	529,478	0		529,478
Other Local Revenues	0	87,724	0		87,724
State of Tennessee	0	562,376	0		562,376
Other Governments and Citizens Groups	0	21,949	0		21,949
Total Revenues	\$ 705	\$ 1,428,343	\$ 0	\$	1,428,343
<u>Expenditures</u>					
Current:					
General Government	\$ 58	\$ 58	\$ 0	\$	58
Finance	187	187	0		187
Administration of Justice	280	280	0		280
Public Safety	180	103,705	0		103,705
Public Health and Welfare	0	936,726	0		936,726
Social, Cultural, and Recreational Services	0	3,571	0		3,571
Other Operations	0	5,624	0		5,624
Capital Projects	0	0	42,745		42,745
Total Expenditures	\$ 705	\$ 1,050,151	\$ 42,745	\$	1,092,896
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 378,192	\$ (42,745)	\$	335,447
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 100,174	\$ 0	\$	100,174
Total Other Financing Sources (Uses)	\$ 0	\$ 100,174	\$ 0	\$	100,174
Net Change in Fund Balances	\$ 0	\$ 478,366	\$ (42,745)	\$	435,621
Fund Balance, July 1, 2014	0	341,157	91,666		432,823
Fund Balance, June 30, 2015	\$ 0	\$ 819,523	\$ 48,921	\$	868,444

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,373	\$ 10,500	\$ 10,500	\$ (1,127)
Total Revenues	\$ 9,373	\$ 10,500	\$ 10,500	\$ (1,127)
<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	0	4,800	4,800	4,800
<u>Other Operations</u>				
Miscellaneous	93	100	100	7
Total Expenditures	\$ 93	\$ 10,500	\$ 10,500	\$ 10,407
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,280	\$ 0	\$ 0	\$ 9,280
Net Change in Fund Balance	\$ 9,280	\$ 0	\$ 0	\$ 9,280
Fund Balance, July 1, 2014	27,796	0	0	27,796
Fund Balance, June 30, 2015	\$ 37,076	\$ 0	\$ 0	\$ 37,076

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 528,773	\$ 579,000	\$ 579,000	\$ (50,227)
Other Local Revenues	83,464	70,000	70,000	13,464
State of Tennessee	20,789	0	0	20,789
Total Revenues	<u>\$ 633,026</u>	<u>\$ 649,000</u>	<u>\$ 649,000</u>	<u>\$ (15,974)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 39,119	\$ 52,357	\$ 52,357	\$ 13,238
Recycling Center	52,555	59,995	59,995	7,440
Landfill Operation and Maintenance	607,378	694,266	694,266	86,888
<u>Other Operations</u>				
Miscellaneous	5,272	10,000	10,000	4,728
Total Expenditures	<u>\$ 704,324</u>	<u>\$ 816,618</u>	<u>\$ 816,618</u>	<u>\$ 112,294</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (71,298)</u>	<u>\$ (167,618)</u>	<u>\$ (167,618)</u>	<u>\$ 96,320</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	<u>\$ 100,174</u>	<u>\$ 167,618</u>	<u>\$ 167,618</u>	<u>\$ (67,444)</u>
Total Other Financing Sources	<u>\$ 100,174</u>	<u>\$ 167,618</u>	<u>\$ 167,618</u>	<u>\$ (67,444)</u>
Net Change in Fund Balance	\$ 28,876	0	0	\$ 28,876
Fund Balance, July 1, 2014	<u>69,776</u>	<u>0</u>	<u>0</u>	<u>69,776</u>
Fund Balance, June 30, 2015	<u><u>\$ 98,652</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>\$ 98,652</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 169,000	\$ 0	\$ 169,000	\$ 0
State of Tennessee	541,587	169,000	550,318	(8,731)
Total Revenues	<u>\$ 710,587</u>	<u>\$ 169,000</u>	<u>\$ 719,318</u>	<u>\$ (8,731)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 237,674	\$ 169,000	\$ 726,818	\$ 489,144
Total Expenditures	<u>\$ 237,674</u>	<u>\$ 169,000</u>	<u>\$ 726,818</u>	<u>\$ 489,144</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 472,913</u>	<u>\$ 0</u>	<u>\$ (7,500)</u>	<u>\$ 480,413</u>
Net Change in Fund Balance	\$ 472,913	\$ 0	\$ (7,500)	\$ 480,413
Fund Balance, July 1, 2014	<u>89,864</u>	<u>0</u>	<u>7,500</u>	<u>82,364</u>
Fund Balance, June 30, 2015	<u><u>\$ 562,777</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 562,777</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 37,162	\$ 55,000	\$ 67,000	\$ (29,838)
Other Local Revenues	4,260	19,000	8,320	(4,060)
State of Tennessee	0	5,000	5,000	(5,000)
Total Revenues	<u>\$ 41,422</u>	<u>\$ 79,000</u>	<u>\$ 80,320</u>	<u>\$ (38,898)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 103,525	\$ 110,000	\$ 198,800	\$ 95,275
<u>Other Operations</u>				
Miscellaneous	259	800	800	541
Total Expenditures	<u>\$ 103,784</u>	<u>\$ 110,800</u>	<u>\$ 199,600</u>	<u>\$ 95,816</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (62,362)</u>	<u>\$ (31,800)</u>	<u>\$ (119,280)</u>	<u>\$ 56,918</u>
Net Change in Fund Balance	\$ (62,362)	\$ (31,800)	\$ (119,280)	\$ 56,918
Fund Balance, July 1, 2014	<u>153,721</u>	<u>31,800</u>	<u>119,280</u>	<u>34,441</u>
Fund Balance, June 30, 2015	<u><u>\$ 91,359</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 91,359</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 11,281	\$ 0	\$ 11,281	\$ 0
Other Governments and Citizens Groups	21,949	11,281	0	21,949
Total Revenues	<u>\$ 33,230</u>	<u>\$ 11,281</u>	<u>\$ 11,281</u>	<u>\$ 21,949</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 3,571	\$ 11,281	\$ 11,281	\$ 7,710
Total Expenditures	<u>\$ 3,571</u>	<u>\$ 11,281</u>	<u>\$ 11,281</u>	<u>\$ 7,710</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,659</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,659</u>
Net Change in Fund Balance	\$ 29,659	\$ 0	\$ 0	\$ 29,659
Fund Balance, July 1, 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2015	<u><u>\$ 29,659</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 29,659</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,984,440	\$ 2,895,558	\$ 2,895,558	\$ 88,882
Other Local Revenues	52,686	60,000	60,000	(7,314)
State of Tennessee	99,055	33,208	33,208	65,847
Other Governments and Citizens Groups	334,331	0	335,000	(669)
Total Revenues	<u>\$ 3,470,512</u>	<u>\$ 2,988,766</u>	<u>\$ 3,323,766</u>	<u>\$ 146,746</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 800,000	\$ 800,000	\$ 800,000	\$ 0
Education	820,558	533,263	820,732	174
<u>Interest on Debt</u>				
General Government	726,930	726,931	726,931	1
Education	73,640	179,117	226,648	153,008
<u>Other Debt Service</u>				
General Government	60,046	66,000	66,000	5,954
Education	19,936	22,700	22,700	2,764
Total Expenditures	<u>\$ 2,501,110</u>	<u>\$ 2,328,011</u>	<u>\$ 2,663,011</u>	<u>\$ 161,901</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 969,402</u>	<u>\$ 660,755</u>	<u>\$ 660,755</u>	<u>\$ 308,647</u>
Net Change in Fund Balance	\$ 969,402	\$ 660,755	\$ 660,755	\$ 308,647
Fund Balance, July 1, 2014	<u>3,556,002</u>	<u>3,638,602</u>	<u>3,638,602</u>	<u>(82,600)</u>
Fund Balance, June 30, 2015	<u>\$ 4,525,404</u>	<u>\$ 4,299,357</u>	<u>\$ 4,299,357</u>	<u>\$ 226,047</u>

Fiduciary Funds

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

	Agency Funds			
	Cities -	City	Constitu-	
	Sales	School	tional	
	Tax	ADA -	Officers -	
		Elizabethton	Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,620,116	\$ 1,620,116
Equity in Pooled Cash and Investments	0	246,458	0	246,458
Accounts Receivable	0	0	27,707	27,707
Due from Other Governments	844,804	358,723	0	1,203,527
Property Taxes Receivable	0	3,103,547	0	3,103,547
Allowance for Uncollectible Property Taxes	0	(81,456)	0	(81,456)
Total Assets	\$ 844,804	\$ 3,627,272	\$ 1,647,823	\$ 6,119,899
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 844,804	\$ 3,627,272	\$ 0	\$ 4,472,076
Due to Litigants, Heirs, and Others	0	0	1,647,823	1,647,823
Total Liabilities	\$ 844,804	\$ 3,627,272	\$ 1,647,823	\$ 6,119,899

Exhibit H-2

Carter County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,686,058	\$ 4,686,058	\$ 0
Due from Other Governments	786,398	844,804	786,398	844,804
Total Assets	<u>\$ 786,398</u>	<u>\$ 5,530,862</u>	<u>\$ 5,472,456</u>	<u>\$ 844,804</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 786,398	\$ 5,530,862	\$ 5,472,456	\$ 844,804
Total Liabilities	<u>\$ 786,398</u>	<u>\$ 5,530,862</u>	<u>\$ 5,472,456</u>	<u>\$ 844,804</u>
<u>City School ADA - Elizabethton Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 241,854	\$ 5,121,350	\$ 5,116,746	\$ 246,458
Due from Other Governments	329,572	358,723	329,572	358,723
Property Taxes Receivable	2,971,886	3,103,547	2,971,886	3,103,547
Allowance for Uncollectible Property Taxes	(76,829)	(81,456)	(76,829)	(81,456)
Total Assets	<u>\$ 3,466,483</u>	<u>\$ 8,502,164</u>	<u>\$ 8,341,375</u>	<u>\$ 3,627,272</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,466,483	\$ 8,502,164	\$ 8,341,375	\$ 3,627,272
Total Liabilities	<u>\$ 3,466,483</u>	<u>\$ 8,502,164</u>	<u>\$ 8,341,375</u>	<u>\$ 3,627,272</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,454,018	\$ 8,357,781	\$ 8,191,683	\$ 1,620,116
Accounts Receivable	13,758	27,707	13,758	27,707
Due from Other Funds	10,206	0	10,206	0
Total Assets	<u>\$ 1,477,982</u>	<u>\$ 8,385,488</u>	<u>\$ 8,215,647</u>	<u>\$ 1,647,823</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,477,982	\$ 8,385,488	\$ 8,215,647	\$ 1,647,823
Total Liabilities	<u>\$ 1,477,982</u>	<u>\$ 8,385,488</u>	<u>\$ 8,215,647</u>	<u>\$ 1,647,823</u>

(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	\$ 1,454,018	\$ 8,357,781	\$ 8,191,683	\$ 1,620,116
Equity in Pooled Cash and Investments	241,854	9,807,408	9,802,804	246,458
Accounts Receivable	13,758	27,707	13,758	27,707
Due from Other Governments	1,115,970	1,203,527	1,115,970	1,203,527
Due from Other Funds	10,206	0	10,206	0
Property Taxes Receivable	2,971,886	3,103,547	2,971,886	3,103,547
Allowance for Uncollectible Property Taxes	(76,829)	(81,456)	(76,829)	(81,456)
Total Assets	<u>\$ 5,730,863</u>	<u>\$ 22,418,514</u>	<u>\$ 22,029,478</u>	<u>\$ 6,119,899</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,252,881	\$ 14,033,026	\$ 13,813,831	\$ 4,472,076
Due to Litigants, Heirs, and Others	1,477,982	8,385,488	8,215,647	1,647,823
Total Liabilities	<u>\$ 5,730,863</u>	<u>\$ 22,418,514</u>	<u>\$ 22,029,478</u>	<u>\$ 6,119,899</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 and three Special Revenue Funds.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

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

Exhibit I-1

Carter County, Tennessee
Statement of Activities
Discretely Presented Carter County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 27,487,583	\$ 15,908	\$ 4,507,472	\$ (22,964,203)
Support Services	14,387,921	95,215	711,904	(13,580,802)
Operation of Non-instructional Services	5,247,883	682,796	3,035,595	(1,529,492)
Total Governmental Activities	<u>\$ 47,123,387</u>	<u>\$ 793,919</u>	<u>\$ 8,254,971</u>	<u>\$ (38,074,497)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 6,144,854
Local Option Sales Taxes				4,032,909
Other Local Taxes				5,049
Grants and Contributions Not Restricted for Specific Programs				30,724,612
Unrestricted Investment Income				7,879
Miscellaneous				1,438
Pension Income				122,066
Total General Revenues				<u>\$ 41,038,807</u>
Change in Net Position				\$ 2,964,310
Net Position, July 1, 2014				21,484,618
Restatement - Pension Liability (see Note I.D.9)				<u>(8,517,065)</u>
Net Position, June 30, 2015				<u>\$ 15,931,863</u>

