

# ANNUAL FINANCIAL REPORT

## CARTER COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2017



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT**  
**CARTER COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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

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

***MARK TREECE, CPA, CGFM***  
***Audit Manager***

***MARIE TIDWELL, CPA***  
***Auditor 4***

***BRAD BURKE, CPA, CIA***  
***PAULA KNIGHT***  
***GREG BRUSH, CISA***  
***State Auditors***

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

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## CARTER COUNTY, TENNESSEE

### TABLE OF CONTENTS

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	Exhibit	Page(s)
Summary of Audit Findings		6-7
<u>INTRODUCTORY SECTION</u>		8
Carter County Officials		9-10
<u>FINANCIAL SECTION</u>		11
Independent Auditor's Report		12-15
BASIC FINANCIAL STATEMENTS:		16
Government-wide Financial Statements:		
Statement of Net Position	A	17-18
Statement of Activities	B	19-20
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	21-23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	25-26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	27
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	28-30
Highway/Public Works Fund	C-6	31
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	32
Index and Notes to the Financial Statements		33-87
REQUIRED SUPPLEMENTARY INFORMATION:		88
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	89
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	90
Schedule of Contributions Based on Participation in the Teacher Pension Plan of TCRS – Discretely Presented Carter County School Department	E-3	91

	Exhibit	
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Carter County School Department	E-4	92
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Carter County School Department	E-5	93
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Carter County School Department	E-6	94
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Carter County School Department	E-7	95
Notes to the Required Supplementary Information		96
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		97
Nonmajor Governmental Funds:		98-99
Combining Balance Sheet	F-1	100-103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	104-107
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	108
Solid Waste/Sanitation Fund	F-4	109
Health Department Fund	F-5	110
Drug Control Fund	F-6	111
Sports and Recreation Fund	F-7	112
Major Governmental Fund:		113
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	114
Fiduciary Funds:		115
Combining Statement of Fiduciary Assets and Liabilities	H-1	116
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	117-118
Component Unit:		
Discretely Presented Carter County School Department:		119
Statement of Activities	I-1	120
Balance Sheet – Governmental Funds	I-2	121-122
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	123
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	124
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	125
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	126
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	127

	Exhibit	Page(s)
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	128-129
School Federal Projects Fund	I-9	130
Central Cafeteria Fund	I-10	131
Other Education Special Revenue Fund	I-11	132
Miscellaneous Schedules:		133
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Lease	J-1	134
Schedule of Long-term Debt Requirements by Year	J-2	135-136
Schedule of Transfers	J-3	137
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Carter County School Department	J-4	138
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	139-152
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Carter County School Department	J-6	153-156
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	157-176
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Carter County School Department	J-8	177-189
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-9	190
<u>SINGLE AUDIT SECTION</u>		191
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		192-193
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 Uniform Guidance		194-196
Schedule of Expenditures of Federal Awards and State Grants		197-198
Summary Schedule of Prior-year Findings		199-200
Schedule of Findings and Questioned Costs		201-212
Management's Corrective Action Plan		213-223

# ***Summary of Audit Findings***

Annual Financial Report  
Carter County, Tennessee  
For the Year Ended June 30, 2017

## ***Scope***

We have audited the basic financial statements of Carter County as of and for the year ended June 30, 2017.

## ***Results***

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

Our audit resulted in eight 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:

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

- ◆ The accounting records for various funds had not been maintained properly.
- ◆ The county had deficiencies in budget operations.
- ◆ The Finance Department had deficiencies in the maintenance of capital asset records.

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### **OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR**

- ◆ The School and Finance Departments had deficiencies in the administration of the Rehabilitation Services Vocational Rehabilitation Grants to States – School to Work Grant.

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### **OFFICES OF FINANCE DIRECTOR AND SHERIFF**

- ◆ Travel advances were not made in compliance with county policies.

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

- ◆ The office did not prepare adequate trial balances of the execution dockets.
- ◆ The computer software application did not generate a report of outside direct payments.

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## **ELIZABETHTON-CARTER COUNTY ANIMAL SHELTER**

- ◆ A cash shortage of \$9,516 and operational deficiencies existed at the Elizabethton-Carter County Animal Shelter.

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## INTRODUCTORY SECTION

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## Carter County Officials

### June 30, 2017

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#### **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	Jerry Stout

#### **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.)

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### **Audit Committee**

Margaret Moses, Chairman  
Rai Lynn Anderson

Carter Honeycutt  
Margaret Pate

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## 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, 2017, 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, 2017, 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.

### ***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 89-96 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

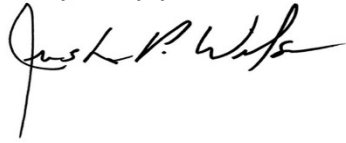
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards 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 February 23, 2018, 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 solely 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 the effectiveness of Carter County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carter County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 23, 2018

JPW/sb

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## BASIC FINANCIAL STATEMENTS

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## Exhibit A

Carter County, Tennessee  
Statement of Net Position  
June 30, 2017

	Primary Government Governmental Activities	Component Unit Carter County School Department
<u>ASSETS</u>		
Cash	\$ 18,921	\$ 1,086,435
Equity in Pooled Cash and Investments	19,193,816	12,209,775
Accounts Receivable	131,423	8,876
Due from Other Governments	1,252,898	986,342
Due from Primary Government	0	18,636
Due from Component Units	245,648	0
Property Taxes Receivable	12,141,075	6,778,878
Allowance for Uncollectible Property Taxes	(141,685)	(79,053)
Prepaid Items	22,433	0
Cash Shortage	9,516	0
Net Pension Asset - Teacher Retirement Plan	0	36,040
Capital Assets:		
Assets Not Depreciated:		
Land	1,988,273	1,028,228
Construction in Progress	231,436	1,039,096
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	26,268,562	21,283,658
Other Capital Assets	3,047,911	2,221,282
Infrastructure	17,361,017	0
Total Assets	<u>\$ 81,771,244</u>	<u>\$ 46,618,193</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 283,167	\$ 0
Pension Changes in Experience	216,327	285,377
Pension Changes in Investment Earnings	900,580	4,472,014
Pension Other Deferrals	0	202,789
Pension Contributions after Measurement Date	1,194,453	2,632,414
Total Deferred Outflows of Resources	<u>\$ 2,594,527</u>	<u>\$ 7,592,594</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 556,351	\$ 940,568
Accrued Payroll	577,509	850,950
Accrued Interest Payable	113,657	0
Payroll Deductions Payable	195,666	0
Future Compensation Payable	0	32,921
Contracts Payable	83,338	0
Other Withholding Taxes	3,294	77,728
Due to Primary Government	0	245,648
Due to Component Units	18,636	0
Due to State of Tennessee	8,854	4,333

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Carter County School Department
<u>LIABILITIES (CONT.)</u>		
Other Current Liabilities	\$ 9,238	\$ 362,276
Noncurrent Liabilities:		
Due Within One Year	1,675,455	211,603
Due in More Than One Year	24,181,279	16,780,094
Total Liabilities	<u>\$ 27,423,277</u>	<u>\$ 19,506,121</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 11,636,381	\$ 6,497,438
Pension Changes in Experience	292,505	4,421,030
Pension Other Deferrals	0	190,231
Total Deferred Inflows of Resources	<u>\$ 11,928,886</u>	<u>\$ 11,108,699</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 29,014,553	\$ 25,572,264
Restricted for:		
General Government	247,121	0
Finance	29,961	0
Administration of Justice	243,513	0
Public Safety	540,241	0
Public Health and Welfare	1,040,783	0
Highways	2,484,784	0
Debt Service	3,697,011	0
Education	0	3,215,267
Capital Projects	87,224	0
Pensions	0	36,040
Unrestricted	<u>7,628,417</u>	<u>(5,227,604)</u>
Total Net Position	<u>\$ 45,013,608</u>	<u>\$ 23,595,967</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, 2017

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
					Government	Unit
					Governmental Activities	Carter County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 2,271,821	\$ 855,296	\$ 38,651	\$ 20,500	\$ (1,357,374)	\$ 0
Finance	1,599,934	1,363,949	0	0	(235,985)	0
Administration of Justice	1,248,095	939,976	10,845	0	(297,274)	0
Public Safety	9,492,532	1,608,779	295,293	219,333	(7,369,127)	0
Public Health and Welfare	2,464,980	892,676	1,143,085	747,093	317,874	0
Social, Cultural, and Recreational Services	317,749	0	10,000	0	(307,749)	0
Agriculture and Natural Resources	117,092	0	0	0	(117,092)	0
Highways	3,130,996	237,727	2,008,315	1,768,545	883,591	0
Interest on Long-term Debt	798,473	0	0	0	(798,473)	0
Total Primary Government	\$ 21,441,672	\$ 5,898,403	\$ 3,506,189	\$ 2,755,471	\$ (9,281,609)	\$ 0
Component Unit:						
Carter County School Department	\$ 48,827,644	\$ 703,792	\$ 7,850,784	\$ 0	\$ 0	\$ (40,273,068)
Total Component Unit	\$ 48,827,644	\$ 703,792	\$ 7,850,784	\$ 0	\$ 0	\$ (40,273,068)

(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
					Government	Unit
					Governmental Activities	Carter County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 8,703,362	\$ 6,550,874
Property Taxes Levied for Highway/Public Works					1,176,336	0
Property Taxes Levied for Debt Service					1,892,497	0
Local Option Sales Taxes					981,708	4,239,832
Litigation Tax - General					175,322	0
Litigation Tax - Jail, Workhouse, or Courthouse					77,339	0
Litigation Tax - Special					8,675	0
Litigation Tax - Courtroom Security					84,974	0
Hotel/Motel Tax					126,594	0
Business Tax					369,916	0
Mineral Severance Tax					62,381	0
Mixed Drink Tax					2,892	1,951
Beer Privilege Tax					189,177	0
Interstate Telecommunications Tax					3,466	3,800
Grants and Contributions Not Restricted to Specific Programs					688,117	33,088,270
Unrestricted Investment Income					173,721	19,002
Miscellaneous					0	14,535
Sale of Property					30,168	0
Total General Revenues					<u>\$ 14,746,645</u>	<u>\$ 43,918,264</u>
Change in Net Position					\$ 5,465,036	\$ 3,645,196
Net Position, July 1, 2016					<u>39,548,572</u>	<u>19,950,771</u>
Net Position, June 30, 2017					<u>\$ 45,013,608</u>	<u>\$ 23,595,967</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, 2017

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 3,974	\$ 0	\$ 0	\$ 14,947	\$ 18,921
Equity in Pooled Cash and Investments	10,019,652	2,854,415	4,867,357	1,452,392	19,193,816
Accounts Receivable	90,001	7,761	21,126	12,535	131,423
Due from Other Governments	911,312	341,586	0	0	1,252,898
Due from Other Funds	48,542	18,092	0	36,851	103,485
Due from Component Units	222,689	0	0	0	222,689
Property Taxes Receivable	8,998,248	1,206,329	1,936,498	0	12,141,075
Allowance for Uncollectible Property Taxes	(104,736)	(14,126)	(22,823)	0	(141,685)
Cash Shortage	9,516	0	0	0	9,516
Total Assets	\$ 20,199,198	\$ 4,414,057	\$ 6,802,158	\$ 1,516,725	\$ 32,932,138
<u>LIABILITIES</u>					
Accounts Payable	\$ 261,804	\$ 261,159	\$ 0	\$ 33,388	\$ 556,351
Accrued Payroll	516,874	48,482	0	12,153	577,509
Payroll Deductions Payable	157,697	29,420	0	8,549	195,666
Contracts Payable	0	0	0	83,338	83,338
Other Withholding Taxes	2,627	505	0	162	3,294
Due to Other Funds	52,307	0	0	51,178	103,485
Due to Component Units	18,636	0	0	0	18,636
Due to State of Tennessee	8,854	0	0	0	8,854
Other Current Liabilities	3,849	0	0	5,389	9,238
Total Liabilities	\$ 1,022,648	\$ 339,566	\$ 0	\$ 194,157	\$ 1,556,371

(Continued)

## Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 8,625,931	\$ 1,155,875	\$ 1,854,575	\$ 0	\$ 11,636,381
Deferred Delinquent Property Taxes	241,790	32,826	53,403	0	328,019
Other Deferred/Unavailable Revenue	231,916	184,490	0	0	416,406
Total Deferred Inflows of Resources	<u>\$ 9,099,637</u>	<u>\$ 1,373,191</u>	<u>\$ 1,907,978</u>	<u>\$ 0</u>	<u>\$ 12,380,806</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 247,121	\$ 0	\$ 0	\$ 0	\$ 247,121
Restricted for Finance	29,961	0	0	0	29,961
Restricted for Administration of Justice	193,465	0	0	50,048	243,513
Restricted for Public Safety	467,724	0	0	61,042	528,766
Restricted for Public Health and Welfare	115,992	0	0	861,849	977,841
Restricted for Highways/Public Works	0	2,362,443	0	0	2,362,443
Restricted for Debt Service	0	0	3,757,265	0	3,757,265
Restricted for Capital Projects	54,969	0	0	32,255	87,224
Committed:					
Committed for Public Health and Welfare	1,000	0	0	283,969	284,969
Committed for Social, Cultural, and Recreational Services	0	0	0	16,739	16,739
Committed for Highways/Public Works	0	338,857	0	0	338,857
Committed for Debt Service	0	0	1,136,915	0	1,136,915
Committed for Capital Projects	0	0	0	16,666	16,666
Assigned:					
Assigned for General Government	470,583	0	0	0	470,583
Assigned for Administration of Justice	65,610	0	0	0	65,610
Assigned for Public Safety	120,670	0	0	0	120,670

