

ANNUAL FINANCIAL REPORT
CARTER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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Director

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

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Summary of Audit Findings

Annual Financial Report
Carter County, Tennessee
For the Year Ended June 30, 2016

Scope

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

Results

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

Our audit resulted in ten 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:

OFFICE OF COUNTY MAYOR

- ◆ The Elizabethton-Carter County Animal Shelter is currently under review for alleged discrepancies in operations.

OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, HIGHWAY SUPERINTENDENT, AND FINANCE DIRECTOR

- ◆ The accounting records for various funds had not been properly maintained.
- ◆ The county had deficiencies in budget operations.
- ◆ Other postemployment benefits disclosures were not available on a timely basis.

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

- ◆ The Other Education Special Revenue Fund had a deficit in unassigned fund balance.
 - ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not prepare adequate trial balances of the execution dockets.
 - ◆ The court software did not generate a report of outside direct payments.
 - ◆ The office did not review its software audit logs.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ New owners of use value properties were not required to file a new application for agricultural property, forest property, or designated open space usage.

INTRODUCTORY SECTION

Carter County Officials

June 30, 2016

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
Christa Byrd, 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
Kelly Collins	Buford Peters
Bobbie Gouge-Dietz	Scott Simerly
Ross Garland	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

Margaret Moses, Chairman
Rai Lynn Anderson

Margaret Pate

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of June 30, 2016, 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 88-95 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 6, 2017, on our consideration of Carter County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carter County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 6, 2017

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Carter County School Department
<u>ASSETS</u>		
Cash	\$ 19,727	\$ 973,224
Equity in Pooled Cash and Investments	17,185,408	11,286,754
Accounts Receivable	106,876	713
Due from Other Governments	1,391,794	1,158,542
Due from Primary Government	0	2,581
Due from Component Units	421,370	0
Property Taxes Receivable	11,931,620	6,624,817
Allowance for Uncollectible Property Taxes	(253,444)	(135,416)
Prepaid Items	32,508	0
Net Pension Asset - Teacher Retirement Plan	0	13,985
Capital Assets:		
Assets Not Depreciated:		
Land	1,995,873	1,038,228
Construction in Progress	75,501	864,351
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	26,792,822	19,296,815
Other Capital Assets	2,518,378	2,208,778
Infrastructure	15,518,807	0
Total Assets	<u>\$ 77,737,240</u>	<u>\$ 43,333,372</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 314,721	\$ 0
Pension Changes in Experience	72,824	226,133
Pension Other Deferrals	0	163,702
Pension Contributions after Measurement Date	1,163,525	2,611,859
Total Deferred Outflows of Resources	<u>\$ 1,551,070</u>	<u>\$ 3,001,694</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 292,468	\$ 370,950
Accrued Payroll	355,214	0
Accrued Interest Payable	117,217	0
Payroll Deductions Payable	154,154	903,335
Future Compensation Payable	0	29,475
Retainage Payable	0	36,712
Due to Primary Government	0	421,370
Due to Component Units	2,581	0
Due to State of Tennessee	10,872	0
Other Current Liabilities	26,257	271,448

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Carter County School Department</u>
<u>LIABILITIES (CONT.)</u>		
Noncurrent Liabilities:		
Due Within One Year	\$ 1,968,833	\$ 272,435
Due in More Than One Year	24,852,987	12,166,506
Total Liabilities	<u>\$ 27,780,583</u>	<u>\$ 14,472,231</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 11,279,396	\$ 6,285,171
Pension Changes in Experience	390,322	3,755,384
Pension Changes in Investment Earnings	289,437	1,633,922
Pension Other Deferrals	0	237,587
Total Deferred Inflows of Resources	<u>\$ 11,959,155</u>	<u>\$ 11,912,064</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 26,120,123	\$ 23,408,172
Restricted for:		
General Government	128,070	0
Finance	26,544	0
Administration of Justice	198,158	0
Public Safety	489,163	0
Public Health and Welfare	629,414	0
Highways	1,364,128	0
Debt Service	3,739,691	0
Education	0	3,024,590
Capital Projects	87,223	0
Unrestricted	<u>6,766,058</u>	<u>(6,481,991)</u>
Total Net Position	<u>\$ 39,548,572</u>	<u>\$ 19,950,771</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Carter County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,919,722	\$ 793,140	\$ 122,893	\$ 0	\$ (1,003,689)	\$ 0
Finance	1,608,476	1,347,741	414	0	(260,321)	0
Administration of Justice	1,253,681	975,116	12,584	0	(265,981)	0
Public Safety	9,381,148	1,637,282	139,659	12,500	(7,591,707)	0
Public Health and Welfare	2,433,022	807,576	979,224	25,395	(620,827)	0
Social, Cultural, and Recreational Services	238,295	0	0	0	(238,295)	0
Agriculture and Natural Resources	112,178	0	0	0	(112,178)	0
Highways	3,239,623	232,938	1,903,571	678,810	(424,304)	0
Interest on Long-term Debt	832,365	0	0	0	(832,365)	0
Total Primary Government	\$ 21,018,510	\$ 5,793,793	\$ 3,158,345	\$ 716,705	\$ (11,349,667)	\$ 0
Component Unit:						
Carter County School Department	\$ 46,522,158	\$ 747,894	\$ 7,674,140	\$ 0	\$ 0	\$ (38,100,124)
Total Component Unit	\$ 46,522,158	\$ 747,894	\$ 7,674,140	\$ 0	\$ 0	\$ (38,100,124)

(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	Component
					Governmental	Unit
				Governmental	Carter County School Department	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 8,750,185	\$ 6,170,681	
Property Taxes Levied for Highway/Public Works				1,126,917	0	
Property Taxes Levied for Debt Service				2,165,931	0	
Local Option Sales Taxes				959,008	4,186,891	
Litigation Tax - General				183,134	0	
Litigation Tax - Jail, Workhouse, or Courthouse				95,806	0	
Litigation Tax - Special				9,408	0	
Litigation Tax - Courtroom Security				75,607	0	
Hotel/Motel Tax				99,152	0	
Business Tax				384,714	0	
Mineral Severance Tax				69,533	0	
Mixed Drink Tax				2,273	1,515	
Wholesale Beer Tax				19,603	0	
Beer Privilege Tax				155,043	0	
Interstate Telecommunications Tax				3,494	3,395	
Grants and Contributions Not Restricted to Specific Programs				716,612	31,737,869	
Unrestricted Investment Income				82,146	10,666	
Miscellaneous				0	8,015	
Total General Revenues				<u>\$ 14,898,566</u>	<u>\$ 42,119,032</u>	
Change in Net Position				\$ 3,548,899	\$ 4,018,908	
Net Position, July 1, 2015				<u>35,999,673</u>	<u>15,931,863</u>	
Net Position, June 30, 2016				<u>\$ 39,548,572</u>	<u>\$ 19,950,771</u>	

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, 2016

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 3,974	\$ 0	\$ 0	\$ 15,753	\$ 19,727
Equity in Pooled Cash and Investments	9,644,628	1,994,071	4,668,322	878,387	17,185,408
Accounts Receivable	95,658	6,881	4,134	203	106,876
Due from Other Governments	680,871	703,908	0	7,015	1,391,794
Due from Other Funds	16,920	11,725	0	0	28,645
Due from Component Units	75,901	0	0	0	75,901
Property Taxes Receivable	8,753,402	1,190,597	1,987,621	0	11,931,620
Allowance for Uncollectible Property Taxes	(176,658)	(24,519)	(52,267)	0	(253,444)
Total Assets	\$ 19,094,696	\$ 3,882,663	\$ 6,607,810	\$ 901,358	\$ 30,486,527
<u>LIABILITIES</u>					
Accounts Payable	\$ 237,556	\$ 13,465	\$ 0	\$ 41,447	\$ 292,468
Accrued Payroll	304,605	40,449	0	10,160	355,214
Payroll Deductions Payable	121,157	25,173	0	7,824	154,154
Due to Other Funds	10,318	0	0	18,327	28,645
Due to Component Units	2,581	0	0	0	2,581
Due to State of Tennessee	10,872	0	0	0	10,872
Other Current Liabilities	3,849	0	0	22,408	26,257
Total Liabilities	\$ 690,938	\$ 79,087	\$ 0	\$ 100,166	\$ 870,191
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 8,314,238	\$ 1,128,782	\$ 1,836,376	\$ 0	\$ 11,279,396
Deferred Delinquent Property Taxes	231,343	32,868	87,228	0	351,439
Other Deferred/Unavailable Revenue	153,992	540,022	0	0	694,014
Total Deferred Inflows of Resources	\$ 8,699,573	\$ 1,701,672	\$ 1,923,604	\$ 0	\$ 12,324,849

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 128,070	\$ 0	\$ 0	\$ 0	\$ 128,070
Restricted for Finance	26,544	0	0	0	26,544
Restricted for Administration of Justice	151,852	0	0	46,306	198,158
Restricted for Public Safety	431,334	0	0	57,829	489,163
Restricted for Public Health and Welfare	148,652	0	0	480,762	629,414
Restricted for Highways/Public Works	0	885,840	0	0	885,840
Restricted for Debt Service	0	0	3,769,680	0	3,769,680
Restricted for Capital Projects	54,968	0	0	32,255	87,223
Committed:					
Committed for Public Health and Welfare	1,000	0	0	150,798	151,798
Committed for Social, Cultural, and Recreational Services	0	0	0	16,576	16,576
Committed for Highways/Public Works	0	1,216,064	0	0	1,216,064
Committed for Debt Service	0	0	914,526	0	914,526
Committed for Capital Projects	0	0	0	16,666	16,666
Assigned:					
Assigned for General Government	513,440	0	0	0	513,440
Assigned for Administration of Justice	42,242	0	0	0	42,242
Assigned for Public Safety	44,595	0	0	0	44,595
Assigned for Other Operations	148,390	0	0	0	148,390
Unassigned	8,013,098	0	0	0	8,013,098
Total Fund Balances	\$ 9,704,185	\$ 2,101,904	\$ 4,684,206	\$ 801,192	\$ 17,291,487
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,094,696	\$ 3,882,663	\$ 6,607,810	\$ 901,358	\$ 30,486,527

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

Carter County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	17,291,487	
 (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		75,501	
Add: infrastructure net of accumulated depreciation		15,518,807	
Add: buildings and improvements net of accumulated depreciation		26,792,822	
Add: other capital assets net of accumulated depreciation		<u>2,518,378</u>	46,901,381
 (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	\$	(396,326)	
Less: other loans payable		(2,275,041)	
Less: bonds payable		(20,335,000)	
Add: deferred amount on refunding		314,721	
Less: capital lease payable		(345,469)	
Add: debt to be contributed by the School Department		345,469	
Less: compensated absences payable		(769,573)	
Less: landfill closure/postclosure care costs		(2,135,424)	
Add: other postemployment benefits liability - prepaid		32,508	
Less: accrued interest on bonds, notes, and other loans payable		(117,217)	
Less: unamortized premium on debt		(446,258)	
Less: net pension liability		<u>(118,729)</u>	(26,246,339)
 (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	\$	1,236,349	
Less: deferred inflows of resources related to pensions		<u>(679,759)</u>	556,590
 (4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>1,045,453</u>
Net position of governmental activities (Exhibit A)	\$		<u><u>39,548,572</u></u>

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

Exhibit C-3

Carter County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 10,737,225	\$ 1,220,695	\$ 2,208,295	\$ 189,603	\$ 14,355,818
Licenses and Permits	560,744	0	0	0	560,744
Fines, Forfeitures, and Penalties	239,961	0	0	18,048	258,009
Charges for Current Services	134,771	0	0	679,687	814,458
Other Local Revenues	119,714	232,357	82,146	101,807	536,024
Fees Received From County Officials	2,063,130	0	0	0	2,063,130
State of Tennessee	1,906,826	2,272,670	45,379	21,716	4,246,591
Federal Government	653,398	27,834	0	0	681,232
Other Governments and Citizens Groups	606,332	581	334,331	0	941,244
Total Revenues	\$ 17,022,101	\$ 3,754,137	\$ 2,670,151	\$ 1,010,861	\$ 24,457,250
<u>Expenditures</u>					
Current:					
General Government	\$ 1,871,139	\$ 0	\$ 0	\$ 58	\$ 1,871,197
Finance	1,640,907	0	0	685	1,641,592
Administration of Justice	1,272,632	0	0	3,213	1,275,845
Public Safety	8,793,995	0	0	63,694	8,857,689
Public Health and Welfare	838,418	0	0	995,516	1,833,934
Social, Cultural, and Recreational Services	107,579	0	0	24,364	131,943
Agriculture and Natural Resources	112,178	0	0	0	112,178
Other Operations	1,035,018	0	0	7,414	1,042,432
Highways	57,789	4,312,197	0	0	4,369,986
Debt Service:					
Principal on Debt	0	0	1,685,123	0	1,685,123
Interest on Debt	0	0	764,786	0	764,786
Other Debt Service	0	0	61,440	0	61,440
Total Expenditures	\$ 15,729,655	\$ 4,312,197	\$ 2,511,349	\$ 1,094,944	\$ 23,648,145

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,292,446	\$ (558,060)	\$ 158,802	\$ (84,083)	\$ 809,105
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 23,191	\$ 3,108	\$ 0	\$ 6,831	\$ 33,130
Transfers In	0	0	0	10,000	10,000
Transfers Out	(10,000)	0	0	0	(10,000)
Total Other Financing Sources (Uses)	\$ 13,191	\$ 3,108	\$ 0	\$ 16,831	\$ 33,130
Net Change in Fund Balances	\$ 1,305,637	\$ (554,952)	\$ 158,802	\$ (67,252)	\$ 842,235
Fund Balance, July 1, 2015	8,398,548	2,656,856	4,525,404	868,444	16,449,252
Fund Balance, June 30, 2016	\$ 9,704,185	\$ 2,101,904	\$ 4,684,206	\$ 801,192	\$ 17,291,487

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, 2016

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 842,235
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 2,346,761	
Less: current-year depreciation expense	<u>(1,884,174)</u>	462,587
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$ 1,045,453	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(630,912)</u>	414,541
<p>(3) 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:</p>		
Add: change in premium on debt issuances	\$ 23,612	
Add: principal payments on other loans	466,000	
Add: principal payments on notes	89,741	
Add: principal payments on bonds	825,000	
Add: principal payments on capital leases	304,382	
Less: principal contributions on capital leases from the School Department	(304,382)	
Less: change in deferred amount on refunding	<u>(32,835)</u>	1,371,518
<p>(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.</p>		
Change in accrued interest payable	\$ 3,084	
Change in compensated absences payable	(171,134)	
Change in other postemployment benefits liability - prepaid	43,598	
Change in landfill closure/postclosure care costs	125,400	
Change in net pension liability/asset	(21,634)	
Change in deferred outflows related to pensions	59,116	
Change in deferred inflows related to pensions	<u>419,588</u>	<u>458,018</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,548,899</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,737,225	\$ 0	\$ 0	\$ 10,737,225	\$ 10,164,500	\$ 10,067,541	\$ 669,684
Licenses and Permits	560,744	0	0	560,744	336,100	394,565	166,179
Fines, Forfeitures, and Penalties	239,961	0	0	239,961	233,500	233,500	6,461
Charges for Current Services	134,771	0	0	134,771	57,750	57,750	77,021
Other Local Revenues	119,714	0	0	119,714	50,000	96,885	22,829
Fees Received From County Officials	2,063,130	0	0	2,063,130	1,842,000	1,842,000	221,130
State of Tennessee	1,906,826	0	0	1,906,826	1,142,064	1,620,317	286,509
Federal Government	653,398	0	0	653,398	33,499	546,854	106,544
Other Governments and Citizens Groups	606,332	0	0	606,332	589,600	637,566	(31,234)
Total Revenues	\$ 17,022,101	\$ 0	\$ 0	\$ 17,022,101	\$ 14,449,013	\$ 15,496,978	\$ 1,525,123
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 82,698	\$ 0	\$ 0	\$ 82,698	\$ 102,582	\$ 102,832	\$ 20,134
Board of Equalization	5,590	0	0	5,590	5,629	5,629	39
County Mayor/Executive	213,482	0	0	213,482	183,137	222,246	8,764
County Attorney	68,992	0	0	68,992	60,738	69,724	732
Election Commission	303,834	(13,700)	0	290,134	304,959	306,998	16,864
Register of Deeds	254,054	0	0	254,054	248,195	264,972	10,918
Planning	230,441	0	0	230,441	259,794	263,840	33,399
County Buildings	712,048	(12,543)	5,875	705,380	679,479	730,707	25,327
<u>Finance</u>							
Accounting and Budgeting	384,042	0	0	384,042	393,622	409,804	25,762
Property Assessor's Office	416,607	0	0	416,607	427,171	436,233	19,626
Reappraisal Program	95,606	0	0	95,606	103,207	105,058	9,452
County Trustee's Office	333,092	0	0	333,092	337,872	342,390	9,298
County Clerk's Office	411,560	0	0	411,560	435,680	442,160	30,600
<u>Administration of Justice</u>							
Circuit Court	619,492	0	6,705	626,197	680,153	697,982	71,785
General Sessions Court	243,941	0	9,928	253,869	245,098	263,109	9,240

(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 7/1/2015	Add: Encumbrances 6/30/2016	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>							
Drug Court	\$ 10,873	\$ 0	\$ 0	\$ 10,873	\$ 0	\$ 0	(10,873)
Chancery Court	342,869	0	0	342,869	314,138	357,727	14,858
Judicial Commissioners	42,303	0	0	42,303	39,512	43,362	1,059
Other Administration of Justice	13,154	0	0	13,154	23,300	23,903	10,749
<u>Public Safety</u>							
Sheriff's Department	4,455,533	(79,581)	0	4,375,952	4,089,259	4,478,160	102,208
Jail	3,329,761	(1,600)	0	3,328,161	3,205,846	3,367,451	39,290
Juvenile Services	234,512	0	0	234,512	201,740	249,227	14,715
Fire Prevention and Control	319,869	0	0	319,869	330,000	331,185	11,316
Rescue Squad	330,000	0	0	330,000	170,000	330,000	0
Other Emergency Management	104,640	0	0	104,640	88,985	110,733	6,093
Inspection and Regulation	3,816	0	0	3,816	3,960	3,960	144
County Coroner/Medical Examiner	14,660	0	0	14,660	15,568	16,381	1,721
Other Public Safety	1,204	0	0	1,204	2,499	2,499	1,295
<u>Public Health and Welfare</u>							
Local Health Center	386,529	0	0	386,529	169,000	402,318	15,789
Rabies and Animal Control	179,916	0	0	179,916	177,634	211,672	31,756
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	2,400	0	0	2,400	2,400	2,400	0
Other Public Health and Welfare	74,988	0	0	74,988	1,425	89,154	14,166
<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	2,419	0	0	2,419	3,748	3,748	1,329
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	92,854	0	0	92,854	114,008	114,008	21,154
Flood Control	372	0	0	372	3,658	3,658	3,286

(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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources (Cont.)</u>							
Other Agriculture and Natural Resources	\$ 18,952	\$ 0	\$ 0	\$ 18,952	\$ 19,854	\$ 19,854	\$ 902
<u>Other Operations</u>							
Tourism	96,852	0	0	96,852	90,000	120,000	23,148
Industrial Development	0	0	0	0	1,000	0	0
Housing and Urban Development	750	0	0	750	0	750	0
Other Economic and Community Development	595,823	0	0	595,823	124,310	637,665	41,842
Veterans' Services	30,877	0	0	30,877	31,136	48,368	17,491
Other Charges	186	0	0	186	1,900	1,900	1,714
Contributions to Other Agencies	9,500	0	0	9,500	49,500	49,500	40,000
Miscellaneous	301,030	0	0	301,030	360,468	320,818	19,788
<u>Highways</u>							
Litter and Trash Collection	57,789	0	0	57,789	46,643	57,161	(628)
Total Expenditures	\$ 15,729,655	\$ (107,424)	\$ 22,508	\$ 15,644,739	\$ 14,448,552	\$ 16,360,991	\$ 716,252
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,292,446	\$ 107,424	\$ (22,508)	\$ 1,377,362	\$ 461	\$ (864,013)	\$ 2,241,375
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 23,191	\$ 0	\$ 0	\$ 23,191	\$ 0	\$ 22,301	\$ 890
Transfers Out	(10,000)	0	0	(10,000)	0	(112,732)	102,732
Total Other Financing Sources	\$ 13,191	\$ 0	\$ 0	\$ 13,191	\$ 0	\$ (90,431)	\$ 103,622
Net Change in Fund Balance	\$ 1,305,637	\$ 107,424	\$ (22,508)	\$ 1,390,553	\$ 461	\$ (954,444)	\$ 2,344,997
Fund Balance, July 1, 2015	8,398,548	(107,424)	0	8,291,124	4,911,358	4,911,358	3,379,766
Fund Balance, June 30, 2016	\$ 9,704,185	\$ 0	\$ (22,508)	\$ 9,681,677	\$ 4,911,819	\$ 3,956,914	\$ 5,724,763

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 1,220,695	\$ 0	\$ 0	\$ 1,220,695	\$ 1,163,689	\$ 1,163,689	\$ 57,006
Other Local Revenues	232,357	0	0	232,357	201,000	299,250	(66,893)
State of Tennessee	2,272,670	0	0	2,272,670	2,076,500	2,403,461	(130,791)
Federal Government	27,834	0	0	27,834	12,500	29,900	(2,066)
Other Governments and Citizens Groups	581	0	0	581	5,000	5,000	(4,419)
Total Revenues	\$ 3,754,137	\$ 0	\$ 0	\$ 3,754,137	\$ 3,458,689	\$ 3,901,300	\$ (147,163)
Expenditures							
Highways							
Administration	\$ 365,626	\$ 0	\$ 0	\$ 365,626	\$ 381,499	\$ 383,567	\$ 17,941
Highway and Bridge Maintenance	2,441,669	0	0	2,441,669	2,248,779	2,730,826	289,157
Operation and Maintenance of Equipment	493,131	(2,400)	0	490,731	946,994	646,025	155,294
Other Charges	98,245	0	0	98,245	104,096	105,781	7,536
Employee Benefits	61,941	0	0	61,941	65,941	62,441	500
Capital Outlay	851,585	(241,107)	612,264	1,222,742	341,750	1,296,429	73,687
Total Expenditures	\$ 4,312,197	\$ (243,507)	\$ 612,264	\$ 4,680,954	\$ 4,089,059	\$ 5,225,069	\$ 544,115
Excess (Deficiency) of Revenues Over Expenditures	\$ (558,060)	\$ 243,507	\$ (612,264)	\$ (926,817)	\$ (630,370)	\$ (1,323,769)	\$ 396,952
Other Financing Sources (Uses)							
Insurance Recovery	\$ 3,108	\$ 0	\$ 0	\$ 3,108	\$ 0	\$ 0	\$ 3,108
Total Other Financing Sources	\$ 3,108	\$ 0	\$ 0	\$ 3,108	\$ 0	\$ 0	\$ 3,108
Net Change in Fund Balance	\$ (554,952)	\$ 243,507	\$ (612,264)	\$ (923,709)	\$ (630,370)	\$ (1,323,769)	\$ 400,060
Fund Balance, July 1, 2015	2,656,856	(243,507)	0	2,413,349	2,390,577	2,390,577	22,772
Fund Balance, June 30, 2016	\$ 2,101,904	\$ 0	\$ (612,264)	\$ 1,489,640	\$ 1,760,207	\$ 1,066,808	\$ 422,832

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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,406,541
Equity in Pooled Cash and Investments	260,446
Accounts Receivable	36,289
Due from Other Governments	1,202,970
Property Taxes Receivable	3,239,707
Allowance for Uncollectible Property Taxes	<u>(66,222)</u>
Total Assets	<u>\$ 7,079,731</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,636,901
Due to Litigants, Heirs, and Others	<u>2,442,830</u>
Total Liabilities	<u>\$ 7,079,731</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, 2016

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 financial statements of the Carter County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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 financial statements of the Carter County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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, 2016.