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,510,480	\$ 3,040	\$ 0	\$ 1,513,520
Equity in Pooled Cash and Investments	6,667,813	2,655,176	166,082	9,489,071
Accounts Receivable	0	0	713	713
Due from Other Governments	1,045,731	169,937	38,294	1,253,962
Due from Other Funds	78,980	29,016	86,683	194,679
Property Taxes Receivable	6,304,848	0	0	6,304,848
Allowance for Uncollectible Property Taxes	(165,479)	0	0	(165,479)
Total Assets	<u>\$ 15,442,373</u>	<u>\$ 2,857,169</u>	<u>\$ 291,772</u>	<u>\$ 18,591,314</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 102,575	\$ 15,563	\$ 1,838	\$ 119,976
Accrued Payroll	1,000	0	0	1,000
Payroll Deductions Payable	601,840	5,230	57,674	664,744
Future Compensation Payable	0	0	977	977
Due to Other Funds	115,699	78,980	0	194,679
Other Current Liabilities	805,251	0	0	805,251
Total Liabilities	<u>\$ 1,626,365</u>	<u>\$ 99,773</u>	<u>\$ 60,489</u>	<u>\$ 1,786,627</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,965,787	\$ 0	\$ 0	\$ 5,965,787
Deferred Delinquent Property Taxes	151,047	0	0	151,047
Other Deferred/Unavailable Revenue	371,819	0	0	371,819
Total Deferred Inflows of Resources	<u>\$ 6,488,653</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,488,653</u>

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 76,938	\$ 2,757,396	\$ 31,284	\$ 2,865,618
Restricted for Capital Projects	263,184	0	0	263,184
Committed:				
Committed for Education	1,225,274	0	199,999	1,425,273
Assigned:				
Assigned for Education	384,602	0	0	384,602
Assigned for Capital Projects	920,722	0	0	920,722
Unassigned	4,456,635	0	0	4,456,635
Total Fund Balances	<u>\$ 7,327,355</u>	<u>\$ 2,757,396</u>	<u>\$ 231,283</u>	<u>\$ 10,316,034</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,442,373</u>	<u>\$ 2,857,169</u>	<u>\$ 291,772</u>	<u>\$ 18,591,314</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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 10,316,034
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,038,228	
Add: construction in progress	64,296	
Add: building and improvements net of accumulated depreciation	18,978,275	
Add: other capital assets net of accumulated depreciation	<u>2,671,999</u>	22,752,798
(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	\$ (649,851)	
Less: compensated absences payable	(715,705)	
Less: termination benefits liability	(45,653)	
Less: other postemployment benefits liability	(10,164,882)	
Less: net pension liability - agent plan	<u>(130,294)</u>	(11,706,385)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 2,881,923	
Less: deferred inflows of resources related to pensions	<u>(8,922,298)</u>	(6,040,375)
(4) Net pension assets of the cost-sharing plan are not current financial resources and therefore are not reported in the governmental funds.		86,925
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>522,866</u>
Net position of governmental activities (Exhibit A)		<u>\$ 15,931,863</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, 2015

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 10,420,237	\$ 0	\$ 0	\$ 10,420,237
Licenses and Permits	1,229	0	0	1,229
Charges for Current Services	228,795	542,560	0	771,355
Other Local Revenues	40,975	5,310	0	46,285
State of Tennessee	30,523,595	30,128	0	30,553,723
Federal Government	355,184	2,858,158	4,038,808	7,252,150
Other Governments and Citizens Groups	15,508	0	989,232	1,004,740
Total Revenues	\$ 41,585,523	\$ 3,436,156	\$ 5,028,040	\$ 50,049,719
<u>Expenditures</u>				
Current:				
Instruction	\$ 23,978,086	\$ 0	\$ 2,758,245	\$ 26,736,331
Support Services	13,845,166	0	1,166,446	15,011,612
Operation of Non-instructional Services	1,077,550	3,142,045	1,082,938	5,302,533
Capital Outlay	711,421	0	0	711,421
Debt Service:				
Other Debt Service	334,330	0	0	334,330
Total Expenditures	\$ 39,946,553	\$ 3,142,045	\$ 5,007,629	\$ 48,096,227
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,638,970	\$ 294,111	\$ 20,411	\$ 1,953,492
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,893	\$ 0	\$ 0	\$ 4,893
Total Other Financing Sources (Uses)	\$ 4,893	\$ 0	\$ 0	\$ 4,893
Net Change in Fund Balances	\$ 1,643,863	\$ 294,111	\$ 20,411	\$ 1,958,385
Fund Balance, July 1, 2014	5,683,492	2,463,285	210,872	8,357,649
Fund Balance, June 30, 2015	\$ 7,327,355	\$ 2,757,396	\$ 231,283	\$ 10,316,034

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, 2015

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,958,385
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 940,542	
Less: current-year depreciation expense	<u>(1,293,847)</u>	(353,305)
(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, 2015	\$ 522,866	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(606,954)</u>	(84,088)
(3) The issuance of long-term debt (e.g., capital leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department 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		287,268
(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	\$ 19,452	
Change in termination benefits liability	(10,145)	
Change in other postemployment benefits liability	(1,286,578)	
Change in net pension liability/asset	8,473,696	
Change in deferred outflows related to pensions	2,881,923	
Change in deferred inflows related to pensions	<u>(8,922,298)</u>	<u>1,156,050</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,964,310</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>		
	School Federal Projects	Other Education Special Revenue	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 136,619	\$ 29,463	\$ 166,082
Accounts Receivable	713	0	713
Due from Other Governments	38,294	0	38,294
Due from Other Funds	70,655	16,028	86,683
Total Assets	<u>\$ 246,281</u>	<u>\$ 45,491</u>	<u>\$ 291,772</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 1,838	\$ 1,838
Payroll Deductions Payable	43,087	14,587	57,674
Future Compensation Payable	977	0	977
Total Liabilities	<u>\$ 44,064</u>	<u>\$ 16,425</u>	<u>\$ 60,489</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 2,218	\$ 29,066	\$ 31,284
Committed:			
Committed for Education	199,999	0	199,999
Total Fund Balances	<u>\$ 202,217</u>	<u>\$ 29,066</u>	<u>\$ 231,283</u>
Total Liabilities and Fund Balances	<u>\$ 246,281</u>	<u>\$ 45,491</u>	<u>\$ 291,772</u>

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, 2015

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Other Education Special Revenue	Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 3,933,501	\$ 105,307	\$ 4,038,808
Other Governments and Citizens Groups	0	989,232	989,232
Total Revenues	<u>\$ 3,933,501</u>	<u>\$ 1,094,539</u>	<u>\$ 5,028,040</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,758,245	\$ 0	\$ 2,758,245
Support Services	1,165,145	1,301	1,166,446
Operation of Non-instructional Services	0	1,082,938	1,082,938
Total Expenditures	<u>\$ 3,923,390</u>	<u>\$ 1,084,239</u>	<u>\$ 5,007,629</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,111</u>	<u>\$ 10,300</u>	<u>\$ 20,411</u>
Net Change in Fund Balances	\$ 10,111	\$ 10,300	\$ 20,411
Fund Balance, July 1, 2014	192,106	18,766	210,872
Fund Balance, June 30, 2015	<u>\$ 202,217</u>	<u>\$ 29,066</u>	<u>\$ 231,283</u>

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,420,237	\$ 0	\$ 0	\$ 10,420,237	\$ 9,386,122	\$ 9,389,822	\$ 1,030,415
Licenses and Permits	1,229	0	0	1,229	1,500	1,500	(271)
Charges for Current Services	228,795	0	0	228,795	225,000	225,000	3,795
Other Local Revenues	40,975	0	0	40,975	21,200	51,997	(11,022)
State of Tennessee	30,523,595	0	0	30,523,595	29,036,699	30,574,244	(50,649)
Federal Government	355,184	0	0	355,184	95,000	315,220	39,964
Other Governments and Citizens Groups	15,508	0	0	15,508	0	14,187	1,321
Total Revenues	\$ 41,585,523	\$ 0	\$ 0	\$ 41,585,523	\$ 38,765,521	\$ 40,571,970	\$ 1,013,553
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,318,943	\$ 0	\$ 0	\$ 19,318,943	\$ 19,789,711	\$ 20,043,985	\$ 725,042
Alternative Instruction Program	157,819	0	0	157,819	162,979	164,801	6,982
Special Education Program	3,157,413	0	0	3,157,413	3,131,406	3,159,861	2,448
Vocational Education Program	1,343,911	0	0	1,343,911	1,404,229	1,416,737	72,826
<u>Support Services</u>							
Health Services	404,286	0	0	404,286	324,371	426,935	22,649
Other Student Support	1,428,854	0	0	1,428,854	1,143,935	1,434,974	6,120
Regular Instruction Program	1,409,429	0	0	1,409,429	1,420,310	1,477,389	67,960
Alternative Instruction Program	116,481	0	0	116,481	116,684	117,386	905
Special Education Program	376,580	0	0	376,580	361,548	384,564	7,984
Vocational Education Program	165,449	0	0	165,449	155,532	166,235	786
Other Programs	368,199	0	0	368,199	0	368,199	0
Board of Education	779,095	0	0	779,095	781,502	788,722	9,627
Director of Schools	413,989	0	0	413,989	446,030	433,136	19,147
Office of the Principal	2,377,564	0	0	2,377,564	2,426,375	2,447,604	70,040
Fiscal Services	141,131	0	0	141,131	158,000	158,000	16,869
Operation of Plant	2,673,096	0	0	2,673,096	2,862,157	2,862,157	189,061
Maintenance of Plant	688,574	0	29,500	718,074	701,814	979,139	261,065
Transportation	2,229,733	0	0	2,229,733	2,208,520	2,517,688	287,955

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Central and Other	\$ 272,706	\$ 0	\$ 0	\$ 272,706	\$ 304,689	\$ 304,690	\$ 31,984
<u>Operation of Non-Instructional Services</u>							
Community Services	777,282	0	0	777,282	194,588	797,287	20,005
Early Childhood Education	300,268	0	0	300,268	0	300,526	258
<u>Capital Outlay</u>							
Regular Capital Outlay	711,421	(399,482)	957,692	1,269,631	335,300	1,298,258	28,627
<u>Principal on Debt</u>							
Education	0	0	0	0	259,100	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	75,900	0	0
<u>Other Debt Service</u>							
Education	334,330	0	0	334,330	0	335,000	670
Total Expenditures	\$ 39,946,553	\$ (399,482)	\$ 987,192	\$ 40,534,263	\$ 38,764,680	\$ 42,383,273	\$ 1,849,010
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,638,970	\$ 399,482	\$ (987,192)	\$ 1,051,260	\$ 841	\$ (1,811,303)	\$ 2,862,563
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,893	\$ 0	\$ 0	\$ 4,893	\$ 0	\$ 3,205	\$ 1,688
Total Other Financing Sources	\$ 4,893	\$ 0	\$ 0	\$ 4,893	\$ 0	\$ 3,205	\$ 1,688
Net Change in Fund Balance	\$ 1,643,863	\$ 399,482	\$ (987,192)	\$ 1,056,153	\$ 841	\$ (1,808,098)	\$ 2,864,251
Fund Balance, July 1, 2014	5,683,492	(399,482)	0	5,284,010	3,161,649	3,926,839	1,357,171
Fund Balance, June 30, 2015	\$ 7,327,355	\$ 0	\$ (987,192)	\$ 6,340,163	\$ 3,162,490	\$ 2,118,741	\$ 4,221,422

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,933,501	\$ 4,642,918	\$ 4,773,025	\$ (839,524)
Total Revenues	\$ 3,933,501	\$ 4,642,918	\$ 4,773,025	\$ (839,524)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,702,564	\$ 1,926,348	\$ 2,012,233	\$ 309,669
Special Education Program	980,344	1,235,980	1,237,835	257,491
Vocational Education Program	75,337	75,337	75,337	0
<u>Support Services</u>				
Attendance	1,007	0	3,000	1,993
Other Student Support	257,868	268,593	268,893	11,025
Regular Instruction Program	475,667	552,432	588,206	112,539
Special Education Program	363,250	511,596	512,596	149,346
Vocational Education Program	1,000	1,000	1,000	0
Transportation	66,353	71,632	73,925	7,572
Total Expenditures	\$ 3,923,390	\$ 4,642,918	\$ 4,773,025	\$ 849,635
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,111	\$ 0	\$ 0	\$ 10,111
Net Change in Fund Balance	\$ 10,111	\$ 0	\$ 0	\$ 10,111
Fund Balance, July 1, 2014	192,106	0	0	192,106
Fund Balance, June 30, 2015	\$ 202,217	\$ 0	\$ 0	\$ 202,217