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (CONT.)</u>					
Assigned (Cont.):					
Assigned for Public Health and Welfare	\$ 25,340	\$ 0	\$ 0	\$ 0	\$ 25,340
Assigned for Other Operations	146,285	0	0	0	146,285
Unassigned	8,138,193	0	0	0	8,138,193
Total Fund Balances	<u>\$ 10,076,913</u>	<u>\$ 2,701,300</u>	<u>\$ 4,894,180</u>	<u>\$ 1,322,568</u>	<u>\$ 18,994,961</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,199,198</u>	<u>\$ 4,414,057</u>	<u>\$ 6,802,158</u>	<u>\$ 1,516,725</u>	<u>\$ 32,932,138</u>

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, 2017

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)		\$ 18,994,961
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,988,273	
Add: construction in progress	231,436	
Add: infrastructure net of accumulated depreciation	17,361,017	
Add: buildings and improvements net of accumulated depreciation	26,268,562	
Add: other capital assets net of accumulated depreciation	<u>3,047,911</u>	48,897,199
(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	\$ (223,937)	
Less: other loans payable	(2,126,041)	
Less: bonds payable	(19,460,000)	
Add: deferred amount on refunding	283,167	
Less: capital lease payable	(22,959)	
Add: debt to be contributed by the School Department	22,959	
Less: compensated absences payable	(712,814)	
Less: landfill closure/postclosure care costs	(2,008,671)	
Add: other postemployment benefits liability - prepaid	22,433	
Less: accrued interest on bonds, notes, and other loans payable	(113,657)	
Less: unamortized premium on debt	(422,646)	
Less: net pension liability	<u>(879,666)</u>	(25,641,832)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 2,311,360	
Less: deferred inflows of resources related to pensions	<u>(292,505)</u>	2,018,855
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>744,425</u>
Net position of governmental activities (Exhibit A)		<u>\$ 45,013,608</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, 2017

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 10,757,415	\$ 1,249,332	\$ 1,970,934	\$ 193,704	\$ 14,171,385
Licenses and Permits	540,190	800	0	0	540,990
Fines, Forfeitures, and Penalties	252,798	0	0	49,769	302,567
Charges for Current Services	213,052	0	0	742,710	955,762
Other Local Revenues	125,693	214,357	173,721	145,265	659,036
Fees Received From County Officials	2,028,443	0	0	0	2,028,443
State of Tennessee	1,785,970	3,394,290	43,978	32,061	5,256,299
Federal Government	651,790	393,253	0	7,291	1,052,334
Other Governments and Citizens Groups	1,165,599	23,370	334,331	20,297	1,543,597
Total Revenues	\$ 17,520,950	\$ 5,275,402	\$ 2,522,964	\$ 1,191,097	\$ 26,510,413
<u>Expenditures</u>					
Current:					
General Government	\$ 1,977,424	\$ 0	\$ 0	\$ 163,119	\$ 2,140,543
Finance	1,662,924	0	0	253	1,663,177
Administration of Justice	1,284,097	0	0	1,462	1,285,559
Public Safety	8,865,968	0	0	84,804	8,950,772
Public Health and Welfare	1,298,045	0	0	1,055,175	2,353,220
Social, Cultural, and Recreational Services	138,321	0	0	25,866	164,187
Agriculture and Natural Resources	117,092	0	0	0	117,092
Other Operations	1,132,567	0	0	7,954	1,140,521
Highways	42,290	4,676,006	0	0	4,718,296
Debt Service:					
Principal on Debt	0	0	1,518,899	0	1,518,899
Interest on Debt	0	0	738,605	0	738,605
Other Debt Service	0	0	55,486	0	55,486
Total Expenditures	\$ 16,518,728	\$ 4,676,006	\$ 2,312,990	\$ 1,338,633	\$ 24,846,357

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds		
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,002,222	\$ 599,396	\$ 209,974	\$ (147,536)	\$	1,664,056
Other Financing Sources (Uses)						
Insurance Recovery	\$ 37,486	\$ 0	\$ 0	\$ 1,932	\$	39,418
Transfers In	0	0	0	666,980		666,980
Transfers Out	(666,980)	0	0	0		(666,980)
Total Other Financing Sources (Uses)	\$ (629,494)	\$ 0	\$ 0	\$ 668,912	\$	39,418
Net Change in Fund Balances	\$ 372,728	\$ 599,396	\$ 209,974	\$ 521,376	\$	1,703,474
Fund Balance, July 1, 2016	9,704,185	2,101,904	4,684,206	801,192		17,291,487
Fund Balance, June 30, 2017	\$ 10,076,913	\$ 2,701,300	\$ 4,894,180	\$ 1,322,568	\$	18,994,961

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, 2017

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,703,474
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,163,622	
Less: current-year depreciation expense	<u>(2,062,013)</u>	1,101,609
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Add: assets donated and capitalized	\$ 1,019,833	
Less: book value of assets disposed	<u>(125,624)</u>	894,209
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$ 744,425	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(1,045,453)</u>	(301,028)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items:		
Add: change in premium on debt issuances	\$ 23,612	
Add: principal payments on other loans	149,000	
Add: principal payments on notes	172,389	
Add: principal payments on bonds	875,000	
Add: principal payments on capital leases	322,510	
Less: principal contributions on capital leases from the School Department	<u>(322,510)</u>	
Less: change in deferred amount on refunding	<u>(31,554)</u>	1,188,447
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 3,560	
Change in compensated absences payable	56,759	
Change in other postemployment benefits liability - prepaid	(10,075)	
Change in landfill closure/postclosure care costs	126,753	
Change in net pension liability - agent plan	(760,937)	
Change in deferred outflows related to pensions	1,075,011	
Change in deferred inflows related to pensions	<u>387,254</u>	878,325
Change in net position of governmental activities (Exhibit B)		<u>\$ 5,465,036</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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,757,415	\$ 0	\$ 0	\$ 10,757,415	\$ 10,431,290	\$ 10,345,790	\$ 411,625
Licenses and Permits	540,190	0	0	540,190	361,100	432,440	107,750
Fines, Forfeitures, and Penalties	252,798	0	0	252,798	218,500	232,500	20,298
Charges for Current Services	213,052	0	0	213,052	75,750	75,750	137,302
Other Local Revenues	125,693	0	0	125,693	65,200	88,931	36,762
Fees Received From County Officials	2,028,443	0	0	2,028,443	1,867,000	1,871,500	156,943
State of Tennessee	1,785,970	0	0	1,785,970	1,143,064	1,707,931	78,039
Federal Government	651,790	0	0	651,790	33,499	625,547	26,243
Other Governments and Citizens Groups	1,165,599	0	0	1,165,599	690,588	1,336,087	(170,488)
Total Revenues	\$ 17,520,950	\$ 0	\$ 0	\$ 17,520,950	\$ 14,885,991	\$ 16,716,476	\$ 804,474
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 89,348	\$ 0	\$ 0	\$ 89,348	\$ 99,732	\$ 99,732	\$ 10,384
Board of Equalization	4,886	0	0	4,886	5,629	5,629	743
County Mayor/Executive	231,869	0	0	231,869	201,051	242,398	10,529
County Attorney	60,732	0	0	60,732	60,738	60,738	6
Election Commission	341,461	0	0	341,461	378,778	379,407	37,946
Register of Deeds	253,493	0	0	253,493	256,875	267,794	14,301
Planning	257,476	0	0	257,476	271,817	273,267	15,791
County Buildings	738,159	(5,875)	0	732,284	653,805	743,217	10,933
<u>Finance</u>							
Accounting and Budgeting	412,374	0	0	412,374	416,814	422,333	9,959
Property Assessor's Office	425,780	0	0	425,780	430,541	440,901	15,121
Reappraisal Program	98,185	0	0	98,185	107,231	103,370	5,185
County Trustee's Office	329,902	0	0	329,902	349,139	349,139	19,237
County Clerk's Office	396,683	0	0	396,683	454,686	454,686	58,003
<u>Administration of Justice</u>							
Circuit Court	692,165	(6,705)	0	685,460	706,980	747,799	62,339
General Sessions Court	250,611	(9,928)	0	240,683	248,636	248,636	7,953

(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 7/1/2016	Add: Encumbrances 6/30/2017	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	\$ 8,854	\$ 0	\$ 0	\$ 8,854	\$ 0	\$ 14,000	\$ 5,146
Chancery Court	316,628	0	0	316,628	339,337	348,402	31,774
Judicial Commissioners	0	0	0	0	39,512	0	0
Other Administration of Justice	15,839	0	0	15,839	26,500	77,477	61,638
<u>Public Safety</u>							
Sheriff's Department	4,361,714	0	0	4,361,714	4,378,684	4,433,930	72,216
Jail	3,513,721	0	120,670	3,634,391	3,302,743	3,655,484	21,093
Juvenile Services	197,272	0	0	197,272	206,195	206,195	8,923
Fire Prevention and Control	369,578	0	0	369,578	385,000	385,000	15,422
Rescue Squad	270,000	0	0	270,000	270,000	270,000	0
Other Emergency Management	135,474	0	0	135,474	112,544	141,495	6,021
Inspection and Regulation	3,859	0	0	3,859	5,958	5,958	2,099
County Coroner/Medical Examiner	12,456	0	0	12,456	15,568	15,568	3,112
Other Public Safety	1,894	0	0	1,894	2,499	2,499	605
<u>Public Health and Welfare</u>							
Local Health Center	392,783	0	0	392,783	169,000	392,691	(92)
Rabies and Animal Control	647,994	0	25,340	673,334	208,919	976,898	303,564
Ambulance/Emergency Medical Services	203,663	0	0	203,663	203,663	203,663	0
Crippled Children Services	0	0	0	0	20,727	20,727	20,727
Other Local Health Services	299	0	0	299	0	300	1
General Welfare Assistance	14,000	0	0	14,000	12,000	14,000	0
Other Local Welfare Services	4,800	0	0	4,800	2,400	6,000	1,200
Other Public Health and Welfare	34,506	0	0	34,506	1,425	45,030	10,524
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	46,010	0	0	46,010	46,010	46,010	0
Libraries	65,000	0	0	65,000	65,000	65,000	0
Parks and Fair Boards	27,311	0	0	27,311	27,311	27,311	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	95,581	0	0	95,581	115,275	115,275	19,694

(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 7/1/2016	Add: Encumbrances 6/30/2017	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>							
Flood Control	\$ 561	\$ 0	\$ 0	\$ 561	\$ 3,550	\$ 3,550	\$ 2,989
Other Agriculture and Natural Resources	20,950	0	0	20,950	20,950	20,950	0
<u>Other Operations</u>							
Tourism	144,062	0	0	144,062	90,000	150,000	5,938
Housing and Urban Development	486,102	0	0	486,102	0	578,892	92,790
Other Economic and Community Development	121,145	0	0	121,145	121,442	121,442	297
Veterans' Services	40,462	0	0	40,462	50,368	50,368	9,906
Other Charges	0	0	0	0	1,900	1,900	1,900
Contributions to Other Agencies	49,500	0	0	49,500	49,500	49,500	0
Miscellaneous	291,296	0	47,718	339,014	375,468	343,405	4,391
<u>Highways</u>							
Litter and Trash Collection	42,290	0	0	42,290	46,643	46,642	4,352
Total Expenditures	\$ 16,518,728	\$ (22,508)	\$ 193,728	\$ 16,689,948	\$ 15,358,543	\$ 17,674,608	\$ 984,660
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,002,222	\$ 22,508	\$ (193,728)	\$ 831,002	\$ (472,552)	\$ (958,132)	\$ 1,789,134
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 37,486	\$ 0	\$ 0	\$ 37,486	\$ 0	\$ 24,455	\$ 13,031
Transfers Out	(666,980)	0	0	(666,980)	0	(666,981)	1
Total Other Financing Sources	\$ (629,494)	\$ 0	\$ 0	\$ (629,494)	\$ 0	\$ (642,526)	\$ 13,032
Net Change in Fund Balance	\$ 372,728	\$ 22,508	\$ (193,728)	\$ 201,508	\$ (472,552)	\$ (1,600,658)	\$ 1,802,166
Fund Balance, July 1, 2016	9,704,185	(22,508)	0	9,681,677	4,649,953	4,649,953	5,031,724
Fund Balance, June 30, 2017	\$ 10,076,913	\$ 0	\$ (193,728)	\$ 9,883,185	\$ 4,177,401	\$ 3,049,295	\$ 6,833,890

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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,249,332	\$ 0	\$ 0	\$ 1,249,332	\$ 1,181,689	\$ 1,221,689	\$ 27,643
Licenses and Permits	800	0	0	800	0	0	800
Other Local Revenues	214,357	0	0	214,357	183,000	219,514	(5,157)
State of Tennessee	3,394,290	0	0	3,394,290	2,076,500	3,101,804	292,486
Federal Government	393,253	0	0	393,253	12,500	12,500	380,753
Other Governments and Citizens Groups	23,370	0	0	23,370	5,000	5,000	18,370
Total Revenues	\$ 5,275,402	\$ 0	\$ 0	\$ 5,275,402	\$ 3,458,689	\$ 4,560,507	\$ 714,895
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 373,628	\$ 0	\$ 0	\$ 373,628	\$ 400,952	\$ 403,239	\$ 29,611
Highway and Bridge Maintenance	2,290,077	0	0	2,290,077	2,335,759	2,586,836	296,759
Operation and Maintenance of Equipment	557,991	0	0	557,991	880,052	691,948	133,957
Other Charges	97,142	0	0	97,142	106,250	106,250	9,108
Employee Benefits	68,178	0	0	68,178	65,941	68,941	763
Capital Outlay	1,288,990	(612,264)	29,375	706,101	363,000	1,356,558	650,457
Total Expenditures	\$ 4,676,006	\$ (612,264)	\$ 29,375	\$ 4,093,117	\$ 4,151,954	\$ 5,213,772	\$ 1,120,655
Excess (Deficiency) of Revenues Over Expenditures	\$ 599,396	\$ 612,264	\$ (29,375)	\$ 1,182,285	\$ (693,265)	\$ (653,265)	\$ 1,835,550
Net Change in Fund Balance	\$ 599,396	\$ 612,264	\$ (29,375)	\$ 1,182,285	\$ (693,265)	\$ (653,265)	\$ 1,835,550
Fund Balance, July 1, 2016	2,101,904	(612,264)	0	1,489,640	2,092,376	2,092,376	(602,736)
Fund Balance, June 30, 2017	\$ 2,701,300	\$ 0	\$ (29,375)	\$ 2,671,925	\$ 1,399,111	\$ 1,439,111	\$ 1,232,814