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 amortized cost using a Stable Net Asset Value. 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 1.09 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 and the remaining balance in the employee flexible spending clearing account. Other Current Liabilities reflected in the Drug Control Fund represent asset seizures that have not been awarded to the county as of June 30, 2016.

The balance in the account Other Current Liabilities totaling \$271,448 on the Statement of Net Position for the School Department represents the remaining balances in the teachers' insurance clearing account, the federal payroll tax clearing account, and the employee flexible spending clearing account of \$247,576, \$23,707, and \$165, respectively.

Retainage payable in the discretely presented School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the 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. 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 experience, pension changes in investment earnings, pension other deferrals, and various receivables for revenues, which do not meet the availability criteria for governmental funds.

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, 2016, Carter County had \$3,016,836 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 (\$22,508), amounts appropriated for use in the 2016-17 budget (\$462,557), amounts assigned for industrial purposes (\$148,390), and various other assignments (\$115,212). Assigned fund balance in the School Department’s General Purpose School Fund consists of amounts assigned for encumbrances (\$2,285,672), an energy savings program (\$303,185), and various other assignments (\$20,713).

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.

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, 2016, Carter County and the Carter County School Department reported the following significant encumbrances:

Fund	Purpose	Amount
Primary Government:		
Highway/Public Works	Bridges	\$ 608,264
School Department:		
General Purpose School	Buses	186,000
"	Construction	2,099,672

B. Fund Deficit

The Other Education Special Revenue Fund of the discretely presented School Department had a deficit unassigned fund balance of \$16,517 at June 30, 2016. This deficit resulted from expenditures exceeding restricted, committed, and assigned balances. The deficit unassigned fund balance was liquidated when revenues were recognized after June 30, 2016.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations in the discretely presented School Department's Other Education Special Revenue Fund by \$28,103.

In addition, expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) in the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Overspent</u>
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Primary Government

General:

Administration of Justice - Drug Court	\$ 10,873
Litter and Trash Collection	628

Discretely Presented School Department

General Purpose School:

Support Services - Other Student Support	3,742
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Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances, except for the amount in the Other Education Special Revenue Fund, which resulted in a deficit in unassigned fund balance as discussed in Note III.B.

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, 2016.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 1,995,873	\$ 0	\$ 0	\$ 1,995,873
Construction in Progress	23,450	52,051	0	75,501
Total Capital Assets Not Depreciated	<u>\$ 2,019,323</u>	<u>\$ 52,051</u>	<u>\$ 0</u>	<u>\$ 2,071,374</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 33,507,282	\$ 0	\$ 0	\$ 33,507,282
Infrastructure	23,145,123	1,107,025	0	24,252,148
Other Capital Assets	5,312,257	1,187,685	(198,215)	6,301,727
Total Capital Assets Depreciated	<u>\$ 61,964,662</u>	<u>\$ 2,294,710</u>	<u>\$ (198,215)</u>	<u>\$ 64,061,157</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,877,434	\$ 837,026	\$ 0	\$ 6,714,460
Infrastructure	8,145,953	587,388	0	8,733,341
Other Capital Assets	3,521,804	459,760	(198,215)	3,783,349
Total Accumulated Depreciation	<u>\$ 17,545,191</u>	<u>\$ 1,884,174</u>	<u>\$ (198,215)</u>	<u>\$ 19,231,150</u>
Total Capital Assets Depreciated, Net	<u>\$ 44,419,471</u>	<u>\$ 410,536</u>	<u>\$ 0</u>	<u>\$ 44,830,007</u>
Governmental Activities Capital Assets, Net	<u>\$ 46,438,794</u>	<u>\$ 462,587</u>	<u>\$ 0</u>	<u>\$ 46,901,381</u>

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

Governmental Activities:

General Government	\$ 55,228
Finance	272
Public Safety	914,797
Public Health and Welfare	122,516
Highways	<u>791,361</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,884,174</u></u>

Discretely Presented Carter County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 1,038,228	\$ 0	\$ 0	\$ 1,038,228
Construction in Progress	64,296	864,351	(64,296)	<u>864,351</u>
Total Capital Assets Not Depreciated	<u>\$ 1,102,524</u>	<u>\$ 864,351</u>	<u>\$ (64,296)</u>	<u>\$ 1,902,579</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 44,358,818	\$ 1,112,922	\$ 0	\$ 45,471,740
Other Capital Assets	7,252,670	73,343	(81,010)	<u>7,245,003</u>
Total Capital Assets Depreciated	<u>\$ 51,611,488</u>	<u>\$ 1,186,265</u>	<u>\$ (81,010)</u>	<u>\$ 52,716,743</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 25,380,543	\$ 794,382	\$ 0	\$ 26,174,925
Other Capital Assets	4,580,671	536,564	(81,010)	<u>5,036,225</u>
Total Accumulated Depreciation	<u>\$ 29,961,214</u>	<u>\$ 1,330,946</u>	<u>\$ (81,010)</u>	<u>\$ 31,211,150</u>
Total Capital Assets Depreciated, Net	<u>\$ 21,650,274</u>	<u>\$ (144,681)</u>	<u>\$ 0</u>	<u>\$ 21,505,593</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 22,752,798</u></u>	<u><u>\$ 719,670</u></u>	<u><u>\$ (64,296)</u></u>	<u><u>\$ 23,408,172</u></u>

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

Governmental Activities:

Instruction	\$ 826,020
Support Services	410,867
Operation of Non-instructional Services	<u>94,059</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,330,946</u></u>

C. Construction Commitments

At June 30, 2016, the Highway Department had uncompleted construction contracts of approximately \$608,264 for the construction of two bridges. Funding for these future expenditures is expected to be received from state grants (\$596,451), and available fund balance (\$11,813).

At June 30, 2016, the discretely presented Carter County School Department had uncompleted construction contracts of \$2,099,672 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, 2016, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 16,920
Highway/Public Works	General	10,318
"	Nonmajor governmental	1,407
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	68,685
Central Cafeteria	Nonmajor governmental	22,144
Nonmajor governmental	General Purpose School	40,944

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	\$ 345,469
General	General Purpose School	75,901
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	2,581

The amount reflected as Due to the Primary Government from the discretely presented School Department on the government-wide Statement of Net Position also includes a long-term receivable of \$345,469 for debt issued by the primary government, the principal of which is being contributed by the School Department. Of that amount, \$22,959 is not expected to be received within one year.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In Nonmajor Governmental
General	\$ 10,000

Discretely Presented Carter County School Department

Transfer Out	Transfer In Nonmajor Governmental
General Purpose School	\$ 200,000

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.

The School Department made a one-time transfer of \$200,000 from the General Purpose School Fund to the School Federal Projects Fund to provide additional funds for cash flow purposes.

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:

Asset	Governmental Activities
Buildings and Improvements	\$ 3,200,000
Less: Accumulated Depreciation	<u>(1,006,445)</u>
Total Book Value	<u><u>\$ 2,193,555</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ending June 30	Governmental Funds
2017	\$ 334,330
2018	23,091
Total Minimum Lease Payments	<u>\$ 357,421</u>
Less: Amount Representing Interest	<u>(11,952)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 345,469</u></u>

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, 2016, 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, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds -				
Refunding	3.29%	5-1-35	\$ 24,800,000	\$ 20,335,000
Capital Outlay Notes	3.49	5-22-20	1,024,700	396,326
Other Loans	Variable	5-25-29	3,530,041	2,275,041
Capital Lease	5.8	7-15-17	3,200,000	345,469

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, 2016.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Type	Interest Rates as of 6-30-16	Other Fees 6-30-16
<u>Montgomery County Public Building Authority</u>					
Montgomery County PBA Loan Program	\$ 3,530,041	\$ 2,275,041	Variable	.21 %	0.76 %
Total		<u>\$ 2,275,041</u>			

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2022-2026	5,675,000	2,431,656	8,106,656
2027-2031	5,835,000	1,459,481	7,294,481
2032-2035	4,000,000	400,000	4,400,000
Total	<u>\$ 20,335,000</u>	<u>\$ 7,525,794</u>	<u>\$ 27,860,794</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
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>\$ 396,326</u>	<u>\$ 34,553</u>	<u>\$ 430,879</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 149,000	\$ 4,778	\$ 17,328	\$ 171,106
2018	153,000	4,465	16,193	173,658
2019	158,000	4,143	15,028	177,171
2020	164,000	3,811	13,824	181,635
2021	169,000	3,467	12,575	185,042
2022-2026	929,000	11,783	42,738	983,521
2027-2029	553,041	2,184	7,921	563,146
Total	\$ 2,275,041	\$ 34,631	\$ 125,607	\$ 2,435,279

There is \$4,684,206 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 \$407, 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 6-30-16
<u>Capital Lease</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Lighting and Control Equipment	\$ 345,469

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2015	\$ 21,160,000	\$ 486,067	\$ 2,741,041
Reductions	(825,000)	(89,741)	(466,000)
Balance, June 30, 2016	<u>\$ 20,335,000</u>	<u>\$ 396,326</u>	<u>\$ 2,275,041</u>
Balance Due Within One Year	<u>\$ 875,000</u>	<u>\$ 93,331</u>	<u>\$ 149,000</u>

	Capital Leases	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2015	\$ 649,851	\$ 598,439	\$ 2,260,824
Additions	0	814,876	0
Reductions	(304,382)	(643,742)	(125,400)
Balance, June 30, 2016	<u>\$ 345,469</u>	<u>\$ 769,573</u>	<u>\$ 2,135,424</u>
Balance Due Within One Year	<u>\$ 322,510</u>	<u>\$ 378,270</u>	<u>\$ 150,722</u>

	Net Pension Liability- Agent Plan	Other Postemployment Benefits (Prepaid)
Balance, July 1, 2015	\$ 97,095	\$ 11,090
Additions	1,869,096	134,529
Reductions	(1,847,462)	(178,127)
Balance, June 30, 2016	<u>\$ 118,729</u>	<u>\$ (32,508)</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 26,343,054
Add: Postemployment Benefits Reported as Prepaid Item	32,508
Add: Unamortized Premium on Debt	446,258
Less: Balance Due Within One Year	<u>(1,968,833)</u>
 Noncurrent Liabilities - Due in More Than One Year - Exhibit A	 <u>\$ 24,852,987</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, 2016, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Termination Benefits</u>
Balance, July 1, 2015	\$ 715,705	\$ 45,653
Additions	273,605	93,426
Reductions	<u>(278,917)</u>	<u>(45,653)</u>
Balance, June 30, 2016	<u>\$ 710,393</u>	<u>\$ 93,426</u>
Balance Due Within One Year	<u>\$ 179,009</u>	<u>\$ 93,426</u>
	<u>Other Postemployment Benefits</u>	<u>Net Pension Liability - Agent Plan</u>
Balance, July 1, 2015	\$ 10,164,882	\$ 130,294
Additions	1,724,130	1,134,402
Reductions	<u>(553,050)</u>	<u>(1,190,933)</u>
Balance, June 30, 2016	<u>\$ 11,335,962</u>	<u>\$ 73,763</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Governmental Activities:	Net Pension Liability (Asset) - Teacher Legacy Plan
Balance, July 1, 2015	\$ (86,925)
Additions	7,630,854
Reductions	<u>(7,318,532)</u>
Balance, June 30, 2016	<u>\$ 225,397</u>
Balance Due Within One Year	<u>\$ 0</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 12,438,941
Less: Balance Due Within One Year	<u>(272,435)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 12,166,506</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, 2016, were \$6,450. 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, 2016, were \$342,590 and \$59,363, 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

Carter County and the discretely presented Carter County School Department 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 and the Carter County School Department pay annual premiums to the TN-RMT for their 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 primary government 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.

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

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

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

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

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

C. Contingent Liabilities

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

D. Change in Administration

On August 12, 2015, Ingrid Deloach left the Office of Finance Director and was succeeded by Christa Byrd effective August 13, 2015.

E. 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 \$2,135,424 reported as postclosure care liability at June 30, 2016, represents amounts based on what it would cost to perform all postclosure care in 2016. 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.

F. 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, 2016.

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 facilities. This program is governed by a board of directors designated by the counties. The board of directors has contracted with ElyJenn Health Services, LLC, to undertake the management of 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 individuals from the county using the facility.

In a prior year, 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. It should be noted that during the current year, Carter County elected to withdraw from its partnership agreement for Carter County Tomorrow. The county is no longer obligated to provide financial support, and it is not represented on the board of directors. Carter County made no contributions to Carter County Tomorrow for the year ended June 30, 2016.

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 91
P.O. Box 280
Elizabethton, TN 37644

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

G. 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. Carter County is the

fiscal agent for a Community Development Block Grant of \$520,000 awarded to the Watauga River Regional Water Authority for rehabilitation of waterlines. During the current year, Community Development Block Grant pass-through funds of \$477,105 were remitted to the Watauga River Regional Water Authority by Carter County.

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.

During the current year, Carter County entered into an inter-local agreement between Carter County and the cities of Elizabethton, Johnson City, and Watauga for establishment of the Carter County Joint Economic and Community Development Board. The purpose is to foster communications relative to economic and community development between and among government entities, industry, and private citizens. The board of directors consists of the mayors of Carter County and each city or the mayor's designee, the president of Elizabethton/Carter County Chamber of Commerce, the director of the Elizabethton Electric System or the director's designee, the director of the Tennessee College of Applied Technology in Elizabethton, Tennessee, or the director's designee, and the following four members elected by the board: a qualified land owner, and individuals employed in the county school system and individuals employed in the financial and manufacturing areas of the private sector.

H. 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 comprised 61.68 percent and the non-certified employees of

the discretely presented School Department comprised 38.32 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	463
Inactive Employees Entitled to But Not Yet Receiving Benefits	625
Active Employees	538
Total	1,626

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 their salary, while employees hired before January 1, 2010, are non-contributory. 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, the Actuarial Determined Contribution (ADC) for Carter County was \$1,799,438 based on a rate of 14.94 percent of covered 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 ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Carter County's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	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 will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 41,578,546	\$ 41,351,157	\$ 227,389
Changes for the Year:			
Service Cost	\$ 946,742	\$ 0	\$ 946,742
Interest	3,112,630	0	3,112,630
Differences Between Expected and Actual Experience	(791,022)	0	(791,022)
Contributions-Employer	0	1,799,438	(1,799,438)
Contributions-Employees	0	258,553	(258,553)
Net Investment Income	0	1,273,583	(1,273,583)
Benefit Payments, Including Refunds of Employee Contributions	(2,047,102)	(2,047,102)	0
Administrative Expense	0	(28,327)	28,327
Net Changes	\$ 1,221,248	\$ 1,256,145	\$ (34,897)
Balance, June 30, 2015	\$ 42,799,794	\$ 42,607,302	\$ 192,492

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	61.68%	\$ 26,398,913	\$ 26,280,184	\$ 118,729
School Department	38.32%	16,400,881	16,327,118	73,763
Total		<u>\$ 42,799,794</u>	<u>\$ 42,607,302</u>	<u>\$ 192,492</u>

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% Decrease	Current Discount Rate	1% Increase
Carter County	6.5%	7.5%	8.5%
Net Pension Liability	\$ 5,582,469	\$ 192,492	\$ (4,314,834)

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

Pension Expense. For the year ended June 30, 2016, Carter County recognized pension expense of \$331,389.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 118,067	\$ 632,818
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,461,680	1,930,936
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	<u>1,887,977</u>	<u>N/A</u>
Total	<u>\$ 3,467,724</u>	<u>\$ 2,563,754</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 2,137,913	\$ 1,581,323
School Department	<u>1,329,811</u>	<u>982,431</u>
Total	<u>\$ 3,467,724</u>	<u>\$ 2,563,754</u>

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

Year Ending June 30	Amount
2017	\$ (397,074)
2018	(397,074)
2019	(397,074)
2020	207,216
2021	0
Thereafter	0

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

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 61.68 percent and the non-certified employees of the discretely presented School Department comprise 38.32 percent of the plan based on contribution 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 with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher

Retirement Plan were \$60,931, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2016, the Carter County School Department reported an asset of \$13,985 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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 share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Carter County School Department’s proportion was .347636 percent.

Pension Expense. For the year ended June 30, 2016, the Carter County School Department recognized pension expense of \$18,328.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 4,552
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,130	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	60,931	N/A
Total	<u>\$ 62,061</u>	<u>\$ 4,552</u>

The Carter County School Department's employer contributions of \$60,931, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) of net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (97)
2018	(97)
2019	(97)
2020	(97)
2021	(379)
Thereafter	(2,655)

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity	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	
			100	%
Total				

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the

TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 2,480	\$ (13,985)	\$ (26,061)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the 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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Carter County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$1,826,476, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2016, the Carter County School Department reported a liability of \$225,397 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Carter County School Department's proportion of the net pension liability (asset) was based on the Carter County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Carter County School Department's proportion was .550239 percent. The proportion measured at June 30, 2014, was .534930 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Carter County School Department recognized negative pension expense of \$205,069.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 180,890	\$ 3,508,336
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,069,962	5,525,195
Changes in Proportion of Net Pension Liability (Asset)	163,702	237,587
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>1,826,476</u>	<u>N/A</u>
Total	<u>\$ 6,241,030</u>	<u>\$ 9,271,118</u>

The Carter County School Department's employer contributions of \$1,826,476 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) in net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (1,504,507)
2018	(1,504,507)
2019	(1,504,507)
2020	337,224
2021	(680,266)
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to

be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 15,366,800	\$ 225,397	\$ (12,309,900)

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 \$72,620 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

I. 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, 2016, Carter County contributed \$153,959 for postemployment healthcare benefits.

Annual OPEB Cost and Net OPEB Obligation

ARC	\$	134,325
Interest on the NOPEBO		(523)
Adjustment to the ARC		<u>727</u>
Annual OPEB cost	\$	134,529
Amount of contribution		(153,959)
Adjustment of prior year contribution		<u>(24,168)</u>
Increase/decrease in NOPEBO	\$	(43,598)
Net OPEB obligation, 7-1-15		<u>11,090</u>
Net OPEB obligation, 6-30-16	\$	<u><u>(32,508)</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Prepaid) at Year End
6-30-14	Commercial Insurance	\$ 130,873	94 %	\$ 3,394
6-30-15	"	133,361	94	11,090
6-30-16	"	134,529	114	(32,508)

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 plan. 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://tennessee.gov/finance/article/fa-accfin-cafr>.

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 ten 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 for a maximum of 10 years or until the retirees are Medicare eligible. Certified teachers and paraprofessionals hired on or after July 1, 2013, who meet eligibility requirements will have benefits paid for a maximum of five years.

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 \$612,433 for postemployment healthcare benefits during the year ended June 30, 2016.

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, 2016, Carter County contributed \$107,795 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	\$ 1,520,000	\$ 212,175
Interest on the NOPEBO	371,710	16,792
Adjustment to the ARC	(373,203)	(23,344)
Annual OPEB cost	\$ 1,518,507	\$ 205,623
Amount of contribution	(612,433)	(107,795)
Ajustment to prior year contribution	0	167,178
Increase/decrease in NOPEBO	\$ 906,074	\$ 265,006
Net OPEB obligation, 7-1-15	9,912,254	252,628
Net OPEB obligation, 6-30-16	<u>\$ 10,818,328</u>	<u>\$ 517,634</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 2,015,706	46	% \$ 8,573,036
6-30-15	"	2,088,820	36	9,912,254
6-30-16	"	1,518,507	40	10,818,328
6-30-14	Dental, Life, and Termination	231,440	95	305,268
6-30-15	"	206,599	126	252,628
6-30-16	"	205,623	52	517,634

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	7-1-15	7-1-14
Actuarial accrued liability (AAL)	\$ 13,704,000	\$ 3,159,819
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 13,704,000	\$ 3,159,819
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 24,996,314	\$ 27,488,825
UAAL as a % of covered payroll	55%	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, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially. The trend will decrease to six percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

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.

J. 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 full-time 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 with the Carter County School System 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.I., termination benefits are included in the Carter County School Department OPEB obligations.