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 542,560	\$ 661,458	\$ 661,458	\$ (118,898)
Other Local Revenues	5,310	8,000	8,000	(2,690)
State of Tennessee	30,128	25,000	25,000	5,128
Federal Government	2,858,158	1,853,962	2,126,398	731,760
Total Revenues	<u>\$ 3,436,156</u>	<u>\$ 2,548,420</u>	<u>\$ 2,820,856</u>	<u>\$ 615,300</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,142,045	\$ 2,995,813	\$ 3,268,249	\$ 126,204
Total Expenditures	<u>\$ 3,142,045</u>	<u>\$ 2,995,813</u>	<u>\$ 3,268,249</u>	<u>\$ 126,204</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 294,111</u>	<u>\$ (447,393)</u>	<u>\$ (447,393)</u>	<u>\$ 741,504</u>
Net Change in Fund Balance	\$ 294,111	\$ (447,393)	\$ (447,393)	\$ 741,504
Fund Balance, July 1, 2014	<u>2,463,285</u>	<u>2,466,745</u>	<u>2,466,745</u>	<u>(3,460)</u>
Fund Balance, June 30, 2015	<u><u>\$ 2,757,396</u></u>	<u><u>\$ 2,019,352</u></u>	<u><u>\$ 2,019,352</u></u>	<u><u>\$ 738,044</u></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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 105,307	\$ 110,200	\$ 110,200	\$ (4,893)
Other Governments and Citizens Groups	989,232	912,026	974,411	14,821
Total Revenues	<u>\$ 1,094,539</u>	<u>\$ 1,022,226</u>	<u>\$ 1,084,611</u>	<u>\$ 9,928</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Operation of Plant	\$ 1,301	\$ 1,481	\$ 1,481	\$ 180
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	1,082,938	1,020,745	1,083,130	192
Total Expenditures	<u>\$ 1,084,239</u>	<u>\$ 1,022,226</u>	<u>\$ 1,084,611</u>	<u>\$ 372</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,300</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,300</u>
Net Change in Fund Balance	\$ 10,300	\$ 0	\$ 0	\$ 10,300
Fund Balance, July 1, 2014	<u>18,766</u>	<u>19,091</u>	<u>19,091</u>	<u>(325)</u>
Fund Balance, June 30, 2015	<u><u>\$ 29,066</u></u>	<u><u>\$ 19,091</u></u>	<u><u>\$ 19,091</u></u>	<u><u>\$ 9,975</u></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, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<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	\$ 572,357	\$ 86,290	\$ 486,067
Total Notes Payable						\$ 572,357	\$ 86,290	\$ 486,067
<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	3,500,000	Variable		6-14-01	5-25-16	\$ 629,000	\$ 307,000	\$ 322,000
County and School Renovation and Construction	3,530,041	Variable		11-21-05	5-25-29	2,559,041	140,000	2,419,041
Total Other Loans Payable						\$ 3,188,041	\$ 447,000	\$ 2,741,041
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2010	24,800,000	3.29		10-7-10	5-1-35	\$ 21,960,000	\$ 800,000	\$ 21,160,000
Total Bonds Payable						\$ 21,960,000	\$ 800,000	\$ 21,160,000
<u>CAPITAL LEASE PAYABLE</u>								
<u>Contributed by School Department through General Purpose School Fund to the General Debt Service Fund</u>								
Energy Lighting and Control Equipment	3,200,000	5.8		11-25-02	7-15-17	\$ 937,119	\$ 287,268	\$ 649,851
Total Capital Lease Payable						\$ 937,119	\$ 287,268	\$ 649,851

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
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	<u>\$ 486,067</u>	<u>\$ 51,257</u>	<u>\$ 537,324</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 466,000	\$ 5,853	\$ 21,906	\$ 493,759
2017	149,000	4,778	17,664	171,442
2018	153,000	4,465	16,507	173,972
2019	158,000	4,143	15,319	177,462
2020	164,000	3,811	14,093	181,904
2021	169,000	3,467	12,819	185,286
2022	174,000	3,112	11,507	188,619
2023	180,000	2,747	10,156	192,903
2024	186,000	2,369	8,758	197,127
2025	191,000	1,978	7,314	200,292
2026	198,000	1,577	5,831	205,408
2027	204,000	1,161	4,294	209,455
2028	211,000	733	2,710	214,443
2029	138,041	290	1,072	139,403
Total	\$ 2,741,041	\$ 40,484	\$ 149,950	\$ 2,931,475

(Continued)

Exhibit J-2

Carter County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 21,160,000	\$ 8,236,725	\$ 29,396,725

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2016	\$ 304,382	\$ 29,949	\$ 334,331
2017	322,510	11,820	334,330
2018	22,959	132	23,091
Total	\$ 649,851	\$ 41,901	\$ 691,752

Exhibit J-3

Carter County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2015

From Fund	To Fund	Purpose	Amount
General	Solid Waste/Sanitation	Operations	<u>\$ 100,174</u>
Total Transfers			<u><u>\$ 100,174</u></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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 94,442	\$ 100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	94,393 (1)	50,000	Western Surety Company
Road Superintendent:				
Jack Perkins (7-1-14 to 8-31-14)	Section 8-24-102, <i>TCA</i>	13,991	100,000	RLI Insurance Company
Roger Colbaugh (9-1-14 to 6-30-15)	Section 8-24-102, <i>TCA</i>	69,954	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	76,313	1,717,161	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	76,313	50,000	"
Finance Director	County Commission	62,905	100,000	Western Surety Company
County Clerk	Section 8-24-102, <i>TCA</i>	76,313	100,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk:				
John Paul Mathes (7-1-14 to 8-31-14)	Section 8-24-102, <i>TCA</i>	12,719	50,000	"
Johnny Blankenship (9-1-14 to 6-30-15)	Section 8-24-102, <i>TCA</i>	63,594	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> ,	76,313	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Sheriff:				
Chris Mathes (7-1-14 to 8-31-14)	Section 8-24-102, <i>TCA</i> ,	14,991 (2)	25,000	"
Dexter Lunceford (9-1-14 to 6-30-15)	and County Commission	74,954 (3)	100,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes \$1,000 for chief executive officer's training supplement and contractual payments for travel allowance of \$2,400.

(2) Includes a county workhouse supplement of \$1,000.

(3) Includes a county workhouse supplement of \$5,000.

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,455,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	336,843	0	0	0	0	0
Trustee's Collections - Bankruptcy	6	0	0	0	0	0
Circuit/Clerk and Master Collections - Prior Years	153,041	0	0	0	0	0
Interest and Penalty	150,456	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	11,668	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	160,397	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,863	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	730,068	0	0	169,000	0	11,281
Hotel/Motel Tax	103,647	0	0	0	0	0
Litigation Tax - General	194,508	0	0	0	0	0
Litigation Tax - Special Purpose	0	9,373	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	95,707	0	0	0	0	0
Litigation Tax - Courthouse Security	76,681	0	0	0	0	0
Business Tax	340,202	0	0	0	0	0
Mixed Drink Tax	1,973	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	36,972	0	0	0	0	0
Wholesale Beer Tax	196,151	0	0	0	0	0
Interstate Telecommunications Tax	4,126	0	0	0	0	0
Total Local Taxes	\$ 10,049,709	\$ 9,373	\$ 0	\$ 169,000	\$ 0	\$ 11,281

(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
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Animal Registration	20,185	0	0	0	0	0
Cable TV Franchise	290,180	0	0	0	0	0
<u>Permits</u>						
Beer Permits	500	0	0	0	0	0
Building Permits	6,720	0	0	0	0	0
Electrical Permits	35,981	0	0	0	0	0
Other Permits	52,000	0	0	0	0	0
Total Licenses and Permits	\$ 407,466	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,749	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	689	0
Drug Court Fees	1,338	0	0	0	0	0
Jail Fees	2,620	0	0	0	0	0
Judicial Commissioner Fees	441	0	0	0	0	0
DUI Treatment Fines	1,423	0	0	0	0	0
Data Entry Fee - Circuit Court	1,392	0	0	0	0	0
Courtroom Security Fee	2,390	0	0	0	0	0
<u>Criminal Court</u>						
Fines	66,685	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	50,931	0	0	0	0	0
Officers Costs	40,668	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
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,989	\$ 0
Drug Court Fees	4,890	0	0	0	0	0
Jail Fees	9,710	0	0	0	0	0
Judicial Commissioner Fees	1,304	0	0	0	0	0
DUI Treatment Fines	9,590	0	0	0	0	0
Data Entry Fee - General Sessions Court	14,722	0	0	0	0	0
Courtroom Security Fee	3,500	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	8,036	0	0	0	0	0
Drug Court Fees	1,483	0	0	0	0	0
Jail Fees	4,294	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,072	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,940	0	0	0	0	0
Data Entry Fee - Chancery Court	5,950	0	0	0	0	0
Courtroom Security Fee	134	0	0	0	0	0
<u>Other Courts - In-county</u>						
Jail Fees	14	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Fines	0	0	0	0	1,339	0
Drug Task Force Forfeitures and Seizures	0	0	0	0	4,026	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	23,119	0
Other Fines, Forfeitures, and Penalties	595	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 237,871	\$ 0	\$ 0	\$ 0	\$ 37,162	\$ 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
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 466,923	\$ 0	\$ 0	\$ 0
Tipping Fees	0	0	61,850	0	0	0
Work Release Charges for Board	13,501	0	0	0	0	0
<u>Fees</u>						
Copy Fees	10,604	0	0	0	0	0
Telephone Commissions	33,303	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	14,142	0	0	0	0	0
Data Processing Fee - Sheriff	4,843	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,700	0	0	0	0	0
Data Processing Fee - County Clerk	3,080	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	3,300	0	0	0	0	0
Total Charges for Current Services	\$ 88,473	\$ 0	\$ 528,773	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	13,550	0	0	0	0	0
Sale of Materials and Supplies	276	0	0	0	0	0
Commissary Sales	23,484	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Maps	200	0	0	0	0	0
Sale of Recycled Materials	436	0	63,733	0	0	0
Sale of Animals/Livestock	6,475	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
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Retirees' Insurance Payments	\$ 27	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Refunds	9,143	0	19,731	0	4,260	0
<u>Nonrecurring Items</u>						
Sale of Equipment	39,853	0	0	0	0	0
Sale of Property	9,358	0	0	0	0	0
Damages Recovered from Individuals	13,250	0	0	0	0	0
Total Other Local Revenues	\$ 116,052	\$ 0	\$ 83,464	\$ 0	\$ 4,260	\$ 0
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 472,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	138,395	0	0	0	0	0
General Sessions Court Clerk	317,519	0	0	0	0	0
Clerk and Master	244,781	0	0	0	0	0
Register	172,131	0	0	0	0	0
Sheriff	12,014	0	0	0	0	0
Trustee	695,373	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,052,611	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 16,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
On-behalf Contributions for OPEB	5,800	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	30,600	0	0	0	0	0
Other Public Safety Grants	4,861	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
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 284,238	\$ 0	\$ 0	\$ 91,587	\$ 0	\$ 0
Other Health and Welfare Grants	54,000	0	0	450,000	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	25,868	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	74,055	0	0	0	0	0
Beer Tax	19,781	0	0	0	0	0
Vehicle Certificate of Title Fees	13,542	0	0	0	0	0
Alcoholic Beverage Tax	84,685	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
Emergency Hospital - Prisoners	22,760	0	0	0	0	0
Contracted Prisoner Boarding	1,305,676	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
State Shared Sales Tax - Cities	9,049	0	0	0	0	0
Other State Grants	23,517	0	0	0	0	0
Other State Revenues	1,644	0	20,789	0	0	0
Total State of Tennessee	\$ 1,991,740	\$ 0	\$ 20,789	\$ 541,587	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 36,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	35,074	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
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Law Enforcement Grants	\$ 6,190	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	0	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	8,179	0	0	0	0	0
FHA Grant	3,000	0	0	0	0	0
Forest Service	20,092	0	0	0	0	0
Other Direct Federal Revenue	92,455	0	0	0	0	0
Total Federal Government	<u>\$ 201,240</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 17,825	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,949
Contracted Services	816,402	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	13,539	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 847,766</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,949</u>
Total	<u>\$ 15,992,928</u>	<u>\$ 9,373</u>	<u>\$ 633,026</u>	<u>\$ 710,587</u>	<u>\$ 41,422</u>	<u>\$ 33,230</u>

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)		Debt Service Fund		
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 1,059,231	\$ 2,811,040	\$	11,325,671
Trustee's Collections - Prior Year	0	43,146	48,160		428,149
Trustee's Collections - Bankruptcy	0	1	1		8
Circuit/Clerk and Master Collections - Prior Years	0	19,909	21,726		194,676
Interest and Penalty	0	19,595	24,257		194,308
Payments in-Lieu-of Taxes - T.V.A.	0	1,642	4,137		17,447
Payments in-Lieu-of Taxes - Local Utilities	0	22,788	60,477		243,662
Payments in-Lieu-of Taxes - Other	0	265	702		2,830
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0		910,349
Hotel/Motel Tax	0	0	0		103,647
Litigation Tax - General	0	0	0		194,508
Litigation Tax - Special Purpose	0	0	0		9,373
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0		95,707
Litigation Tax - Courthouse Security	0	0	0		76,681
Business Tax	0	0	0		340,202
Mixed Drink Tax	0	0	0		1,973
Mineral Severance Tax	0	79,092	0		79,092
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	5,253	13,940		56,165
Wholesale Beer Tax	0	0	0		196,151
Interstate Telecommunications Tax	0	0	0		4,126
Total Local Taxes	\$ 0	\$ 1,250,922	\$ 2,984,440	\$	14,474,725

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)		Debt Service Fund		
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$	1,900
Animal Registration	0	0	0		20,185
Cable TV Franchise	0	0	0		290,180
<u>Permits</u>					
Beer Permits	0	0	0		500
Building Permits	0	0	0		6,720
Electrical Permits	0	0	0		35,981
Other Permits	0	0	0		52,000
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$	407,466
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$	1,749
Drug Control Fines	0	0	0		689
Drug Court Fees	0	0	0		1,338
Jail Fees	0	0	0		2,620
Judicial Commissioner Fees	0	0	0		441
DUI Treatment Fines	0	0	0		1,423
Data Entry Fee - Circuit Court	0	0	0		1,392
Courtroom Security Fee	0	0	0		2,390
<u>Criminal Court</u>					
Fines	0	0	0		66,685
<u>General Sessions Court</u>					
Fines	0	0	0		50,931
Officers Costs	0	0	0		40,668