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, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,900,835
Equity in Pooled Cash and Investments	253,318
Accounts Receivable	29,798
Due from Other Governments	1,183,031
Property Taxes Receivable	3,306,659
Allowance for Uncollectible Property Taxes	<u>(38,596)</u>
Total Assets	<u><u>\$ 6,635,045</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,704,412
Due to Litigants, Heirs, and Others	<u>1,930,633</u>
Total Liabilities	<u><u>\$ 6,635,045</u></u>

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



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

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Note	Page(s)
<b>I. Summary of Significant Accounting Policies</b>	
A. Reporting Entity	34
B. Government-wide and Fund Financial Statements	35
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	36
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	38
2. Receivables and Payables	39
3. Capital Assets	40
4. Deferred Outflows/Inflows of Resources	40
5. Compensated Absences	41
6. Long-term Obligations	42
7. Net Position and Fund Balance	42
E. Pension Plans	44
<b>II. Reconciliation of Government-wide and Fund Financial Statements</b>	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	45
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	45
<b>III. Stewardship, Compliance, and Accountability</b>	
A. Budgetary Information	46
B. Cash Shortage (Current Year)	47
C. Expenditures Exceeded Appropriations	47
<b>IV. Detailed Notes on All Funds</b>	
A. Deposits and Investments	47
B. Capital Assets	48
C. Construction Commitments	51
D. Interfund Receivables, Payables, and Transfers	51
E. Capital Lease	53
F. Long-term Obligations	54
G. On-Behalf Payments	59
<b>V. Other Information</b>	
A. Risk Management	59
B. Accounting Changes	60
C. Contingent Liabilities	61
D. Landfill Closure/Postclosure Care Costs	61
E. Joint Ventures	62
F. Jointly Governed Organizations	63
G. Retirement Commitments	64
H. Other Postemployment Benefits (OPEB)	82
I. Termination Benefits	87
J. Office of Central Accounting, Budgeting, and Purchasing	87
K. Purchasing Laws	87

**CARTER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**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 of 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, 2017.

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 .61 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, 2017.

The balance in the account Other Current Liabilities totaling \$362,276 on the Statement of Net Position for the School Department represents the remaining balances in the teachers' insurance clearing account and the employee flexible spending clearing account of \$362,171 and \$105, respectively.

### 3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5 - 10
Infrastructure	40

### 4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government 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 changes in investment earnings, 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. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension other deferrals, and various receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **5. Compensated Absences**

### **Primary Government**

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

### **Discretely Presented School Department**

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

Non-certified employees are allowed to accumulate earned but unused sick leave benefits. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts to these employees when they separate from service with the government.

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, termination benefits, other postemployment benefits, landfill closure/postclosure care costs, and pensions are recognized to the extent that the liabilities have matured (come due for payment) each period.

**7. Net Position and Fund Balance**

In the government-wide financial statements equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2017, Carter County had \$2,372,937 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 (\$193,728), amounts appropriated for use in the 2017-18 budget (\$438,203), amounts assigned for industrial purposes (\$98,567), and various other assignments (\$97,990). Assigned fund balance in the School Department's General Purpose School Fund consists of amounts assigned for encumbrances (\$1,431,855), an energy savings program (\$303,185), and various other assignments (\$60,038).

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 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, 2017, Carter County and the Carter County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Primary Government:		
Nonmajor governmental fund:		
Health Department	Construction	\$ 782,252
School Department:		
Major Fund:		
General Purpose School	Construction/Renovations	1,358,167

**B. Cash Shortage – Current Year**

On December 7, 2017, the Comptroller's Division of Investigations issued an investigative report on the Elizabethton-Carter County Animal Shelter (ECCAS) for the period December 1, 2015, through June 2, 2017. This report disclosed a total cash shortage of \$9,516, which consisted of certain fees totaling \$9,236 that were diverted to a citizen's organization, and donations totaling \$280 that were unaccounted for. All funds collected by or for the benefit of the ECCAS should have been deposited with the Carter County Trustee and reported in the General Fund. This report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov). As of the date of this report, no action has been taken by ECCAS officials to determine whether these funds can be recovered.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the county commission by \$15,923 in the Support Services-Special Education Program major appropriation category (the legal level of control) in the General Purpose School Fund of the discretely presented School Department.

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

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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.

During the year, a depository failed in which the county trustee had invested funds through the Certificate of Deposit Account Registry Service (CDARs). Since CDARs guidelines require that the amount of county funds in each depository not exceed FDIC insurance coverage, the county did not suffer a loss of principal. The bank (First NBC Bank of New Orleans, LA) failed on April 28, 2017, and the county received insurance recovery from the FDIC in the amount of \$184,006 on May 4, 2017.

### **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, 2017.

### **B. Capital Assets**

Capital assets activity for the year ended June 30, 2017, was as follows:



## **Primary Government**

### **Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 1,995,873	\$ 20,500	\$ (28,100)	\$ 1,988,273
Construction in Progress	75,501	178,856	(22,921)	231,436
Total Capital Assets Not Depreciated	<u>\$ 2,071,374</u>	<u>\$ 199,356</u>	<u>\$ (51,021)</u>	<u>\$ 2,219,709</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 33,507,282	\$ 312,766	\$ 0	\$ 33,820,048
Infrastructure	24,252,148	2,475,395	0	26,727,543
Other Capital Assets	6,301,727	1,218,859	(449,712)	7,070,874
Total Capital Assets Depreciated	<u>\$ 64,061,157</u>	<u>\$ 4,007,020</u>	<u>\$ (449,712)</u>	<u>\$ 67,618,465</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,714,460	\$ 837,026	\$ 0	\$ 7,551,486
Infrastructure	8,733,341	633,185	0	9,366,526
Other Capital Assets	3,783,349	591,802	(352,188)	4,022,963
Total Accumulated Depreciation	<u>\$ 19,231,150</u>	<u>\$ 2,062,013</u>	<u>\$ (352,188)</u>	<u>\$ 20,940,975</u>
Total Capital Assets Depreciated, Net	<u>\$ 44,830,007</u>	<u>\$ 1,945,007</u>	<u>\$ (97,524)</u>	<u>\$ 46,677,490</u>
Governmental Activities Capital Assets, Net	<u>\$ 46,901,381</u>	<u>\$ 2,144,363</u>	<u>\$ (148,545)</u>	<u>\$ 48,897,199</u>

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

**Governmental Activities:**

General Government	\$ 55,228
Finance	2,762
Public Safety	961,516
Public Health and Welfare	138,664
Highways	903,843
Total Depreciation Expense - Governmental Activities	<u>\$ 2,062,013</u>

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

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 1,038,228	\$ 0	\$ (10,000)	\$ 1,028,228
Construction in Progress	864,351	1,039,096	(864,351)	1,039,096
Total Capital Assets Not Depreciated	<u>\$ 1,902,579</u>	<u>\$ 1,039,096</u>	<u>\$ (874,351)</u>	<u>\$ 2,067,324</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 45,447,977	\$ 2,858,379	\$ 0	\$ 48,306,356
Other Capital Assets	7,268,766	497,450	0	7,766,216
Total Capital Assets Depreciated	<u>\$ 52,716,743</u>	<u>\$ 3,355,829</u>	<u>\$ 0</u>	<u>\$ 56,072,572</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 26,174,777	\$ 847,921	\$ 0	\$ 27,022,698
Other Capital Assets	5,036,373	508,561	0	5,544,934
Total Accumulated Depreciation	<u>\$ 31,211,150</u>	<u>\$ 1,356,482</u>	<u>\$ 0</u>	<u>\$ 32,567,632</u>
Total Capital Assets Depreciated, Net	<u>\$ 21,505,593</u>	<u>\$ 1,999,347</u>	<u>\$ 0</u>	<u>\$ 23,504,940</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,408,172</u>	<u>\$ 3,038,443</u>	<u>\$ (874,351)</u>	<u>\$ 25,572,264</u>

(1) The table above reflects reclassification of \$23,763 of the July 1 balance from Building and Improvements to Other Capital Assets and \$148 from Accumulated Depreciation Building and Improvements to Accumulated Depreciation Other Capital Assets.

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

**Governmental Activities:**

Instruction	\$ 907,518
Support Services	389,492
Operation of Non-instructional Services	<u>59,472</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,356,482</u>

**C. Construction Commitments**

At June 30, 2017, the county had an uncompleted construction contract of \$782,252 in the Health Department Fund. Funding has been received for these future expenditures.

At June 30, 2017, the discretely presented Carter County School Department had uncompleted construction contracts of \$1,358,167 in the General Purpose School Fund. Funding has been received for these future expenditures.

During the fiscal year, Carter County was notified that an estate had pledged \$500,000 for improvements at the Elizabethton-Carter County Animal Shelter. Additionally, the estate would fund the purchase of a van. As of June 30, 2017, the county had received \$245,078 for a completed improvement at the shelter, \$29,972 for a transit van, and had not yet entered into any construction contracts for additional improvements.

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

The composition of interfund balances as of June 30, 2017, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 48,542
Highway/Public Works	General	15,456
"	Nonmajor governmental	2,636
Nonmajor governmental	General	36,851
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	68,685
Nonmajor governmental	General Purpose School	47,447

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

**Due to/from Primary Government and Component Unit:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
Component Unit:		
School Department:		
General	General Purpose School	\$ 217,668
"	Central Cafeteria	5,021
Component Unit:		
School Department:		
General Purpose School	Primary Government:	
	General	18,636

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 receivable of \$22,959 for debt issued by the primary government, the principal of which is being contributed by the School Department. The entire amount of \$22,959 was received in July 2017.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2017, consisted of the following amount:

## Primary Government

	<u>Transfer In</u> Nonmajor Governmental Funds
<u>Transfer Out</u>	
General Fund	\$ 666,980

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 transfer above includes \$172,618 for operations of the Solid Waste/Sanitation Fund and \$494,362 for Health Department capital projects.

### E. Capital Lease

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

The assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental</u> <u>Activities</u>
Buildings and Improvements	\$ 3,200,000
Less: Accumulated Depreciation	<u>(1,086,445)</u>
Total Book Value	<u>\$ 2,113,555</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year Ending June 30	Governmental Funds
2018	\$ 23,091
Total Minimum Lease Payments	\$ 23,091
Less: Amount Representing Interest	(132)
Present Value of Minimum Lease Payments	\$ 22,959

**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 25 years for bonds, 12 years for notes, and 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, 2017, 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, 2017, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds -				
Refunding	3.29%	5-1-35	\$ 24,800,000	\$ 19,460,000
Capital Outlay Notes	3.49	5-22-20	1,024,700	223,937
Other Loans	Variable	5-25-29	3,530,041	2,126,041
Capital Lease	5.8	7-15-17	3,200,000	22,959

In a prior year, Carter County entered into a loan agreement with the Montgomery County Public Building Authority (PBA). The loan agreement provides 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 loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly. In addition, the county pays various other fees (trustee, administrator, and debt remarketing) in connection with this loan. At June 30, 2017, the interest rate was .4 percent and other fees amounted to .78 percent.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2017, including interest payments and other loan fees, are presented in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2023-2027	5,825,000	2,261,406	8,086,406
2028-2032	5,610,000	1,236,800	6,846,800
2033-2035	3,000,000	240,000	3,240,000
Total	\$ 19,460,000	\$ 6,831,362	\$ 26,291,362

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 97,064	\$ 8,076	\$ 105,140
2019	100,947	4,317	105,264
2020	25,926	905	26,831
Total	\$ 223,937	\$ 13,298	\$ 237,235

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 153,000	\$ 8,504	\$ 16,595	\$ 178,099
2019	158,000	7,892	15,400	181,292
2020	164,000	7,260	14,167	185,427
2021	169,000	6,605	12,887	188,492
2022	174,000	5,928	11,568	191,496
2023-2027	959,000	18,729	36,547	1,014,276
2028-2029	349,041	1,948	3,801	354,790
Total	<u>\$ 2,126,041</u>	<u>\$ 56,866</u>	<u>\$ 110,965</u>	<u>\$ 2,293,872</u>

There is \$4,894,180 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$339, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loans, capital lease, and unamortized debt premiums totaled \$388, 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 6-30-17
<u>Capital Lease</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Lighting and Control Equipment	\$ 22,959

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2017, was as follows:



Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2016	\$ 20,335,000	\$ 396,326	\$ 2,275,041
Reductions	(875,000)	(172,389)	(149,000)
Balance, June 30, 2017	\$ 19,460,000	\$ 223,937	\$ 2,126,041
Balance Due Within One Year	\$ 900,000	\$ 97,064	\$ 153,000

	Capital Leases	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2016	\$ 345,469	\$ 769,573	\$ 2,135,424
Additions	0	801,702	0
Reductions	(322,510)	(858,461)	(126,753)
Balance, June 30, 2017	\$ 22,959	\$ 712,814	\$ 2,008,671
Balance Due Within One Year	\$ 22,959	\$ 349,902	\$ 152,530

	Net Pension Liability- Agent Plan	Other Postemployment Benefits (Prepaid)
Balance, July 1, 2016	\$ 118,729	\$ (32,508)
Additions	2,470,434	156,834
Reductions	(1,709,497)	(146,759)
Balance, June 30, 2017	\$ 879,666	\$ (22,433)
Balance Due Within One Year	\$ 0	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 25,411,655
Add: Postemployment Benefits Reported as Prepaid Item	22,433
Add: Unamortized Premium on Debt	422,646
Less: Balance Due Within One Year	<u>(1,675,455)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 24,181,279</u></u>

Compensated absences, net pension liability, 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, 2017, was as follows:

Governmental Activities:

	Compensated Absences	Termination Benefits
Balance, July 1, 2016	\$ 710,393	\$ 93,426
Additions	243,478	31,707
Reductions	<u>(242,633)</u>	<u>(93,426)</u>
Balance, June 30, 2017	<u>\$ 711,238</u>	<u>\$ 31,707</u>
Balance Due Within One Year	<u>\$ 179,896</u>	<u>\$ 31,707</u>
	Other Postemployment Benefits	Net Pension Liability - Agent Plan
Balance, July 1, 2016	\$ 11,335,962	\$ 73,763
Additions	1,771,678	1,538,059
Reductions	<u>(904,430)</u>	<u>(1,064,154)</u>
Balance, June 30, 2017	<u>\$ 12,203,210</u>	<u>\$ 547,668</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Governmental Activities:	Net Pension Liability - Teacher Legacy Plan
Balance, July 1, 2016	\$ 225,397
Additions	8,963,326
Reductions	<u>(5,690,849)</u>
Balance, June 30, 2017	<u>\$ 3,497,874</u>
Balance Due Within One Year	<u>\$ 0</u>

Compensated absences, termination benefits, net pension liability, 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, 2017	\$ 16,991,697
Less: Balance Due Within One Year	<u>(211,603)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,780,094</u>

**G. On-Behalf Payments**

**Discretely Presented Carter County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carter County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2017, were \$331,072 and \$63,088, 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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, establishes reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

**C. Contingent Liabilities**

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

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

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Carter County closed its sanitary landfill in 2000. The \$2,008,671 reported as postclosure care liability at June 30, 2017, represents amounts based on what it would cost to perform all postclosure care in 2017.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Carter County bills the City of Elizabethton for one-half of the postclosure expenditures in accordance with a written agreement with the city.