K. 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.

L. 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 \$25,000 are required to be competitively bid.

**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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 968,307	\$ 946,742
Interest	2,954,231	3,112,630
Differences Between Actual and Expected Experience	196,779	(791,022)
Benefit Payments, Including Refunds of Employee Contributions	(1,924,412)	(2,047,102)
Net Change in Total Pension Liability (Asset)	\$ 2,194,905	\$ 1,221,248
Total Pension Liability (Asset), Beginning	39,383,641	41,578,546
Total Pension Liability (Asset), Ending (a)	\$ 41,578,546	\$ 42,799,794
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,642,354	\$ 1,799,438
Contributions - Employee	205,685	258,553
Net Investment Income	5,882,079	1,273,583
Benefit Payments, Including Refunds of Employee Contributions	(1,924,412)	(2,047,102)
Administrative Expense	(21,508)	(28,327)
Net Change in Plan Fiduciary Net Position	\$ 5,784,198	\$ 1,256,145
Plan Fiduciary Net Position, Beginning	35,566,959	41,351,157
Plan Fiduciary Net Position, Ending (b)	\$ 41,351,157	\$ 42,607,302
Net Pension Liability (Asset), Ending (a - b)	\$ 227,389	\$ 192,492
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.45%	99.55%
Covered Payroll	\$ 11,631,366	\$ 12,044,428
Net Pension Liability (Asset) as a Percentage of Covered Payroll	1.95%	1.60%

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-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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 1,642,354	\$ 1,799,438	\$ 1,887,977
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,642,354)</u>	<u>(1,799,438)</u>	<u>(1,887,977)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 11,631,366	\$ 12,044,428	\$ 12,636,079
Contributions as a Percentage of Covered Payroll	14.12%	14.94%	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
Pension Plan of TCRS
Discretely Presented Carter County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 18,057	\$ 38,093
Less Contributions in Relation to the Contractually Required Contribution	<u>(28,892)</u>	<u>(60,931)</u>
Contribution Deficiency (Excess)	<u>\$ (10,835)</u>	<u>\$ (22,838)</u>
Covered Payroll	\$ 722,287	\$ 1,523,728
Contributions as a Percentage of Covered Payroll	4.00%	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	2016
Contractually Required Contribution	\$ 1,864,442	\$ 1,862,080	\$ 1,826,476
Less Contributions in Relation to the Contractually Required Contribution	(1,864,442)	(1,862,080)	(1,826,476)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 20,995,964	\$ 20,599,747	\$ 20,206,436
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

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

Exhibit E-5

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

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.347636%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (13,985)
Covered Payroll	\$ 722,287
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

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

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

Exhibit E-6

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

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.534930%	0.550239%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (86,924)	\$ 225,397
Covered Payroll	\$ 20,995,964	\$ 20,599,747
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

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

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

Exhibit E-7

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

(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	7-1-11	0	19,879	19,879	0	26,941	74
"	7-1-13	0	18,050	18,050	0	25,293	71
"	7-1-15	0	13,704	13,704	0	24,996	55

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 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	Three 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, 2016

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>ASSETS</u>					
Cash	\$ 0	\$ 7,322	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	46,306	100,205	578,892	87,487	16,576
Accounts Receivable	0	45	0	100	0
Due from Other Governments	0	7,015	0	0	0
Total Assets	<u>\$ 46,306</u>	<u>\$ 114,587</u>	<u>\$ 578,892</u>	<u>\$ 87,587</u>	<u>\$ 16,576</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 32,679	\$ 5,993	\$ 2,775	\$ 0
Accrued Payroll	0	10,160	0	0	0
Payroll Deductions Payable	0	7,321	503	0	0
Due to Other Funds	0	3,493	1,770	4,575	0
Other Current Liabilities	0	0	0	22,408	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 53,653</u>	<u>\$ 8,266</u>	<u>\$ 29,758</u>	<u>\$ 0</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Administration of Justice	\$ 46,306	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Public Safety	0	0	0	57,829	0
Restricted for Public Health and Welfare	0	0	480,762	0	0
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	0	60,934	89,864	0	0

(Continued)

Exhibit F-1

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

FUND BALANCES (CONT.)

Committed (Cont.):

Committed for Social, Cultural, and Recreational Services

Committed for Capital Projects

Total Fund Balances

Total Liabilities and Fund Balances

<u>Special Revenue Funds</u>				
<u>Courthouse and Jail Maintenance</u>	<u>Solid Waste / Sanitation</u>	<u>Health Department</u>	<u>Drug Control</u>	<u>Sports and Recreation</u>
\$ 0	\$ 0	\$ 0	\$ 0	16,576
0	0	0	0	0
<u>\$ 46,306</u>	<u>\$ 60,934</u>	<u>\$ 570,626</u>	<u>\$ 57,829</u>	<u>\$ 16,576</u>
<u>\$ 46,306</u>	<u>\$ 114,587</u>	<u>\$ 578,892</u>	<u>\$ 87,587</u>	<u>\$ 16,576</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</u>
	<u>Constitu- tional Officers - Fees</u>	<u>Total</u>	<u>General Capital Projects</u>		<u>Nonmajor Governmental Funds</u>
<u>ASSETS</u>					
Cash	\$ 8,431	\$ 15,753	\$ 0	\$	15,753
Equity in Pooled Cash and Investments	0	829,466	48,921		878,387
Accounts Receivable	58	203	0		203
Due from Other Governments	0	7,015	0		7,015
Total Assets	<u>\$ 8,489</u>	<u>\$ 852,437</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>901,358</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 41,447	\$ 0	\$	41,447
Accrued Payroll	0	10,160	0		10,160
Payroll Deductions Payable	0	7,824	0		7,824
Due to Other Funds	8,489	18,327	0		18,327
Other Current Liabilities	0	22,408	0		22,408
Total Liabilities	<u>\$ 8,489</u>	<u>\$ 100,166</u>	<u>\$ 0</u>	<u>\$</u>	<u>100,166</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Administration of Justice	\$ 0	\$ 46,306	\$ 0	\$	46,306
Restricted for Public Safety	0	57,829	0		57,829
Restricted for Public Health and Welfare	0	480,762	0		480,762
Restricted for Capital Projects	0	0	32,255		32,255
Committed:					
Committed for Public Health and Welfare	0	150,798	0		150,798

(Continued)

Exhibit F-1

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

FUND BALANCES (CONT.)

Committed (Cont.):

 Committed for Social, Cultural, and Recreational Services

 Committed for Capital Projects

Total Fund Balances

Total Liabilities and Fund Balances

<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Fund</u>		<u>Total</u>
Constitu- tional Officers - Fees	Total	General Capital Projects		Nonmajor Governmental Funds
\$ 0	\$ 16,576	\$ 0	\$	16,576
0	0	16,666		16,666
<u>\$ 0</u>	<u>\$ 752,271</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>801,192</u>
<u>\$ 8,489</u>	<u>\$ 852,437</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>901,358</u>

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, 2016

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>Revenues</u>					
Local Taxes	\$ 9,322	\$ 0	\$ 169,000	\$ 0	\$ 11,281
Fines, Forfeitures, and Penalties	0	0	0	18,048	0
Charges for Current Services	0	675,731	0	0	0
Other Local Revenues	0	89,355	0	12,452	0
State of Tennessee	0	21,716	0	0	0
Total Revenues	\$ 9,322	\$ 786,802	\$ 169,000	\$ 30,500	\$ 11,281
<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	63,694	0
Public Health and Welfare	0	834,365	161,151	0	0
Social, Cultural, and Recreational Services	0	0	0	0	24,364
Other Operations	92	6,986	0	336	0
Total Expenditures	\$ 92	\$ 841,351	\$ 161,151	\$ 64,030	\$ 24,364
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,230	\$ (54,549)	\$ 7,849	\$ (33,530)	\$ (13,083)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 6,831	\$ 0	\$ 0	0
Transfers In	0	10,000	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 16,831	\$ 0	\$ 0	0

(Continued)

Exhibit F-2

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
Net Change in Fund Balances	\$ 9,230	\$ (37,718)	\$ 7,849	\$ (33,530)	\$ (13,083)
Fund Balance, July 1, 2015	37,076	98,652	562,777	91,359	29,659
Fund Balance, June 30, 2016	\$ 46,306	\$ 60,934	\$ 570,626	\$ 57,829	\$ 16,576

(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>
	<u>Constitutional Officers - Fees</u>	<u>Total</u>	<u>General Capital Projects</u>		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 189,603	\$ 0	\$ 189,603	
Fines, Forfeitures, and Penalties	0	18,048	0	18,048	
Charges for Current Services	3,956	679,687	0	679,687	
Other Local Revenues	0	101,807	0	101,807	
State of Tennessee	0	21,716	0	21,716	
Total Revenues	\$ 3,956	\$ 1,010,861	\$ 0	\$ 1,010,861	
<u>Expenditures</u>					
Current:					
General Government	\$ 58	\$ 58	\$ 0	\$ 58	
Finance	685	685	0	685	
Administration of Justice	3,213	3,213	0	3,213	
Public Safety	0	63,694	0	63,694	
Public Health and Welfare	0	995,516	0	995,516	
Social, Cultural, and Recreational Services	0	24,364	0	24,364	
Other Operations	0	7,414	0	7,414	
Total Expenditures	\$ 3,956	\$ 1,094,944	\$ 0	\$ 1,094,944	
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (84,083)	\$ 0	\$ (84,083)	
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 6,831	\$ 0	\$ 6,831	
Transfers In	0	10,000	0	10,000	
Total Other Financing Sources (Uses)	\$ 0	\$ 16,831	\$ 0	\$ 16,831	

(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>		Total Nonmajor Governmental Funds
	Constitu- tional Officers - Fees	Total	General Capital Projects		
Net Change in Fund Balances	\$ 0	\$ (67,252)	\$ 0	\$ (67,252)	
Fund Balance, July 1, 2015	0	819,523	48,921	868,444	
Fund Balance, June 30, 2016	\$ 0	\$ 752,271	\$ 48,921	\$ 801,192	

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,322	\$ 10,500	\$ 10,500	\$ (1,178)
Total Revenues	\$ 9,322	\$ 10,500	\$ 10,500	\$ (1,178)
<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	92	100	100	8
Total Expenditures	\$ 92	\$ 10,500	\$ 10,500	\$ 10,408
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,230	\$ 0	\$ 0	\$ 9,230
Net Change in Fund Balance	\$ 9,230	\$ 0	\$ 0	\$ 9,230
Fund Balance, July 1, 2015	37,076	31,485	31,485	5,591
Fund Balance, June 30, 2016	\$ 46,306	\$ 31,485	\$ 31,485	\$ 14,821

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 675,731	\$ 579,000	\$ 594,247	\$ 81,484
Other Local Revenues	89,355	85,000	85,000	4,355
State of Tennessee	21,716	22,000	22,000	(284)
Total Revenues	<u>\$ 786,802</u>	<u>\$ 686,000</u>	<u>\$ 701,247</u>	<u>\$ 85,555</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 49,151	\$ 63,858	\$ 54,257	\$ 5,106
Recycling Center	48,794	58,694	56,194	7,400
Landfill Operation and Maintenance	736,420	721,043	765,222	28,802
<u>Other Operations</u>				
Miscellaneous	6,986	10,000	10,000	3,014
Total Expenditures	<u>\$ 841,351</u>	<u>\$ 853,595</u>	<u>\$ 885,673</u>	<u>\$ 44,322</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (54,549)</u>	<u>\$ (167,595)</u>	<u>\$ (184,426)</u>	<u>\$ 129,877</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,831	\$ 0	\$ 6,831	\$ 0
Transfers In	10,000	167,618	167,618	(157,618)
Total Other Financing Sources	<u>\$ 16,831</u>	<u>\$ 167,618</u>	<u>\$ 174,449</u>	<u>\$ (157,618)</u>
Net Change in Fund Balance	<u>\$ (37,718)</u>	<u>\$ 23</u>	<u>\$ (9,977)</u>	<u>\$ (27,741)</u>
Fund Balance, July 1, 2015	<u>98,652</u>	<u>122,118</u>	<u>122,118</u>	<u>(23,466)</u>
Fund Balance, June 30, 2016	<u><u>\$ 60,934</u></u>	<u><u>\$ 122,141</u></u>	<u><u>\$ 112,141</u></u>	<u><u>\$ (51,207)</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 169,000	\$ 0	\$ 169,000	\$ 0
Other Local Revenues	0	0	926	(926)
State of Tennessee	0	169,000	0	0
Total Revenues	<u>\$ 169,000</u>	<u>\$ 169,000</u>	<u>\$ 169,926</u>	<u>\$ (926)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 161,151	\$ 169,000	\$ 169,926	\$ 8,775
Total Expenditures	<u>\$ 161,151</u>	<u>\$ 169,000</u>	<u>\$ 169,926</u>	<u>\$ 8,775</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,849	\$ 0	\$ 0	\$ 7,849
Net Change in Fund Balance	\$ 7,849	\$ 0	\$ 0	\$ 7,849
Fund Balance, July 1, 2015	562,777	112,993	112,993	449,784
Fund Balance, June 30, 2016	<u>\$ 570,626</u>	<u>\$ 112,993</u>	<u>\$ 112,993</u>	<u>\$ 457,633</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 18,048	\$ 25,000	\$ 25,000	\$ (6,952)
Other Local Revenues	12,452	9,800	9,800	2,652
State of Tennessee	0	5,000	5,000	(5,000)
Total Revenues	<u>\$ 30,500</u>	<u>\$ 39,800</u>	<u>\$ 39,800</u>	<u>\$ (9,300)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 63,694	\$ 39,000	\$ 70,653	\$ 6,959
<u>Other Operations</u>				
Miscellaneous	336	800	800	464
Total Expenditures	<u>\$ 64,030</u>	<u>\$ 39,800</u>	<u>\$ 71,453</u>	<u>\$ 7,423</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (33,530)</u>	<u>\$ 0</u>	<u>\$ (31,653)</u>	<u>\$ (1,877)</u>
Net Change in Fund Balance	\$ (33,530)	\$ 0	\$ (31,653)	\$ (1,877)
Fund Balance, July 1, 2015	<u>91,359</u>	<u>92,778</u>	<u>92,778</u>	<u>(1,419)</u>
Fund Balance, June 30, 2016	<u>\$ 57,829</u>	<u>\$ 92,778</u>	<u>\$ 61,125</u>	<u>\$ (3,296)</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, 2016

	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	0	11,281	0	0
Total Revenues	\$ 11,281	\$ 11,281	\$ 11,281	\$ 0
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 24,364	\$ 11,281	\$ 24,781	\$ 417
Total Expenditures	\$ 24,364	\$ 11,281	\$ 24,781	\$ 417
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,083)	\$ 0	\$ (13,500)	\$ 417
Net Change in Fund Balance	\$ (13,083)	\$ 0	\$ (13,500)	\$ 417
Fund Balance, July 1, 2015	29,659	29,659	29,659	0
Fund Balance, June 30, 2016	\$ 16,576	\$ 29,659	\$ 16,159	\$ 417

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,208,295	\$ 2,068,015	\$ 2,068,015	\$ 140,280
Other Local Revenues	82,146	60,000	60,000	22,146
State of Tennessee	45,379	33,208	33,208	12,171
Other Governments and Citizens Groups	334,331	0	375,000	(40,669)
Total Revenues	<u>\$ 2,670,151</u>	<u>\$ 2,161,223</u>	<u>\$ 2,536,223</u>	<u>\$ 133,928</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 825,000	\$ 825,000	\$ 825,000	\$ 0
Education	860,123	661,251	990,351	130,228
<u>Interest on Debt</u>				
General Government	710,931	710,931	710,931	0
Education	53,855	153,756	199,656	145,801
<u>Other Debt Service</u>				
General Government	44,159	45,000	45,165	1,006
Education	17,281	22,700	22,535	5,254
Total Expenditures	<u>\$ 2,511,349</u>	<u>\$ 2,418,638</u>	<u>\$ 2,793,638</u>	<u>\$ 282,289</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 158,802</u>	<u>\$ (257,415)</u>	<u>\$ (257,415)</u>	<u>\$ 416,217</u>
Net Change in Fund Balance	\$ 158,802	\$ (257,415)	\$ (257,415)	\$ 416,217
Fund Balance, July 1, 2015	<u>4,525,404</u>	<u>4,520,873</u>	<u>4,520,873</u>	<u>4,531</u>
Fund Balance, June 30, 2016	<u>\$ 4,684,206</u>	<u>\$ 4,263,458</u>	<u>\$ 4,263,458</u>	<u>\$ 420,748</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, 2016

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>City School ADA - Elizabethton</u>	<u>Constitu- tional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,406,541	\$ 2,406,541
Equity in Pooled Cash and Investments	0	260,446	0	260,446
Accounts Receivable	0	0	36,289	36,289
Due from Other Governments	843,745	359,225	0	1,202,970
Property Taxes Receivable	0	3,239,707	0	3,239,707
Allowance for Uncollectible Property Taxes	0	(66,222)	0	(66,222)
Total Assets	<u>\$ 843,745</u>	<u>\$ 3,793,156</u>	<u>\$ 2,442,830</u>	<u>\$ 7,079,731</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 843,745	\$ 3,793,156	\$ 0	\$ 4,636,901
Due to Litigants, Heirs, and Others	0	0	2,442,830	2,442,830
Total Liabilities	<u>\$ 843,745</u>	<u>\$ 3,793,156</u>	<u>\$ 2,442,830</u>	<u>\$ 7,079,731</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,869,034	\$ 4,869,034	\$ 0
Due from Other Governments	844,804	843,745	844,804	843,745
Total Assets	<u>\$ 844,804</u>	<u>\$ 5,712,779</u>	<u>\$ 5,713,838</u>	<u>\$ 843,745</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 844,804	\$ 5,712,779	\$ 5,713,838	\$ 843,745
Total Liabilities	<u>\$ 844,804</u>	<u>\$ 5,712,779</u>	<u>\$ 5,713,838</u>	<u>\$ 843,745</u>
<u>City School ADA - Elizabethton Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 246,458	\$ 5,124,974	\$ 5,110,986	\$ 260,446
Due from Other Governments	358,723	359,225	358,723	359,225
Property Taxes Receivable	3,103,547	3,239,707	3,103,547	3,239,707
Allowance for Uncollectible Property Taxes	(81,456)	(66,222)	(81,456)	(66,222)
Total Assets	<u>\$ 3,627,272</u>	<u>\$ 8,657,684</u>	<u>\$ 8,491,800</u>	<u>\$ 3,793,156</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,627,272	\$ 8,657,684	\$ 8,491,800	\$ 3,793,156
Total Liabilities	<u>\$ 3,627,272</u>	<u>\$ 8,657,684</u>	<u>\$ 8,491,800</u>	<u>\$ 3,793,156</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,620,116	\$ 9,259,760	\$ 8,473,335	\$ 2,406,541
Accounts Receivable	27,707	36,289	27,707	36,289
Total Assets	<u>\$ 1,647,823</u>	<u>\$ 9,296,049</u>	<u>\$ 8,501,042</u>	<u>\$ 2,442,830</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,647,823	\$ 9,296,049	\$ 8,501,042	\$ 2,442,830
Total Liabilities	<u>\$ 1,647,823</u>	<u>\$ 9,296,049</u>	<u>\$ 8,501,042</u>	<u>\$ 2,442,830</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	\$ 1,620,116	\$ 9,259,760	\$ 8,473,335	\$ 2,406,541
Equity in Pooled Cash and Investments	246,458	9,994,008	9,980,020	260,446
Accounts Receivable	27,707	36,289	27,707	36,289
Due from Other Governments	1,203,527	1,202,970	1,203,527	1,202,970
Property Taxes Receivable	3,103,547	3,239,707	3,103,547	3,239,707
Allowance for Uncollectible Property Taxes	(81,456)	(66,222)	(81,456)	(66,222)
Total Assets	\$ 6,119,899	\$ 23,666,512	\$ 22,706,680	\$ 7,079,731
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,472,076	\$ 14,370,463	\$ 14,205,638	\$ 4,636,901
Due to Litigants, Heirs, and Others	1,647,823	9,296,049	8,501,042	2,442,830
Total Liabilities	\$ 6,119,899	\$ 23,666,512	\$ 22,706,680	\$ 7,079,731

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, 2016

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	\$ 27,688,104	\$ 0	\$ 4,149,380	\$ (23,538,724)
Support Services	13,869,034	91,314	690,903	(13,086,817)
Operation of Non-instructional Services	4,965,020	656,580	2,833,857	(1,474,583)
Total Governmental Activities	<u>\$ 46,522,158</u>	<u>\$ 747,894</u>	<u>\$ 7,674,140</u>	<u>\$ (38,100,124)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 6,170,681
Local Option Sales Taxes				4,186,891
Mixed Drink Tax				1,515
Interstate Telecommunications Tax				3,395
Grants and Contributions Not Restricted for Specific Programs				31,737,869
Unrestricted Investment Income				10,666
Miscellaneous				8,015
Total General Revenues				<u>\$ 42,119,032</u>
Change in Net Position				\$ 4,018,908
Net Position, July 1, 2015				<u>15,931,863</u>
Net Position, June 30, 2016				<u>\$ 19,950,771</u>

Exhibit I-2

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 969,725	\$ 3,499	\$ 0	\$ 973,224
Equity in Pooled Cash and Investments	7,857,417	3,041,322	388,015	11,286,754
Accounts Receivable	0	0	713	713
Due from Other Governments	908,292	0	250,250	1,158,542
Due from Other Funds	68,685	22,144	40,944	131,773
Due from Primary Government	2,581	0	0	2,581
Property Taxes Receivable	6,624,817	0	0	6,624,817
Allowance for Uncollectible Property Taxes	(135,416)	0	0	(135,416)
Total Assets	\$ 16,296,101	\$ 3,066,965	\$ 679,922	\$ 20,042,988
<u>LIABILITIES</u>				
Accounts Payable	\$ 321,505	\$ 9,370	\$ 40,075	\$ 370,950
Payroll Deductions Payable	696,345	47,663	159,327	903,335
Retainage Payable	36,712	0	0	36,712
Future Compensation Payable	23,698	0	5,777	29,475
Due to Other Funds	40,944	0	90,829	131,773
Due to Primary Government	75,901	0	0	75,901
Other Current Liabilities	271,448	0	0	271,448
Total Liabilities	\$ 1,466,553	\$ 57,033	\$ 296,008	\$ 1,819,594
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 6,285,171	\$ 0	\$ 0	\$ 6,285,171
Deferred Delinquent Property Taxes	179,985	0	0	179,985