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Debt Service</u>	
	<u>Constitu -</u>	<u>Highway /</u>	<u>Fund</u>	
	<u>Officers -</u>	<u>Public</u>	<u>General</u>	
	<u>Fees</u>	<u>Works</u>	<u>Debt</u>	<u>Total</u>
			<u>Service</u>	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>General Sessions Court (Cont.)</u>				
Drug Control Fines	\$ 0	\$ 0	\$ 0	7,989
Drug Court Fees	0	0	0	4,890
Jail Fees	0	0	0	9,710
Judicial Commissioner Fees	0	0	0	1,304
DUI Treatment Fines	0	0	0	9,590
Data Entry Fee - General Sessions Court	0	0	0	14,722
Courtroom Security Fee	0	0	0	3,500
<u>Juvenile Court</u>				
Fines	0	0	0	8,036
Drug Court Fees	0	0	0	1,483
Jail Fees	0	0	0	4,294
Data Entry Fee - Juvenile Court	0	0	0	1,072
<u>Chancery Court</u>				
Officers Costs	0	0	0	2,940
Data Entry Fee - Chancery Court	0	0	0	5,950
Courtroom Security Fee	0	0	0	134
<u>Other Courts - In-county</u>				
Jail Fees	0	0	0	14
<u>Judicial District Drug Program</u>				
Fines	0	0	0	1,339
Drug Task Force Forfeitures and Seizures	0	0	0	4,026
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	23,119
Other Fines, Forfeitures, and Penalties	0	0	0	595
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	275,033

(Continued)

Exhibit J-5

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

	Special Revenue Funds (Cont.)		Debt Service Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 466,923
Tipping Fees	0	0	0	61,850
Work Release Charges for Board	0	0	0	13,501
<u>Fees</u>				
Copy Fees	0	0	0	10,604
Telephone Commissions	0	0	0	33,303
Constitutional Officers' Fees and Commissions	705	0	0	705
Data Processing Fee - Register	0	0	0	14,142
Data Processing Fee - Sheriff	0	0	0	4,843
Sexual Offender Registration Fee - Sheriff	0	0	0	5,700
Data Processing Fee - County Clerk	0	0	0	3,080
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	0	3,300
Total Charges for Current Services	\$ 705	\$ 0	\$ 0	\$ 617,951
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 52,686	\$ 52,686
Lease/Rentals	0	0	0	13,550
Sale of Materials and Supplies	0	0	0	276
Commissary Sales	0	0	0	23,484
Sale of Gasoline	0	179,033	0	179,033
Sale of Maps	0	0	0	200
Sale of Recycled Materials	0	5,074	0	69,243
Sale of Animals/Livestock	0	0	0	6,475

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Debt Service Fund</u>		
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Retirees' Insurance Payments	\$ 0	\$ 0	\$ 0	\$	27
Miscellaneous Refunds	0	563	0		33,697
<u>Nonrecurring Items</u>					
Sale of Equipment	0	153,701	0		193,554
Sale of Property	0	0	0		9,358
Damages Recovered from Individuals	0	0	0		13,250
Total Other Local Revenues	\$ 0	\$ 338,371	\$ 52,686	\$	594,833
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$	472,398
Circuit Court Clerk	0	0	0		138,395
General Sessions Court Clerk	0	0	0		317,519
Clerk and Master	0	0	0		244,781
Register	0	0	0		172,131
Sheriff	0	0	0		12,014
Trustee	0	0	0		695,373
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$	2,052,611
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$	16,500
On-behalf Contributions for OPEB	0	0	0		5,800
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0		30,600
Other Public Safety Grants	0	0	0		4,861

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Debt Service Fund</u>		
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>State of Tennessee (Cont.)</u>					
<u>Health and Welfare Grants</u>					
Health Department Programs	\$ 0	\$ 0	\$ 0	\$	375,825
Other Health and Welfare Grants	0	0	0		504,000
<u>Public Works Grants</u>					
State Aid Program	0	273,503	0		273,503
Litter Program	0	0	0		25,868
<u>Other State Revenues</u>					
Income Tax	0	0	0		74,055
Beer Tax	0	0	0		19,781
Vehicle Certificate of Title Fees	0	0	0		13,542
Alcoholic Beverage Tax	0	0	0		84,685
State Revenue Sharing - T.V.A.	0	39,665	99,055		138,720
Emergency Hospital - Prisoners	0	0	0		22,760
Contracted Prisoner Boarding	0	0	0		1,305,676
Gasoline and Motor Fuel Tax	0	1,805,284	0		1,805,284
Petroleum Special Tax	0	41,434	0		41,434
Registrar's Salary Supplement	0	0	0		15,164
State Shared Sales Tax - Cities	0	0	0		9,049
Other State Grants	0	0	0		23,517
Other State Revenues	0	0	0		22,433
Total State of Tennessee	\$ 0	\$ 2,159,886	\$ 99,055	\$	4,813,057
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$	36,250
Civil Defense Reimbursement	0	0	0		35,074

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds (Cont.)</u>		<u>Debt Service</u>	
	<u>Constitu -</u>	<u>Highway /</u>	<u>Fund</u>	
	<u>Officers -</u>	<u>Public</u>	<u>General</u>	
	<u>Fees</u>	<u>Works</u>	<u>Debt</u>	<u>Total</u>
			<u>Service</u>	
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Law Enforcement Grants	\$ 0	\$ 0	\$ 0	\$ 6,190
Other Federal through State	0	6,400	0	6,400
<u>Direct Federal Revenue</u>				
Police Service (Lake Area)	0	0	0	8,179
FHA Grant	0	0	0	3,000
Forest Service	0	28,464	0	48,556
Other Direct Federal Revenue	0	0	0	92,455
Total Federal Government	<u>\$ 0</u>	<u>\$ 34,864</u>	<u>\$ 0</u>	<u>\$ 236,104</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 0	\$ 334,331	\$ 374,105
Contracted Services	0	4,440	0	820,842
<u>Citizens Groups</u>				
Donations	0	0	0	13,539
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 4,440</u>	<u>\$ 334,331</u>	<u>\$ 1,208,486</u>
Total	<u>\$ 705</u>	<u>\$ 3,788,483</u>	<u>\$ 3,470,512</u>	<u>\$ 24,680,266</u>

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, 2015

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,787,544	\$ 0	\$ 0	\$ 0	\$ 5,787,544
Trustee's Collections - Prior Year	230,862	0	0	0	230,862
Trustee's Collections - Bankruptcy	4	0	0	0	4
Circuit/Clerk and Master Collections - Prior Years	107,494	0	0	0	107,494
Interest and Penalty	105,662	0	0	0	105,662
Payments in-Lieu-of Taxes - T.V.A.	13,367	0	0	0	13,367
Payments in-Lieu-of Taxes - Local Utilities	124,513	0	0	0	124,513
Payments in-Lieu-of Taxes - Other	1,446	0	0	0	1,446
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,015,595	0	0	0	4,015,595
Mixed Drink Tax	1,365	0	0	0	1,365
<u>Statutory Local Taxes</u>					
Bank Excise Tax	28,701	0	0	0	28,701
Interstate Telecommunications Tax	3,684	0	0	0	3,684
Total Local Taxes	\$ 10,420,237	\$ 0	\$ 0	\$ 0	\$ 10,420,237
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,229	\$ 0	\$ 0	\$ 0	\$ 1,229
Total Licenses and Permits	\$ 1,229	\$ 0	\$ 0	\$ 0	\$ 1,229
<u>Charges for Current Services</u>					
<u>Fees</u>					
Copy Fees	\$ 1	\$ 0	\$ 0	\$ 0	\$ 1

(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>Charges for Current Services (Cont.)</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 160,443	\$ 0	\$ 160,443
Lunch Payments - Adults	0	0	76,260	0	76,260
Income from Breakfast	0	0	91,684	0	91,684
Special Milk Sales	0	0	913	0	913
A la carte Sales	0	0	93,735	0	93,735
Contract for Instructional Services with Other LEAs	34,457	0	0	0	34,457
Receipts from Individual Schools	60,757	0	0	0	60,757
Community Service Fees - Children	133,580	0	0	0	133,580
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	119,525	0	119,525
Total Charges for Current Services	\$ 228,795	\$ 0	\$ 542,560	\$ 0	\$ 771,355
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,575	\$ 0	\$ 5,304	\$ 0	\$ 7,879
Lease/Rentals	1,201	0	0	0	1,201
Sale of Recycled Materials	237	0	0	0	237
Miscellaneous Refunds	13,525	0	6	0	13,531
<u>Nonrecurring Items</u>					
Sale of Equipment	9,033	0	0	0	9,033
Contributions and Gifts	14,404	0	0	0	14,404
Total Other Local Revenues	\$ 40,975	\$ 0	\$ 5,310	\$ 0	\$ 46,285

(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				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 368,199	\$ 0	\$ 0	\$ 0	\$ 368,199
<u>State Education Funds</u>					
Basic Education Program	27,993,999	0	0	0	27,993,999
Early Childhood Education	300,202	0	0	0	300,202
School Food Service	0	0	30,128	0	30,128
Driver Education	11,092	0	0	0	11,092
Other State Education Funds	734,354	0	0	0	734,354
Coordinated School Health	99,596	0	0	0	99,596
Internet Connectivity	15,510	0	0	0	15,510
Family Resource Centers	37,410	0	0	0	37,410
Career Ladder Program	179,231	0	0	0	179,231
Career Ladder - Extended Contract	81,070	0	0	0	81,070
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	699,935	0	0	0	699,935
Other State Grants	2,997	0	0	0	2,997
Total State of Tennessee	\$ 30,523,595	\$ 0	\$ 30,128	\$ 0	\$ 30,553,723
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,813,830	\$ 0	\$ 1,813,830
USDA - Commodities	0	0	272,436	0	272,436
Breakfast	0	0	771,892	0	771,892
USDA - Other	56,692	0	0	105,307	161,999
Vocational Education - Basic Grants to States	0	101,845	0	0	101,845

(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				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Other Vocational	\$ 0	\$ 73,483	\$ 0	\$ 0	\$ 73,483
Title I Grants to Local Education Agencies	0	1,861,422	0	0	1,861,422
Special Education - Grants to States	19,285	1,252,654	0	0	1,271,939
Special Education Preschool Grants	0	83,380	0	0	83,380
Eisenhower Professional Development State Grants	0	211,784	0	0	211,784
Race to the Top - ARRA	0	348,933	0	0	348,933
Other Federal through State	193,816	0	0	0	193,816
<u>Direct Federal Revenue</u>					
Forest Service	85,391	0	0	0	85,391
Total Federal Government	<u>\$ 355,184</u>	<u>\$ 3,933,501</u>	<u>\$ 2,858,158</u>	<u>\$ 105,307</u>	<u>\$ 7,252,150</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contracted Services	\$ 0	\$ 0	\$ 0	\$ 989,232	\$ 989,232
<u>Citizens Groups</u>					
Donations	15,508	0	0	0	15,508
Total Other Governments and Citizens Groups	<u>\$ 15,508</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 989,232</u>	<u>\$ 1,004,740</u>
Total	<u>\$ 41,585,523</u>	<u>\$ 3,933,501</u>	<u>\$ 3,436,156</u>	<u>\$ 1,094,539</u>	<u>\$ 50,049,719</u>

Exhibit J-7

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	45,589	
In-service Training		400	
Social Security		2,657	
Pensions		2,442	
Unemployment Compensation		1	
Employer Medicare		661	
Audit Services		17,227	
Dues and Memberships		4,252	
Legal Notices, Recording, and Court Costs		2,927	
Postal Charges		183	
Printing, Stationery, and Forms		119	
Travel		4,153	
Other Supplies and Materials		290	
Other Charges		286	
Communication Equipment		18,048	
Total County Commission			\$ 99,235

Board of Equalization

Board and Committee Members Fees	\$	5,000	
Social Security		310	
Employer Medicare		72	
Other Supplies and Materials		98	
Total Board of Equalization			5,480

County Mayor/Executive

County Official/Administrative Officer	\$	94,442	
Secretary(ies)		30,613	
Part-time Personnel		2,322	
Social Security		7,756	
Pensions		18,734	
Life Insurance		72	
Medical Insurance		12,732	
Dental Insurance		470	
Unemployment Compensation		167	
Employer Medicare		1,814	
Communication		310	
Dues and Memberships		716	
Postal Charges		163	
Rentals		1,424	
Travel		1,274	
Library Books/Media		778	
Office Supplies		621	
Other Supplies and Materials		500	
Premiums on Corporate Surety Bonds		264	
Tax Relief Program		31,584	
Other Charges		873	
Land		6,801	
Office Equipment		1,049	
Total County Mayor/Executive			215,479

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)County Attorney

Other Salaries and Wages	\$	600	
Social Security		37	
Pensions		90	
Employer Medicare		9	
Legal Services		76,158	
Total County Attorney			\$ 76,894

Election Commission

Supervisor/Director	\$	68,682	
Deputy(ies)		27,487	
Data Processing Personnel		22,827	
Other Salaries and Wages		9,841	
Board and Committee Members Fees		13,157	
Election Workers		60,795	
Social Security		8,876	
Pensions		17,788	
Life Insurance		108	
Medical Insurance		20,513	
Dental Insurance		706	
Unemployment Compensation		180	
Employer Medicare		2,076	
Legal Notices, Recording, and Court Costs		9,009	
Maintenance Agreements		16,400	
Postal Charges		6,122	
Rentals		6,542	
Travel		7,327	
Office Supplies		2,517	
Other Supplies and Materials		14,323	
Data Processing Equipment		3,200	
Total Election Commission			318,476

Register of Deeds

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		74,291	
Social Security		9,277	
Pensions		22,514	
Life Insurance		144	
Medical Insurance		28,294	
Dental Insurance		941	
Unemployment Compensation		270	
Employer Medicare		2,170	
Data Processing Services		11,476	
Dues and Memberships		887	
Rentals		1,337	
Travel		933	
Data Processing Supplies		90	
Office Supplies		6,244	

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Register of Deeds (Cont.)