**E. Joint Ventures**

The 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.

**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 Upper East Tennessee Juvenile Detention Center and NETCO can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

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

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

**F. Jointly Governed Organization**

**Primary Government**

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

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

Carter County is a participant in Carter County Joint Economic and Community Development Board with the cities of Elizabethton, Johnson City, and Watauga. 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.

**G. 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 61.63 percent and the non-certified employees of the discretely presented School Department comprised 38.37 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](http://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, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	482
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	670
Active Employees	573
Total	<u>1,725</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees hired after January 1, 2010, contribute five percent of 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, 2017, the employer contribution for Carter County was \$1,918,776 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 actuarially determined contribution (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, 2016, 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, 2016, 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, 2016, 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, 2015	\$ 42,799,794	\$ 42,607,302	\$ 192,492
Changes for the Year:			
Service Cost	\$ 990,434	\$ 0	\$ 990,434
Interest	3,203,218	0	3,203,218
Differences Between Expected and Actual Experience	340,372	0	340,372
Contributions-Employer	0	1,887,726	(1,887,726)
Contributions-Employees	0	315,826	(315,826)
Net Investment Income	0	1,130,452	(1,130,452)
Benefit Payments, Including Refunds of Employee Contributions	(2,161,299)	(2,161,299)	0
Administrative Expense	0	(43,750)	43,750
Other Changes	0	8,928	(8,928)
Net Changes	\$ 2,372,725	\$ 1,137,883	\$ 1,234,842
Balance, June 30, 2016	\$ 45,172,519	\$ 43,745,185	\$ 1,427,334

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	61.63%	\$ 27,839,823	\$ 26,960,158	\$ 879,666
School Department	38.37%	17,332,696	16,785,027	547,668
Total		\$ 45,172,519	\$ 43,745,185	\$ 1,427,334

*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      \$ 7,090,370    \$ 1,427,334    \$ (3,308,575)

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

*Pension Expense.* For the year ended June 30, 2017, Carter County recognized pension expense of \$800,897.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, Carter County reported deferred outflows of resources and deferred inflows 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	\$ 351,009	\$ 474,614
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,461,269	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	1,918,776	N/A
Total	<u>\$ 3,731,054</u>	<u>\$ 474,614</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” 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	\$ 2,311,360	\$ (292,505)
School Department	1,419,694	(182,109)
Total	<u>\$ 3,731,054</u>	<u>\$ (474,614)</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
2018	\$ 84,075
2019	84,075
2020	688,365
2021	481,149
2022	0
Thereafter	0

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

**Payable to the Pension Plan**

At June 30, 2017, Carter County reported a payable of \$147,734 for the outstanding contributions to the pension plan required at the year ended June 30, 2017.

**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 61.63 percent and the non-certified employees of the discretely presented School Department comprise 38.37 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 publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://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, 2017, to the Teacher Retirement Plan were \$103,169, 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, 2017, the Carter County School Department reported an asset of \$36,040 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, 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, 2016, the Carter County School Department's proportion was .346198 percent. The revised proportion measured at June 30, 2015, was .340460 percent.



*Pension Expense.* For the year ended June 30, 2017, the Carter County School Department recognized pension expense of \$30,160.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, 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
Difference Between Expected and Actual Experience	\$ 3,492	\$ 4,155
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,901	0
Changes in Proportion of Net Pension Liability (Asset)	0	161
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	103,169	0
Total	<u>\$ 112,562</u>	<u>\$ 4,316</u>

The Carter County School Department's employer contributions of \$103,169, 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, 2018. 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
2018	\$ 1,445
2019	1,445
2020	1,445
2021	1,164
2022	(100)
Thereafter	(323)

*Actuarial Assumptions.* The total pension liability in the June 30, 2016, 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, 2016, 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	\$ 17,019	\$ (36,040)	\$ (75,134)

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

### **Payable to the Pension Plan**

At June 30, 2017, the Carter County School Department reported a payable of \$19,277 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

### **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](http://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, 2017, to the Teacher Legacy Pension Plan were \$1,804,922, 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, 2017, the Carter County School Department reported a liability of \$3,497,874 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, 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, 2016, the Carter County School Department's proportion was .559709 percent. The proportion measured at June 30, 2015, was .550239 percent.

*Pension Expense.* For the year ended June 30, 2017, the Carter County School Department recognized pension expense of \$411,810.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, 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
Difference Between Expected and Actual Experience	\$ 147,203	\$ 4,234,766
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,905,424	0
Changes in Proportion of Net Pension Liability (Asset)	202,789	190,070
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	1,804,922	N/A
Total	<u>\$ 6,060,338</u>	<u>\$ 4,424,836</u>

The Carter County School Department's employer contributions of \$1,804,922 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2018. 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
2018	\$ (654,921)
2019	(654,921)
2020	1,218,508
2021	183,506
2022	(261,593)
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, 2016, 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, 2016, 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	\$ 19,207,427	\$ 3,497,874	\$ (9,515,211)

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

#### **Payable to the Pension Plan**

At June 30, 2017, the Carter County School Department reported a payable of \$345,315 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

## **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 \$128,097 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

## **H. 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, have ten years of service and be over the age of 60, or have 25 years of service regardless of age. 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, 2017, Carter County contributed \$146,759 for postemployment healthcare benefits.

#### **Annual OPEB Cost and Net OPEB Obligation**

ARC	\$ 156,326
Interest on the NOPEBO	(1,300)
Adjustment to the ARC	1,808
Annual OPEB cost	<u>\$ 156,834</u>
Amount of contribution	<u>(146,759)</u>
Increase/decrease in NOPEBO	\$ 10,075
Net OPEB obligation, 7-1-16	<u>(32,508)</u>
Net OPEB obligation, 6-30-17	<u><u>\$ (22,433)</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Prepaid) at Year End
6-30-15	Commercial Insurance	\$ 133,361	94 %	\$ 11,090
6-30-16	"	134,529	114	(32,508)
6-30-17	"	156,834	94	(22,433)

#### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2016, was as follows:

Actuarial valuation date	7-1-16
Actuarial accrued liability (AAL)	\$ 1,833,920
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,833,920
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 8,156,035
UAAL as a % of covered payroll	22.5%

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, 2016, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of 4.5 percent. Rates include a 2.5 percent general inflation assumption. The unfunded actuarial accrued liability is being amortized over a 30-year period beginning with July 1, 2008.

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

### **Plan Description**

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

The School Department also provides termination benefits for retirees as well as commercial postemployment benefits for dental and life insurance. For accounting purposes, this plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the Board of Education. Termination benefits are further discussed in Note V.I. Life and dental benefits are provided to all certified teachers who upon retirement are (a) at least 55 years of age or have at least 25 years of service and (b) have been employed with the Carter County School System for at least 15 years total with the last 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 \$803,817 for postemployment healthcare benefits during the year ended June 30, 2017.

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, 2017, Carter County contributed \$100,613 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	\$ 1,571,000	\$ 210,386
Interest on the NOPEBO	405,687	20,705
Adjustment to the ARC	(407,317)	(28,783)
Annual OPEB cost	\$ 1,569,370	\$ 202,308
Amount of contribution	(803,817)	(100,613)
Increase/decrease in NOPEBO	\$ 765,553	\$ 101,695
Net OPEB obligation, 7-1-16	10,818,328	517,634
Net OPEB obligation, 6-30-17	\$ 11,583,881	\$ 619,329

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Local Education Group	\$ 2,088,820	36	% \$ 9,912,254
6-30-16	"	1,518,507	40	10,818,328
6-30-17	"	1,569,370	51	11,583,881
6-30-15	Dental, Life, and Termination	206,599	126	252,628
6-30-16	"	205,623	52	517,634
6-30-17	"	202,308	50	619,329

### 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	7-1-16
Actuarial accrued liability (AAL)	\$ 13,704,000	\$ 3,098,330
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 13,704,000	\$ 3,098,330
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 24,996,314	\$ 27,661,475
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 six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

In the July 1, 2016, 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 termination benefits rates 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.

**I. 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.H., termination benefits are included in the Carter County School Department OPEB obligations.

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

**Office of Director of Finance**

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

**K. Purchasing Law**

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

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## REQUIRED SUPPLEMENTARY INFORMATION

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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	2016
<b>Total Pension Liability</b>			
Service Cost	\$ 968,307	\$ 946,742	\$ 990,434
Interest	2,954,231	3,112,630	3,203,218
Differences Between Actual and Expected Experience	196,779	(791,022)	340,372
Benefit Payments, Including Refunds of Employee Contributions	(1,924,412)	(2,047,102)	(2,161,299)
Net Change in Total Pension Liability	\$ 2,194,905	\$ 1,221,248	\$ 2,372,725
Total Pension Liability, Beginning	39,383,641	41,578,546	42,799,794
Total Pension Liability, Ending (a)	\$ 41,578,546	\$ 42,799,794	\$ 45,172,519
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,642,354	\$ 1,799,438	\$ 1,887,726
Contributions - Employee	205,685	258,553	315,826
Net Investment Income	5,882,079	1,273,583	1,130,452
Benefit Payments, Including Refunds of Employee Contributions	(1,924,412)	(2,047,102)	(2,161,299)
Administrative Expense	(21,508)	(28,327)	(43,750)
Other Changes	0	0	8,928
Net Change in Plan Fiduciary Net Position	\$ 5,784,198	\$ 1,256,145	\$ 1,137,883
Plan Fiduciary Net Position, Beginning	35,566,959	41,351,157	42,607,302
Plan Fiduciary Net Position, Ending (b)	\$ 41,351,157	\$ 42,607,302	\$ 43,745,185
Net Pension Liability (Asset), Ending (a - b)	\$ 227,389	\$ 192,492	\$ 1,427,334
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.45%	99.55%	96.84%
Covered Payroll	\$ 11,631,366	\$ 12,044,428	\$ 12,637,078
Net Pension Liability (Asset) as a Percentage of Covered Payroll	1.95%	1.60%	11.29%

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

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 1,642,354	\$ 1,799,438	\$ 1,887,726	\$ 1,918,776
Less Contributions in Relation to the Actuarially Determined Contribution	(1,642,354)	(1,799,438)	(1,887,726)	(1,918,776)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,631,366	\$ 12,044,428	\$ 12,637,078	\$ 12,849,990
Contributions as a Percentage of Covered Payroll	14.12%	14.94%	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

	2015	2016	2017
Contractually Required Contribution	\$ 28,892	\$ 60,931	\$ 103,169
Less Contributions in Relation to the Contractually Required Contribution	(28,892)	(60,931)	(103,169)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 722,287	\$ 1,523,278	\$ 2,579,247
Contributions as a Percentage of Covered Payroll	4.00%	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	2017
Contractually Required Contribution	\$ 1,864,442	\$ 1,862,080	\$ 1,826,476	\$ 1,804,922
Less Contributions in Relation to the Contractually Required Contribution	(1,864,442)	(1,862,080)	(1,826,476)	(1,804,922)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 20,995,964	\$ 20,599,747	\$ 20,204,373	\$ 19,965,798
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	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 \*

	2016	2017
School Department's Proportion of the Net Pension Liability/Asset	0.347636%	0.346198%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (13,985)	\$ (36,040)
Covered Payroll	\$ 722,287	\$ 1,523,278
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

\* 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>	<u>2017</u>
School Department's Proportion of the Net Pension Liability/Asset	0.534930%	0.550239%	0.559709%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (86,924)	\$ 225,397	\$ 3,497,874
Covered Payroll	\$ 20,995,964	\$ 20,599,747	\$ 20,204,373
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

\* 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, 2017

(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	7-1-12	\$ 0	\$ 1,611	\$ 1,611	0%	\$ 6,808	24%
"	7-1-14	0	1,677	1,677	0	6,524	26
"	7-1-16	0	1,834	1,834	0	8,156	23
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>							
Dental, Life, and Termination	7-1-12	\$ 0	\$ 3,475	\$ 3,475	0%	\$ 28,303	12%
"	7-1-14	0	3,160	3,160	0	27,489	11
"	7-1-16	0	3,098	3,098	0	27,661	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, 2017**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, 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	Varies by Year
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,
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%



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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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

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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.