(Continued)

Exhibit I-2

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (CONT.)</u>				
Other Deferred/Unavailable Revenue	\$ 389,880	\$ 0	\$ 0	\$ 389,880
Total Deferred Inflows of Resources	\$ 6,855,036	\$ 0	\$ 0	\$ 6,855,036
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 241	\$ 3,009,932	\$ 432	\$ 3,010,605
Committed:				
Committed for Education	0	0	399,999	399,999
Assigned:				
Assigned for Education	1,965,513	0	0	1,965,513
Assigned for Capital Projects	644,057	0	0	644,057
Unassigned	5,364,701	0	(16,517)	5,348,184
Total Fund Balances	\$ 7,974,512	\$ 3,009,932	\$ 383,914	\$ 11,368,358
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,296,101	\$ 3,066,965	\$ 679,922	\$ 20,042,988

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, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	11,368,358
(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		864,351	
Add: building and improvements net of accumulated depreciation		19,296,815	
Add: other capital assets net of accumulated depreciation		<u>2,208,778</u>	23,408,172
(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	\$	(345,469)	
Less: compensated absences payable		(710,393)	
Less: termination benefits liability		(93,426)	
Less: other postemployment benefits liability		(11,335,962)	
Less: net pension liability - agent plan		(73,763)	
Less: net pension liability - teacher legacy plan		<u>(225,397)</u>	(12,784,410)
(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	\$	3,001,694	
Less: deferred inflows of resources related to pensions		<u>(5,626,893)</u>	(2,625,199)
(4) Net pension assets of the teacher retirement plan are not current financial resources and therefore are not reported in the governmental funds.			13,985
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>569,865</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>19,950,771</u></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, 2016

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 10,482,339	\$ 0	\$ 0	\$ 10,482,339
Licenses and Permits	1,247	0	0	1,247
Charges for Current Services	226,473	521,421	0	747,894
Other Local Revenues	89,096	8,973	1,320	99,389
State of Tennessee	31,097,938	30,760	0	31,128,698
Federal Government	404,920	2,640,226	4,000,818	7,045,964
Other Governments and Citizens Groups	29,766	0	958,770	988,536
Total Revenues	<u>\$ 42,331,779</u>	<u>\$ 3,201,380</u>	<u>\$ 4,960,908</u>	<u>\$ 50,494,067</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 24,607,287	\$ 0	\$ 2,914,409	\$ 27,521,696
Support Services	13,414,725	0	982,871	14,397,596
Operation of Non-Instructional Services	1,086,076	2,948,844	1,110,997	5,145,917
Capital Outlay	2,074,522	0	0	2,074,522
Debt Service:				
Other Debt Service	334,331	0	0	334,331
Total Expenditures	<u>\$ 41,516,941</u>	<u>\$ 2,948,844</u>	<u>\$ 5,008,277</u>	<u>\$ 49,474,062</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 814,838</u>	<u>\$ 252,536</u>	<u>\$ (47,369)</u>	<u>\$ 1,020,005</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 32,319	\$ 0	\$ 0	\$ 32,319
Transfers In	0	0	200,000	200,000

(Continued)

Exhibit I-4

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>				
Transfers Out	\$ (200,000)	\$ 0	\$ 0	\$ (200,000)
Total Other Financing Sources (Uses)	\$ (167,681)	\$ 0	\$ 200,000	\$ 32,319
Net Change in Fund Balances	\$ 647,157	\$ 252,536	\$ 152,631	\$ 1,052,324
Fund Balance, July 1, 2015	7,327,355	2,757,396	231,283	10,316,034
Fund Balance, June 30, 2016	\$ 7,974,512	\$ 3,009,932	\$ 383,914	\$ 11,368,358

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, 2016

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,052,324
(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	\$ 1,986,320	
Less: current-year depreciation expense	<u>(1,330,946)</u>	655,374
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$ 569,865	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(522,866)</u>	46,999
(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 consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contribution on lease for primary government		304,382
(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	\$ 5,312	
Change in termination benefits liability	(47,773)	
Change in other postemployment benefits liability	(1,171,080)	
Change in net pension liability - agent plan	56,531	
Change in net pension asset - teacher retirement plan	13,985	
Change in net pension liability - teacher legacy plan	(312,322)	
Change in deferred outflows related to pensions	119,771	
Change in deferred inflows related to pensions	<u>3,295,405</u>	<u>1,959,829</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,018,908</u>

Exhibit I-6

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

	<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	\$ 359,923	\$ 28,092	\$ 388,015
Accounts Receivable	713	0	713
Due from Other Governments	210,250	40,000	250,250
Due from Other Funds	30,066	10,878	40,944
Total Assets	<u>\$ 600,952</u>	<u>\$ 78,970</u>	<u>\$ 679,922</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,211	\$ 32,864	\$ 40,075
Payroll Deductions Payable	121,232	38,095	159,327
Future Compensation Payable	3,393	2,384	5,777
Due to Other Funds	68,685	22,144	90,829
Total Liabilities	<u>\$ 200,521</u>	<u>\$ 95,487</u>	<u>\$ 296,008</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 432	\$ 0	\$ 432
Committed:			
Committed for Education	399,999	0	399,999
Unassigned	0	(16,517)	(16,517)
Total Fund Balances	<u>\$ 400,431</u>	<u>\$ (16,517)</u>	<u>\$ 383,914</u>
Total Liabilities and Fund Balances	<u>\$ 600,952</u>	<u>\$ 78,970</u>	<u>\$ 679,922</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, 2016

	<u>Special Revenue Funds</u>		
	School Federal Projects	Other Education Special Revenue	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Other Local Revenues	\$ 0	\$ 1,320	\$ 1,320
Federal Government	3,894,203	106,615	4,000,818
Other Governments and Citizens Groups	0	958,770	958,770
Total Revenues	<u>\$ 3,894,203</u>	<u>\$ 1,066,705</u>	<u>\$ 4,960,908</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,914,409	\$ 0	\$ 2,914,409
Support Services	981,580	1,291	982,871
Operation of Non-instructional Services	0	1,110,997	1,110,997
Total Expenditures	<u>\$ 3,895,989</u>	<u>\$ 1,112,288</u>	<u>\$ 5,008,277</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,786)</u>	<u>\$ (45,583)</u>	<u>\$ (47,369)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 200,000	\$ 0	\$ 200,000
Total Other Financing Sources (Uses)	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>
Net Change in Fund Balances	\$ 198,214	\$ (45,583)	\$ 152,631
Fund Balance, July 1, 2015	<u>202,217</u>	<u>29,066</u>	<u>231,283</u>
Fund Balance, June 30, 2016	<u>\$ 400,431</u>	<u>\$ (16,517)</u>	<u>\$ 383,914</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,482,339	\$ 0	\$ 0	\$ 10,482,339	\$ 9,378,525	\$ 9,380,425	\$ 1,101,914
Licenses and Permits	1,247	0	0	1,247	1,200	1,200	47
Charges for Current Services	226,473	0	0	226,473	204,000	204,000	22,473
Other Local Revenues	89,096	0	0	89,096	1,200	1,784	87,312
State of Tennessee	31,097,938	0	0	31,097,938	28,937,900	30,354,971	742,967
Federal Government	404,920	0	0	404,920	85,000	354,620	50,300
Other Governments and Citizens Groups	29,766	0	0	29,766	0	27,000	2,766
Total Revenues	\$ 42,331,779	\$ 0	\$ 0	\$ 42,331,779	\$ 38,607,825	\$ 40,324,000	\$ 2,007,779
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,832,055	\$ 0	\$ 0	\$ 19,832,055	\$ 19,698,995	\$ 20,027,769	\$ 195,714
Alternative Instruction Program	159,922	0	0	159,922	163,529	166,808	6,886
Special Education Program	3,226,155	0	0	3,226,155	3,150,204	3,251,115	24,960
Vocational Education Program	1,389,155	0	0	1,389,155	1,397,548	1,392,623	3,468
<u>Support Services</u>							
Health Services	424,154	0	0	424,154	325,532	428,222	4,068
Other Student Support	1,198,874	0	0	1,198,874	1,161,946	1,195,132	(3,742)
Regular Instruction Program	1,620,986	0	0	1,620,986	1,503,420	1,645,531	24,545
Alternative Instruction Program	108,999	0	0	108,999	114,892	114,892	5,893
Special Education Program	408,858	0	0	408,858	377,657	410,657	1,799
Vocational Education Program	155,761	0	0	155,761	155,751	160,676	4,915
Other Programs	401,953	0	0	401,953	0	401,953	0
Board of Education	837,786	0	0	837,786	835,904	843,884	6,098
Director of Schools	431,112	0	0	431,112	461,707	461,483	30,371
Office of the Principal	2,431,857	0	0	2,431,857	2,407,378	2,477,059	45,202
Fiscal Services	152,266	0	0	152,266	158,000	158,000	5,734
Operation of Plant	2,571,816	0	0	2,571,816	2,835,071	2,694,874	123,058
Maintenance of Plant	699,193	(29,500)	0	669,693	686,814	742,534	72,841

(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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 1,703,644	\$ 0	\$ 186,000	\$ 1,889,644	\$ 2,021,320	\$ 2,081,446	\$ 191,802
Central and Other	267,466	0	0	267,466	300,689	302,183	34,717
<u>Operation of Non-instructional Services</u>							
Community Services	785,999	0	0	785,999	194,588	859,523	73,524
Early Childhood Education	300,077	0	0	300,077	0	300,526	449
<u>Capital Outlay</u>							
Regular Capital Outlay	2,074,522	(957,692)	2,099,672	3,216,502	325,300	3,328,030	111,528
<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	334,331	0	0	334,331	0	375,000	40,669
Total Expenditures	\$ 41,516,941	\$ (987,192)	\$ 2,285,672	\$ 42,815,421	\$ 38,611,245	\$ 43,819,920	\$ 1,004,499
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 814,838	\$ 987,192	\$ (2,285,672)	\$ (483,642)	\$ (3,420)	\$ (3,495,920)	\$ 3,012,278
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 32,319	\$ 0	\$ 0	\$ 32,319	\$ 0	\$ 15,653	\$ 16,666
Transfers Out	(200,000)	0	0	(200,000)	0	(200,000)	0
Total Other Financing Sources	\$ (167,681)	\$ 0	\$ 0	\$ (167,681)	\$ 0	\$ (184,347)	\$ 16,666
Net Change in Fund Balance							
Fund Balance, July 1, 2015	\$ 647,157	\$ 987,192	\$ (2,285,672)	\$ (651,323)	\$ (3,420)	\$ (3,680,267)	\$ 3,028,944
	7,327,355	(987,192)	0	6,340,163	4,363,865	4,363,835	1,976,328
Fund Balance, June 30, 2016							
	\$ 7,974,512	\$ 0	\$ (2,285,672)	\$ 5,688,840	\$ 4,360,445	\$ 683,568	\$ 5,005,272

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,894,203	\$ 3,691,873	\$ 4,741,277	\$ (847,074)
Total Revenues	\$ 3,894,203	\$ 3,691,873	\$ 4,741,277	\$ (847,074)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,759,576	\$ 1,560,618	\$ 1,997,908	\$ 238,332
Special Education Program	1,075,987	1,154,642	1,349,576	273,589
Vocational Education Program	78,846	78,962	78,846	0
<u>Support Services</u>				
Other Student Support	146,407	173,445	168,686	22,279
Regular Instruction Program	308,704	306,718	417,682	108,978
Special Education Program	459,557	343,016	654,165	194,608
Vocational Education Program	942	1,000	942	0
Transportation	65,970	73,472	73,472	7,502
Total Expenditures	\$ 3,895,989	\$ 3,691,873	\$ 4,741,277	\$ 845,288
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,786)	\$ 0	\$ 0	\$ (1,786)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 200,000	\$ 0	\$ 200,000	\$ 0
Total Other Financing Sources	\$ 200,000	\$ 0	\$ 200,000	\$ 0
Net Change in Fund Balance	\$ 198,214	\$ 0	\$ 200,000	\$ (1,786)
Fund Balance, July 1, 2015	202,217	0	0	202,217
Fund Balance, June 30, 2016	\$ 400,431	\$ 0	\$ 200,000	\$ 200,431

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 521,421	\$ 593,434	\$ 593,434	\$ (72,013)
Other Local Revenues	8,973	6,000	6,000	2,973
State of Tennessee	30,760	30,000	30,000	760
Federal Government	2,640,226	2,455,000	2,617,579	22,647
Total Revenues	<u>\$ 3,201,380</u>	<u>\$ 3,084,434</u>	<u>\$ 3,247,013</u>	<u>\$ (45,633)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,948,844	\$ 3,267,987	\$ 3,501,567	\$ 552,723
Total Expenditures	<u>\$ 2,948,844</u>	<u>\$ 3,267,987</u>	<u>\$ 3,501,567</u>	<u>\$ 552,723</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 252,536</u>	<u>\$ (183,553)</u>	<u>\$ (254,554)</u>	<u>\$ 507,090</u>
Net Change in Fund Balance	\$ 252,536	\$ (183,553)	\$ (254,554)	\$ 507,090
Fund Balance, July 1, 2015	<u>2,757,396</u>	<u>1,545,457</u>	<u>1,545,457</u>	<u>1,211,939</u>
Fund Balance, June 30, 2016	<u>\$ 3,009,932</u>	<u>\$ 1,361,904</u>	<u>\$ 1,290,903</u>	<u>\$ 1,719,029</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 1,320	\$ 0	\$ 0	\$ 1,320
Federal Government	106,615	110,000	110,000	(3,385)
Other Governments and Citizens Groups	958,770	974,185	974,185	(15,415)
Total Revenues	<u>\$ 1,066,705</u>	<u>\$ 1,084,185</u>	<u>\$ 1,084,185</u>	<u>\$ (17,480)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Operation of Plant	\$ 1,291	\$ 1,481	\$ 1,481	\$ 190
<u>Operation of Non-instructional Services</u>				
Early Childhood Education	1,110,997	1,082,704	1,082,704	(28,293)
Total Expenditures	<u>\$ 1,112,288</u>	<u>\$ 1,084,185</u>	<u>\$ 1,084,185</u>	<u>\$ (28,103)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (45,583)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (45,583)</u>
Net Change in Fund Balance	\$ (45,583)	\$ 0	\$ 0	\$ (45,583)
Fund Balance, July 1, 2015	<u>29,066</u>	<u>29,066</u>	<u>29,066</u>	<u>0</u>
Fund Balance, June 30, 2016	<u>\$ (16,517)</u>	<u>\$ 29,066</u>	<u>\$ 29,066</u>	<u>\$ (45,583)</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, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Paid and/or Matured During Period	Outstanding 6-30-16
<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	\$ 486,067	\$ 89,741	\$ 396,326
Total Notes Payable					\$ 486,067	\$ 89,741	\$ 396,326
<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	\$ 322,000	\$ 322,000	\$ 0
County and School Renovation and Construction	3,530,041	Variable	11-21-05	5-25-29	2,419,041	144,000	2,275,041
Total Other Loans Payable					\$ 2,741,041	\$ 466,000	\$ 2,275,041
<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	\$ 21,160,000	\$ 825,000	\$ 20,335,000
Total Bonds Payable					\$ 21,160,000	\$ 825,000	\$ 20,335,000
<u>CAPITAL LEASE PAYABLE</u>							
<u>Contributed by the School Department through General Purpose School Fund to General Debt Service Fund</u>							
Energy Lighting and Control Equipment	3,200,000	5.8	11-25-02	7-15-17	\$ 649,851	\$ 304,382	\$ 345,469
Total Capital Lease Payable					\$ 649,851	\$ 304,382	\$ 345,469

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
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	\$ 396,326	\$ 34,553	\$ 430,879

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2017	\$ 149,000	\$ 4,778	\$ 17,328	\$ 171,106
2018	153,000	4,465	16,193	173,658
2019	158,000	4,143	15,028	177,171
2020	164,000	3,811	13,824	181,635
2021	169,000	3,467	12,575	185,042
2022	174,000	3,112	11,288	188,400
2023	180,000	2,747	9,963	192,710
2024	186,000	2,369	8,592	196,961
2025	191,000	1,978	7,175	200,153
2026	198,000	1,577	5,720	205,297
2027	204,000	1,161	4,212	209,373
2028	211,000	733	2,658	214,391
2029	138,041	290	1,051	139,382
Total	\$ 2,275,041	\$ 34,631	\$ 125,607	\$ 2,435,279

(Continued)

Exhibit J-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 20,335,000	\$ 7,525,794	\$ 27,860,794

Year Ending June 30	Capital Lease		Total
	Principal	Interest	
2017	\$ 322,510	\$ 11,820	\$ 334,330
2018	22,959	132	23,091
Total	\$ 345,469	\$ 11,952	\$ 357,421

Exhibit J-3

Carter County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	<u>\$ 10,000</u>
Total Transfers Primary Government			<u><u>\$ 10,000</u></u>
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash Flow	<u>\$ 200,000</u>
Total Transfers Discretely Presented Carter County School Department			<u><u>\$ 200,000</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, 2016

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	91,993 (1)	100,000	Western Surety Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	83,945	100,000	RLI Insurance Company
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:				
Ingrid Deloach (7-1-15 to 8-12-15)	County Commission	12,883	100,000	Western Surety Company
Christa Byrd (8-13-15 to 6-30-16)	County Commission	47,024	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	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	76,313 (2)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	90,545 (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 a for chief executive officer's training supplement of \$1,000. Does not include contractual payments for travel allowance of \$2,400.

(2) Does not include special commissioner fees of \$3,024.

(3) Includes a county workhouse supplement of \$6,000 and a law enforcement training supplement of \$600.

Exhibit J-5

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

	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	\$ 8,259,683	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	212,876	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	140,569	0	0	0	0	0
Interest and Penalty	100,280	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	12,451	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	176,262	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	2,963	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	773,564	0	0	169,000	0	11,281
Hotel/Motel Tax	99,152	0	0	0	0	0
Litigation Tax - General	183,134	0	0	0	0	0
Litigation Tax - Special Purpose	86	9,322	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	95,806	0	0	0	0	0
Litigation Tax - Courthouse Security	75,607	0	0	0	0	0
Business Tax	384,714	0	0	0	0	0
Mixed Drink Tax	2,273	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	39,665	0	0	0	0	0
Wholesale Beer Tax	19,603	0	0	0	0	0
Beer Privilege Tax	155,043	0	0	0	0	0
Interstate Telecommunications Tax	3,494	0	0	0	0	0
Total Local Taxes	\$ 10,737,225	\$ 9,322	\$ 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	\$ 1,824	\$ 0	\$ 0	\$ 0	\$ 0	0
Animal Registration	27,315	0	0	0	0	0
Cable TV Franchise	417,877	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,865	0	0	0	0	0
Building Permits	8,955	0	0	0	0	0
Electrical Permits	37,645	0	0	0	0	0
Other Permits	65,263	0	0	0	0	0
Total Licenses and Permits	\$ 560,744	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 3,558	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	8,271	0
Drug Court Fees	1,813	0	0	0	0	0
Jail Fees	2,896	0	0	0	0	0
Judicial Commissioner Fees	370	0	0	0	0	0
DUI Treatment Fines	1,068	0	0	0	0	0
Data Entry Fee - Circuit Court	1,632	0	0	0	0	0
Courtroom Security Fee	1,088	0	0	0	0	0
<u>Criminal Court</u>						
Fines	59,679	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	64,133	0	0	0	0	0
Officers Costs	32,557	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	4,832	\$ 0
Drug Court Fees	8,426	0	0	0	0	0
Jail Fees	9,602	0	0	0	0	0
Judicial Commissioner Fees	1,374	0	0	0	0	0
DUI Treatment Fines	11,062	0	0	0	0	0
Data Entry Fee - General Sessions Court	14,672	0	0	0	0	0
Courtroom Security Fee	4,338	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	4,745	0	0	0	0	0
Drug Court Fees	634	0	0	0	0	0
Jail Fees	3,298	0	0	0	0	0
Judicial Commissioner Fees	25	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,391	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	4,039	0	0	0	0	0
Data Entry Fee - Chancery Court	4,992	0	0	0	0	0
Courtroom Security Fee	330	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	95	0	0	0	0	0
Jail Fees	352	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	4,945	0
Other Fines, Forfeitures, and Penalties	1,790	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 239,961	\$ 0	\$ 0	\$ 0	18,048	\$ 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	\$ 607,463	\$ 0	\$ 0	\$ 0
Tipping Fees	0	0	68,268	0	0	0
Work Release Charges for Board	3,660	0	0	0	0	0
Service Charges	33	0	0	0	0	0
<u>Fees</u>						
Copy Fees	6,898	0	0	0	0	0
Archives and Records Management Fee	40,249	0	0	0	0	0
Telephone Commissions	53,018	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	15,782	0	0	0	0	0
Data Processing Fee - Sheriff	5,284	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,000	0	0	0	0	0
Data Processing Fee - County Clerk	3,847	0	0	0	0	0
Total Charges for Current Services	\$ 134,771	\$ 0	\$ 675,731	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	9,679	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Commissary Sales	24,757	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Recycled Materials	11	0	68,423	0	0	0
Sale of Animals/Livestock	7,409	0	0	0	0	0
Miscellaneous Refunds	28,200	0	20,932	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>Nonrecurring Items</u>						
Sale of Equipment	\$ 42,792	\$ 0	\$ 0	\$ 0	\$ 12,452	\$ 0
Sale of Property	6,866	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	0	0
Total Other Local Revenues	\$ 119,714	\$ 0	\$ 89,355	\$ 0	\$ 12,452	\$ 0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 478,853	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	178,418	0	0	0	0	0
General Sessions Court Clerk	326,374	0	0	0	0	0
Clerk and Master	200,029	0	0	0	0	0
Register	197,652	0	0	0	0	0
Sheriff	12,451	0	0	0	0	0
Trustee	669,353	0	0	0	0	0
Total Fees Received From County Officials	\$ 2,063,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 12,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
On-behalf Contributions for OPEB	6,450	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	31,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	386,530	0	0	0	0	0
Other Health and Welfare Grants	54,000	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>Public Works Grants</u>						
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Litter Program	33,744	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	59,765	0	0	0	0	0
Beer Tax	18,488	0	0	0	0	0
Vehicle Certificate of Title Fees	6,753	0	0	0	0	0
Alcoholic Beverage Tax	90,640	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
Emergency Hospital - Prisoners	58,578	0	0	0	0	0
Contracted Prisoner Boarding	1,046,161	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	78,304	0	0	0	0	0
Other State Revenues	0	0	21,716	0	0	0
Total State of Tennessee	\$ 1,906,826	\$ 0	\$ 21,716	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 477,106	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	41,500	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	5,595	0	0	0	0	0
Forest Service	19,648	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>Direct Federal Revenue (Cont.)</u>						
Other Direct Federal Revenue	\$ 109,549	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	<u>\$ 653,398</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	\$ 55,282	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	541,872	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	9,178	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 606,332</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 17,022,101</u>	<u>\$ 9,322</u>	<u>\$ 786,802</u>	<u>\$ 169,000</u>	<u>\$ 30,500</u>	<u>\$ 11,281</u>