Other Supplies and Materials	\$	3,018	
Premiums on Corporate Surety Bonds		214	
Total Register of Deeds			\$ 238,413

Planning

Supervisor/Director	\$	37,868	
Data Processing Personnel		19,986	
Foremen		7,986	
Clerical Personnel		10,120	
Other Salaries and Wages		11,874	
Board and Committee Members Fees		3,500	
Social Security		5,579	
Pensions		9,905	
Life Insurance		72	
Medical Insurance		16,505	
Dental Insurance		549	
Unemployment Compensation		372	
Employer Medicare		1,306	
Communication		1,251	
Contracts with Government Agencies		12,250	
Maintenance and Repair Services - Vehicles		1,513	
Postal Charges		1,049	
Rentals		1,999	
Gasoline		1,508	
Office Supplies		820	
Premiums on Corporate Surety Bonds		100	
Other Charges		68,322	
Total Planning			214,434

County Buildings

Custodial Personnel	\$	47,367	
Social Security		2,822	
Pensions		5,799	
Life Insurance		72	
Medical Insurance		12,732	
Dental Insurance		470	
Unemployment Compensation		310	
Employer Medicare		660	
Communication		55,657	
Engineering Services		4,000	
Maintenance and Repair Services - Buildings		89,801	
Maintenance and Repair Services - Equipment		16,128	
Maintenance and Repair Services - Vehicles		487	
Pest Control		4,915	
Other Contracted Services		11,426	
Custodial Supplies		10,585	
Electricity		208,147	

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Gasoline	\$	394	
Utilities		48,589	
Water and Sewer		18,730	
Building and Contents Insurance		26,915	
Workers' Compensation Insurance		37,784	
Other Charges		8,015	
Communication Equipment		9,853	
Total County Buildings			\$ 621,658

FinanceAccounting and Budgeting

Supervisor/Director	\$	62,905	
Deputy(ies)		41,792	
Accountants/Bookkeepers		123,942	
In-service Training		420	
Social Security		13,873	
Pensions		34,201	
Life Insurance		204	
Medical Insurance		45,978	
Dental Insurance		1,333	
Unemployment Compensation		619	
Employer Medicare		3,244	
Dues and Memberships		110	
Legal Notices, Recording, and Court Costs		6,173	
Maintenance Agreements		12,042	
Postal Charges		4,090	
Travel		574	
Data Processing Supplies		1,739	
Office Supplies		6,070	
Premiums on Corporate Surety Bonds		750	
Other Charges		920	
Office Equipment		2,609	
Total Accounting and Budgeting			363,588

Property Assessor's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		169,062	
Social Security		14,417	
Pensions		35,219	
Life Insurance		249	
Medical Insurance		54,010	
Dental Insurance		1,627	
Unemployment Compensation		593	
Employer Medicare		3,372	
Audit Services		6,500	
Communication		1,691	
Contracts with Government Agencies		10,294	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Dues and Memberships	\$	1,850	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		1,327	
Postal Charges		1,757	
Printing, Stationery, and Forms		176	
Rentals		297	
Gasoline		1,681	
Office Supplies		2,160	
Premiums on Corporate Surety Bonds		155	
Office Equipment		899	
Total Property Assessor's Office			\$ 386,649

Reappraisal Program

Deputy(ies)	\$	48,244	
Social Security		2,905	
Pensions		7,214	
Life Insurance		60	
Medical Insurance		11,318	
Dental Insurance		392	
Unemployment Compensation		180	
Employer Medicare		679	
Communication		265	
Data Processing Services		6,210	
Gasoline		1,681	
Office Supplies		1,600	
Total Reappraisal Program			80,748

County Trustee's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		102,212	
Clerical Personnel		9,820	
Social Security		11,541	
Pensions		26,866	
Life Insurance		180	
Medical Insurance		35,368	
Dental Insurance		1,176	
Unemployment Compensation		451	
Employer Medicare		2,699	
Contracts with Government Agencies		9,294	
Dues and Memberships		737	
Legal Notices, Recording, and Court Costs		212	
Maintenance Agreements		7,778	
Postal Charges		14,076	
Rentals		648	
Travel		1,595	
Office Supplies		2,640	
Premiums on Corporate Surety Bonds		4,987	
Office Equipment		1,285	
Total County Trustee's Office			309,878

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		167,181	
Social Security		14,830	
Pensions		35,981	
Life Insurance		291	
Medical Insurance		62,129	
Dental Insurance		1,901	
Unemployment Compensation		645	
Employer Medicare		3,473	
Dues and Memberships		727	
Maintenance Agreements		19,403	
Postal Charges		10,106	
Rentals		3,300	
Office Supplies		5,605	
Other Supplies and Materials		2,398	
Premiums on Corporate Surety Bonds		214	
Office Equipment		4,833	
Total County Clerk's Office			\$ 409,330

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	76,313	
Clerical Personnel		323,661	
Social Security		24,493	
Pensions		54,050	
Life Insurance		453	
Medical Insurance		83,703	
Dental Insurance		2,685	
Unemployment Compensation		1,458	
Employer Medicare		5,729	
Dues and Memberships		1,025	
Legal Notices, Recording, and Court Costs		261	
Maintenance Agreements		14,400	
Postal Charges		8,518	
Rentals		6,058	
Travel		1,840	
Office Supplies		11,085	
Other Supplies and Materials		1,262	
Premiums on Corporate Surety Bonds		376	
Office Equipment		5,960	
Total Circuit Court			623,330

General Sessions Court

Judge(s)	\$	158,789	
Secretary(ies)		23,593	
Social Security		11,245	
Pensions		26,837	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Court (Cont.)

Life Insurance	\$	51	
Medical Insurance		9,549	
Dental Insurance		333	
Unemployment Compensation		124	
Employer Medicare		2,630	
Dues and Memberships		245	
Postal Charges		49	
Travel		1,950	
Library Books/Media		668	
Office Supplies		2,798	
Office Equipment		1,200	
Total General Sessions Court			\$ 240,061

Drug Court

Remittance of Revenue Collected	\$	7,712	
Total Drug Court			7,712

Chancery Court

County Official/Administrative Officer	\$	76,313	
Clerical Personnel		108,284	
Social Security		11,243	
Pensions		27,543	
Life Insurance		180	
Medical Insurance		47,392	
Dental Insurance		1,176	
Unemployment Compensation		364	
Employer Medicare		2,629	
Dues and Memberships		847	
Maintenance Agreements		2,798	
Postal Charges		2,588	
Rentals		2,148	
Travel		220	
Office Supplies		3,530	
Premiums on Corporate Surety Bonds		164	
Office Equipment		35,837	
Total Chancery Court			323,256

Judicial Commissioners

Other Salaries and Wages	\$	35,718	
Social Security		2,215	
Unemployment Compensation		186	
Employer Medicare		518	
Travel		375	
Total Judicial Commissioners			39,012

Other Administration of Justice

Jury and Witness Expense	\$	5,218	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)Other Administration of Justice (Cont.)

Maintenance and Repair Services - Vehicles	\$	162	
Postal Charges		143	
Other Charges		3,233	
Total Other Administration of Justice			\$ 8,756

Public SafetySheriff's Department

County Official/Administrative Officer	\$	89,945
Deputy(ies)		1,193,973
Investigator(s)		267,625
Accountants/Bookkeepers		5,664
Salary Supplements		30,600
Dispatchers/Radio Operators		113,381
Clerical Personnel		78,787
Part-time Personnel		94,327
School Resource Officer		289,177
In-service Training		17,576
Social Security		130,891
Pensions		298,341
Life Insurance		1,953
Medical Insurance		358,209
Dental Insurance		13,242
Unemployment Compensation		6,961
Employer Medicare		30,789
Communication		10,996
Dues and Memberships		2,800
Maintenance and Repair Services - Buildings		3,683
Maintenance and Repair Services - Equipment		10,812
Maintenance and Repair Services - Vehicles		60,532
Medical and Dental Services		9,628
Postal Charges		4,116
Rentals		9,739
Towing Services		2,325
Transportation - Other than Students		1,400
Travel		17,367
Veterinary Services		140
Other Contracted Services		33,701
Custodial Supplies		209
Gasoline		143,507
Office Supplies		13,567
Tires and Tubes		13,358
Uniforms		21,196
Other Supplies and Materials		177
Premiums on Corporate Surety Bonds		379
Vehicle and Equipment Insurance		154,678
Workers' Compensation Insurance		68,480
Other Charges		5,334

(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.)

Law Enforcement Equipment	\$	100,527	
Motor Vehicles		474,238	
Office Equipment		6,268	
Health Equipment		24,980	
Total Sheriff's Department			\$ 4,215,578

Jail

Guards	\$	1,466,688	
Cafeteria Personnel		58,575	
Maintenance Personnel		40,325	
In-service Training		200	
Social Security		94,631	
Pensions		228,617	
Life Insurance		1,863	
Medical Insurance		323,182	
Dental Insurance		12,740	
Unemployment Compensation		7,102	
Employer Medicare		22,130	
Maintenance and Repair Services - Buildings		32,179	
Maintenance and Repair Services - Equipment		8,152	
Medical and Dental Services		420,747	
Custodial Supplies		31,184	
Drugs and Medical Supplies		3,041	
Food Preparation Supplies		5,526	
Food Supplies		219,047	
Prisoners Clothing		10,716	
Uniforms		16,498	
Medical Claims		50,419	
Workers' Compensation Insurance		64,563	
Other Charges		6,617	
Law Enforcement Equipment		19,558	
Total Jail			3,144,300

Juvenile Services

Youth Service Officer(s)	\$	55,294	
Social Security		3,386	
Pensions		8,272	
Life Insurance		69	
Medical Insurance		13,440	
Dental Insurance		470	
Unemployment Compensation		180	
Employer Medicare		792	
Contracts with Government Agencies		111,382	
Dues and Memberships		30	
Postal Charges		29	
Travel		472	
Office Supplies		819	
Total Juvenile Services			194,635

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Fire Prevention and Control

Contributions	\$	315,000	
Other Charges		6,420	
Total Fire Prevention and Control			\$ 321,420

Rescue Squad

Other Charges	\$	170,000	
Total Rescue Squad			170,000

Other Emergency Management

Supervisor/Director	\$	32,723	
Secretary(ies)		19,575	
Social Security		3,242	
Pensions		7,824	
Life Insurance		36	
Medical Insurance		3,777	
Dental Insurance		361	
Unemployment Compensation		209	
Employer Medicare		758	
Communication		1,583	
Dues and Memberships		110	
Maintenance and Repair Services - Vehicles		854	
Postal Charges		4	
Printing, Stationery, and Forms		128	
Rentals		223	
Travel		422	
Other Contracted Services		11,020	
Gasoline		1,599	
Instructional Supplies and Materials		654	
Office Supplies		269	
Uniforms		436	
Other Supplies and Materials		5,377	
Communication Equipment		3,085	
Office Equipment		181	
Total Other Emergency Management			94,450

Inspection and Regulation

Supervisor/Director	\$	3,000	
Social Security		186	
Pensions		448	
Unemployment Compensation		16	
Employer Medicare		43	
Total Inspection and Regulation			3,693

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	11,200	
Social Security		595	
Unemployment Compensation		96	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)County Coroner/Medical Examiner (Cont.)

Employer Medicare	\$	139	
Communication		194	
Travel		337	
Premiums on Corporate Surety Bonds		100	
Total County Coroner/Medical Examiner			\$ 12,661

Other Public Safety

Board and Committee Members Fees	\$	1,300	
Social Security		15	
Pensions		37	
Unemployment Compensation		3	
Employer Medicare		9	
Total Other Public Safety			1,364

Public Health and WelfareLocal Health Center

Other Salaries and Wages	\$	195,251	
Social Security		11,966	
Pensions		27,226	
Life Insurance		216	
Medical Insurance		34,189	
Dental Insurance		1,254	
Unemployment Compensation		1,163	
Employer Medicare		2,798	
Travel		5,883	
Other Charges		158	
Total Local Health Center			280,104

Rabies and Animal Control

Supervisor/Director	\$	30,115	
Part-time Personnel		10,954	
Other Salaries and Wages		18,235	
Social Security		3,616	
Pensions		7,233	
Life Insurance		72	
Medical Insurance		13,440	
Dental Insurance		470	
Unemployment Compensation		280	
Employer Medicare		846	
Communication		2,285	
Legal Notices, Recording, and Court Costs		28	
Maintenance and Repair Services - Buildings		5,111	
Maintenance and Repair Services - Vehicles		1,605	
Postal Charges		49	
Rentals		757	
Disposal Fees		822	
Other Contracted Services		20,863	

(Continued)

Exhibit J-7

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.)