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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, 2017

Special Revenue Funds					
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>ASSETS</u>					
Cash	\$ 0	\$ 6,934	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	50,048	240,592	1,035,180	59,411	18,240
Accounts Receivable	0	727	0	11,595	0
Due from Other Funds	0	0	36,851	0	0
Total Assets	<u>\$ 50,048</u>	<u>\$ 248,253</u>	<u>\$ 1,072,031</u>	<u>\$ 71,006</u>	<u>\$ 18,240</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 28,563	\$ 3,324	\$ 0	\$ 1,501
Accrued Payroll	0	12,153	0	0	0
Payroll Deductions Payable	0	8,549	0	0	0
Contracts Payable	0	0	83,338	0	0
Other Withholding Taxes	0	162	0	0	0
Due to Other Funds	0	4,721	33,656	4,575	0
Other Current Liabilities	0	0	0	5,389	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 54,148</u>	<u>\$ 120,318</u>	<u>\$ 9,964</u>	<u>\$ 1,501</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Administration of Justice	\$ 50,048	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Public Safety	0	0	0	61,042	0
Restricted for Public Health and Welfare	0	0	861,849	0	0

(Continued)

Exhibit F-1

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

Special Revenue Funds					
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>FUND BALANCES (CONT.)</u>					
Restricted (Cont.):					
Restricted for Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Committed:					
Committed for Public Health and Welfare	0	194,105	89,864	0	0
Committed for Social, Cultural, and Recreational Services	0	0	0	0	16,739
Committed for Capital Projects	0	0	0	0	0
Total Fund Balances	<u>\$ 50,048</u>	<u>\$ 194,105</u>	<u>\$ 951,713</u>	<u>\$ 61,042</u>	<u>\$ 16,739</u>
Total Liabilities and Fund Balances	<u>\$ 50,048</u>	<u>\$ 248,253</u>	<u>\$ 1,072,031</u>	<u>\$ 71,006</u>	<u>\$ 18,240</u>

(Continued)

Exhibit F-1

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

ASSETS

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

LIABILITIES

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

FUND BALANCES

Restricted:  
    Restricted for Administration of Justice  
    Restricted for Public Safety  
    Restricted for Public Health and Welfare

<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
Constitu- tional Officers - Fees	Total	General Capital Projects		
\$ 8,013	\$ 14,947	\$ 0	\$	14,947
0	1,403,471	48,921		1,452,392
213	12,535	0		12,535
0	36,851	0		36,851
\$ 8,226	\$ 1,467,804	\$ 48,921	\$	1,516,725
\$ 0	\$ 33,388	\$ 0	\$	33,388
0	12,153	0		12,153
0	8,549	0		8,549
0	83,338	0		83,338
0	162	0		162
8,226	51,178	0		51,178
0	5,389	0		5,389
\$ 8,226	\$ 194,157	\$ 0	\$	194,157
\$ 0	\$ 50,048	\$ 0	\$	50,048
0	61,042	0		61,042
0	861,849	0		861,849

(Continued)

Exhibit F-1

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

FUND BALANCES (CONT.)

Restricted (Cont.):

    Restricted for Capital Projects

Committed:

    Committed for Public Health and Welfare

    Committed for Social, Cultural, and Recreational Services

    Committed for Capital Projects

Total Fund Balances

Total Liabilities and Fund Balances

<u>Special Revenue Funds (Cont.)</u>		<u>Capital Projects Fund</u>		Total Nonmajor Governmental Funds
Constitu- tional Officers - Fees	Total	General Capital Projects		
\$ 0	\$ 0	\$ 32,255	\$	32,255
0	283,969	0		283,969
0	16,739	0		16,739
0	0	16,666		16,666
<u>\$ 0</u>	<u>\$ 1,273,647</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>1,322,568</u>
<u>\$ 8,226</u>	<u>\$ 1,467,804</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>1,516,725</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, 2017

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>Revenues</u>					
Local Taxes	\$ 8,675	\$ 0	\$ 169,000	\$ 0	\$ 16,029
Fines, Forfeitures, and Penalties	0	0	0	49,769	0
Charges for Current Services	0	740,387	0	0	0
Other Local Revenues	0	126,964	0	18,301	0
State of Tennessee	0	22,061	0	0	10,000
Federal Government	0	0	0	7,291	0
Other Governments and Citizens Groups	0	0	7,228	13,069	0
Total Revenues	\$ 8,675	\$ 889,412	\$ 176,228	\$ 88,430	\$ 26,029
<u>Expenditures</u>					
Current:					
General Government	\$ 4,845	\$ 0	\$ 157,666	\$ 0	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	0	0	0	0
Public Safety	0	0	0	84,804	0
Public Health and Welfare	0	923,338	131,837	0	0
Social, Cultural, and Recreational Services	0	0	0	0	25,866
Other Operations	88	7,453	0	413	0
Total Expenditures	\$ 4,933	\$ 930,791	\$ 289,503	\$ 85,217	\$ 25,866
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,742	\$ (41,379)	\$ (113,275)	\$ 3,213	\$ 163

(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
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 1,932	\$ 0	\$ 0	\$ 0
Transfers In	0	172,618	494,362	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 174,550</u>	<u>\$ 494,362</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 3,742	\$ 133,171	\$ 381,087	\$ 3,213	\$ 163
Fund Balance, July 1, 2016	<u>46,306</u>	<u>60,934</u>	<u>570,626</u>	<u>57,829</u>	<u>16,576</u>
Fund Balance, June 30, 2017	<u>\$ 50,048</u>	<u>\$ 194,105</u>	<u>\$ 951,713</u>	<u>\$ 61,042</u>	<u>\$ 16,739</u>

(Continued)

## Exhibit F-2

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

	Special Revenue Funds (Cont.)		Capital Projects Fund	Total Nonmajor Governmental Funds
	Constitu- tional Officers - Fees	Total	General Capital Projects	
<b>Revenues</b>				
Local Taxes	\$ 0	\$ 193,704	\$ 0	\$ 193,704
Fines, Forfeitures, and Penalties	0	49,769	0	49,769
Charges for Current Services	2,323	742,710	0	742,710
Other Local Revenues	0	145,265	0	145,265
State of Tennessee	0	32,061	0	32,061
Federal Government	0	7,291	0	7,291
Other Governments and Citizens Groups	0	20,297	0	20,297
Total Revenues	\$ 2,323	\$ 1,191,097	\$ 0	\$ 1,191,097
<b>Expenditures</b>				
Current:				
General Government	\$ 608	\$ 163,119	\$ 0	\$ 163,119
Finance	253	253	0	253
Administration of Justice	1,462	1,462	0	1,462
Public Safety	0	84,804	0	84,804
Public Health and Welfare	0	1,055,175	0	1,055,175
Social, Cultural, and Recreational Services	0	25,866	0	25,866
Other Operations	0	7,954	0	7,954
Total Expenditures	\$ 2,323	\$ 1,338,633	\$ 0	\$ 1,338,633
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (147,536)	\$ 0	\$ (147,536)

(Continued)

Exhibit F-2

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

	Special Revenue Funds (Cont.)		Capital Projects Fund		Total Nonmajor Governmental Funds
	Constitu- tional Officers - Fees	Total	General Capital Projects		
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 1,932	\$ 0	\$	1,932
Transfers In	0	666,980	0		666,980
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 668,912</u>	<u>\$ 0</u>	<u>\$</u>	<u>668,912</u>
Net Change in Fund Balances	\$ 0	\$ 521,376	\$ 0	\$	521,376
Fund Balance, July 1, 2016	<u>0</u>	<u>752,271</u>	<u>48,921</u>		<u>801,192</u>
Fund Balance, June 30, 2017	<u>\$ 0</u>	<u>\$ 1,273,647</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>1,322,568</u>

## 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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,675	\$ 10,500	\$ 10,500	\$ (1,825)
Total Revenues	\$ 8,675	\$ 10,500	\$ 10,500	\$ (1,825)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 4,845	\$ 5,600	\$ 5,600	\$ 755
<u>Administration of Justice</u>				
Other Administration of Justice	0	4,800	4,800	4,800
<u>Other Operations</u>				
Miscellaneous	88	100	100	12
Total Expenditures	\$ 4,933	\$ 10,500	\$ 10,500	\$ 5,567
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,742	\$ 0	\$ 0	\$ 3,742
Net Change in Fund Balance	\$ 3,742	\$ 0	\$ 0	\$ 3,742
Fund Balance, July 1, 2016	46,306	0	0	46,306
Fund Balance, June 30, 2017	\$ 50,048	\$ 0	\$ 0	\$ 50,048

## 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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 740,387	\$ 621,177	\$ 621,177	\$ 119,210
Other Local Revenues	126,964	80,000	80,000	46,964
State of Tennessee	22,061	22,000	22,000	61
Total Revenues	<u>\$ 889,412</u>	<u>\$ 723,177</u>	<u>\$ 723,177</u>	<u>\$ 166,235</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 50,941	\$ 54,138	\$ 56,968	\$ 6,027
Recycling Center	53,273	60,536	60,610	7,337
Landfill Operation and Maintenance	819,124	778,538	833,634	14,510
<u>Other Operations</u>				
Miscellaneous	7,453	10,000	10,000	2,547
Total Expenditures	<u>\$ 930,791</u>	<u>\$ 903,212</u>	<u>\$ 961,212</u>	<u>\$ 30,421</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (41,379)</u>	<u>\$ (180,035)</u>	<u>\$ (238,035)</u>	<u>\$ 196,656</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,932	\$ 0	\$ 0	\$ 1,932
Transfers In	172,618	172,785	230,785	(58,167)
Total Other Financing Sources	<u>\$ 174,550</u>	<u>\$ 172,785</u>	<u>\$ 230,785</u>	<u>\$ (56,235)</u>
Net Change in Fund Balance	\$ 133,171	\$ (7,250)	\$ (7,250)	\$ 140,421
Fund Balance, July 1, 2016	<u>60,934</u>	<u>7,250</u>	<u>7,250</u>	<u>53,684</u>
Fund Balance, June 30, 2017	<u><u>\$ 194,105</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 194,105</u></u>

Exhibit F-5

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Health Department Fund  
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 169,000	\$ 0	\$ 169,000	\$ 0	\$ 169,000	\$ 0
State of Tennessee	0	0	0	169,000	0	0
Other Governments and Citizens Groups	7,228	0	7,228	0	0	7,228
Total Revenues	<u>\$ 176,228</u>	<u>\$ 0</u>	<u>\$ 176,228</u>	<u>\$ 169,000</u>	<u>\$ 169,000</u>	<u>\$ 7,228</u>
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 157,666	\$ 782,252	\$ 939,918	\$ 0	\$ 950,000	\$ 10,082
<u>Public Health and Welfare</u>						
Local Health Center	131,837	0	131,837	169,000	169,000	37,163
Total Expenditures	<u>\$ 289,503</u>	<u>\$ 782,252</u>	<u>\$ 1,071,755</u>	<u>\$ 169,000</u>	<u>\$ 1,119,000</u>	<u>\$ 47,245</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (113,275)</u>	<u>\$ (782,252)</u>	<u>\$ (895,527)</u>	<u>\$ 0</u>	<u>\$ (950,000)</u>	<u>\$ 54,473</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 494,362	\$ 0	\$ 494,362	\$ 0	\$ 500,000	\$ (5,638)
Total Other Financing Sources	<u>\$ 494,362</u>	<u>\$ 0</u>	<u>\$ 494,362</u>	<u>\$ 0</u>	<u>\$ 500,000</u>	<u>\$ (5,638)</u>
Net Change in Fund Balance	\$ 381,087	\$ (782,252)	\$ (401,165)	\$ 0	\$ (450,000)	\$ 48,835
Fund Balance, July 1, 2016	<u>570,626</u>	<u>0</u>	<u>570,626</u>	<u>0</u>	<u>450,000</u>	<u>120,626</u>
Fund Balance, June 30, 2017	<u><u>\$ 951,713</u></u>	<u><u>\$ (782,252)</u></u>	<u><u>\$ 169,461</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 169,461</u></u>

## Exhibit F-6

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 49,769	\$ 27,800	\$ 30,717	\$ 19,052
Other Local Revenues	18,301	12,000	13,608	4,693
Federal Government	7,291	0	0	7,291
Other Governments and Citizens Groups	13,069	0	9,500	3,569
Total Revenues	<u>\$ 88,430</u>	<u>\$ 39,800</u>	<u>\$ 53,825</u>	<u>\$ 34,605</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 84,804	\$ 39,000	\$ 90,616	\$ 5,812
<u>Other Operations</u>				
Miscellaneous	413	800	800	387
Total Expenditures	<u>\$ 85,217</u>	<u>\$ 39,800</u>	<u>\$ 91,416</u>	<u>\$ 6,199</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,213</u>	<u>\$ 0</u>	<u>\$ (37,591)</u>	<u>\$ 40,804</u>
Net Change in Fund Balance	\$ 3,213	0	(37,591)	40,804
Fund Balance, July 1, 2016	<u>57,829</u>	<u>0</u>	<u>37,591</u>	<u>20,238</u>
Fund Balance, June 30, 2017	<u><u>\$ 61,042</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 61,042</u></u>

## Exhibit F-7

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Sports and Recreation Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 16,029	\$ 0	\$ 16,029	\$ 0
State of Tennessee	10,000	0	10,000	0
Other Governments and Citizens Groups	0	16,029	0	0
Total Revenues	<u>\$ 26,029</u>	<u>\$ 16,029</u>	<u>\$ 26,029</u>	<u>\$ 0</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 25,866	\$ 16,029	\$ 26,029	\$ 163
Total Expenditures	<u>\$ 25,866</u>	<u>\$ 16,029</u>	<u>\$ 26,029</u>	<u>\$ 163</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 163</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 163</u>
Net Change in Fund Balance	\$ 163	\$ 0	\$ 0	\$ 163
Fund Balance, July 1, 2016	<u>16,576</u>	<u>0</u>	<u>0</u>	<u>16,576</u>
Fund Balance, June 30, 2017	<u><u>\$ 16,739</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 16,739</u></u>



# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,970,934	\$ 1,916,153	\$ 1,916,153	\$ 54,781
Other Local Revenues	173,721	50,000	50,000	123,721
State of Tennessee	43,978	33,208	33,208	10,770
Other Governments and Citizens Groups	334,331	0	335,000	(669)
Total Revenues	\$ 2,522,964	\$ 1,999,361	\$ 2,334,361	\$ 188,603
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 875,000	\$ 875,000	\$ 875,000	\$ 0
Education	643,899	241,389	643,899	0
<u>Interest on Debt</u>				
General Government	694,431	694,431	694,431	0
Education	44,174	127,341	59,831	15,657
<u>Other Debt Service</u>				
General Government	41,186	45,000	45,000	3,814
Education	14,300	16,200	16,200	1,900
Total Expenditures	\$ 2,312,990	\$ 1,999,361	\$ 2,334,361	\$ 21,371
Excess (Deficiency) of Revenues Over Expenditures	\$ 209,974	\$ 0	\$ 0	\$ 209,974
Net Change in Fund Balance	\$ 209,974	\$ 0	\$ 0	\$ 209,974
Fund Balance, July 1, 2016	4,684,206	4,295,233	4,295,233	388,973
Fund Balance, June 30, 2017	\$ 4,894,180	\$ 4,295,233	\$ 4,295,233	\$ 598,947

# Fiduciary Funds

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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.