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 1,053,895	\$ 1,997,945	\$	11,311,523
Trustee's Collections - Prior Year	0	34,649	79,870		327,395
Circuit Clerk/Clerk and Master Collections - Prior Years	0	19,331	42,293		202,193
Interest and Penalty	0	13,817	31,956		146,053
Payments in-Lieu-of Taxes - T.V.A.	0	1,635	3,396		17,482
Payments in-Lieu-of Taxes - Local Utilities	0	22,575	42,546		241,383
Payments in-Lieu-of Taxes - Other	0	379	715		4,057
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0		953,845
Hotel/Motel Tax	0	0	0		99,152
Litigation Tax - General	0	0	0		183,134
Litigation Tax - Special Purpose	0	0	0		9,408
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0		95,806
Litigation Tax - Courthouse Security	0	0	0		75,607
Business Tax	0	0	0		384,714
Mixed Drink Tax	0	0	0		2,273
Mineral Severance Tax	0	69,334	0		69,334
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	5,080	9,574		54,319
Wholesale Beer Tax	0	0	0		19,603
Beer Privilege Tax	0	0	0		155,043
Interstate Telecommunications Tax	0	0	0		3,494
Total Local Taxes	\$ 0	\$ 1,220,695	\$ 2,208,295	\$	14,355,818

(Continued)

Exhibit J-5

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

	Special Revenue Funds		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	\$	1,824
Animal Registration	0	0	0	0	27,315
Cable TV Franchise	0	0	0	0	417,877
<u>Permits</u>					
Beer Permits	0	0	0	0	1,865
Building Permits	0	0	0	0	8,955
Electrical Permits	0	0	0	0	37,645
Other Permits	0	0	0	0	65,263
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$	560,744
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$	3,558
Drug Control Fines	0	0	0	0	8,271
Drug Court Fees	0	0	0	0	1,813
Jail Fees	0	0	0	0	2,896
Judicial Commissioner Fees	0	0	0	0	370
DUI Treatment Fines	0	0	0	0	1,068
Data Entry Fee - Circuit Court	0	0	0	0	1,632
Courtroom Security Fee	0	0	0	0	1,088
<u>Criminal Court</u>					
Fines	0	0	0	0	59,679
<u>General Sessions Court</u>					
Fines	0	0	0	0	64,133
Officers Costs	0	0	0	0	32,557

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>General Sessions Court (Cont.)</u>				
Drug Control Fines	\$ 0	\$ 0	\$ 0	4,832
Drug Court Fees	0	0	0	8,426
Jail Fees	0	0	0	9,602
Judicial Commissioner Fees	0	0	0	1,374
DUI Treatment Fines	0	0	0	11,062
Data Entry Fee - General Sessions Court	0	0	0	14,672
Courtroom Security Fee	0	0	0	4,338
<u>Juvenile Court</u>				
Fines	0	0	0	4,745
Drug Court Fees	0	0	0	634
Jail Fees	0	0	0	3,298
Judicial Commissioner Fees	0	0	0	25
Data Entry Fee - Juvenile Court	0	0	0	1,391
Courtroom Security Fee	0	0	0	2
<u>Chancery Court</u>				
Officers Costs	0	0	0	4,039
Data Entry Fee - Chancery Court	0	0	0	4,992
Courtroom Security Fee	0	0	0	330
<u>Other Courts - In-county</u>				
Fines	0	0	0	95
Jail Fees	0	0	0	352
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	4,945
Other Fines, Forfeitures, and Penalties	0	0	0	1,790
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	258,009

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service	Total
	Constitu - tional Officers - Fees	Highway / Public Works	Fund General Debt Service	
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 607,463
Tipping Fees	0	0	0	68,268
Work Release Charges for Board	0	0	0	3,660
Service Charges	0	0	0	33
<u>Fees</u>				
Copy Fees	0	0	0	6,898
Archives and Records Management Fee	0	0	0	40,249
Telephone Commissions	0	0	0	53,018
Constitutional Officers' Fees and Commissions	932	0	0	932
Special Commissioner Fees/Special Master Fees	3,024	0	0	3,024
Data Processing Fee - Register	0	0	0	15,782
Data Processing Fee - Sheriff	0	0	0	5,284
Sexual Offender Registration Fee - Sheriff	0	0	0	6,000
Data Processing Fee - County Clerk	0	0	0	3,847
Total Charges for Current Services	\$ 3,956	\$ 0	\$ 0	\$ 814,458
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 82,146	\$ 82,146
Lease/Rentals	0	0	0	9,679
Sale of Materials and Supplies	0	636	0	636
Commissary Sales	0	0	0	24,757
Sale of Gasoline	0	127,619	0	127,619
Sale of Recycled Materials	0	1,424	0	69,858
Sale of Animals/Livestock	0	0	0	7,409
Miscellaneous Refunds	0	1,706	0	50,838

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>		
	<u>Constitu -</u>	<u>Highway /</u>	<u>General</u>		
	<u>Officers -</u>	<u>Public</u>	<u>Debt</u>		
	<u>Fees</u>	<u>Works</u>	<u>Service</u>		<u>Total</u>
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Sale of Equipment	\$ 0	\$ 100,822	\$ 0	\$ 0	\$ 156,066
Sale of Property	0	0	0	0	6,866
Damages Recovered from Individuals	0	150	0	0	150
Total Other Local Revenues	\$ 0	\$ 232,357	\$ 82,146	\$ 0	\$ 536,024
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 478,853
Circuit Court Clerk	0	0	0	0	178,418
General Sessions Court Clerk	0	0	0	0	326,374
Clerk and Master	0	0	0	0	200,029
Register	0	0	0	0	197,652
Sheriff	0	0	0	0	12,451
Trustee	0	0	0	0	669,353
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,063,130
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,000
On-behalf Contributions for OPEB	0	0	0	0	6,450
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	31,200
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	386,530
Other Health and Welfare Grants	0	0	0	0	54,000

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Fund		
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants</u>					
State Aid Program	\$ 0	\$ 290,909	\$ 0	\$	290,909
Litter Program	0	0	0		33,744
<u>Other State Revenues</u>					
Income Tax	0	0	0		59,765
Beer Tax	0	0	0		18,488
Vehicle Certificate of Title Fees	0	0	0		6,753
Alcoholic Beverage Tax	0	0	0		90,640
State Revenue Sharing - T.V.A.	0	47,848	45,379		93,227
Emergency Hospital - Prisoners	0	0	0		58,578
Contracted Prisoner Boarding	0	0	0		1,046,161
Gasoline and Motor Fuel Tax	0	1,892,479	0		1,892,479
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		78,304
Other State Revenues	0	0	0		21,716
Total State of Tennessee	\$ 0	\$ 2,272,670	\$ 45,379	\$	4,246,591
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$	477,106
Civil Defense Reimbursement	0	0	0		41,500
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	0	0	0		5,595
Forest Service	0	27,834	0		47,482

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>		
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue (Cont.)</u>					
Other Direct Federal Revenue	\$ 0	\$ 0	\$ 0	\$	109,549
Total Federal Government	\$ 0	\$ 27,834	\$ 0	\$	681,232
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 334,331	\$	389,613
Contracted Services	0	581	0		542,453
<u>Citizens Groups</u>					
Donations	0	0	0		9,178
Total Other Governments and Citizens Groups	\$ 0	\$ 581	\$ 334,331	\$	941,244
Total	\$ 3,956	\$ 3,754,137	\$ 2,670,151	\$	24,457,250

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, 2016

	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	\$ 5,795,532	\$ 0	\$ 0	\$ 0	\$ 5,795,532
Trustee's Collections - Prior Year	165,557	0	0	0	165,557
Circuit Clerk/Clerk and Master Collections - Prior Years	105,198	0	0	0	105,198
Interest and Penalty	75,456	0	0	0	75,456
Payments in-Lieu-of Taxes - T.V.A.	13,332	0	0	0	13,332
Payments in-Lieu-of Taxes - Local Utilities	123,626	0	0	0	123,626
Payments in-Lieu-of Taxes - Other	2,078	0	0	0	2,078
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,168,830	0	0	0	4,168,830
Mixed Drink Tax	1,515	0	0	0	1,515
<u>Statutory Local Taxes</u>					
Bank Excise Tax	27,820	0	0	0	27,820
Interstate Telecommunications Tax	3,395	0	0	0	3,395
Total Local Taxes	\$ 10,482,339	\$ 0	\$ 0	\$ 0	\$ 10,482,339
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,247	\$ 0	\$ 0	\$ 0	\$ 1,247
Total Licenses and Permits	\$ 1,247	\$ 0	\$ 0	\$ 0	\$ 1,247
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 147,108	\$ 0	\$ 147,108
Lunch Payments - Adults	0	0	70,150	0	70,150

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	\$ 0	\$ 0	\$ 80,114	\$ 0	\$ 80,114
Special Milk Sales	0	0	417	0	417
A la Carte Sales	0	0	92,350	0	92,350
Contract for Instructional Services with Other LEA's	28,000	0	0	0	28,000
Receipts from Individual Schools	63,314	0	0	0	63,314
Community Service Fees - Children	135,159	0	0	0	135,159
Other Charges for Services	0	0	131,282	0	131,282
Total Charges for Current Services	\$ 226,473	\$ 0	\$ 521,421	\$ 0	\$ 747,894
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,033	\$ 0	\$ 8,633	\$ 0	\$ 10,666
Lease/Rentals	7,551	0	0	0	7,551
Sale of Recycled Materials	426	0	38	0	464
Miscellaneous Refunds	69,207	0	302	1,320	70,829
<u>Nonrecurring Items</u>					
Sale of Equipment	8,844	0	0	0	8,844
Damages Recovered from Individuals	1,035	0	0	0	1,035
Total Other Local Revenues	\$ 89,096	\$ 0	\$ 8,973	\$ 1,320	\$ 99,389
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 401,953	\$ 0	\$ 0	\$ 0	\$ 401,953

(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 (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 28,903,277	\$ 0	\$ 0	\$ 0	\$ 28,903,277
Early Childhood Education	300,076	0	0	0	300,076
School Food Service	0	0	30,760	0	30,760
Driver Education	10,919	0	0	0	10,919
Other State Education Funds	443,690	0	0	0	443,690
Coordinated School Health	59,878	0	0	0	59,878
Internet Connectivity	14,212	0	0	0	14,212
Family Resource Centers	19,949	0	0	0	19,949
Career Ladder Program	184,243	0	0	0	184,243
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	758,166	0	0	0	758,166
Other State Grants	1,575	0	0	0	1,575
Total State of Tennessee	\$ 31,097,938	\$ 0	\$ 30,760	\$ 0	\$ 31,128,698
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,807,240	\$ 0	\$ 1,807,240
USDA - Commodities	0	0	162,579	0	162,579
Breakfast	0	0	665,838	0	665,838
USDA - Other	56,256	0	4,569	106,615	167,440
Vocational Education - Basic Grants to States	0	99,165	0	0	99,165
Other Vocational	0	79,964	0	0	79,964
Title I Grants to Local Education Agencies	0	1,908,323	0	0	1,908,323
Special Education - Grants to States	68,685	1,397,224	0	0	1,465,909

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Special Education Preschool Grants	\$ 0	\$ 125,141	\$ 0	\$ 0	\$ 125,141
Eisenhower Professional Development State Grants	0	284,386	0	0	284,386
Other Federal through State	196,476	0	0	0	196,476
<u>Direct Federal Revenue</u>					
Forest Service	83,503	0	0	0	83,503
Total Federal Government	<u>\$ 404,920</u>	<u>\$ 3,894,203</u>	<u>\$ 2,640,226</u>	<u>\$ 106,615</u>	<u>\$ 7,045,964</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contracted Services	\$ 0	\$ 0	\$ 0	958,770	\$ 958,770
<u>Citizens Groups</u>					
Donations	29,766	0	0	0	29,766
Total Other Governments and Citizens Groups	<u>\$ 29,766</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 958,770</u>	<u>\$ 988,536</u>
Total	<u>\$ 42,331,779</u>	<u>\$ 3,894,203</u>	<u>\$ 3,201,380</u>	<u>\$ 1,066,705</u>	<u>\$ 50,494,067</u>

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	48,400	
Social Security		2,793	
Pensions		3,093	
Unemployment Compensation		4	
Employer Medicare		703	
Audit Services		17,227	
Dues and Memberships		5,012	
Legal Notices, Recording, and Court Costs		2,837	
Postal Charges		11	
Printing, Stationery, and Forms		68	
Travel		1,327	
Other Supplies and Materials		216	
Other Charges		1,007	
Total County Commission			\$ 82,698

Board of Equalization

Board and Committee Members Fees	\$	5,100	
Social Security		316	
Employer Medicare		74	
Other Supplies and Materials		100	
Total Board of Equalization			5,590

County Mayor/Executive

County Official/Administrative Officer	\$	94,442	
Secretary(ies)		31,013	
Part-time Personnel		3,404	
Social Security		8,053	
Pensions		19,329	
Life Insurance		72	
Medical Insurance		12,732	
Dental Insurance		470	
Unemployment Compensation		118	
Employer Medicare		1,883	
Communication		110	
Dues and Memberships		2,532	
Postal Charges		170	
Rentals		1,706	
Travel		1,748	
Office Supplies		864	
Other Supplies and Materials		80	
Premiums on Corporate Surety Bonds		197	
Tax Relief Program		33,905	
Other Charges		654	
Total County Mayor/Executive			213,482

County Attorney

Other Salaries and Wages	\$	600	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Social Security	\$	37	
Pensions		90	
Employer Medicare		9	
Legal Services		68,256	
Total County Attorney			\$ 68,992

Election Commission

Supervisor/Director	\$	68,682	
Deputy(ies)		28,347	
Data Processing Personnel		23,670	
Other Salaries and Wages		5,409	
Board and Committee Members Fees		11,157	
Election Workers		29,793	
Social Security		8,582	
Pensions		18,395	
Life Insurance		108	
Medical Insurance		20,513	
Dental Insurance		706	
Unemployment Compensation		180	
Employer Medicare		2,007	
Legal Notices, Recording, and Court Costs		5,920	
Maintenance Agreements		16,400	
Postal Charges		4,239	
Rentals		6,091	
Travel		9,793	
Office Supplies		4,990	
Other Supplies and Materials		15,583	
Data Processing Equipment		19,250	
Office Equipment		4,019	
Total Election Commission			303,834

Register of Deeds

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		76,841	
Social Security		9,600	
Pensions		23,284	
Life Insurance		144	
Medical Insurance		28,294	
Dental Insurance		941	
Unemployment Compensation		270	
Employer Medicare		2,245	
Data Processing Services		11,799	
Dues and Memberships		719	
Postal Charges		50	
Rentals		1,545	
Travel		810	
Other Contracted Services		7,000	

(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.)

Data Processing Supplies	\$	1,422	
Office Supplies		4,326	
Other Supplies and Materials		554	
Premiums on Corporate Surety Bonds		197	
Data Processing Equipment		650	
Office Equipment		7,050	
Total Register of Deeds			\$ 254,054

Planning

Supervisor/Director	\$	44,745	
Data Processing Personnel		20,817	
Foremen		21,392	
Clerical Personnel		9,776	
Other Salaries and Wages		10,028	
Board and Committee Members Fees		2,650	
Social Security		6,682	
Pensions		13,028	
Life Insurance		96	
Medical Insurance		18,391	
Dental Insurance		647	
Unemployment Compensation		483	
Employer Medicare		1,563	
Communication		391	
Contracts with Government Agencies		12,250	
Maintenance and Repair Services - Vehicles		1,167	
Postal Charges		580	
Rentals		1,722	
Travel		178	
Gasoline		909	
Office Supplies		703	
Premiums on Corporate Surety Bonds		100	
Other Charges		56,655	
Motor Vehicles		2,500	
Office Equipment		2,988	
Total Planning			230,441

County Buildings

Custodial Personnel	\$	41,395	
Social Security		2,445	
Pensions		6,184	
Life Insurance		72	
Medical Insurance		12,732	
Dental Insurance		470	
Unemployment Compensation		180	
Employer Medicare		572	
Architects		4,125	
Communication		63,942	

(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.)

Maintenance and Repair Services - Buildings	\$	111,008	
Maintenance and Repair Services - Equipment		55,011	
Maintenance and Repair Services - Vehicles		2,394	
Pest Control		6,056	
Other Contracted Services		15,896	
Custodial Supplies		13,350	
Electricity		211,320	
Gasoline		207	
Utilities		34,942	
Water and Sewer		22,468	
Building and Contents Insurance		37,438	
Workers' Compensation Insurance		52,600	
Other Charges		7,451	
Other Equipment		9,790	
Total County Buildings			\$ 712,048

Finance

Accounting and Budgeting

Supervisor/Director	\$	59,907	
Deputy(ies)		37,473	
Accountants/Bookkeepers		131,844	
In-service Training		395	
Social Security		13,916	
Pensions		32,964	
Life Insurance		198	
Medical Insurance		42,441	
Dental Insurance		1,294	
Unemployment Compensation		553	
Employer Medicare		3,254	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		4,716	
Maintenance Agreements		31,224	
Postal Charges		4,918	
Travel		1,785	
Data Processing Supplies		2,912	
Office Supplies		4,726	
Premiums on Corporate Surety Bonds		400	
Other Charges		7,540	
Office Equipment		1,382	
Total Accounting and Budgeting			384,042

Property Assessor's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		173,721	
Social Security		14,883	
Pensions		36,869	
Life Insurance		252	

(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.)

Medical Insurance	\$	52,890	
Dental Insurance		1,646	
Unemployment Compensation		599	
Employer Medicare		3,481	
Audit Services		7,520	
Communication		658	
Contracts with Government Agencies		10,516	
Dues and Memberships		1,850	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		3,954	
Postal Charges		12,175	
Printing, Stationery, and Forms		515	
Rentals		326	
Gasoline		1,417	
Office Supplies		2,282	
Premiums on Corporate Surety Bonds		155	
Motor Vehicles		9,520	
Office Equipment		2,065	
Total Property Assessor's Office			\$ 416,607

Reappraisal Program

Deputy(ies)	\$	58,469	
Social Security		3,529	
Pensions		8,735	
Life Insurance		72	
Medical Insurance		13,440	
Dental Insurance		470	
Unemployment Compensation		180	
Employer Medicare		825	
Communication		658	
Data Processing Services		6,217	
Gasoline		1,461	
Office Supplies		1,550	
Total Reappraisal Program			95,606

County Trustee's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		105,624	
Clerical Personnel		11,065	
Social Security		12,000	
Pensions		27,409	
Life Insurance		180	
Medical Insurance		35,368	
Dental Insurance		1,176	
Unemployment Compensation		451	
Employer Medicare		2,806	
Contracts with Government Agencies		21,291	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Dues and Memberships	\$	844	
Legal Notices, Recording, and Court Costs		212	
Maintenance Agreements		8,877	
Postal Charges		2,272	
Rentals		704	
Travel		2	
Office Supplies		2,918	
Premiums on Corporate Surety Bonds		4,970	
Office Equipment		18,610	
Total County Trustee's Office	\$		333,092

County Clerk's Office

County Official/Administrative Officer	\$	76,313	
Deputy(ies)		172,249	
Social Security		15,214	
Pensions		37,245	
Life Insurance		288	
Medical Insurance		55,055	
Dental Insurance		1,882	
Unemployment Compensation		649	
Employer Medicare		3,587	
Dues and Memberships		784	
Maintenance Agreements		20,252	
Postal Charges		12,167	
Rentals		3,629	
Office Supplies		6,447	
Other Supplies and Materials		3,939	
Premiums on Corporate Surety Bonds		197	
Office Equipment		1,663	
Total County Clerk's Office			411,560

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	76,313	
Clerical Personnel		308,766	
Social Security		23,671	
Pensions		55,783	
Life Insurance		438	
Medical Insurance		86,297	
Dental Insurance		2,744	
Unemployment Compensation		1,199	
Employer Medicare		5,536	
Dues and Memberships		1,211	
Legal Notices, Recording, and Court Costs		255	
Maintenance Agreements		14,400	
Postal Charges		9,433	
Rentals		5,819	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Travel	\$	2,246	
Office Supplies		13,184	
Other Supplies and Materials		1,776	
Premiums on Corporate Surety Bonds		358	
Office Equipment		10,063	
Total Circuit Court			\$ 619,492

General Sessions Court

Judge(s)	\$	161,330	
Secretary(ies)		21,092	
Social Security		9,077	
Pensions		27,958	
Life Insurance		72	
Medical Insurance		6,366	
Dental Insurance		235	
Unemployment Compensation		90	
Employer Medicare		2,708	
Communication		243	
Dues and Memberships		1,285	
Postal Charges		49	
Travel		3,254	
Library Books/Media		898	
Office Supplies		1,102	
Office Equipment		8,182	
Total General Sessions Court			243,941

Drug Court

Remittance of Revenue Collected	\$	10,873	
Total Drug Court			10,873

Chancery Court

County Official/Administrative Officer	\$	76,313	
Clerical Personnel		113,612	
Social Security		11,747	
Pensions		28,555	
Life Insurance		180	
Medical Insurance		48,571	
Dental Insurance		1,176	
Unemployment Compensation		410	
Employer Medicare		2,747	
Dues and Memberships		904	
Maintenance Agreements		31,034	
Postal Charges		5,832	
Rentals		2,190	
Travel		777	
Other Contracted Services		6,508	
Office Supplies		3,857	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Premiums on Corporate Surety Bonds	\$	164	
Office Equipment		8,292	
Total Chancery Court			\$ 342,869

Judicial Commissioners

Other Salaries and Wages	\$	38,665	
Social Security		2,397	
Unemployment Compensation		380	
Employer Medicare		561	
Travel		300	
Total Judicial Commissioners			42,303

Other Administration of Justice

Jury and Witness Expense	\$	7,976	
Postal Charges		793	
Other Charges		4,385	
Total Other Administration of Justice			13,154

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	89,945	
Deputy(ies)		1,174,458	
Investigator(s)		379,994	
Accountants/Bookkeepers		27,074	
Salary Supplements		31,200	
Dispatchers/Radio Operators		103,430	
Clerical Personnel		91,115	
Part-time Personnel		135,306	
School Resource Officer		410,289	
In-service Training		25,019	
Social Security		148,571	
Pensions		337,223	
Life Insurance		2,178	
Medical Insurance		368,709	
Dental Insurance		13,896	
Unemployment Compensation		7,486	
Employer Medicare		34,856	
Communication		24,356	
Dues and Memberships		3,400	
Maintenance and Repair Services - Buildings		1,093	
Maintenance and Repair Services - Equipment		5,846	
Maintenance and Repair Services - Vehicles		97,397	
Medical and Dental Services		9,549	
Postal Charges		3,285	
Rentals		9,392	
Towing Services		2,782	
Transportation - Other than Students		770	

(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.)