Animal Food and Supplies	\$	1,278	
Custodial Supplies		4,284	
Drugs and Medical Supplies		7,064	
Electricity		7,580	
Equipment and Machinery Parts		158	
Gasoline		2,574	
Natural Gas		8,580	
Office Supplies		1,378	
Water and Sewer		977	
Other Supplies and Materials		4,488	
Building and Contents Insurance		755	
Other Charges		1,625	
Other Equipment		2,894	
Total Rabies and Animal Control			\$ 160,416

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

Other Local Welfare Services

Pauper Burials	\$	1,800	
Total Other Local Welfare Services			1,800

Other Public Health and Welfare

Other Salaries and Wages	\$	8,046	
Social Security		499	
Unemployment Compensation		80	
Employer Medicare		117	
Travel		119	
Other Contracted Services		9,952	
Other Supplies and Materials		26,335	
In Service/Staff Development		1,219	
Other Charges		5,194	
Total Other Public Health and Welfare			51,561

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

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

Libraries

Contributions	\$	36,588	
Total Libraries			36,588

(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.)Parks and Fair Boards

Contributions	\$ 22,562	
Total Parks and Fair Boards		\$ 22,562

Other Social, Cultural, and Recreational

Contributions	\$ 1,477	
Total Other Social, Cultural, and Recreational		1,477

Agriculture and Natural ResourcesAgricultural Extension Service

Other Salaries and Wages	\$ 63,420	
Social Security	325	
Unemployment Compensation	53	
Employer Medicare	76	
Other Fringe Benefits	8,040	
Communication	1,267	
Contributions	1,397	
Travel	545	
Electricity	1,552	
Utilities	1,489	
Water and Sewer	321	
Office Equipment	1,000	
Total Agricultural Extension Service		79,485

Flood Control

Other Supplies and Materials	\$ 2,570	
Total Flood Control		2,570

Other Agriculture and Natural Resources

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

Other OperationsTourism

Contributions	\$ 116,623	
Total Tourism		116,623

Housing and Urban Development

Other Charges	\$ 3,000	
Total Housing and Urban Development		3,000

Other Economic and Community Development

Contributions	\$ 92,138	
Other Contracted Services	36,250	
Total Other Economic and Community Development		128,388

(Continued)

Exhibit J-7

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

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

Supervisor/Director	\$	22,248	
Social Security		1,379	
Pensions		3,328	
Life Insurance		36	
Unemployment Compensation		90	
Employer Medicare		323	
Postal Charges		52	
Rentals		835	
Travel		853	
Other Contracted Services		848	
Office Supplies		432	
Total Veterans' Services			\$ 30,424

Other Charges

Judgments	\$	1,794	
Total Other Charges			1,794

Contributions to Other Agencies

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

Miscellaneous

On-behalf Payments to OPEB	\$	5,800	
Postal Charges		1,634	
Permits		25,365	
Trustee's Commission		213,388	
Other Charges		420	
Building Construction		5,621	
Building Improvements		8,000	
Solid Waste Equipment		121,463	
Total Miscellaneous			381,691

HighwaysLitter and Trash Collection

Guards	\$	13,681	
In-service Training		1,391	
Social Security		848	
Unemployment Compensation		85	
Employer Medicare		198	
Maintenance and Repair Services - Equipment		514	
Travel		230	
Instructional Supplies and Materials		9,932	
Other Supplies and Materials		1,294	
Other Charges		4,088	
Total Litter and Trash Collection			32,261

(Continued)

Exhibit J-7

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

General Fund (Cont.)Capital ProjectsOther General Government Projects

Bridge Construction	\$ 6,976	
Total Other General Government Projects		\$ 6,976

Total General Fund \$ 14,388,159

Courthouse and Jail Maintenance FundOther OperationsMiscellaneous

Trustee's Commission	\$ 93	
Total Miscellaneous		\$ 93

Total Courthouse and Jail Maintenance Fund 93

Solid Waste/Sanitation FundPublic Health and WelfareConvenience Centers

Laborers	\$ 23,330	
Social Security	1,443	
Pensions	3,058	
Life Insurance	21	
Medical Insurance	7,074	
Dental Insurance	235	
Unemployment Compensation	121	
Employer Medicare	337	
Communication	756	
Rentals	614	
Crushed Stone	380	
Utilities	1,131	
Other Charges	619	
Total Convenience Centers		\$ 39,119

Recycling Center

Laborers	\$ 20,917	
Social Security	1,268	
Pensions	3,125	
Life Insurance	36	
Medical Insurance	6,661	
Dental Insurance	235	
Unemployment Compensation	115	
Employer Medicare	297	
Communication	983	
Maintenance and Repair Services - Buildings	500	
Maintenance and Repair Services - Equipment	8,632	
Rentals	307	
Gasoline	88	
Office Supplies	621	
Utilities	3,286	

(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.)Recycling Center (Cont.)

Other Charges	\$	684	
Solid Waste Equipment		<u>4,800</u>	
Total Recycling Center			\$ 52,555

Landfill Operation and Maintenance

Supervisor/Director	\$	43,518	
Laborers		123,531	
Social Security		10,111	
Pensions		24,815	
Life Insurance		219	
Medical Insurance		37,902	
Dental Insurance		1,411	
Unemployment Compensation		827	
Employer Medicare		2,358	
Communication		2,253	
Evaluation and Testing		11,455	
Maintenance and Repair Services - Buildings		4,468	
Maintenance and Repair Services - Equipment		60,901	
Postal Charges		383	
Rentals		2,584	
Travel		1,589	
Disposal Fees		198,058	
Crushed Stone		3,263	
Diesel Fuel		25,580	
Gasoline		5,693	
Lubricants		3,082	
Office Supplies		1,582	
Uniforms		1,818	
Utilities		4,574	
Liability Insurance		169	
Workers' Compensation Insurance		21,864	
Other Charges		<u>13,370</u>	
Total Landfill Operation and Maintenance			607,378

Other OperationsMiscellaneous

Trustee's Commission	\$	<u>5,272</u>	
Total Miscellaneous			<u>5,272</u>

Total Solid Waste/Sanitation Fund \$ 704,324

Health Department FundPublic Health and WelfareLocal Health Center

Supervisor/Director	\$	8,489	
Other Salaries and Wages		82,577	
Social Security		6,966	

(Continued)

Exhibit J-7

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

Health Department Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Pensions	\$	11,493	
Life Insurance		138	
Medical Insurance		21,869	
Dental Insurance		1,060	
Unemployment Compensation		283	
Employer Medicare		1,179	
Architects		7,500	
Communication		7,087	
Contracts with Government Agencies		40,350	
Maintenance and Repair Services - Buildings		11,287	
Pest Control		240	
Postal Charges		1,889	
Travel		660	
Utilities		21,260	
Other Supplies and Materials		6,473	
Workers' Compensation Insurance		3,866	
Other Charges		3,008	
Total Local Health Center			\$ 237,674

Total Health Department Fund \$ 237,674

Drug Control FundPublic SafetySheriff's Department

Other Salaries and Wages	\$	179	
In-service Training		1,040	
Travel		1,000	
Other Supplies and Materials		16,172	
Other Charges		1,214	
Law Enforcement Equipment		55,104	
Motor Vehicles		28,816	
Total Sheriff's Department			\$ 103,525

Other OperationsMiscellaneous

Trustee's Commission	\$	259	
Total Miscellaneous			259

Total Drug Control Fund 103,784

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

Electricity	\$	371	
Other Charges		3,200	
Total Parks and Fair Boards			\$ 3,571

Total Sports and Recreation Fund 3,571

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees FundGeneral GovernmentRegister of Deeds

Bank Charges	\$	58	
Total Register of Deeds			\$ 58

FinanceCounty Clerk's Office

Bank Charges	\$	187	
Total County Clerk's Office			187

Administration of JusticeCircuit Court Clerk

Bank Charges	\$	32	
Total Circuit Court Clerk			32

General Sessions Court Clerk

Bank Charges	\$	164	
Total General Sessions Court Clerk			164

Chancery Court

Bank Charges	\$	84	
Total Chancery Court			84

Public SafetySheriff's Department

Bank Charges	\$	180	
Total Sheriff's Department			180

Total Constitutional Officers - Fees Fund			\$ 705
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Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	83,945
Assistant(s)		31,780
Supervisor/Director		43,149
Secretary(ies)		41,388
Maintenance Personnel		16,178
Social Security		13,222
Pensions		31,253
Life Insurance		162
Medical Insurance		29,178
Dental Insurance		1,058
Unemployment Compensation		592
Employer Medicare		3,092
Dues and Memberships		3,276
Maintenance and Repair Services - Office Equipment		802
Printing, Stationery, and Forms		657
Rentals		774

(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.)

Travel	\$	1,223	
Disposal Fees		767	
Other Contracted Services		35,289	
Drugs and Medical Supplies		236	
Office Supplies		5,085	
Other Charges		8,688	
Building Improvements		3,493	
Communication Equipment		1,332	
Office Equipment		2,093	
Total Administration			\$ 358,712

Highway and Bridge Maintenance

Foremen	\$	95,127	
Equipment Operators		92,283	
Truck Drivers		164,405	
Laborers		458,348	
Social Security		48,373	
Pensions		118,954	
Life Insurance		1,089	
Medical Insurance		239,227	
Dental Insurance		7,115	
Unemployment Compensation		3,041	
Employer Medicare		11,313	
Rentals		234	
Other Contracted Services		91,655	
Asphalt - Hot Mix		377,779	
Asphalt - Liquid		6,807	
Concrete		1,159	
Crushed Stone		56,439	
Fertilizer, Lime, and Seed		195	
General Construction Materials		972	
Other Road Materials		6,440	
Pipe		14,897	
Road Signs		5,442	
Salt		38,245	
Small Tools		40	
Uniforms		32,588	
Other Supplies and Materials		684	
State Aid Projects		273,503	
Total Highway and Bridge Maintenance			2,146,354

Operation and Maintenance of Equipment

Mechanic(s)	\$	80,032	
Social Security		4,895	
Pensions		11,968	
Life Insurance		108	
Medical Insurance		21,221	

(Continued)

Exhibit J-7

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.)

Dental Insurance	\$	706	
Unemployment Compensation		270	
Employer Medicare		1,145	
Freight Expenses		1,066	
Maintenance and Repair Services - Equipment		44,957	
Towing Services		55	
Other Contracted Services		3,249	
Diesel Fuel		124,898	
Equipment and Machinery Parts		107,192	
Garage Supplies		10,719	
Gasoline		187,445	
Lubricants		5,841	
Small Tools		312	
Tires and Tubes		27,045	
Other Supplies and Materials		12,364	
Total Operation and Maintenance of Equipment			\$ 645,488

Other Charges

Communication	\$	6,490	
Electricity		11,362	
Natural Gas		4,569	
Water and Sewer		2,819	
Judgments		250	
Premiums on Corporate Surety Bonds		214	
Trustee's Commission		44,329	
Vehicle and Equipment Insurance		22,546	
Other Charges		1,845	
Total Other Charges			94,424

Employee Benefits

Other Fringe Benefits	\$	26	
Evaluation and Testing		300	
Workers' Compensation Insurance		64,410	
Total Employee Benefits			64,736

Capital Outlay

Engineering Services	\$	31,745	
Furniture and Fixtures		292	
Heating and Air Conditioning Equipment		644	
Highway Equipment		135,238	
Motor Vehicles		64,718	
Other Capital Outlay		1,040	
Total Capital Outlay			233,677

Total Highway/Public Works Fund \$ 3,543,391

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 800,000	
Total General Government		\$ 800,000
<u>Education</u>		
Principal on Notes	\$ 86,290	
Principal on Capital Leases	287,268	
Principal on Other Loans	447,000	
Total Education		820,558
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 726,930	
Total General Government		726,930
<u>Education</u>		
Interest on Notes	\$ 19,975	
Interest on Capital Leases	47,063	
Interest on Other Loans	6,602	
Total Education		73,640
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 59,881	
Other Debt Service	165	
Total General Government		60,046
<u>Education</u>		
Other Debt Service	\$ 19,936	
Total Education		19,936
Total General Debt Service Fund		\$ 2,501,110
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Other Capital Outlay	\$ 42,745	
Total Public Safety Projects		\$ 42,745
Total General Capital Projects Fund		42,745
Total Governmental Funds - Primary Government		\$ 21,525,556

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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,749,316	
Career Ladder Program	115,000	
Career Ladder Extended Contracts	71,885	
Homebound Teachers	50,584	
Clerical Personnel	371	
Educational Assistants	278,731	
Other Salaries and Wages	24,362	
Certified Substitute Teachers	108,970	
Non-certified Substitute Teachers	288,922	
Social Security	810,467	
Pensions	1,209,864	
Life Insurance	7,316	
Medical Insurance	1,822,275	
Dental Insurance	71,623	
Unemployment Compensation	25,946	
Employer Medicare	190,632	
Other Fringe Benefits	657,338	
Maintenance and Repair Services - Equipment	500	
Penalties	42	
Other Contracted Services	35,392	
Instructional Supplies and Materials	336,990	
Textbooks	368,213	
Other Supplies and Materials	52,848	
Other Charges	20,012	
Regular Instruction Equipment	21,344	
Total Regular Instruction Program		\$ 19,318,943

Alternative Instruction Program

Teachers	\$ 119,387	
Career Ladder Program	1,000	
Social Security	7,302	
Pensions	11,135	
Life Insurance	68	
Medical Insurance	14,960	
Dental Insurance	683	
Unemployment Compensation	336	
Employer Medicare	1,708	
Instructional Supplies and Materials	837	
Other Supplies and Materials	403	
Total Alternative Instruction Program		157,819

Special Education Program

Teachers	\$ 1,658,972	
Career Ladder Program	12,500	
Homebound Teachers	53,654	
Educational Assistants	315,006	

(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.)