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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, 2017

	Agency Funds			
	Cities -	City	Constitu-	
	Sales	School	tional	
	Tax	ADA -	Officers -	
		Elizabethton	Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,900,835	\$ 1,900,835
Equity in Pooled Cash and Investments	0	253,318	0	253,318
Accounts Receivable	0	0	29,798	29,798
Due from Other Governments	825,614	357,417	0	1,183,031
Property Taxes Receivable	0	3,306,659	0	3,306,659
Allowance for Uncollectible Property Taxes	0	(38,596)	0	(38,596)
Total Assets	<u>\$ 825,614</u>	<u>\$ 3,878,798</u>	<u>\$ 1,930,633</u>	<u>\$ 6,635,045</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 825,614	\$ 3,878,798	\$ 0	\$ 4,704,412
Due to Litigants, Heirs, and Others	0	0	1,930,633	1,930,633
Total Liabilities	<u>\$ 825,614</u>	<u>\$ 3,878,798</u>	<u>\$ 1,930,633</u>	<u>\$ 6,635,045</u>

## Exhibit H-2

Carter County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,938,294	\$ 4,938,294	\$ 0
Due from Other Governments	843,745	825,614	843,745	825,614
Total Assets	<u>\$ 843,745</u>	<u>\$ 5,763,908</u>	<u>\$ 5,782,039</u>	<u>\$ 825,614</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 843,745	\$ 5,763,908	\$ 5,782,039	\$ 825,614
Total Liabilities	<u>\$ 843,745</u>	<u>\$ 5,763,908</u>	<u>\$ 5,782,039</u>	<u>\$ 825,614</u>
<u>City School ADA - Elizabethton Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 260,446	\$ 5,344,103	\$ 5,351,231	\$ 253,318
Due from Other Governments	359,225	357,417	359,225	357,417
Property Taxes Receivable	3,239,707	3,306,659	3,239,707	3,306,659
Allowance for Uncollectible Property Taxes	(66,222)	(38,596)	(66,222)	(38,596)
Total Assets	<u>\$ 3,793,156</u>	<u>\$ 8,969,583</u>	<u>\$ 8,883,941</u>	<u>\$ 3,878,798</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,793,156	\$ 8,969,583	\$ 8,883,941	\$ 3,878,798
Total Liabilities	<u>\$ 3,793,156</u>	<u>\$ 8,969,583</u>	<u>\$ 8,883,941</u>	<u>\$ 3,878,798</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,406,541	\$ 8,898,732	\$ 9,404,438	\$ 1,900,835
Accounts Receivable	36,289	29,798	36,289	29,798
Total Assets	<u>\$ 2,442,830</u>	<u>\$ 8,928,530</u>	<u>\$ 9,440,727</u>	<u>\$ 1,930,633</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,442,830	\$ 8,928,530	\$ 9,440,727	\$ 1,930,633
Total Liabilities	<u>\$ 2,442,830</u>	<u>\$ 8,928,530</u>	<u>\$ 9,440,727</u>	<u>\$ 1,930,633</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	\$ 2,406,541	\$ 8,898,732	\$ 9,404,438	\$ 1,900,835
Equity in Pooled Cash and Investments	260,446	10,282,397	10,289,525	253,318
Accounts Receivable	36,289	29,798	36,289	29,798
Due from Other Governments	1,202,970	1,183,031	1,202,970	1,183,031
Property Taxes Receivable	3,239,707	3,306,659	3,239,707	3,306,659
Allowance for Uncollectible Property Taxes	(66,222)	(38,596)	(66,222)	(38,596)
Total Assets	<u>\$ 7,079,731</u>	<u>\$ 23,662,021</u>	<u>\$ 24,106,707</u>	<u>\$ 6,635,045</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,636,901	\$ 14,733,491	\$ 14,665,980	\$ 4,704,412
Due to Litigants, Heirs, and Others	2,442,830	8,928,530	9,440,727	1,930,633
Total Liabilities	<u>\$ 7,079,731</u>	<u>\$ 23,662,021</u>	<u>\$ 24,106,707</u>	<u>\$ 6,635,045</u>

# Carter County School Department

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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.

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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, 2017

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	\$ 28,638,065	\$ 0	\$ 4,182,691	\$ (24,455,374)
Support Services	14,894,089	75,793	679,949	(14,138,347)
Operation of Non-instructional Services	5,295,490	627,999	2,988,144	(1,679,347)
Total Governmental Activities	<u>\$ 48,827,644</u>	<u>\$ 703,792</u>	<u>\$ 7,850,784</u>	<u>\$ (40,273,068)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 6,550,874
Local Option Sales Taxes				4,239,832
Mixed Drink Tax				1,951
Interstate Telecommunications Tax				3,800
Grants and Contributions Not Restricted for Specific Programs				33,088,270
Unrestricted Investment Income				19,002
Miscellaneous				14,535
Total General Revenues				<u>\$ 43,918,264</u>
Change in Net Position				\$ 3,645,196
Net Position, July 1, 2016				<u>19,950,771</u>
Net Position, June 30, 2017				<u>\$ 23,595,967</u>



Exhibit I-2

Carter County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Carter County School Department  
June 30, 2017

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	General Purpose School	Central Cafeteria	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 1,084,260	\$ 2,175	\$ 0	\$ 1,086,435
Equity in Pooled Cash and Investments	8,349,514	3,323,560	536,701	12,209,775
Accounts Receivable	0	8,149	727	8,876
Due from Other Governments	887,843	0	98,499	986,342
Due from Other Funds	68,685	0	47,447	116,132
Due from Primary Government	18,636	0	0	18,636
Property Taxes Receivable	6,778,878	0	0	6,778,878
Allowance for Uncollectible Property Taxes	(79,053)	0	0	(79,053)
Total Assets	<u>\$ 17,108,763</u>	<u>\$ 3,333,884</u>	<u>\$ 683,374</u>	<u>\$ 21,126,021</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 787,771	\$ 124,057	\$ 28,740	\$ 940,568
Payroll Deductions Payable	660,615	38,089	152,246	850,950
Future Compensation Payable	26,911	0	6,010	32,921
Other Withholding Taxes	75,729	1,999	0	77,728
Due to Other Funds	47,447	0	68,685	116,132
Due to Primary Government	217,668	5,021	0	222,689
Due to State of Tennessee	0	0	4,333	4,333
Other Current Liabilities	362,276	0	0	362,276
Total Liabilities	<u>\$ 2,178,417</u>	<u>\$ 169,166</u>	<u>\$ 260,014</u>	<u>\$ 2,607,597</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 6,497,438	\$ 0	\$ 0	\$ 6,497,438

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES (CONT.)</u>				
Deferred Delinquent Property Taxes	\$ 182,880	\$ 0	\$ 0	\$ 182,880
Other Deferred/Unavailable Revenue	376,772	0	0	376,772
Total Deferred Inflows of Resources	<u>\$ 7,057,090</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,057,090</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 27,188	\$ 3,164,718	\$ 23,361	\$ 3,215,267
Committed:				
Committed for Education	0	0	399,999	399,999
Assigned:				
Assigned for Education	1,368,447	0	0	1,368,447
Assigned for Capital Projects	426,631	0	0	426,631
Unassigned	6,050,990	0	0	6,050,990
Total Fund Balances	<u>\$ 7,873,256</u>	<u>\$ 3,164,718</u>	<u>\$ 423,360</u>	<u>\$ 11,461,334</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,108,763</u>	<u>\$ 3,333,884</u>	<u>\$ 683,374</u>	<u>\$ 21,126,021</u>

Exhibit I-3

Carter County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Carter County School Department  
June 30, 2017

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)		\$ 11,461,334
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,028,228	
Add: construction in progress	1,039,096	
Add: building and improvements net of accumulated depreciation	21,283,658	
Add: other capital assets net of accumulated depreciation	<u>2,221,282</u>	25,572,264
(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	\$ (22,959)	
Less: compensated absences payable	(711,238)	
Less: termination benefits liability	(31,707)	
Less: other postemployment benefits liability	(12,203,210)	
Less: net pension liability - agent plan	(547,668)	
Less: net pension liability - teacher legacy plan	<u>(3,497,874)</u>	(17,014,656)
(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	\$ 7,592,594	
Less: deferred inflows of resources related to pensions	<u>(4,611,261)</u>	2,981,333
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: cost-sharing plan net pension assets - teacher plan		36,040
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>559,652</u>
Net position of governmental activities (Exhibit A)		<u>\$ 23,595,967</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, 2017

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 10,963,540	\$ 0	\$ 0	\$ 10,963,540
Licenses and Permits	1,091	0	0	1,091
Charges for Current Services	225,050	478,742	0	703,792
Other Local Revenues	78,795	22,924	0	101,719
State of Tennessee	32,518,792	29,456	0	32,548,248
Federal Government	380,712	2,788,566	3,988,264	7,157,542
Other Governments and Citizens Groups	5,227	0	1,001,894	1,007,121
Total Revenues	<u>\$ 44,173,207</u>	<u>\$ 3,319,688</u>	<u>\$ 4,990,158</u>	<u>\$ 52,483,053</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 25,252,211	\$ 0	\$ 2,704,253	\$ 27,956,464
Support Services	14,162,968	0	1,178,644	15,341,612
Operation of Non-instructional Services	1,133,202	3,164,902	1,067,815	5,365,919
Capital Outlay	3,460,192	0	0	3,460,192
Debt Service:				
Other Debt Service	334,331	0	0	334,331
Total Expenditures	<u>\$ 44,342,904</u>	<u>\$ 3,164,902</u>	<u>\$ 4,950,712</u>	<u>\$ 52,458,518</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (169,697)</u>	<u>\$ 154,786</u>	<u>\$ 39,446</u>	<u>\$ 24,535</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 68,441	\$ 0	\$ 0	\$ 68,441
Total Other Financing Sources (Uses)	<u>\$ 68,441</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,441</u>
Net Change in Fund Balances	\$ (101,256)	\$ 154,786	\$ 39,446	\$ 92,976
Fund Balance, July 1, 2016	<u>7,974,512</u>	<u>3,009,932</u>	<u>383,914</u>	<u>11,368,358</u>
Fund Balance, June 30, 2017	<u>\$ 7,873,256</u>	<u>\$ 3,164,718</u>	<u>\$ 423,360</u>	<u>\$ 11,461,334</u>

# Exhibit I-5

Carter County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2017

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)		\$	92,976
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	3,530,574	
Less: current-year depreciation expense		<u>(1,356,482)</u>	2,174,092
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of assets disposed			(10,000)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$	559,652	
Less: deferred delinquent property taxes and other deferred June 30, 2016		<u>(569,865)</u>	(10,213)
(4) 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			322,510
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(845)	
Change in termination benefits liability		61,719	
Change in other postemployment benefits liability		(867,248)	
Change in net pension liability - agent plan		(473,905)	
Change in net pension asset - teacher retirement plan		22,055	
Change in net pension liability - teacher legacy plan		(3,272,477)	
Change in deferred outflows related to pensions		4,590,900	
Change in deferred inflows related to pensions		<u>1,015,632</u>	<u>1,075,831</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 3,645,196</u>

## Exhibit I-6

Carter County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Carter County School Department  
June 30, 2017

	<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	\$ 477,780	\$ 58,921	\$ 536,701
Accounts Receivable	727	0	727
Due from Other Governments	98,499	0	98,499
Due from Other Funds	47,447	0	47,447
Total Assets	<u>\$ 624,453</u>	<u>\$ 58,921</u>	<u>\$ 683,374</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 28,440	\$ 300	\$ 28,740
Payroll Deductions Payable	118,938	33,308	152,246
Future Compensation Payable	3,626	2,384	6,010
Due to Other Funds	68,685	0	68,685
Due to State of Tennessee	4,333	0	4,333
Total Liabilities	<u>\$ 224,022</u>	<u>\$ 35,992</u>	<u>\$ 260,014</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 432	\$ 22,929	\$ 23,361
Committed:			
Committed for Education	399,999	0	399,999
Total Fund Balances	<u>\$ 400,431</u>	<u>\$ 22,929</u>	<u>\$ 423,360</u>
Total Liabilities and Fund Balances	<u>\$ 624,453</u>	<u>\$ 58,921</u>	<u>\$ 683,374</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, 2017