Travel	\$	26,713	
Other Contracted Services		35,759	
Custodial Supplies		911	
Gasoline		104,344	
Office Supplies		13,183	
Tires and Tubes		12,785	
Uniforms		27,430	
Other Supplies and Materials		2,163	
Premiums on Corporate Surety Bonds		362	
Vehicle and Equipment Insurance		154,678	
Workers' Compensation Insurance		68,480	
Other Charges		4,068	
Law Enforcement Equipment		166,333	
Motor Vehicles		292,544	
Office Equipment		5,089	
Health Equipment		2,072	
Total Sheriff's Department	\$		4,455,533

Jail

Guards	\$	1,482,343	
Cafeteria Personnel		54,345	
Maintenance Personnel		53,464	
In-service Training		4,235	
Social Security		96,075	
Pensions		233,438	
Life Insurance		2,019	
Medical Insurance		354,891	
Dental Insurance		13,916	
Unemployment Compensation		5,876	
Employer Medicare		22,470	
Maintenance and Repair Services - Buildings		41,743	
Maintenance and Repair Services - Equipment		9,226	
Medical and Dental Services		414,953	
Custodial Supplies		41,428	
Drugs and Medical Supplies		5,997	
Food Preparation Supplies		1,614	
Food Supplies		234,142	
Prisoners Clothing		10,499	
Uniforms		21,565	
Medical Claims		102,708	
Workers' Compensation Insurance		64,563	
Other Charges		3,927	
Law Enforcement Equipment		54,324	
Total Jail			3,329,761

Juvenile Services

Youth Service Officer(s)	\$	59,439	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Social Security	\$	3,626	
Pensions		8,880	
Life Insurance		69	
Medical Insurance		13,440	
Dental Insurance		490	
Unemployment Compensation		268	
Employer Medicare		848	
Contracts with Government Agencies		145,814	
Dues and Memberships		85	
Evaluation and Testing		114	
Travel		273	
Office Supplies		1,166	
Total Juvenile Services			\$ 234,512

Fire Prevention and Control

Contributions	\$	315,694	
Other Charges		4,175	
Total Fire Prevention and Control			319,869

Rescue Squad

Other Charges	\$	330,000	
Total Rescue Squad			330,000

Other Emergency Management

Supervisor/Director	\$	30,986	
Secretary(ies)		24,844	
Social Security		3,461	
Pensions		8,341	
Life Insurance		54	
Medical Insurance		7,074	
Dental Insurance		470	
Unemployment Compensation		169	
Employer Medicare		809	
Communication		1,792	
Dues and Memberships		110	
Maintenance and Repair Services - Equipment		15	
Maintenance and Repair Services - Office Equipment		100	
Maintenance and Repair Services - Vehicles		609	
Postal Charges		2	
Rentals		322	
Travel		687	
Other Contracted Services		20,250	
Gasoline		1,519	
Office Supplies		234	
Uniforms		287	
Other Supplies and Materials		2,367	
Office Equipment		138	
Total Other Emergency Management			104,640

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation

Supervisor/Director	\$	3,104	
Social Security		193	
Pensions		464	
Unemployment Compensation		10	
Employer Medicare		45	
Total Inspection and Regulation			\$ 3,816

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	11,805	
Social Security		732	
Unemployment Compensation		76	
Employer Medicare		171	
Communication		547	
Other Supplies and Materials		1,229	
Premiums on Corporate Surety Bonds		100	
Total County Coroner/Medical Examiner			14,660

Other Public Safety

Board and Committee Members Fees	\$	1,100	
Social Security		28	
Pensions		67	
Unemployment Compensation		2	
Employer Medicare		7	
Total Other Public Safety			1,204

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	255,411	
Social Security		15,503	
Pensions		36,756	
Life Insurance		330	
Medical Insurance		56,470	
Dental Insurance		1,940	
Unemployment Compensation		1,183	
Employer Medicare		3,625	
Travel		7,369	
Other Charges		7,942	
Total Local Health Center			386,529

Rabies and Animal Control

Supervisor/Director	\$	32,255	
Part-time Personnel		3,929	
Other Salaries and Wages		40,079	
Social Security		4,612	
Pensions		10,807	
Life Insurance		108	
Medical Insurance		18,745	

(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.)

Dental Insurance	\$	706	
Unemployment Compensation		490	
Employer Medicare		1,079	
Communication		2,754	
Maintenance and Repair Services - Buildings		2,012	
Maintenance and Repair Services - Equipment		33	
Maintenance and Repair Services - Vehicles		418	
Rentals		699	
Disposal Fees		982	
Other Contracted Services		29,395	
Animal Food and Supplies		2,665	
Custodial Supplies		1,039	
Drugs and Medical Supplies		8,564	
Electricity		8,169	
Equipment and Machinery Parts		219	
Gasoline		2,448	
Natural Gas		2,021	
Office Supplies		954	
Water and Sewer		1,513	
Other Supplies and Materials		2,756	
Other Charges		336	
Other Equipment		129	
Total Rabies and Animal Control			\$ 179,916

Ambulance/Emergency Medical Services

Other Contracted Services	\$	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	\$	2,400	
Total Other Local Welfare Services			2,400

Other Public Health and Welfare

Other Salaries and Wages	\$	13,451	
Social Security		834	
Unemployment Compensation		135	
Employer Medicare		195	
Travel		1,071	
Other Contracted Services		21,668	
Other Supplies and Materials		29,903	
In Service/Staff Development		700	
Other Charges		7,031	
Total Other Public Health and Welfare			74,988

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Contributions	\$ 36,588	
Total Libraries		36,588

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Contributions	\$ 2,419	
Total Other Social, Cultural, and Recreational		2,419

Agriculture and Natural Resources

Agricultural Extension Service

Other Salaries and Wages	\$ 62,235	
Other Fringe Benefits	21,201	
Communication	1,398	
Contributions	620	
Travel	1,462	
Electricity	1,594	
Utilities	1,058	
Water and Sewer	481	
Office Equipment	2,805	
Total Agricultural Extension Service		92,854

Flood Control

Other Supplies and Materials	\$ 372	
Total Flood Control		372

Other Agriculture and Natural Resources

Contracts with Government Agencies	\$ 18,952	
Total Other Agriculture and Natural Resources		18,952

Other Operations

Tourism

Contributions	\$ 96,852	
Total Tourism		96,852

Housing and Urban Development

Other Charges	\$ 750	
Total Housing and Urban Development		750

Other Economic and Community Development

Contributions	\$ 118,718	
Other Contracted Services	477,105	
Total Other Economic and Community Development		595,823

(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	\$	23,333	
Social Security		1,447	
Pensions		3,486	
Life Insurance		24	
Dental Insurance		20	
Unemployment Compensation		149	
Employer Medicare		338	
Postal Charges		129	
Rentals		920	
Office Supplies		138	
Office Equipment		893	
Total Veterans' Services	\$		30,877

Other Charges

Judgments	\$	186	
Total Other Charges			186

Contributions to Other Agencies

Contributions	\$	9,500	
Total Contributions to Other Agencies			9,500

Miscellaneous

On-behalf Payments to OPEB	\$	6,450	
Engineering Services		445	
Postal Charges		4,334	
Permits		29,160	
Trustee's Commission		205,755	
Solid Waste Equipment		54,886	
Total Miscellaneous			301,030

Highways

Litter and Trash Collection

Guards	\$	20,998	
Social Security		1,268	
Pensions		2,562	
Life Insurance		24	
Medical Insurance		4,244	
Dental Insurance		157	
Unemployment Compensation		154	
Employer Medicare		297	
Maintenance and Repair Services - Equipment		3,011	
Travel		304	
Instructional Supplies and Materials		15,924	
Other Supplies and Materials		6,055	
Liability Insurance		500	
Workers' Compensation Insurance		500	
Other Charges		1,791	
Total Litter and Trash Collection			57,789

Total General Fund \$ 15,729,655

(Continued)

Exhibit J-7

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

Courthouse and Jail Maintenance Fund

Other Operations

Miscellaneous

Trustee's Commission	\$ 92	
Total Miscellaneous		\$ 92

Total Courthouse and Jail Maintenance Fund \$ 92

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Laborers	\$ 32,108	
Social Security	1,989	
Pensions	3,475	
Life Insurance	36	
Medical Insurance	7,074	
Dental Insurance	235	
Unemployment Compensation	178	
Employer Medicare	466	
Communication	714	
Maintenance and Repair Services - Buildings	1,383	
Rentals	273	
Utilities	1,025	
Other Charges	195	
Total Convenience Centers		\$ 49,151

Recycling Center

Laborers	\$ 22,647	
Social Security	1,360	
Pensions	3,383	
Life Insurance	36	
Medical Insurance	6,366	
Dental Insurance	235	
Unemployment Compensation	90	
Employer Medicare	318	
Communication	800	
Maintenance and Repair Services - Buildings	488	
Maintenance and Repair Services - Equipment	7,647	
Rentals	614	
Gasoline	264	
Utilities	3,718	
Other Charges	828	
Total Recycling Center		48,794

Landfill Operation and Maintenance

Supervisor/Director	\$ 44,440
Laborers	133,908
Social Security	10,813
Pensions	25,014
Life Insurance	222

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Medical Insurance	\$	38,511	
Dental Insurance		1,470	
Unemployment Compensation		688	
Employer Medicare		2,529	
Communication		2,594	
Evaluation and Testing		27,314	
Maintenance and Repair Services - Buildings		3,332	
Maintenance and Repair Services - Equipment		51,437	
Postal Charges		355	
Rentals		2,377	
Travel		2,037	
Disposal Fees		276,591	
Crushed Stone		7,444	
Diesel Fuel		18,599	
Garage Supplies		35	
Gasoline		4,057	
Lubricants		1,575	
Office Supplies		3,226	
Uniforms		2,534	
Utilities		3,808	
Other Supplies and Materials		66	
Liability Insurance		169	
Premiums on Corporate Surety Bonds		111	
Workers' Compensation Insurance		21,864	
Other Charges		13,084	
Motor Vehicles		28,885	
Solid Waste Equipment		7,331	
Total Landfill Operation and Maintenance			\$ 736,420

Other Operations

Miscellaneous

Trustee's Commission	\$	6,986	
Total Miscellaneous			6,986

Total Solid Waste/Sanitation Fund \$ 841,351

Health Department Fund

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	11,318
Social Security		674
Pensions		1,679
Life Insurance		27
Medical Insurance		4,775
Dental Insurance		176
Unemployment Compensation		23
Employer Medicare		158

(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.)

Communication	\$	7,360	
Contracts with Government Agencies		62,914	
Maintenance and Repair Services - Buildings		9,512	
Pest Control		325	
Postal Charges		1,450	
Other Contracted Services		9,439	
Utilities		27,212	
Other Supplies and Materials		19,962	
Workers' Compensation Insurance		814	
Other Charges		3,333	
Total Local Health Center			\$ 161,151

Total Health Department Fund \$ 161,151

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$	6,000	
Other Supplies and Materials		14,230	
Law Enforcement Equipment		11,811	
Motor Vehicles		31,653	
Total Sheriff's Department			\$ 63,694

Other Operations

Miscellaneous

Trustee's Commission	\$	336	
Total Miscellaneous			336

Total Drug Control Fund 64,030

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Other Contracted Services	\$	10,000	
Electricity		551	
Other Charges		13,813	
Total Parks and Fair Boards			\$ 24,364

Total Sports and Recreation Fund 24,364

Constitutional Officers - Fees Fund

General Government

Register of Deeds

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

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Finance

County Clerk's Office

Bank Charges	\$ 685	
Total County Clerk's Office		\$ 685

Administration of Justice

Circuit Court Clerk

Bank Charges	\$ 16	
Total Circuit Court Clerk		16

General Sessions Court Clerk

Bank Charges	\$ 173	
Total General Sessions Court Clerk		173

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 3,024	
Total Chancery Court		<u>3,024</u>

Total Constitutional Officers - Fees Fund		\$ 3,956
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 83,945	
Assistant(s)	43,021	
Supervisor/Director	521	
Secretary(ies)	76,913	
Maintenance Personnel	16,342	
Social Security	13,545	
Pensions	33,198	
Life Insurance	168	
Medical Insurance	29,355	
Dental Insurance	1,078	
Unemployment Compensation	314	
Employer Medicare	3,166	
Dues and Memberships	3,336	
Legal Notices, Recording, and Court Costs	49	
Maintenance and Repair Services - Office Equipment	212	
Postal Charges	98	
Printing, Stationery, and Forms	50	
Rentals	1,095	
Travel	890	
Disposal Fees	68	
Other Contracted Services	34,755	
Office Supplies	4,641	
Other Charges	5,767	
Building Improvements	4,698	
Communication Equipment	7,052	
Office Equipment	<u>1,349</u>	
Total Administration		\$ 365,626

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	112,109	
Equipment Operators		45,302	
Truck Drivers		181,038	
Laborers		446,975	
Social Security		47,165	
Pensions		115,137	
Life Insurance		1,017	
Medical Insurance		226,116	
Dental Insurance		6,723	
Unemployment Compensation		2,574	
Employer Medicare		11,031	
Rentals		150	
Other Contracted Services		46,737	
Asphalt - Hot Mix		227,339	
Asphalt - Liquid		1,589	
Concrete		42,552	
Crushed Stone		63,887	
Other Road Materials		44,589	
Pipe		3,875	
Road Signs		8,724	
Salt		74,011	
Small Tools		1,733	
Uniforms		32,571	
Other Supplies and Materials		3,021	
State Aid Projects		287,003	
Other Capital Outlay		408,701	
Total Highway and Bridge Maintenance			\$ 2,441,669

Operation and Maintenance of Equipment

Mechanic(s)	\$	85,718
Social Security		5,182
Pensions		12,806
Life Insurance		105
Medical Insurance		19,983
Dental Insurance		686
Unemployment Compensation		404
Employer Medicare		1,212
Freight Expenses		277
Maintenance and Repair Services - Equipment		25,576
Towing Services		1,000
Other Contracted Services		2,911
Diesel Fuel		68,398
Equipment and Machinery Parts		92,046
Garage Supplies		9,502
Gasoline		116,372
Lubricants		6,060
Small Tools		2,259

(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.)

Tires and Tubes	\$	27,521	
Other Supplies and Materials		15,113	
Total Operation and Maintenance of Equipment			\$ 493,131

Other Charges

Communication	\$	7,586	
Electricity		12,783	
Natural Gas		3,305	
Water and Sewer		3,652	
Judgments		1,614	
Premiums on Corporate Surety Bonds		197	
Trustee's Commission		42,893	
Vehicle and Equipment Insurance		23,231	
Other Charges		2,984	
Total Other Charges			98,245

Employee Benefits

Workers' Compensation Insurance	\$	61,941	
Total Employee Benefits			61,941

Capital Outlay

Engineering Services	\$	111,866	
Furniture and Fixtures		722	
Highway Equipment		649,290	
Motor Vehicles		74,630	
Other Capital Outlay		15,077	
Total Capital Outlay			851,585

Total Highway/Public Works Fund \$ 4,312,197

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	825,000	
Total General Government			\$ 825,000

Education

Principal on Notes	\$	89,741	
Principal on Capital Leases		304,382	
Principal on Other Loans		466,000	
Total Education			860,123

Interest on Debt

General Government

Interest on Bonds	\$	710,931	
Total General Government			710,931

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Notes	\$ 16,964	
Interest on Capital Leases	29,949	
Interest on Other Loans	<u>6,942</u>	
Total Education		\$ 53,855

Other Debt Service

General Government

Trustee's Commission	\$ 43,994	
Other Debt Service	<u>165</u>	
Total General Government		44,159

Education

Other Debt Service	\$ 17,281	
Total Education		<u>17,281</u>

Total General Debt Service Fund \$ 2,511,349

Total Governmental Funds - Primary Government \$ 23,648,145

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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 13,030,162	
Career Ladder Program	111,500	
Career Ladder Extended Contracts	14,300	
Homebound Teachers	48,250	
Educational Assistants	322,270	
Bonus Payments	343,852	
Certified Substitute Teachers	134,479	
Non-certified Substitute Teachers	287,345	
Social Security	832,421	
Pensions	1,241,326	
Life Insurance	8,347	
Medical Insurance	1,813,171	
Dental Insurance	81,555	
Unemployment Compensation	27,501	
Employer Medicare	196,381	
Other Fringe Benefits	470,271	
Other Contracted Services	23,338	
Instructional Supplies and Materials	343,840	
Textbooks	416,375	
Other Supplies and Materials	25,058	
Other Charges	20,723	
Regular Instruction Equipment	39,590	
Total Regular Instruction Program		\$ 19,832,055

Alternative Instruction Program

Teachers	\$ 118,509	
Career Ladder Program	1,000	
Social Security	7,230	
Pensions	10,804	
Life Insurance	76	
Medical Insurance	15,492	
Dental Insurance	773	
Unemployment Compensation	168	
Employer Medicare	1,691	
Other Equipment	4,179	
Total Alternative Instruction Program		159,922

Special Education Program

Teachers	\$ 1,722,021
Career Ladder Program	11,000
Homebound Teachers	52,023
Educational Assistants	338,952
Speech Pathologist	212,290
Other Salaries and Wages	16,686
Social Security	138,803
Pensions	231,872

(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.)

Life Insurance	\$	1,886	
Medical Insurance		405,826	
Dental Insurance		18,524	
Unemployment Compensation		5,352	
Employer Medicare		32,463	
Maintenance and Repair Services - Equipment		2,042	
Instructional Supplies and Materials		14,968	
Other Supplies and Materials		7,560	
Other Charges		350	
Special Education Equipment		13,537	
Total Special Education Program	\$		3,226,155

Vocational Education Program

Teachers	\$	958,295	
Career Ladder Program		2,000	
Educational Assistants		27,512	
Social Security		59,198	
Pensions		90,908	
Life Insurance		643	
Medical Insurance		124,846	
Dental Insurance		6,313	
Unemployment Compensation		1,609	
Employer Medicare		13,844	
Instructional Supplies and Materials		76,581	
Textbooks		701	
Vocational Instruction Equipment		26,705	
Total Vocational Education Program			1,389,155

Support Services

Health Services

Supervisor/Director	\$	44,749	
Medical Personnel		188,835	
Other Salaries and Wages		19,514	
Certified Substitute Teachers		21,604	
Social Security		16,593	
Pensions		37,150	
Life Insurance		308	
Medical Insurance		59,622	
Dental Insurance		2,886	
Unemployment Compensation		1,153	
Employer Medicare		3,881	
Travel		7,041	
Drugs and Medical Supplies		11,308	
Other Supplies and Materials		5,265	
Other Charges		4,245	
Total Health Services			424,154

(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.)

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		634,835	
Attendants		1,507	
Social Security		37,958	
Pensions		57,735	
Life Insurance		353	
Medical Insurance		81,788	
Dental Insurance		3,608	
Unemployment Compensation		803	
Employer Medicare		8,877	
Contracts with Government Agencies		332,880	
Evaluation and Testing		34,420	
Travel		110	
Total Other Student Support			\$ 1,198,874

Regular Instruction Program

Supervisor/Director	\$	289,497	
Career Ladder Program		10,500	
Librarians		544,949	
Other Salaries and Wages		93,998	
Social Security		56,137	
Pensions		86,515	
Life Insurance		471	
Medical Insurance		102,597	
Dental Insurance		4,811	
Unemployment Compensation		981	
Employer Medicare		13,129	
Maintenance and Repair Services - Equipment		121,717	
Travel		13,835	
Penalties		37	
Other Contracted Services		138,650	
Library Books/Media		85,461	
Other Supplies and Materials		33,270	
In Service/Staff Development		16,798	
Other Charges		7,633	
Total Regular Instruction Program			1,620,986

Alternative Instruction Program

Supervisor/Director	\$	55,572	
Career Ladder Program		1,000	
Secretary(ies)		12,906	
Other Salaries and Wages		19,453	
Social Security		5,487	
Pensions		7,042	
Life Insurance		50	
Medical Insurance		5,196	

(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.)