Speech Pathologist	\$	201,760	
Other Salaries and Wages		6,571	
Social Security		134,190	
Pensions		220,566	
Life Insurance		1,550	
Medical Insurance		368,136	
Dental Insurance		15,250	
Unemployment Compensation		7,622	
Employer Medicare		31,389	
Maintenance and Repair Services - Equipment		997	
Other Contracted Services		32,158	
Instructional Supplies and Materials		66,796	
Other Supplies and Materials		7,960	
Other Charges		2,776	
Special Education Equipment		19,560	
Total Special Education Program			\$ 3,157,413

Vocational Education Program

Teachers	\$	914,485	
Career Ladder Program		2,500	
Educational Assistants		22,752	
Social Security		57,200	
Pensions		87,124	
Life Insurance		565	
Medical Insurance		128,025	
Dental Insurance		5,666	
Unemployment Compensation		2,784	
Employer Medicare		13,378	
Other Contracted Services		4,998	
Instructional Supplies and Materials		57,906	
Textbooks		14,929	
Other Supplies and Materials		1,438	
Vocational Instruction Equipment		30,161	
Total Vocational Education Program			1,343,911

Support Services

Health Services

Medical Personnel	\$	256,706	
Certified Substitute Teachers		2,764	
Social Security		15,772	
Pensions		36,796	
Life Insurance		239	
Medical Insurance		55,940	
Dental Insurance		2,403	
Unemployment Compensation		1,203	
Employer Medicare		3,689	

(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.)

Travel	\$	7,225	
Drugs and Medical Supplies		11,816	
Other Supplies and Materials		5,622	
Other Charges		4,111	
Total Health Services			\$ 404,286

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		578,270	
Attendants		31,818	
Social Security		36,996	
Pensions		52,635	
Life Insurance		290	
Medical Insurance		71,892	
Dental Insurance		2,909	
Unemployment Compensation		1,715	
Employer Medicare		8,652	
Contracts with Government Agencies		583,581	
Evaluation and Testing		56,096	
Total Other Student Support			1,428,854

Regular Instruction Program

Supervisor/Director	\$	253,377	
Career Ladder Program		11,000	
Librarians		526,664	
Other Salaries and Wages		91,980	
Social Security		52,899	
Pensions		81,621	
Life Insurance		409	
Medical Insurance		101,219	
Dental Insurance		4,104	
Unemployment Compensation		2,003	
Employer Medicare		12,376	
Maintenance and Repair Services - Equipment		105,783	
Travel		9,932	
Other Contracted Services		13,164	
Library Books/Media		77,679	
Other Supplies and Materials		34,700	
In Service/Staff Development		23,314	
Other Charges		7,205	
Total Regular Instruction Program			1,409,429

Alternative Instruction Program

Supervisor/Director	\$	54,483	
Career Ladder Program		1,000	
Secretary(ies)		13,277	

(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	\$	20,114	
Social Security		5,477	
Pensions		6,999	
Life Insurance		45	
Medical Insurance		10,439	
Dental Insurance		455	
Unemployment Compensation		365	
Employer Medicare		1,281	
Other Contracted Services		2,546	
Total Alternative Instruction Program			\$ 116,481

Special Education Program

Supervisor/Director	\$	70,899	
Career Ladder Program		4,000	
Psychological Personnel		41,470	
Assessment Personnel		45,283	
Clerical Personnel		27,931	
Other Salaries and Wages		1,114	
Social Security		11,767	
Pensions		19,282	
Life Insurance		90	
Medical Insurance		20,631	
Dental Insurance		899	
Unemployment Compensation		439	
Employer Medicare		2,752	
Maintenance and Repair Services - Equipment		4,294	
Travel		40,609	
Penalties		54	
Other Contracted Services		27,502	
Other Supplies and Materials		7,724	
In Service/Staff Development		7,627	
Other Charges		39,650	
Other Equipment		2,563	
Total Special Education Program			376,580

Vocational Education Program

Supervisor/Director	\$	62,928	
Career Ladder Program		1,000	
Secretary(ies)		28,263	
Social Security		5,564	
Pensions		9,914	
Life Insurance		43	
Medical Insurance		12,366	
Dental Insurance		430	
Unemployment Compensation		224	
Employer Medicare		1,301	

(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.)

Vocational Education Program (Cont.)

Maintenance and Repair Services - Equipment	\$	1,434	
Travel		24,800	
Other Charges		17,182	
Total Vocational Education Program			\$ 165,449

Other Programs

On-behalf Payments to OPEB	\$	368,199	
Total Other Programs			368,199

Board of Education

Board and Committee Members Fees	\$	9,900	
Social Security		564	
Pensions		624	
Employer Medicare		144	
Audit Services		26,000	
Dues and Memberships		7,124	
Legal Services		22,175	
Travel		9,727	
Liability Insurance		270,394	
Trustee's Commission		244,311	
Workers' Compensation Insurance		181,793	
In Service/Staff Development		2,500	
Other Charges		3,839	
Total Board of Education			779,095

Director of Schools

County Official/Administrative Officer	\$	94,393	
Secretary(ies)		102,960	
Clerical Personnel		37,313	
Social Security		13,773	
Pensions		29,182	
Life Insurance		136	
Medical Insurance		31,943	
Dental Insurance		1,366	
Unemployment Compensation		670	
Employer Medicare		3,221	
Communication		57,594	
Dues and Memberships		3,824	
Maintenance and Repair Services - Equipment		850	
Travel		7,250	
Other Contracted Services		19,326	
Office Supplies		4,360	
Other Supplies and Materials		369	
In Service/Staff Development		1,449	
Other Charges		3,246	
Administration Equipment		764	
Total Director of Schools			413,989

(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.)

Office of the Principal

Principals	\$	842,163	
Career Ladder Program		17,000	
Assistant Principals		102,110	
Secretary(ies)		228,482	
Clerical Personnel		90,467	
Educational Assistants		5,400	
Other Salaries and Wages		486,502	
Social Security		105,959	
Pensions		178,920	
Life Insurance		1,063	
Medical Insurance		269,336	
Dental Insurance		10,670	
Unemployment Compensation		5,278	
Employer Medicare		24,859	
Other Contracted Services		5,734	
Office Supplies		1,071	
Other Charges		2,550	
Total Office of the Principal			\$ 2,377,564

Fiscal Services

Other Contracted Services	\$	140,075	
Administration Equipment		1,056	
Total Fiscal Services			141,131

Operation of Plant

Custodial Personnel	\$	767,291	
Social Security		46,501	
Pensions		74,292	
Life Insurance		685	
Medical Insurance		157,296	
Dental Insurance		6,880	
Unemployment Compensation		5,560	
Employer Medicare		10,948	
Rentals		11,000	
Disposal Fees		13,871	
Other Contracted Services		81,356	
Custodial Supplies		87,092	
Electricity		994,816	
Natural Gas		347,852	
Water and Sewer		67,656	
Total Operation of Plant			2,673,096

Maintenance of Plant

Supervisor/Director	\$	47,751	
Secretary(ies)		25,551	
Maintenance Personnel		225,532	

(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 (Cont.)

Social Security	\$	18,373	
Pensions		43,741	
Life Insurance		222	
Medical Insurance		52,240	
Dental Insurance		2,225	
Unemployment Compensation		1,224	
Employer Medicare		4,324	
Laundry Service		5,559	
Maintenance and Repair Services - Buildings		57,136	
Maintenance and Repair Services - Equipment		53,836	
Travel		96	
Disposal Fees		885	
Penalties		34	
Other Contracted Services		107,511	
General Construction Materials		14,432	
Other Supplies and Materials		10,189	
Other Charges		4,739	
Heating and Air Conditioning Equipment		12,974	
Total Maintenance of Plant	\$		688,574

Transportation

Supervisor/Director	\$	35,310	
Mechanic(s)		102,537	
Bus Drivers		595,515	
Clerical Personnel		26,066	
Social Security		45,364	
Pensions		107,905	
Life Insurance		1,295	
Medical Insurance		293,131	
Dental Insurance		12,992	
Unemployment Compensation		5,134	
Employer Medicare		10,777	
Contracts with Parents		7,614	
Laundry Service		5,640	
Maintenance and Repair Services - Vehicles		18,421	
Travel		839	
Penalties		13	
Other Contracted Services		8,231	
Diesel Fuel		189,435	
Garage Supplies		108	
Gasoline		97,265	
Lubricants		6,782	
Tires and Tubes		40,266	
Vehicle Parts		118,924	
Other Supplies and Materials		19,705	
Other Charges		14,181	
Transportation Equipment		466,283	
Total Transportation			2,229,733

(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

Data Processing Personnel	\$	196,185	
Social Security		11,926	
Pensions		29,310	
Life Insurance		103	
Medical Insurance		24,076	
Dental Insurance		1,035	
Unemployment Compensation		544	
Employer Medicare		2,789	
Maintenance and Repair Services - Equipment		828	
Travel		2,998	
Penalties		19	
Other Supplies and Materials		831	
Other Charges		2,062	
Total Central and Other			\$ 272,706

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	52,784	
Part-time Personnel		409,776	
Other Salaries and Wages		102,768	
Social Security		33,964	
Pensions		33,912	
Life Insurance		42	
Medical Insurance		12,111	
Dental Insurance		422	
Unemployment Compensation		2,913	
Employer Medicare		8,019	
Rentals		7,000	
Travel		7,484	
Food Supplies		61,125	
Instructional Supplies and Materials		1,863	
Other Supplies and Materials		208	
In Service/Staff Development		1,488	
Other Charges		41,403	
Total Community Services			777,282

Early Childhood Education

Supervisor/Director	\$	35,875	
Teachers		111,026	
Clerical Personnel		8,480	
Educational Assistants		39,050	
Non-certified Substitute Teachers		2,800	
Social Security		9,588	
Pensions		16,062	
Life Insurance		129	
Medical Insurance		34,970	

(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.)

Dental Insurance	\$	1,289	
Unemployment Compensation		796	
Employer Medicare		2,763	
Communication		1,215	
Operating Lease Payments		3,000	
Travel		1,859	
Instructional Supplies and Materials		27,003	
In Service/Staff Development		2,125	
Other Charges		2,238	
Total Early Childhood Education			\$ 300,268

Capital Outlay

Regular Capital Outlay

Architects	\$	44,023	
Building Improvements		391,250	
Communication Equipment		138,293	
Other Capital Outlay		137,855	
Total Regular Capital Outlay			711,421

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	334,330	
Total Education			334,330

Total General Purpose School Fund \$ 39,946,553

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	888,598	
Educational Assistants		177,133	
Other Salaries and Wages		39,837	
Social Security		63,434	
Pensions		81,693	
Life Insurance		483	
Medical Insurance		124,983	
Dental Insurance		4,853	
Unemployment Compensation		4,761	
Employer Medicare		15,459	
Instructional Supplies and Materials		123,781	
Other Supplies and Materials		115,847	
Regular Instruction Equipment		61,702	
Total Regular Instruction Program			\$ 1,702,564

Special Education Program

Teachers	\$	102,239	
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(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.)

Educational Assistants	\$	495,743	
Social Security		35,424	
Pensions		77,463	
Life Insurance		950	
Medical Insurance		222,644	
Dental Insurance		9,469	
Unemployment Compensation		1,496	
Employer Medicare		8,413	
Other Supplies and Materials		1,085	
Special Education Equipment		25,418	
Total Special Education Program			\$ 980,344

Vocational Education Program

Vocational Instruction Equipment	\$	75,337	
Total Vocational Education Program			75,337

Support Services

Attendance

Travel	\$	1,007	
Total Attendance			1,007

Other Student Support

Bus Drivers	\$	1,000	
Other Salaries and Wages		38,189	
Social Security		2,212	
Pensions		3,451	
Life Insurance		18	
Medical Insurance		5,660	
Dental Insurance		178	
Unemployment Compensation		88	
Employer Medicare		518	
Evaluation and Testing		153,759	
Travel		18,382	
Other Contracted Services		5,800	
Other Supplies and Materials		23,841	
Other Charges		4,772	
Total Other Student Support			257,868

Regular Instruction Program

Supervisor/Director	\$	58,972	
Other Salaries and Wages		214,899	
Social Security		14,927	
Pensions		26,623	
Life Insurance		126	
Medical Insurance		33,463	
Dental Insurance		1,270	

(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.)