	<u>Special Revenue Funds</u>		
	School Federal Projects	Other Education Special Revenue	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 3,881,556	\$ 106,708	\$ 3,988,264
Other Governments and Citizens Groups	0	1,001,894	1,001,894
Total Revenues	<u>\$ 3,881,556</u>	<u>\$ 1,108,602</u>	<u>\$ 4,990,158</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,704,253	\$ 0	\$ 2,704,253
Support Services	1,177,303	1,341	1,178,644
Operation of Non-instructional Services	0	1,067,815	1,067,815
Total Expenditures	<u>\$ 3,881,556</u>	<u>\$ 1,069,156</u>	<u>\$ 4,950,712</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 39,446</u>	<u>\$ 39,446</u>
Net Change in Fund Balances	\$ 0	\$ 39,446	\$ 39,446
Fund Balance, July 1, 2016	<u>400,431</u>	<u>(16,517)</u>	<u>383,914</u>
Fund Balance, June 30, 2017	<u>\$ 400,431</u>	<u>\$ 22,929</u>	<u>\$ 423,360</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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,963,540	\$ 0	\$ 0	\$ 10,963,540	\$ 9,380,425	\$ 9,559,250	\$ 1,404,290
Licenses and Permits	1,091	0	0	1,091	1,200	1,200	(109)
Charges for Current Services	225,050	0	0	225,050	204,000	204,000	21,050
Other Local Revenues	78,795	0	0	78,795	1,200	28,800	49,995
State of Tennessee	32,518,792	0	0	32,518,792	30,425,000	31,780,298	738,494
Federal Government	380,712	0	0	380,712	85,000	386,987	(6,275)
Other Governments and Citizens Groups	5,227	0	0	5,227	0	5,100	127
Total Revenues	\$ 44,173,207	\$ 0	\$ 0	\$ 44,173,207	\$ 40,096,825	\$ 41,965,635	\$ 2,207,572
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 20,281,663	\$ 0	\$ 0	\$ 20,281,663	\$ 20,394,669	\$ 20,513,268	\$ 231,605
Alternative Instruction Program	135,342	0	0	135,342	167,721	167,721	32,379
Special Education Program	3,413,117	0	0	3,413,117	3,391,027	3,488,076	74,959
Career and Technical Education Program	1,422,089	0	0	1,422,089	1,449,075	1,442,461	20,372
<u>Support Services</u>							
Health Services	505,262	0	0	505,262	351,520	507,266	2,004
Other Student Support	1,208,657	0	0	1,208,657	1,173,677	1,216,677	8,020
Regular Instruction Program	1,537,135	0	0	1,537,135	1,579,650	1,657,112	119,977
Alternative Instruction Program	117,575	0	0	117,575	116,773	121,773	4,198
Special Education Program	448,741	0	0	448,741	377,538	432,818	(15,923)
Career and Technical Education Program	168,003	0	0	168,003	158,067	170,341	2,338
Other Programs	394,160	0	0	394,160	0	394,160	0
Board of Education	858,000	0	0	858,000	835,904	875,426	17,426
Director of Schools	421,886	0	0	421,886	442,107	446,582	24,696
Office of the Principal	2,536,851	0	0	2,536,851	2,477,901	2,605,811	68,960
Fiscal Services	141,182	0	0	141,182	158,000	154,000	12,818
Operation of Plant	2,598,076	0	0	2,598,076	2,861,146	2,729,996	131,920
Maintenance of Plant	725,961	0	0	725,961	709,814	758,214	32,253

(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 7/1/2016	Add: Encumbrances 6/30/2017	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	\$ 2,133,936	\$ (186,000)	\$ 59,739	\$ 2,007,675	\$ 2,106,558	\$ 2,200,170	\$ 192,495
Central and Other	367,543	0	0	367,543	369,846	387,375	19,832
<u>Operation of Non-instructional Services</u>							
Community Services	832,677	0	0	832,677	194,588	872,234	39,557
Early Childhood Education	300,525	0	0	300,525	0	300,524	(1)
<u>Capital Outlay</u>							
Regular Capital Outlay	3,460,192	(2,099,672)	1,372,116	2,732,636	473,744	2,800,944	68,308
<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	335,000	669
Total Expenditures	\$ 44,342,904	\$ (2,285,672)	\$ 1,431,855	\$ 43,489,087	\$ 40,124,325	\$ 44,577,949	\$ 1,088,862
Excess (Deficiency) of Revenues Over Expenditures	\$ (169,697)	\$ 2,285,672	\$ (1,431,855)	\$ 684,120	\$ (27,500)	\$ (2,612,314)	\$ 3,296,434
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 68,441	\$ 0	\$ 0	\$ 68,441	\$ 0	\$ 68,441	\$ 0
Total Other Financing Sources	\$ 68,441	\$ 0	\$ 0	\$ 68,441	\$ 0	\$ 68,441	\$ 0
Net Change in Fund Balance	\$ (101,256)	\$ 2,285,672	\$ (1,431,855)	\$ 752,561	\$ (27,500)	\$ (2,543,873)	\$ 3,296,434
Fund Balance, July 1, 2016	7,974,512	(2,285,672)	0	5,688,840	5,873,459	5,873,459	(184,619)
Fund Balance, June 30, 2017	\$ 7,873,256	\$ 0	\$ (1,431,855)	\$ 6,441,401	\$ 5,845,959	\$ 3,329,586	\$ 3,111,815

## 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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,881,556	\$ 3,809,122	\$ 4,738,734	\$ (857,178)
Total Revenues	\$ 3,881,556	\$ 3,809,122	\$ 4,738,734	\$ (857,178)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,604,683	\$ 1,628,988	\$ 1,780,895	\$ 176,212
Special Education Program	1,002,234	1,097,433	1,272,490	270,256
Career and Technical Education Program	97,336	97,337	97,337	1
<u>Support Services</u>				
Other Student Support	196,306	177,512	223,706	27,400
Regular Instruction Program	450,637	379,590	559,142	108,505
Special Education Program	473,666	353,791	727,185	253,519
Career and Technical Education Program	1,000	1,000	1,000	0
Transportation	55,694	73,471	76,979	21,285
Total Expenditures	\$ 3,881,556	\$ 3,809,122	\$ 4,738,734	\$ 857,178
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2016	400,431	399,999	399,999	432
Fund Balance, June 30, 2017	\$ 400,431	\$ 399,999	\$ 399,999	\$ 432

## 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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 478,742	\$ 593,434	\$ 593,434	\$ (114,692)
Other Local Revenues	22,924	5,000	5,000	17,924
State of Tennessee	29,456	31,000	31,000	(1,544)
Federal Government	2,788,566	2,455,000	2,722,625	65,941
Total Revenues	<u>\$ 3,319,688</u>	<u>\$ 3,084,434</u>	<u>\$ 3,352,059</u>	<u>\$ (32,371)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 3,164,902	\$ 3,387,678	\$ 3,854,922	\$ 690,020
Total Expenditures	<u>\$ 3,164,902</u>	<u>\$ 3,387,678</u>	<u>\$ 3,854,922</u>	<u>\$ 690,020</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 154,786</u>	<u>\$ (303,244)</u>	<u>\$ (502,863)</u>	<u>\$ 657,649</u>
Net Change in Fund Balance	\$ 154,786	\$ (303,244)	\$ (502,863)	\$ 657,649
Fund Balance, July 1, 2016	<u>3,009,932</u>	<u>2,980,265</u>	<u>2,980,265</u>	<u>29,667</u>
Fund Balance, June 30, 2017	<u>\$ 3,164,718</u>	<u>\$ 2,677,021</u>	<u>\$ 2,477,402</u>	<u>\$ 687,316</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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 106,708	\$ 110,000	\$ 110,000	\$ (3,292)
Other Governments and Citizens Groups	1,001,894	974,185	1,048,401	(46,507)
Total Revenues	<u>\$ 1,108,602</u>	<u>\$ 1,084,185</u>	<u>\$ 1,158,401</u>	<u>\$ (49,799)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Operation of Plant	\$ 1,341	\$ 1,481	\$ 1,481	\$ 140
<u>Operation of Non-instructional Services</u>				
Early Childhood Education	1,067,815	1,082,704	1,156,920	89,105
Total Expenditures	<u>\$ 1,069,156</u>	<u>\$ 1,084,185</u>	<u>\$ 1,158,401</u>	<u>\$ 89,245</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,446</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 39,446</u>
Net Change in Fund Balance	\$ 39,446	\$ 0	\$ 0	\$ 39,446
Fund Balance, July 1, 2016	<u>(16,517)</u>	<u>0</u>	<u>0</u>	<u>(16,517)</u>
Fund Balance, June 30, 2017	<u><u>\$ 22,929</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 22,929</u></u>

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## MISCELLANEOUS SCHEDULES

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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, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date	Outstanding 7-1-16	Paid and/or Matured During Period	Outstanding 6-30-17
<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	\$ 396,326	\$ 172,389	\$ 223,937
Total Notes Payable						<u>\$ 396,326</u>	<u>\$ 172,389</u>	<u>\$ 223,937</u>
<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	3,530,041	Variable		11-21-05	5-25-29	\$ 2,275,041	\$ 149,000	\$ 2,126,041
Total Other Loans Payable						<u>\$ 2,275,041</u>	<u>\$ 149,000</u>	<u>\$ 2,126,041</u>
<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	\$ 20,335,000	\$ 875,000	\$ 19,460,000
Total Bonds Payable						<u>\$ 20,335,000</u>	<u>\$ 875,000</u>	<u>\$ 19,460,000</u>
<u>CAPITAL LEASE PAYABLE</u>								
<u>Contributed by the School Department through General</u>								
<u>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	\$ 345,469	\$ 322,510	\$ 22,959
Total Capital Lease Payable						<u>\$ 345,469</u>	<u>\$ 322,510</u>	<u>\$ 22,959</u>

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 97,064	\$ 8,076	\$ 105,140
2019	100,947	4,317	105,264
2020	25,926	905	26,831
Total	\$ 223,937	\$ 13,298	\$ 237,235

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 153,000	\$ 8,504	\$ 16,595	\$ 178,099
2019	158,000	7,892	15,400	181,292
2020	164,000	7,260	14,167	185,427
2021	169,000	6,605	12,887	188,492
2022	174,000	5,928	11,568	191,496
2023	180,000	5,232	10,210	195,442
2024	186,000	4,512	8,805	199,317
2025	191,000	3,769	7,353	202,122
2026	198,000	3,004	5,862	206,866
2027	204,000	2,212	4,317	210,529
2028	211,000	1,396	2,724	215,120
2029	138,041	552	1,077	139,670
Total	\$ 2,126,041	\$ 56,866	\$ 110,965	\$ 2,293,872

(Continued)

Exhibit J-2

Carter County, Tennessee

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 19,460,000	\$ 6,831,362	\$ 26,291,362

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2018	\$ 22,959	\$ 132	\$ 23,091
Total	\$ 22,959	\$ 132	\$ 23,091



Exhibit J-3

Carter County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2017

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 172,618
"	Health Department	Capital Projects	<u>494,362</u>
Total Transfers Primary Government			<u><u>\$ 666,980</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, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 96,231	\$ (4)	Tennessee Risk Management Trust
Director of Schools	State Board of Education and County Board of Education	91,993 (1)	(4)	"
Road Superintendent	Section 8-24-102, <i>TCA</i>	85,649	(4)	"
Trustee	Section 8-24-102, <i>TCA</i>	77,863	1,717,161	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	77,863	(4)	Tennessee Risk Management Trust
Finance Director	County Commission	66,829	(4)	"
County Clerk	Section 8-24-102, <i>TCA</i>	77,863	(4)	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	77,863	(4)	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	77,863 (2)	(4)	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	77,863	(4)	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	92,249 (3)	(4)	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			400,000	"

- (1) Includes a 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 \$1,462.  
(3) Includes a county workhouse supplement of \$6,000 and a law enforcement training supplement of \$600.  
(4) Covered by \$400,000 blanket bond.

## Exhibit J-5

Carter County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

	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	\$ 8,202,621	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	290,347	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	113,272	0	0	0	0	0
Interest and Penalty	86,675	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	12,472	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	167,287	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	662	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	793,122	0	0	169,000	0	16,029
Hotel/Motel Tax	126,594	0	0	0	0	0
Litigation Tax - General	175,322	0	0	0	0	0
Litigation Tax - Special Purpose	0	8,675	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	77,339	0	0	0	0	0
Litigation Tax - Courthouse Security	84,974	0	0	0	0	0
Business Tax	369,916	0	0	0	0	0
Mixed Drink Tax	2,892	0	0	0	0	0
Mineral Severance Tax	15,898	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	45,379	0	0	0	0	0
Beer Privilege Tax	189,177	0	0	0	0	0
Interstate Telecommunications Tax	3,466	0	0	0	0	0
Total Local Taxes	\$ 10,757,415	\$ 8,675	\$ 0	\$ 169,000	\$ 0	16,029