Dental Insurance	\$	515	
Unemployment Compensation		208	
Employer Medicare		1,283	
Other Charges		287	
Total Alternative Instruction Program			\$ 108,999

Special Education Program

Supervisor/Director	\$	72,366	
Career Ladder Program		4,000	
Psychological Personnel		43,919	
Assessment Personnel		47,150	
Clerical Personnel		27,560	
Social Security		12,012	
Pensions		19,254	
Life Insurance		100	
Medical Insurance		20,535	
Dental Insurance		1,018	
Unemployment Compensation		226	
Employer Medicare		2,809	
Maintenance and Repair Services - Equipment		8,528	
Travel		30,149	
Penalties		31	
Other Contracted Services		54,452	
Other Supplies and Materials		10,289	
In Service/Staff Development		15,146	
Other Charges		35,854	
Other Equipment		3,460	
Total Special Education Program			408,858

Vocational Education Program

Supervisor/Director	\$	64,251	
Career Ladder Program		1,000	
Secretary(ies)		28,638	
Social Security		5,925	
Pensions		10,479	
Life Insurance		50	
Medical Insurance		10,870	
Dental Insurance		515	
Unemployment Compensation		112	
Employer Medicare		1,386	
Maintenance and Repair Services - Equipment		1,375	
Travel		16,972	
Penalties		90	
Other Charges		14,098	
Total Vocational Education Program			155,761

(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.)

Other Programs

On-behalf Payments to OPEB	\$ 401,953	
Total Other Programs		\$ 401,953

Board of Education

Board and Committee Members Fees	\$ 9,900	
Social Security	614	
Pensions	717	
Employer Medicare	144	
Audit Services	35,500	
Dues and Memberships	15,280	
Evaluation and Testing	198	
Legal Services	17,110	
Travel	9,143	
Liability Insurance	293,252	
Trustee's Commission	239,859	
Workers' Compensation Insurance	207,972	
In Service/Staff Development	3,325	
Other Charges	4,772	
Total Board of Education		837,786

Director of Schools

County Official/Administrative Officer	\$ 91,993	
Secretary(ies)	89,123	
Clerical Personnel	37,607	
Social Security	13,097	
Pensions	27,340	
Life Insurance	141	
Medical Insurance	26,378	
Dental Insurance	1,443	
Unemployment Compensation	335	
Employer Medicare	3,063	
Communication	68,086	
Dues and Memberships	7,829	
Maintenance and Repair Services - Equipment	156	
Postal Charges	767	
Travel	9,519	
Other Contracted Services	41,840	
Office Supplies	5,782	
In Service/Staff Development	3,208	
Other Charges	3,155	
Administration Equipment	250	
Total Director of Schools		431,112

Office of the Principal

Principals	\$ 863,579	
Career Ladder Program	13,000	

(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 (Cont.)

Assistant Principals	\$	101,524	
Secretary(ies)		217,889	
Clerical Personnel		89,121	
Educational Assistants		8,087	
Other Salaries and Wages		539,792	
Social Security		108,803	
Pensions		179,755	
Life Insurance		1,210	
Medical Insurance		261,810	
Dental Insurance		12,368	
Unemployment Compensation		2,936	
Employer Medicare		25,563	
Other Contracted Services		5,259	
Office Supplies		1,161	
Total Office of the Principal			\$ 2,431,857

Fiscal Services

Other Contracted Services	\$	150,754	
Administration Equipment		1,512	
Total Fiscal Services			152,266

Operation of Plant

Custodial Personnel	\$	745,026	
Social Security		44,384	
Pensions		71,318	
Life Insurance		766	
Medical Insurance		162,866	
Dental Insurance		7,833	
Unemployment Compensation		3,537	
Employer Medicare		10,459	
Rentals		12,750	
Disposal Fees		12,599	
Other Contracted Services		80,457	
Custodial Supplies		84,742	
Electricity		1,068,654	
Instructional Supplies and Materials		1,125	
Natural Gas		189,735	
Water and Sewer		75,565	
Total Operation of Plant			2,571,816

Maintenance of Plant

Supervisor/Director	\$	47,380	
Secretary(ies)		25,180	
Maintenance Personnel		205,223	
Social Security		17,152	
Pensions		40,581	

(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.)

Life Insurance	\$	239	
Medical Insurance		46,503	
Dental Insurance		2,448	
Unemployment Compensation		627	
Employer Medicare		4,011	
Laundry Service		3,353	
Maintenance and Repair Services - Buildings		64,377	
Maintenance and Repair Services - Equipment		86,009	
Travel		186	
Disposal Fees		583	
Other Contracted Services		101,238	
General Construction Materials		7,961	
Other Supplies and Materials		7,329	
Other Charges		8,853	
Heating and Air Conditioning Equipment		29,960	
Total Maintenance of Plant			\$ 699,193

Transportation

Supervisor/Director	\$	40,467	
Mechanic(s)		106,187	
Bus Drivers		562,679	
Clerical Personnel		50,319	
Attendants		32,850	
Social Security		47,024	
Pensions		108,222	
Life Insurance		1,429	
Medical Insurance		291,145	
Dental Insurance		14,662	
Unemployment Compensation		3,672	
Employer Medicare		11,130	
Contracts with Parents		11,626	
Laundry Service		2,323	
Maintenance and Repair Services - Vehicles		722	
Medical and Dental Services		2,065	
Travel		1,765	
Penalties		4	
Other Contracted Services		7,774	
Diesel Fuel		89,363	
Gasoline		65,600	
Lubricants		3,148	
Tires and Tubes		46,524	
Vehicle Parts		110,746	
Other Supplies and Materials		28,923	
Other Charges		7,316	
Transportation Equipment		55,959	
Total Transportation			1,703,644

(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	\$	187,248	
Social Security		11,222	
Pensions		27,975	
Life Insurance		126	
Medical Insurance		18,132	
Dental Insurance		1,288	
Unemployment Compensation		398	
Employer Medicare		2,625	
Maintenance and Repair Services - Equipment		11,596	
Travel		821	
Other Supplies and Materials		6,035	
Total Central and Other			\$ 267,466

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	53,152	
Part-time Personnel		440,425	
Other Salaries and Wages		88,226	
Social Security		35,584	
Pensions		42,867	
Life Insurance		33	
Medical Insurance		8,752	
Dental Insurance		335	
Unemployment Compensation		2,046	
Employer Medicare		8,326	
Travel		5,706	
Other Contracted Services		7,000	
Food Supplies		52,265	
Instructional Supplies and Materials		14,231	
Other Supplies and Materials		1,048	
In Service/Staff Development		3,762	
Other Charges		22,241	
Total Community Services			785,999

Early Childhood Education

Supervisor/Director	\$	37,480	
Teachers		111,996	
Clerical Personnel		7,962	
Educational Assistants		36,815	
Other Salaries and Wages		662	
Non-certified Substitute Teachers		7,203	
Social Security		9,596	
Pensions		15,816	
Life Insurance		149	
Medical Insurance		36,145	
Dental Insurance		1,520	

(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.)

Unemployment Compensation	\$	413	
Employer Medicare		2,788	
Communication		1,341	
Operating Lease Payments		3,000	
Travel		2,090	
Instructional Supplies and Materials		17,998	
In Service/Staff Development		3,740	
Other Charges		3,363	
Total Early Childhood Education			\$ 300,077

Capital Outlay

Regular Capital Outlay

Architects	\$	146,580	
Building Construction		48,216	
Building Improvements		1,773,023	
Other Capital Outlay		106,703	
Total Regular Capital Outlay			2,074,522

Other Debt Service

Education

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

Total General Purpose School Fund \$ 41,516,941

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	778,095	
Educational Assistants		226,791	
Other Salaries and Wages		73,460	
Social Security		59,719	
Pensions		80,967	
Life Insurance		564	
Medical Insurance		118,508	
Dental Insurance		5,675	
Unemployment Compensation		2,755	
Employer Medicare		14,936	
Instructional Supplies and Materials		237,211	
Other Supplies and Materials		160,895	
Total Regular Instruction Program			\$ 1,759,576

Special Education Program

Teachers	\$	148,102	
Educational Assistants		506,267	
Social Security		39,028	

(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.)

Pensions	\$	83,858	
Life Insurance		1,191	
Medical Insurance		238,200	
Dental Insurance		13,021	
Unemployment Compensation		3,010	
Employer Medicare		9,200	
Instructional Supplies and Materials		16,421	
Other Supplies and Materials		6,659	
Special Education Equipment		11,030	
Total Special Education Program	\$		1,075,987

Vocational Education Program

Vocational Instruction Equipment	\$	78,846	
Total Vocational Education Program			78,846

Support Services

Other Student Support

Other Salaries and Wages	\$	10,112	
Social Security		256	
Pensions		373	
Employer Medicare		187	
Evaluation and Testing		84,015	
Travel		12,075	
Other Contracted Services		2,300	
Other Supplies and Materials		28,977	
In Service/Staff Development		3,001	
Other Charges		5,111	
Total Other Student Support			146,407

Regular Instruction Program

Supervisor/Director	\$	52,364	
Secretary(ies)		16,407	
Other Salaries and Wages		67,242	
Social Security		8,128	
Pensions		14,991	
Life Insurance		79	
Medical Insurance		17,029	
Dental Insurance		806	
Unemployment Compensation		324	
Employer Medicare		1,901	
Communication		890	
Maintenance and Repair Services - Equipment		6,763	
Travel		5,082	
Other Contracted Services		100	
Other Supplies and Materials		10,132	
In Service/Staff Development		106,216	
Other Charges		250	
Total Regular Instruction Program			308,704

(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.)

Special Education Program

Other Salaries and Wages	\$	279,782	
Social Security		17,124	
Pensions		30,055	
Life Insurance		176	
Medical Insurance		42,657	
Dental Insurance		1,804	
Unemployment Compensation		402	
Employer Medicare		4,004	
Travel		3,131	
Other Contracted Services		71,085	
Other Supplies and Materials		3,037	
In Service/Staff Development		2,800	
Other Charges		3,500	
Total Special Education Program			\$ 459,557

Vocational Education Program

Travel	\$	942	
Total Vocational Education Program			942

Transportation

Bus Drivers	\$	21,376	
Other Salaries and Wages		26,540	
Social Security		2,939	
Pensions		3,194	
Life Insurance		50	
Medical Insurance		10,392	
Dental Insurance		515	
Unemployment Compensation		276	
Employer Medicare		688	
Total Transportation			<u>65,970</u>

Total School Federal Projects Fund \$ 3,895,989

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	37,000	
Clerical Personnel		25,632	
Cafeteria Personnel		777,860	
Bonus Payments		589	
Other Salaries and Wages		35,769	
Social Security		55,851	
Pensions		95,873	
Life Insurance		1,099	
Medical Insurance		227,435	
Dental Insurance		11,233	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	1,683	
Employer Medicare		13,093	
Communication		4,614	
Dues and Memberships		45	
Maintenance and Repair Services - Equipment		49,548	
Travel		7,290	
Other Contracted Services		82,233	
Food Preparation Supplies		87,586	
Food Supplies		1,148,963	
Office Supplies		1,089	
Uniforms		5,625	
USDA - Commodities		162,579	
Other Supplies and Materials		31,888	
In Service/Staff Development		1,716	
Other Charges		573	
Food Service Equipment		81,978	
Total Food Service			\$ 2,948,844

Total Central Cafeteria Fund

\$ 2,948,844

Other Education Special Revenue Fund

Support Services

Operation of Plant

Custodial Personnel	\$	1,191	
Social Security		74	
Unemployment Compensation		9	
Employer Medicare		17	
Total Operation of Plant			\$ 1,291

Operation of Non-instructional Services

Early Childhood Education

Supervisor/Director	\$	56,104	
Teachers		284,782	
Clerical Personnel		32,124	
Educational Assistants		102,012	
Other Salaries and Wages		128,665	
Non-certified Substitute Teachers		21,144	
Social Security		35,574	
Pensions		64,579	
Life Insurance		488	
Medical Insurance		114,908	
Dental Insurance		4,960	
Unemployment Compensation		1,188	
Employer Medicare		8,320	
Operating Lease Payments		9,291	
Travel		5,327	

(Continued)

Exhibit J-8

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

<u>Other Education Special Revenue Fund (Cont.)</u>		
<u>Operation of Non-instructional Services (Cont.)</u>		
<u>Early Childhood Education (Cont.)</u>		
Other Contracted Services	\$	35
Food Supplies		111,369
Instructional Supplies and Materials		44,278
In Service/Staff Development		8,375
Other Charges		<u>77,474</u>
Total Early Childhood Education		<u>\$ 1,110,997</u>
Total Other Education Special Revenue Fund		<u>\$ 1,112,288</u>
Total Governmental Funds - Carter County School Department		<u>\$ 49,474,062</u>

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, 2016

	Cities - Sales Tax Fund	City School ADA - Elizabethton Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 2,822,045	\$ 2,822,045
Trustee's Collections - Prior Years	0	91,949	91,949
Circuit/Clerk and Master Collections - Prior Years	0	51,527	51,527
Interest and Penalty	0	36,890	36,890
Payments in-Lieu-of Taxes - Local Utilities	0	60,450	60,450
Payments in-Lieu-of Taxes - Other	0	1,016	1,016
Local Option Sales Tax	4,869,034	2,044,422	6,913,456
Mixed Drink Tax	0	741	741
Bank Excise Tax	0	13,603	13,603
Interstate Telecommunications Tax	0	1,660	1,660
Marriage Licenses	0	599	599
Donations	0	72	72
Total Cash Receipts	\$ 4,869,034	\$ 5,124,974	\$ 9,994,008
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,820,344	\$ 5,030,546	\$ 9,850,890
Trustee's Commission	48,690	80,440	129,130
Total Cash Disbursements	\$ 4,869,034	\$ 5,110,986	\$ 9,980,020
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 13,988	\$ 13,988
Cash Balance, July 1, 2015	0	246,458	246,458
Cash Balance, June 30, 2016	\$ 0	\$ 260,446	\$ 260,446

SINGLE AUDIT SECTION



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

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

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, 2016, 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 6, 2017.

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: 2016-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2016-005, 2016-007, 2016-008, and 2016-009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carter County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2016-001, 2016-003, 2016-004, 2016-006, and 2016-010.

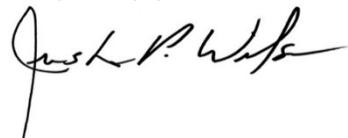
Carter County's Responses to the Findings

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 results 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 6, 2017

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

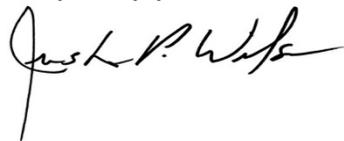
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements. We issued our report thereon dated January 6, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 6, 2017

JPW/sb

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Schools and Roads - Grants to States	10.665	N/A	\$ 111,337
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	162,579 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	665,838
National School Lunch Program	10.555	N/A	1,807,240 (4)
Healthy, Hunger-free Kids Act of 2010 Childhood Hunger Research and Demonstration Projects	10.592	N/A	4,569
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(5)	57,523
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	162,871
Total U.S. Department of Agriculture			\$ 2,971,957
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	\$ 477,105
Total U.S. Department of Housing and Urban Development			\$ 477,105
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 95,749
Total U.S. Department of the Interior			\$ 95,749
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	N/A	\$ 3,000
Total U.S. Department of Justice			\$ 3,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,908,322
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,465,908
Special Education - Preschool Grants	84.173	N/A	125,141
Vocational Education - Basic Grants to States	84.048	N/A	179,132
Twenty-first Century Community Learning Centers	84.287	192-13-02-019	196,476
Improving Teacher Quality State Grants	84.367	N/A	286,171
Total U.S. Department of Education			\$ 4,161,150
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Public Health Emergency Preparedness	93.069	(5)	\$ 734
Injury Prevention and Control Research and State and Community Based Programs			
Family Planning Services	93.136	(5)	2,967
Family Planning Services	93.217	(5)	6,377
National State Based Tobacco Control Program	93.305	(5)	7,573
Medical Assistance Program	93.778	(5)	39,741
HIV Prevention Activities - Health Department Based	93.940	(5)	1,958
Maternal and Child Health Services Block Grants to States	93.994	(5)	16,364
Total U.S. Department of Health and Human Services			\$ 75,714

(Continued)

Carter County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-13116	\$ 41,500
Total U.S. Department of Homeland Security			<u>\$ 41,500</u>
Total Expenditures of Federal Grants			<u>\$ 7,826,175</u>
		<u>Contract Number</u>	
<u>State Grants</u>			
Health Department Program - State Department of Health	N/A	(5)	\$ 253,293
Tobacco Cessation Grant - State Department of Health	N/A	(3)	74,955
State Aid Program - State Department of Transportation	N/A	10SAR1-S8-005	273,503
Law Enforcement Training Program - State Department of Safety	N/A	(3)	31,200
Juvenile Services Program - State Commission on Children and Youth	N/A	39494	9,000
Litter Program - State Department of Transportation	N/A	(3)	33,744
Used Oil Grant - State Department of Environment and Conservation	N/A	32701-02630	25,291
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(3)	23,621
Waste Tire Grant - State Department of Environment and Conservation	N/A	(3)	21,716
Family Resource Center - State Department of Education	N/A	(3)	19,949
Safe Schools Act - State Department of Education	N/A	(3)	32,169
ConnectTN - State Department of Education	N/A	(3)	14,212
Driver's Education - State Department of Education	N/A	(3)	10,919
Lottery for Education: After School Programs - State Department of Education	N/A	119-14-01-008	400,000
Coordinated School Health - State Department of Education	N/A	(3)	59,878
ACT Explore - State Department of Education	N/A	(3)	8,775
Early Childhood Education Pilot Project - State Department of Education	N/A	(3)	<u>300,076</u>
Total State Grants			<u>\$ 1,592,301</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Carter County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$1,969,819.
- (5) Multi-service contract: GG-16-45054-00.

SUBRECIPIENTS Program Title	Federal CFDA Number	Amount Provided to Subrecipient	Subrecipient
Community Development Block Grant	14.218	\$477,105	Watauga River Regional Water Authority

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

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

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	205	2015-001	The Offices of Director of Schools and Finance Director had Accounting Deficiencies	N/A	Corrected - C, D, and E Not Corrected - A and B - See Explanation on Corrective Action Plan
2015	207	2015-002	The Office of Circuit and General Sessions Courts Clerk did not Prepare Adequate Trial Balances of the Execution Dockets	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	208	2015-003	The Assessor did not Update the Personal Property Accounts in a Timely Manner	N/A	Corrected

Prior-year Federal Award Findings

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

CARTER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CFDA Number 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit and the review by the state Division of Property Assessments, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses are paraphrased and presented following each finding and recommendation. The county mayor, director of schools, finance director, circuit and general sessions courts clerk, and assessor of property provided corrective action plans, which are paraphrased and presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

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

OFFICE OF COUNTY MAYOR

FINDING 2016-001

THE ELIZABETHTON-CARTER COUNTY ANIMAL SHELTER IS CURRENTLY UNDER REVIEW FOR ALLEGED DISCREPANCIES IN OPERATIONS
(Noncompliance Under *Government Auditing Standards*)

The state Comptroller's Division of Investigations is currently reviewing the Elizabethton-Carter County Animal Shelter for alleged discrepancies in operations. Findings, if any, resulting from the investigation will be included in a subsequent report.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. In July 2016, as a result of numerous constituent complaints, we initiated a top to bottom review of all policies, procedures and day-to-day operations at the shelter. As a result, we have implemented a number of changes to ensure compliance with in-house as well as local, state and federal regulations. Please note that our initial findings actually resulted in self-reporting of this matter to both the Carter County Finance Director and the Comptroller's Office. We are fully cooperating with the finance director and the Comptroller's Office and are providing information for their review and assisting them on a daily basis given the scope of the matter. Once the investigation is complete and findings are reported, we will immediately develop and submit a corrective action plan and take any corrective actions needed.

OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, HIGHWAY SUPERINTENDENT, AND FINANCE DIRECTOR

FINDING 2016-002

THE ACCOUNTING RECORDS FOR VARIOUS FUNDS HAD NOT BEEN PROPERLY MAINTAINED

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

Our audit revealed the following deficiencies related to the administration and maintenance of the accounting and reporting systems. Management was not aware of most of the deficiencies detailed below until we brought them to their attention.

- A. Accounting records were not maintained on a current basis for the Central Cafeteria Fund. Monthly trustee reports for July 2015 through June 2016 had not been posted and reconciled with the general ledger cash account until October 17, 2016. As a result, the reconciliation for June 30, 2016, disclosed a net difference of \$84,393. This difference consisted primarily of errors in revenues. A subsequent review of the 2016-17 fiscal year, disclosed that monthly trustee reports for July 2016 through November 2016 had not been posted for the Central Cafeteria Fund as of December 5, 2016. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's reports monthly.

Also, the bank clearing accounts were not reconciled with the general ledger cash account for July 2015 through June 2016 until October 2016. As a result the reconciliation for June 30, 2016, disclosed a difference of \$29,994. This difference consisted primarily of posting errors totaling \$27,000 for disbursements from the clearing accounts. These clearing accounts are used to account for collections made by the individual school cafeterias.