Unemployment Compensation	\$	620	
Employer Medicare		3,861	
Communication		746	
Maintenance and Repair Services - Equipment		4,412	
Travel		20,700	
Penalties		118	
Other Contracted Services		20,400	
Other Supplies and Materials		10,607	
In Service/Staff Development		63,865	
Other Charges		58	
Total Regular Instruction Program			\$ 475,667

Special Education Program

Other Salaries and Wages	\$	212,465	
Social Security		13,021	
Pensions		23,711	
Life Insurance		136	
Medical Insurance		33,254	
Dental Insurance		1,366	
Unemployment Compensation		416	
Employer Medicare		3,045	
Travel		1,340	
Other Contracted Services		70,526	
Other Supplies and Materials		793	
Other Equipment		3,177	
Total Special Education Program			363,250

Vocational Education Program

Travel	\$	1,000	
Total Vocational Education Program			1,000

Transportation

Bus Drivers	\$	21,766	
Other Salaries and Wages		26,930	
Social Security		2,994	
Pensions		3,119	
Life Insurance		43	
Medical Insurance		10,129	
Dental Insurance		430	
Unemployment Compensation		242	
Employer Medicare		700	
Total Transportation			66,353

Total School Federal Projects Fund \$ 3,923,390

(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

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	62,326	
Clerical Personnel		25,685	
Cafeteria Personnel		795,542	
Other Salaries and Wages		31,371	
Social Security		55,685	
Pensions		93,954	
Life Insurance		1,028	
Medical Insurance		226,815	
Dental Insurance		10,313	
Unemployment Compensation		2,135	
Employer Medicare		13,027	
Other Fringe Benefits		12,464	
Communication		487	
Dues and Memberships		381	
Maintenance and Repair Services - Buildings		30	
Maintenance and Repair Services - Equipment		25,707	
Travel		5,649	
Other Contracted Services		73,339	
Food Preparation Supplies		102,583	
Food Supplies		1,224,690	
Office Supplies		1,527	
Uniforms		6,332	
USDA - Commodities		272,436	
Other Supplies and Materials		23,309	
In Service/Staff Development		4,197	
Other Charges		1,801	
Food Service Equipment		69,232	
Total Food Service			\$ 3,142,045

Total Central Cafeteria Fund \$ 3,142,045

Other Education Special Revenue Fund

Support Services

Operation of Plant

Custodial Personnel	\$	1,200	
Social Security		74	
Unemployment Compensation		10	
Employer Medicare		17	
Total Operation of Plant			\$ 1,301

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	46,744	
Teachers		278,602	
Clerical Personnel		27,560	
Educational Assistants		97,087	

(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.)

Other Salaries and Wages	\$	126,762	
Non-certified Substitute Teachers		6,637	
Social Security		33,893	
Pensions		62,070	
Life Insurance		442	
Medical Insurance		105,863	
Dental Insurance		4,443	
Unemployment Compensation		2,096	
Employer Medicare		7,926	
Operating Lease Payments		9,182	
Travel		6,914	
Food Supplies		105,307	
Instructional Supplies and Materials		48,608	
In Service/Staff Development		7,658	
Other Charges		105,144	
Total Early Childhood Education			\$ 1,082,938

Total Other Education Special Revenue Fund \$ 1,084,239

Total Governmental Funds - Carter County School Department \$ 48,096,227

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, 2015

	Cities - Sales Tax Fund	City School ADA - Elizabethton Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 2,838,201	\$ 2,838,201
Trustee's Collections - Prior Years	0	129,066	129,066
Trustee's Collections - Bankruptcy	0	2	2
Circuit/Clerk and Master Collections - Prior Years	0	51,775	51,775
Interest and Penalty	0	51,370	51,370
Payments in-Lieu-of Taxes - Local Utilities	0	61,301	61,301
Payments in-Lieu-of Taxes - Other	0	712	712
Local Option Sales Tax	4,686,058	1,971,834	6,657,892
Mixed Drink Tax	0	572	572
Bank Excise Tax	0	14,130	14,130
Interstate Telecommunications Tax	0	1,656	1,656
Marriage Licenses	0	629	629
Donations	0	102	102
Total Cash Receipts	\$ 4,686,058	\$ 5,121,350	\$ 9,807,408
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,639,197	\$ 5,035,766	\$ 9,674,963
Trustee's Commission	46,861	80,980	127,841
Total Cash Disbursements	\$ 4,686,058	\$ 5,116,746	\$ 9,802,804
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 4,604	\$ 4,604
Cash Balance, July 1, 2014	0	241,854	241,854
Cash Balance, June 30, 2015	\$ 0	\$ 246,458	\$ 246,458

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, 2015, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements, and have issued our report thereon dated January 20, 2016. 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2015-001.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency: 2015-002.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2015-003.

Carter County's Responses to Findings

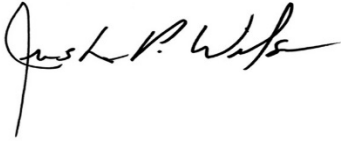
Carter County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Carter County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion 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 stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 20, 2016

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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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 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, 2015. 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, 2015.

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.

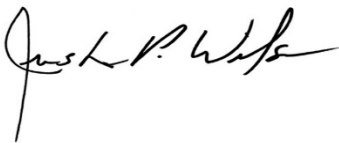
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements. We issued our report thereon dated January 20, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,

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

January 20, 2016

JPW/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Schools and Roads - Grants to States	10.665	N/A	\$ 113,855
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	272,436 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	771,892
National School Lunch Program	10.555	N/A	1,813,830 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	161,999
Total U.S. Department of Agriculture			<u>\$ 3,134,012</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	N/A	\$ 719
Total U.S. Department of Defense			<u>\$ 719</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	41112	\$ 36,250
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-10-08	3,000
Total U.S. Department of Housing and Urban Development			<u>\$ 39,250</u>
U.S. Bureau of Land Management:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 77,455
Total U.S. Bureau of Land Management			<u>\$ 77,455</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 4,861
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-F3127-TN-SB	12,433
Total U.S. Department of Justice			<u>\$ 17,294</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 6,400
Alcohol Open Container Requirements	20.607	(2)	6,190
Total U.S. Department of Transportation			<u>\$ 12,590</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,856,610
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,271,939
Special Education - Preschool Grants	84.173	N/A	83,380
Career and Technical Education - Basic Grants to States	84.048	N/A	175,244
Twenty-first Century Community Learning Centers	84.287	192-13-02-019	193,816
Improving Teacher Quality State Grants	84.367	N/A	211,744
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	343,758
Total U.S. Department of Education			<u>\$ 4,136,491</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	34101-04615	\$ 35,074
Total U.S. Department of Homeland Security			<u>\$ 35,074</u>
Total Expenditures of Federal Awards			<u>\$ 7,452,885</u>

<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 16,500
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	32701-02267	23,517
Litter Program - State Department of Transportation	N/A	(2)	25,868
Health Department Program - State Department of Health	N/A	(4)	375,825
State Aid Program - State Department of Transportation	N/A	10SAR1-S8-004	273,503
Lottery for Education Afterschool Programs - State Department of Education	N/A	119-14-01-008	385,157
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	300,202
Connect TN - State Department of Education	N/A	(2)	15,510
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(2)	2,997
Coordinated School Health - State Department of Education	N/A	(2)	99,596
Family Resource Center - State Department of Education	N/A	(2)	37,410
Safe Schools Act - State Department of Education	N/A	(2)	32,581
Driver's Education - State Department of Education	N/A	(2)	<u>11,092</u>
Total State Grants			<u>\$ 1,599,758</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 \$2,086,266.
- (4) GG-14-37377, (\$91,587) and GG-15-42524-00, (\$284,238)

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Carter County, Tennessee, for the year ended June 30, 2014, which has not been corrected.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
2014-006(A)	192	The office did not prepare adequate trial balances of the execution dockets

CARTER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Carter County is unmodified.
2. The audit of the financial statements of Carter County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Carter County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) 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, and the annual monitoring by the state Division of Property Assessments on assessors of property, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of finance, director of schools, and assessor of property provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

FINDING 2015-001

THE OFFICES HAD ACCOUNTING DEFICIENCIES

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

Our audit revealed the following deficiencies related to the administration of payroll deductions, general ledger payroll liability accounts, and the employee health insurance bank clearing account:

- A. Several general ledger payroll liability accounts were not reconciled with subsidiary payroll records, monthly billings, and payments made from the various School Department funds. As a result, the composition of the balances in the payroll liability accounts could not be readily determined.
- B. The employee health insurance bank clearing account had not been adequately reconciled with the general ledger payroll liability accounts and contained a material unidentified balance. The School Department maintains the bank clearing account for deposits of employee payroll deductions and School Department contributions for employee health insurance premiums, which are then withdrawn from the account by the state insurance program administrator. At June 30, 2015, the employee health insurance bank clearing account had a balance of \$1,510,479 of which \$788,496 represented amounts due the administrator for unbilled health insurance premiums. The remainder of \$721,983 was unidentified.
- C. Management decided to forgo withholding payroll deductions for insurance premiums from employee paychecks for the month of December 2014. Although the issue was discussed by the Board of Education, there was no formal action by the board waiving the employee payroll deductions. Also, even though amounts were not withheld from employee paychecks that month, payments were still made to the employee health insurance bank clearing account as if the deductions had been withheld. This resulted in deficit balances in the general ledger payroll liability accounts. These deficit balances were not addressed by management until the issue was brought to their attention by auditors.
- D. Adequate documentation to support checks issued by the Finance Department for several payroll liability accounts was not on file at the School Department. The only documentation provided was a Check Request Form

that listed total amounts with no indication that the request had been reviewed or approved by appropriate management.

- E. Duties were not segregated adequately for the activities related to the employee health insurance bank clearing account. One School Department employee was responsible for reviewing employee payroll deductions and School Department contributions, preparing check requests, picking up the checks, preparing deposit slips, making deposits into the bank account, reviewing monthly health insurance billings, and receiving and filing the bank statements.

As a result of the deficiencies noted above, the general ledger payroll liability accounts noted below had deficit balances in the following funds at June 30, 2015:

Payroll Liability Accounts	General Purpose School Fund	School Federal Projects Fund	Central Cafeteria Fund	Other Education Special Revenue Fund
Health Insurance	\$ (680,082)	\$ (66,884)	\$ (25,385)	\$ (14,884)
Section 125 - Flex Plan	(19,466)	(2,720)	(3,631)	(1,145)

After auditors brought these deficiencies to management's attention, the Board of Education approved liquidating the above-noted deficit balances by using the unidentified funds accumulated in the employee health insurance bank clearing account and other available fund balances.

These deficiencies resulted from a lack of management oversight. Sound business practices dictate that employee payroll deductions and the employer's contributions for benefits be reconciled monthly with billings and balances in the employee health insurance bank clearing account be reconciled with amounts due the insurance administrator monthly. Also, sound business practices dictate that duties be segregated adequately among employees. These deficiencies increase the risk that errors will not be discovered and corrected in a timely manner.

RECOMMENDATION

All payroll deductions, general ledger payroll liability accounts, and the employee health insurance bank clearing accounts should be accurately reconciled monthly with subsidiary payroll records, monthly billings, and payments. Any errors discovered should be corrected promptly. Adequate documentation should be on file to support all checks issued by the Finance Department. Any waiver of monthly employee payroll deductions should be formally approved by the Board of Education. Officials should segregate duties to the extent possible using available resources.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

We hereby acknowledge that there were accounting deficiencies related to payroll deductions, payroll liability accounts and the employee health insurance bank account. In the past, an annual reconciliation was completed by the Finance Director. Starting January 2015 monthly reconciliations were requested to be provided for the payroll liability accounts and the employee health insurance bank clearing accounts due to the need for monthly reconciliations. As part of the solution to ensure that the issue will be resolved, the Director of Schools has segregated the duties of the Agency Benefits Coordinator at the Board of Education.

The Agency Benefits Coordinator position has been maintained at the Board of Education. On occasion this has created a communication problem between the School Finance and the School Board. The Carter County Finance Director and Director of Schools are aware of the problem and are working together to resolve issues between the two departments. In the future, any waivers of monthly employee payroll deductions will be formally approved by the School Board in a regular scheduled meeting.

Another procedure change is that all insurance check requests accompanied with an invoice will be signed by the Director of Schools before they are sent to the Finance Department for payment. There will be ongoing monitoring by the Finance Director and Director of Schools of the new procedures to ensure that all of the aforementioned issues will be resolved as we go forward.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2015-002

THE OFFICE DID NOT PREPARE ADEQUATE TRIAL BALANCES OF THE EXECUTION DOCKETS

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

The Office of Circuit and General Sessions Courts Clerk did not provide adequate trial balances of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated*. The office began using a new court computer application during the 2012 fiscal year that did not have the capability to generate a docket trial balance. At June 30, 2015, the circuit and general sessions courts clerk was able to generate listings of undisbursed receipt items. However, these listings did not reconcile with general ledger accounts for General Sessions Court by \$44,818. Also, information relating to short-term investment account activity and cash bonds was not reflected on these reports. This deficiency was in part attributable to the failure of management to ensure that the software vendor designed the system with proper computer application controls and reporting as required by state statute. The failure to accurately reconcile execution docket trial balances with the general ledger application in a timely manner could lead to inaccurate accounting records and increases the risk of misappropriation of funds.

RECOMMENDATION

Management should ensure the software vendor has designed the system with proper computer application controls and reporting. An accurate execution docket trial balance should be maintained for each court. This execution docket trial balance should be reconciled with general ledger accounts, and any differences should be investigated.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2015-003

THE ASSESSOR DID NOT UPDATE THE PERSONAL PROPERTY ACCOUNTS IN A TIMELY MANNER

(Noncompliance Under *Government Auditing Standards*)

The assessor did not complete the update of the personal property accounts before the assessment change mailing date of May 20. Section 67-5-903, *Tennessee Code Annotated*, requires the applicable taxpayers to submit a personal property tax schedule by February 1 of each year and provides for the assessor to issue a forced assessment to those taxpayers who do not submit the required schedule. The assessor's computer system automatically issued a forced assessment against 743 taxpayers whose accounts were not updated in the system whether they had provided a personal property tax schedule to the assessor or not. This deficiency can be attributed to the failure of management to update the personal property records in a timely manner and resulted in inaccurate personal property tax assessments being generated.

RECOMMENDATION

The assessor should update the personal property accounts in a timely manner.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

We realize we have an issue with the personal property system forced accounts not being completed timely. We are taking measures to correct this problem.

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

There were no findings and questioned costs for federal programs.

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

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