- B. Accounting records were not maintained on a current basis for all other funds of the primary government and the School Department. All revenue entries reflected on the trustee's reports had not been posted to the accounting records for the months of March 2016 through June 2016 until August 2016. These entries had been prepared and keyed into the accounting software by the assistant finance director timely. However, the entries had not been approved and posted by the finance director. Since these entries had not been posted, the accounting records could not be closed; therefore, accurate and current financial reports could not be presented to the County Commission to be used as a tool for financial decisions.
- C. As noted in the prior-year audit report, several general ledger payroll liability accounts were not reconciled with subsidiary payroll records, monthly billings, and payments made from the various county and the School Department funds. As a result, the composition of the balances in the payroll liability accounts could not be readily determined. Balances in the payroll liability accounts in the various funds ranged from a negative \$40,120 to a positive \$99,966. A total of 20 accounts had deficit (negative) balances.

- D. As noted in the prior-year audit report, the employee health insurance bank clearing account had not been adequately reconciled with the general ledger payroll liability accounts resulting in a material unidentified balance. The School Department maintains the bank clearing account for deposits of employee payroll deductions and the School Department contributions for employee health insurance premiums, which are then withdrawn from the account by the state insurance program administrator. At June 30, 2016, the employee health insurance bank clearing account had a balance of \$969,560 of which, \$750,571 represented amounts due the state insurance program administrator for unbilled health insurance premiums. The remainder of \$218,989 was unidentified. In addition, the general ledger cash account for the clearing account reflected a balance of \$1,510,480 at June 30, 2016. The difference between the bank balance in the clearing account and the general ledger balance of \$540,920 was unidentified. It should be noted that the employee health insurance bank account was overdrawn by \$2,647 on October 17, 2016. This overdraft was liquidated on October 25, 2016, from a deposit of health insurance premiums.
- E. Balances reflected in numerous balance sheet accounts assigned to the various federal grant programs in the School Federal Projects Fund were not adequately maintained and reconciled. Management failed to reconcile beginning and ending balances for each program's balance sheet accounts. As a result, restricted fund equity balances were reported for 16 separate restricted fund equity accounts ranging from a negative \$341,683 to a positive \$317,938 even though there were only ten active federal grant programs for the current fiscal year.
- F. Requests for reimbursement of grant expenditures related to a federal grant program for resurfacing and safety improvements on two county roads were not submitted timely. These expenditures from the Highway Public/Works Fund totaled \$387,901 as of June 30, 2016, and were expended in the three consecutive fiscal years, which ended June 30, 2016. These reimbursement requests have been reflected as receivables and deferred revenues in the financial statements of this report.
- G. Receivables for requests for reimbursement of grant expenditures related to multiple federal programs were not posted to the accounting records at June 30, 2016. Receivables totaling \$210,249 were not posted to the School Federal Projects Fund even though requests for reimbursement to and payments from the Tennessee Department of Education had been submitted timely, and the funds were received within the client's recognition policy of 60 days. The failure to post the receivables in the School Federal Projects Fund resulted in a per record unassigned fund balance deficit of \$171,197 at June 30, 2016. These receivables have been reflected in the financial statements of this report since they were available to meet current obligations. With the recognition of these receivables in the financial statements of this report, the School Federal Projects Fund has a positive restricted fund balance of \$432. A breakdown of the various receivables and related grant programs are presented below.

School Federal Projects Receivables:

Grant	Receivable Amount
Title I Grants to Local Education	\$ 6,142
Special Education - Grants to States	174,920
Special Education - Preschool Grants	10,477
Career and Technical Education - Basic Grants to States	14,138
Improving Teacher Quality State Grants	<u>4,572</u>
 Total School Federal Projects Fund	 <u>\$ 210,249</u>

- H. The accounts payable balance in the Other Education Special Revenue Fund was not reconciled at June 30, 2016. Entries totaling \$27,199 for disbursement of current-year expenditures made in January 2016 and February 2016 were not posted correctly by management. Additionally, an entry for the correction of revenues totaling \$3,966 was not posted correctly. We have corrected these posting errors in the financial statements of this report.
- I. Interfund receivable and payable account balances in various School Department funds were not reconciled as of June 30, 2016. As a result, a net difference of \$152,098 existed between the various receivables (\$152,349) and payables (\$251). This difference was the result of posting errors related to the receipt of prior-year amounts, the reimbursement of expenditures between the various funds, the payment of student meals, and the correction of federal revenues posted to the wrong fund. We have corrected the interfund receivables and payables in the financial statements of this report. A breakdown of the various receivables and payables by fund is presented below.

Due to/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Purpose School	School Federal Projects	\$ 68,865
School Federal Projects	General Purpose School	30,066
Central Cafeteria	Other Education Special Revenue	22,144
Other Education Speical Revenue	General Purpose School	10,878

Sound business practices dictate that financial records and accounts should be reviewed for accuracy and completeness, and all general ledger accounts should be reconciled timely. The failure to properly maintain accounting records on a current basis diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary and accounting control and increases the risk that errors will not be discovered and corrected in a timely manner. These deficiencies can be attributed to a lack of management oversight, the failure of management to take proper responsibility for the accounting records, and management's failure to correct the findings noted in the prior-year audit report.

RECOMMENDATION

All receivables, payroll deductions, general ledger payroll liability accounts, and the employee health insurance bank clearing accounts should be accurately reconciled monthly with subsidiary records, monthly billings, receipts, and payments. The office should reconcile the general ledger cash accounts with bank statements and county trustee reports monthly as required by state statute, and any errors discovered should be identified and corrected promptly. The Finance Department should maintain accounting records on a current basis and review financial statements for accuracy and completeness and provide the County Commission with accurate financial reports each month.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We the Carter County School System, concur with the findings as presented in regard to the 2015-16 fiscal year audit performed by the State of Tennessee Comptroller's Office. As these findings are not as favorable as preferred, the Carter County School System has plans to implement corrective actions, which are outlined in the Management's Corrective Action Plan of the this report.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

- A. We concur with this finding. Revenues from the trustee were posted monthly by the food service director. However, due to a miscommunication that coincided with management change over in both the School Nutrition Department and the Finance Department, the monthly reconciliation was not completed. Once this oversight was pointed out, the reconciliations were done promptly by the Finance Department. The food service director will continue to prepare the journal to recognize monthly revenues with the finance director posting, the journal and completing the reconciliation. The food service director will reconcile the bank clearing accounts monthly going forward.
- B. We concur with this finding. Due to change over in two positions in a small office, some duties were not completed in a timely manner. We agree that trustee's reports should have been posted at an earlier date. During this period when revenues were requested, they were calculated to include all collections to date so that accurate information was presented. Timely posting of revenues and reconciliations are a top priority to the Finance Department. We do not anticipate this being an issue going forward now that the office is fully staffed.
- C. We concur with this finding. The Finance Department reconciles the insurance liability account monthly. However, we will begin printing a balance sheet monthly as well to ensure all deductions and expenses are posted correctly.
- E. We concur with this finding. The Finance Department will reconcile the beginning and ending balances for each program's balance sheet accounts going forward.

- F. We concur with this finding. It came to our attention that reimbursements for expenditures related to federal grant program resurfacing and improvements on county roads were not submitted. Upon discovery, all past due reimbursements were filed with the appropriate agency.
- G. We concur with this finding. Posting of federal receivables were over looked and will be recognized going forward.
- H. We concur with this finding. Accounts payable for Head Start and the Other Education Special Revenue Funds will be reconciled at June 30th annually and posted accordingly.
- I. We concur with this finding. All accounts receivable and payable, including interfund receivables and payables, will be reconciled going forward.

FINDING 2016-003

THE COUNTY HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies exist due to a lack of management oversight and management’s failure to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

- A. Expenditures exceeded total appropriations approved by the County Commission in the Other Education Special Revenue Fund by \$28,103.
- B. Expenditures exceeded appropriations approved by the County Commission in two of 50 major appropriation categories (the legal level of control) in the General Fund, one of 25 major appropriation categories in the General Purpose School Fund, and one of two major appropriation categories in the Other Education Special Revenue Fund as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Administration of Justice - Drug Court	\$ 10,873
Litter and Trash Collection	628
General Purpose School:	
Support Services - Other Student Support	3,742
Other Education Special Revenue:	
Early Childhood Education	28,293

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

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

We concur with this finding. Expenditures exceeded approved appropriations in the Other Education Special Revenue Fund and Support Services, partially due to summer payroll not being considered when projecting expenditures. Expenditures exceeded appropriations in Litter and Trash Collections, the "Litter Grant," due to over spending in the other supplies and materials line. Drug Court expenditures are paid to the State of Tennessee from a liability account and therefore historically have not been budgeted. Going forward expenditures will be held within appropriations with the Finance Department ensuring all expenditures including summer payroll are considered. A budget will be prepared annually to recognize funds that are paid out for Drug Court.

FINDING 2016-004

OTHER POSTEMPLOYMENT BENEFITS DISCLOSURES WERE NOT AVAILABLE ON A TIMELY BASIS (Noncompliance Under *Government Auditing Standards*)

Carter County general government provides postemployment healthcare benefits through a commercial plan that allows county and Highway Department employees to continue insurance coverage after retirement, provided the employee has met certain employment requirements, until Medicare coverage begins and with premiums for single coverage being paid by the county.

The Carter County School Department provides postemployment benefits for a dental, life, and termination benefits commercial plan that allows School Department employees to continue insurance coverage for dental and life benefits after retirement, provided the employee has met certain employment requirements, until Medicare coverage begins and with premiums for single coverage being paid by the School Department.

Generally accepted accounting principles require that the county and the discretely presented School Department make certain disclosures related to their other postemployment benefits plans and liabilities. Carter County contracts with an actuary to provide the required information for the disclosures. The other postemployment benefits information was not received from the actuary until December 16, 2016, which is almost six months after the financial statement date.

RECOMMENDATION

The county should take steps to ensure that the other postemployment benefits disclosure are prepared on a timely basis.

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

We concur with this finding. Several requests were made to obtain the data on postemployment benefits. Information was provided to the contracted actuary so that the required report could be compiled. The Finance Department will be issuing a request for proposals for actuarial services in an effort to ensure future postemployment benefit reports are received in a timely manner.

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

FINDING 2016-005

**THE OTHER EDUCATION SPECIAL REVENUE FUND
HAD A DEFICIT IN UNASSIGNED FUND BALANCE**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Other Education Special Revenue Fund had a deficit in unassigned fund balance of \$16,517 at June 30, 2016. This deficit unassigned fund balance resulted from expenditures exceeding restricted, committed, and assigned balances. The deficit unassigned fund balance was liquidated when revenues were recognized after June 30, 2016.

RECOMMENDATION

Management should ensure adequate funding is provided to prevent the recurrence of a deficit unassigned fund balance.

MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

We concur with this finding. Expenditures exceeded approved appropriations in the Other Education Special Revenue Fund partially due to summer payroll not being considered when projecting expenditures. This led to a negative unassigned fund balance. Going forward expenditures will be held within appropriations with the Finance Department being sure that all expenditures including summer payroll are considered.

FINDING 2016-006

**AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS
WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT**
(Noncompliance Under *Government Auditing Standards*)

The School Department entered into a contract totaling \$1,430,000 for classroom additions at an elementary school; however, the School Department did not deposit amounts withheld from contractor payments into an escrow account. Section 66-34-104, *Tennessee Code Annotated*,

requires that funds withheld from contractor payments be deposited into an escrow account with a third-party for contracts of \$500,000 or more. This deficiency was the result of a lack of management oversight that could result in the loss of interest earnings for the contractor.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur with this finding. The Finance Department will work closely with all departments, including the School Department, to ensure contracts for \$500,000 and over have an escrow account.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2016-007

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, 2016, 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 \$43,503. 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. This deficiency was the result of management's failure to correct the finding noted in the prior-year audit report.

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.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Management has addressed the issue concerning the docket trial balance with our software vendor and informed them that this needs to be resolved by the end of the fiscal year. The bookkeeper continues to complete additional reconciliation to make sure that the balances haven't changed since the prior office holder.

FINDING 2016-008

THE COURT SOFTWARE DID NOT GENERATE A REPORT OF OUTSIDE DIRECT PAYMENTS

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

The court software application would allow users to generate receipts that did not flow through the accounting records. These receipts are referred to as outside direct payments because these funds are not deposited with the courts but are disbursed directly to the appropriate party. A report detailing these receipts was not available. Because this receipting functionality could be used improperly, a report of these transactions should be available for review by management.

RECOMMENDATION

Management should contact the software vendor concerning the creation of a report that details outside direct payment receipts. Once created, this report should be reviewed by management for inappropriate activity on a routine basis.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Management has been in contact with the software vendor and has given them a notice to have this issue resolved by the end of the year. The software vendor has informed management that there will be a report available by the end of the fiscal year that will indicate if any employee has taken a payment under the outside direct payment option.

FINDING 2016-009

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

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

The software application used by the office generated a log that displayed changes and deletions made by users. Because this log provided the only audit trail of these changes and deletions, it should be routinely reviewed for inappropriate activity. Due to technical issues within the software, management did not review this log during the fiscal year; however, the technical issues were resolved on June 19, 2016. After the correction, the official reestablished the review process. A review of prior periods was also performed.

RECOMMENDATION

Management should ensure the audit log is reviewed on a consistent and routine basis. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Management contacted the software vendor and the audit logs were produced for July 2015 to June 2016 and reviewed by management.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2016-010

NEW OWNERS OF USE VALUE PROPERTIES WERE NOT REQUIRED TO FILE A NEW APPLICATION FOR AGRICULTURAL PROPERTY, FOREST PROPERTY, OR DESIGNATED OPEN SPACE USAGE

(Noncompliance Under *Government Auditing Standards*)

As a result of a review of the office, the following deficiencies were noted:

- A. The assessor did not require new owners of property that had been previously qualified as agricultural, forest, or designated open space at the date of sale to file a new application in a timely manner to continue the agricultural (Greenbelt) classification as required by Section 67-5-1005(a)(1), *Tennessee Code Annotated (TCA)*, forest land classification as required by Section 67-5-1006, *TCA*, or designated open space classification as required by Section 67-5-1007, *TCA*. Statutes further provide for the assessor to notify the new owners that the property is disqualified from receiving use value classification unless the new owners file an application within 30 days of such notification together with a late fee of \$50. These deficiencies are the result of management's failure to properly comply with state statutes and could result in the loss of county revenue if property that no longer qualifies for use value classification is assessed at the lower use rate rather than at market value.
- B. The assessor did not properly perform rollback calculations on properties tested for rollback assessment. *TCA*, Section, 67-5-1008(d)(1) requires the assessor to compute the amount of taxes saved by the difference in the present use and the value assessment for Greenbelt properties. This deficiency is the result of management's failure to properly comply with state statute and will result in the loss of county tax revenue since the property no longer qualifies for Greenbelt classification.

RECOMMENDATION

New owners of properties that qualified for use value assessment the previous year as agricultural, forest, or designated open space should be required to file a new application in a timely manner. The failure to timely apply should result in disqualification and the assessment of rollback taxes as required by statute.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

Our office met with representatives from the state Division of Property Assessments to discuss ways to monitor and review Greenbelt and rollback assessment procedures. Beginning immediately, the necessary reports and queries will be done on a quarterly basis to ensure that all Greenbelt applications are filed properly and all rollback assessments are performed as needed.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

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

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

Corrective Action - Financial Statement Findings

OFFICE OF COUNTY MAYOR

FINDING 2016-001 **THE ELIZABETHTON-CARTER COUNTY ANIMAL SHELTER IS CURRENTLY UNDER REVIEW FOR ALLEGED DISCREPANCIES IN OPERATIONS**

Response and Corrective Action Plan Prepared by:	Leon Humphreys, County Mayor, Carter County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	See planned corrective action below
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY:	N/A

Planned Corrective Action:

Once the investigation is complete and findings are reported, we will immediately develop and submit a corrective action plan and take any corrective actions needed.

OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, HIGHWAY SUPERINTENDENT, AND FINANCE DIRECTOR

FINDING 2016-002 **THE ACCOUNTING RECORDS FOR VARIOUS FUNDS HAD NOT BEEN PROPERLY MAINTAINED**

Response and Corrective Action Plan Prepared by:	Christa Byrd, Finance Director, Carter County, Tennessee and Dr. Kevin Ward, Director of Schools, Carter County, Tennessee
Persons Responsible for Implementing the Corrective Action:	Christa Byrd, Finance Director, Dr. Kevin Ward,

Director of Schools, Peggy
Campbell, Assistant
Director, Teresa Crain,
Insurance Coordinator,
Angela Cornett, ACA
Coordinator and Kathy
Ledford, Personnel
Secretary

Anticipated Completion Date of Corrective Action:

See planned corrective
action below

Repeat Finding:

Yes - C. and D.

Reason Why Corrective Action was Not Taken – PY:

Director of Schools: We have been working tirelessly over the past year to discover our weaknesses and correct the deficiencies. While there has been progress over the past year, there are still problems to overcome. The tireless labor will continue in the coming year and our school system will continue to seek means of improving our performance and the prudent use of funds entrusted to our office.

Planned Corrective Action – Finance Director:

- A. The food service director will continue to prepare the journal to recognize monthly revenues with the finance director posting the journal and completing the reconciliation. The food service director will reconcile the bank clearing accounts monthly going forward. Corrective action was taken as soon as the issue was discovered.
- B. Trustee reports will be posted in a timely manner. Corrective action was taken as soon as the issue was discovered.
- C. We will begin printing a balance sheet monthly to ensure all deductions and expenses are being posted correctly. In addition we will reconcile account balances to the invoices. Corrective action will begin immediately.
- E. The Finance Department will reconcile beginning and ending balances for each program's balance sheet accounts going forward. Corrective action will begin immediately.
- F. The finance director will work closely with the Highway Department to be sure all reimbursements are claimed in a timely manner. Corrective action was taken as soon as the issue was discovered.
- G. Posting of federal receivables will be keyed at fiscal year-end. Corrective action will be completed at the end of FY 2016-17 when accounts receivable are posted.
- H. Accounts payable for Head Start and the Other Education Special Revenue Fund, will be reconciled at June 30th annually and posted accordingly. Corrective action will be completed at the end of FY 2016-17 when accounts receivable and payable are posted.
- I. All accounts receivable and payable, including inter-fund receivables and payables will be reconciled going forward. Corrective action will be completed at the end of FY 2016-17 when accounts payable are posted.

Planned Corrective Action – Director of Schools:

- C. & D. As part of this corrective action plan, the school system plans to schedule appointments with other local school systems currently participating with the

State Insurance Plan to study best practices of these other systems. Further, the school system plans to be diligent in the preparation of reconciliations so that check requests are made in a timely manner to avoid any recurrence of bank overdrafts. Additionally, we are creating greater segregation of duties by using additional personnel in the reconciliation process. The corrective action plan will be an ongoing process that does not stop with a specific date, but becomes a part of the continuing effort for excellence within the school system.

FINDING 2016-003

THE COUNTY HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by: Christa Byrd, Finance Director, Carter County, Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: Immediately

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

Expenditures will be held within appropriations. The Finance Department will ensure all expenditures including summer payroll are considered. A budget will be prepared annually to recognize funds that are paid out for Drug Court.

FINDING 2016-004

OTHER POSTEMPLOYMENT BENEFITS DISCLOSURES WERE NOT AVAILABLE ON A TIMELY BASIS

Response and Corrective Action Plan Prepared by: Christa Byrd, Finance Director, Carter County, Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: January 2017

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

The Finance Department will issue a request for proposals for actuarial services in an effort to ensure future postemployment benefit reports are received in a timely manner.

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

**FINDING 2016-005 **THE OTHER EDUCATION SPECIAL REVENUE FUND
HAD A DEFICIT IN UNASSIGNED FUND BALANCE****

Response and Corrective Action Plan Prepared by: Christa Byrd, Finance
Director, Carter County,
Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: Immediately

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

Expenditures will be held within appropriations. The Finance Department will ensure that all expenditures including summer payroll are considered.

**FINDING 2016-006 **AMOUNTS WITHHELD FROM CONTRACTOR
PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW
ACCOUNT****

Response and Corrective Action Plan Prepared by: Christa Byrd, Finance
Director, Carter County,
Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: Immediately

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

The Finance Department will work closely with all departments, including the School Department, to ensure contracts for \$500,000 and over have an escrow account.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2016-007

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

Response and Corrective Action Plan Prepared by: Johnny Blankenship,
Circuit and General
Sessions Courts Clerk,
Carter County, Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: June 30, 2017

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: The software vendor has
been in contact with other
counties in Tennessee to
generate execution docket
trial balance.

Planned Corrective Action:

Management has addressed the issue with the software vendor, and made them aware that all issues will need to be resolved by the end of the fiscal year.

FINDING 2016-008

**THE COURT SOFTWARE DID NOT HAVE ADEQUATE
APPLICATION CONTROLS**

Response and Corrective Action Plan Prepared by: Johnny Blankenship,
Circuit and General
Sessions Courts Clerk,
Carter County, Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: June 30, 2017

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

Management has been in contact with the software vendor and has given them a notice to have this issue resolved by the end of the fiscal year. The software vendor has informed management that there will be a report available by the end of the fiscal year that will indicate if any employee has taken a payment under the outside direct payment option.

FINDING 2016-009

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

Response and Corrective Action Plan Prepared by: Johnny Blankenship,
Circuit and General
Sessions Courts Clerk,
Carter County, Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: June 30, 2016

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

Management contacted the software vendor and the audit logs were produced for July 2015 to June 2016 and reviewed by management.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2016-010

NEW OWNERS OF USE VALUE PROPERTIES WERE NOT REQUIRED TO FILE A NEW APPLICATION FOR AGRICULTURAL PROPERTY, FOREST PROPERTY, OR DESIGNATED OPEN SPACE USAGE

Response and Corrective Action Plan Prepared by: Ronnie Taylor, Assessor of
Property, Carter County,
Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: September 1, 2016

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

The Assessor's Office has implemented the necessary procedures for a corrective action plan. Deeds are worked on a daily basis and questionnaires are mailed to verify accuracy of sales and other information relating to farm and greenbelt properties. Letters are sent to property owners when a new greenbelt application needs to be filed. Quarterly reports and queries are done to review greenbelt properties that may be affected by a deed change. Rollback assessments are calculated when needed.

Corrective Action - Federal Award Findings

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