(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	\$ 1,677	\$ 0	\$ 0	\$ 0	\$ 0	0
Animal Registration	19,305	0	0	0	0	0
Cable TV Franchise	371,281	0	0	0	0	0
<u>Permits</u>						
Beer Permits	2,731	0	0	0	0	0
Building Permits	13,755	0	0	0	0	0
Electrical Permits	53,716	0	0	0	0	0
Other Permits	77,725	0	0	0	0	0
Total Licenses and Permits	\$ 540,190	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 5,309	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	18,447	0
Drug Court Fees	2,963	0	0	0	0	0
Jail Fees	3,158	0	0	0	0	0
Judicial Commissioner Fees	2,275	0	0	0	0	0
DUI Treatment Fines	1,238	0	0	0	0	0
Data Entry Fee - Circuit Court	1,598	0	0	0	0	0
Courtroom Security Fee	1,706	0	0	0	0	0
<u>Criminal Court</u>						
Fines	68,790	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	63,466	0	0	0	0	0
Officers Costs	43,338	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	\$ 3,482	\$ 0
Drug Court Fees	5,401	0	0	0	0	0
Jail Fees	8,195	0	0	0	0	0
Judicial Commissioner Fees	804	0	0	0	0	0
DUI Treatment Fines	9,991	0	0	0	0	0
Data Entry Fee - General Sessions Court	13,988	0	0	0	0	0
Courtroom Security Fee	2,521	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	5,018	0	0	0	0	0
Drug Court Fees	490	0	0	0	0	0
Jail Fees	476	0	0	0	0	0
Judicial Commissioner Fees	21	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,452	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,527	0	0	0	0	0
Data Entry Fee - Chancery Court	6,219	0	0	0	0	0
Courtroom Security Fee	194	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	24	0	0	0	0	0
Jail Fees	179	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	27,840	0
Other Fines, Forfeitures, and Penalties	455	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 252,798	\$ 0	\$ 0	\$ 0	\$ 49,769	\$ 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	\$ 663,367	\$ 0	\$ 0	\$ 0
Tipping Fees	0	0	77,020	0	0	0
Work Release Charges for Board	3,110	0	0	0	0	0
<u>Fees</u>						
Copy Fees	4,231	0	0	0	0	0
Archives and Records Management Fee	114,592	0	0	0	0	0
Telephone Commissions	59,000	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	15,378	0	0	0	0	0
Data Processing Fee - Sheriff	8,074	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,250	0	0	0	0	0
Data Processing Fee - County Clerk	3,417	0	0	0	0	0
Total Charges for Current Services	\$ 213,052	\$ 0	\$ 740,387	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	9,800	0	0	0	0	0
Commissary Sales	17,408	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Recycled Materials	0	0	110,404	0	0	0
Sale of Animals/Livestock	2,910	0	0	0	0	0
Miscellaneous Refunds	16,977	0	16,560	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	\$ 25,380	\$ 0	\$ 0	\$ 0	\$ 18,301	\$ 0
Sale of Property	30,168	0	0	0	0	0
Damages Recovered from Individuals	23,050	0	0	0	0	0
Total Other Local Revenues	<u>\$ 125,693</u>	<u>\$ 0</u>	<u>\$ 126,964</u>	<u>\$ 0</u>	<u>\$ 18,301</u>	<u>\$ 0</u>
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 477,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	126,525	0	0	0	0	0
General Sessions Court Clerk	300,201	0	0	0	0	0
Clerk and Master	225,241	0	0	0	0	0
Register	198,455	0	0	0	0	0
Sheriff	14,609	0	0	0	0	0
Trustee	685,899	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 2,028,443</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,845	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	32,400	0	0	0	0	0
Other Public Safety Grants	4,885	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	392,782	0	0	0	0	0
Other Health and Welfare Grants	27,000	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>						
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Aid Program	0	0	0	0	0	0
Litter Program	40,992	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	60,293	0	0	0	0	0
Beer Tax	89,617	0	0	0	0	0
Vehicle Certificate of Title Fees	8,707	0	0	0	0	0
Alcoholic Beverage Tax	25,413	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
Emergency Hospital - Prisoners	160,874	0	0	0	0	0
Contracted Prisoner Boarding	907,512	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	0	0	0	0	0	10,000
Other State Revenues	437	0	22,061	0	0	0
Total State of Tennessee	\$ 1,785,970	\$ 0	\$ 22,061	\$ 0	\$ 0	\$ 10,000
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 41,500	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	0	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	8,779	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>						
FHA Grant	\$ 485,052	\$ 0	\$ 0	\$ 0	\$ 0	0
Forest Service	0	0	0	0	0	0
Asset Forfeiture Funds	0	0	0	0	7,291	0
Other Direct Federal Revenue	116,459	0	0	0	0	0
Total Federal Government	<u>\$ 651,790</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,291</u>	<u>0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 171,414	\$ 0	\$ 0	\$ 7,228	\$ 0	0
Contracted Services	663,919	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	330,266	0	0	0	13,069	0
Total Other Governments and Citizens Groups	<u>\$ 1,165,599</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,228</u>	<u>\$ 13,069</u>	<u>0</u>
Total	<u>\$ 17,520,950</u>	<u>\$ 8,675</u>	<u>\$ 889,412</u>	<u>\$ 176,228</u>	<u>\$ 88,430</u>	<u>26,029</u>

(Continued)

## Exhibit J-5

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

	Special Revenue Funds		Debt Service Fund		
	Constituent Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 1,113,633	\$ 1,811,733	\$	11,127,987
Trustee's Collections - Prior Year	0	36,761	65,897		393,005
Circuit Clerk/Clerk and Master Collections - Prior Years	0	14,739	28,028		156,039
Interest and Penalty	0	11,245	20,664		118,584
Payments in-Lieu-of Taxes - T.V.A.	0	1,677	2,798		16,947
Payments in-Lieu-of Taxes - Local Utilities	0	22,701	36,979		226,967
Payments in-Lieu-of Taxes - Other	0	90	146		898
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0		978,151
Hotel/Motel Tax	0	0	0		126,594
Litigation Tax - General	0	0	0		175,322
Litigation Tax - Special Purpose	0	0	0		8,675
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0		77,339
Litigation Tax - Courthouse Security	0	0	0		84,974
Business Tax	0	0	0		369,916
Mixed Drink Tax	0	0	0		2,892
Mineral Severance Tax	0	45,604	0		61,502
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	2,882	4,689		52,950
Beer Privilege Tax	0	0	0		189,177
Interstate Telecommunications Tax	0	0	0		3,466
Total Local Taxes	\$ 0	\$ 1,249,332	\$ 1,970,934	\$	14,171,385

(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>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$	1,677
Animal Registration	0	0	0		19,305
Cable TV Franchise	0	0	0		371,281
<u>Permits</u>					
Beer Permits	0	0	0		2,731
Building Permits	0	0	0		13,755
Electrical Permits	0	0	0		53,716
Other Permits	0	800	0		78,525
Total Licenses and Permits	\$ 0	\$ 800	\$ 0	\$	540,990
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$	5,309
Drug Control Fines	0	0	0		18,447
Drug Court Fees	0	0	0		2,963
Jail Fees	0	0	0		3,158
Judicial Commissioner Fees	0	0	0		2,275
DUI Treatment Fines	0	0	0		1,238
Data Entry Fee - Circuit Court	0	0	0		1,598
Courtroom Security Fee	0	0	0		1,706
<u>Criminal Court</u>					
Fines	0	0	0		68,790
<u>General Sessions Court</u>					
Fines	0	0	0		63,466
Officers Costs	0	0	0		43,338

(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>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$	3,482
Drug Court Fees	0	0	0		5,401
Jail Fees	0	0	0		8,195
Judicial Commissioner Fees	0	0	0		804
DUI Treatment Fines	0	0	0		9,991
Data Entry Fee - General Sessions Court	0	0	0		13,988
Courtroom Security Fee	0	0	0		2,521
<u>Juvenile Court</u>					
Fines	0	0	0		5,018
Drug Court Fees	0	0	0		490
Jail Fees	0	0	0		476
Judicial Commissioner Fees	0	0	0		21
Data Entry Fee - Juvenile Court	0	0	0		1,452
Courtroom Security Fee	0	0	0		2
<u>Chancery Court</u>					
Officers Costs	0	0	0		3,527
Data Entry Fee - Chancery Court	0	0	0		6,219
Courtroom Security Fee	0	0	0		194
<u>Other Courts - In-county</u>					
Fines	0	0	0		24
Jail Fees	0	0	0		179
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0		27,840
Other Fines, Forfeitures, and Penalties	0	0	0		455
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$	302,567

(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>Charges for Current Services</u>					
<u>General Service Charges</u>					
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$	663,367
Tipping Fees	0	0	0		77,020
Work Release Charges for Board	0	0	0		3,110
<u>Fees</u>					
Copy Fees	0	0	0		4,231
Archives and Records Management Fee	0	0	0		114,592
Telephone Commissions	0	0	0		59,000
Constitutional Officers' Fees and Commissions	861	0	0		861
Special Commissioner Fees/Special Master Fees	1,462	0	0		1,462
Data Processing Fee - Register	0	0	0		15,378
Data Processing Fee - Sheriff	0	0	0		8,074
Sexual Offender Registration Fee - Sheriff	0	0	0		5,250
Data Processing Fee - County Clerk	0	0	0		3,417
Total Charges for Current Services	\$ 2,323	\$ 0	\$ 0	\$	955,762
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 173,721	\$	173,721
Lease/Rentals	0	0	0		9,800
Commissary Sales	0	0	0		17,408
Sale of Gasoline	0	153,459	0		153,459
Sale of Recycled Materials	0	3,669	0		114,073
Sale of Animals/Livestock	0	0	0		2,910
Miscellaneous Refunds	0	20,715	0		54,252

(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>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Sale of Equipment	\$ 0	\$ 36,514	\$ 0	\$	80,195
Sale of Property	0	0	0		30,168
Damages Recovered from Individuals	0	0	0		23,050
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 214,357</u>	<u>\$ 173,721</u>	<u>\$</u>	<u>659,036</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$	477,513
Circuit Court Clerk	0	0	0		126,525
General Sessions Court Clerk	0	0	0		300,201
Clerk and Master	0	0	0		225,241
Register	0	0	0		198,455
Sheriff	0	0	0		14,609
Trustee	0	0	0		685,899
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>	<u>2,028,443</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$	10,845
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0		32,400
Other Public Safety Grants	0	0	0		4,885
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0		392,782
Other Health and Welfare Grants	0	0	0		27,000

(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>State of Tennessee (Cont.)</u>					
<u>Public Works Grants</u>					
Bridge Program	\$ 0	\$ 657,824	\$ 0	\$	657,824
State Aid Program	0	718,622	0		718,622
Litter Program	0	0	0		40,992
<u>Other State Revenues</u>					
Income Tax	0	0	0		60,293
Beer Tax	0	0	0		89,617
Vehicle Certificate of Title Fees	0	0	0		8,707
Alcoholic Beverage Tax	0	0	0		25,413
State Revenue Sharing - T.V.A.	0	46,371	43,978		90,349
Emergency Hospital - Prisoners	0	0	0		160,874
Contracted Prisoner Boarding	0	0	0		907,512
Gasoline and Motor Fuel Tax	0	1,930,039	0		1,930,039
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		10,000
Other State Revenues	0	0	0		22,498
Total State of Tennessee	\$ 0	\$ 3,394,290	\$ 43,978	\$	5,256,299
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$	41,500
Other Federal through State	0	387,901	0		387,901
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	0	0	0		8,779

(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>					
FHA Grant	\$ 0	\$ 0	\$ 0	\$	485,052
Forest Service	0	5,352	0		5,352
Asset Forfeiture Funds	0	0	0		7,291
Other Direct Federal Revenue	0	0	0		116,459
Total Federal Government	<u>\$ 0</u>	<u>\$ 393,253</u>	<u>\$ 0</u>	<u>\$</u>	<u>1,052,334</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 334,331	\$	512,973
Contracted Services	0	23,370	0		687,289
<u>Citizens Groups</u>					
Donations	0	0	0		343,335
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 23,370</u>	<u>\$ 334,331</u>	<u>\$</u>	<u>1,543,597</u>
Total	<u>\$ 2,323</u>	<u>\$ 5,275,402</u>	<u>\$ 2,522,964</u>	<u>\$</u>	<u>26,510,413</u>



## Exhibit J-6

Carter County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2017

	Special Revenue Funds					
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 6,203,780	\$ 0	\$ 0	\$ 0	\$ 6,203,780	
Trustee's Collections - Prior Year	201,413	0	0	0	201,413	
Circuit Clerk/Clerk and Master Collections - Prior Years	80,946	0	0	0	80,946	
Interest and Penalty	61,840	0	0	0	61,840	
Payments in-Lieu-of Taxes - T.V.A.	13,866	0	0	0	13,866	
Payments in-Lieu-of Taxes - Local Utilities	126,446	0	0	0	126,446	
Payments in-Lieu-of Taxes - Other	501	0	0	0	501	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	4,252,940	0	0	0	4,252,940	
Mixed Drink Tax	1,951	0	0	0	1,951	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	16,057	0	0	0	16,057	
Interstate Telecommunications Tax	3,800	0	0	0	3,800	
Total Local Taxes	\$ 10,963,540	\$ 0	\$ 0	\$ 0	\$ 10,963,540	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,091	\$ 0	\$ 0	\$ 0	\$ 1,091	
Total Licenses and Permits	\$ 1,091	\$ 0	\$ 0	\$ 0	\$ 1,091	
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 134,865	\$ 0	\$ 134,865	
Lunch Payments - Adults	0	0	73,570	0	73,570	

(Continued)

## Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		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	\$ 81,438	\$ 0	\$ 81,438
Special Milk Sales	0	0	343	0	343
A la Carte Sales	0	0	85,106	0	85,106
Contract for Instructional Services with Other LEA's	8,690	0	0	0	8,690
Receipts from Individual Schools	67,103	0	0	0	67,103
Community Service Fees - Children	149,257	0	0	0	149,257
Other Charges for Services	0	0	103,420	0	103,420
Total Charges for Current Services	\$ 225,050	\$ 0	\$ 478,742	\$ 0	\$ 703,792
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,891	\$ 0	\$ 16,111	\$ 0	\$ 19,002
Lease/Rentals	10,397	0	0	0	10,397
Sale of Recycled Materials	371	0	0	0	371
Commodity Rebates	0	0	3,767	0	3,767
Miscellaneous Refunds	64,746	0	3,046	0	67,792
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	390	0	0	0	390
Total Other Local Revenues	\$ 78,795	\$ 0	\$ 22,924	\$ 0	\$ 101,719
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 394,160	\$ 0	\$ 0	\$ 0	\$ 394,160

(Continued)

## Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 30,288,730	\$ 0	\$ 0	\$ 0	\$ 30,288,730
Early Childhood Education	300,479	0	0	0	300,479
School Food Service	0	0	29,456	0	29,456
Driver Education	12,851	0	0	0	12,851
Other State Education Funds	635,468	0	0	0	635,468
Career Ladder Program	152,354	0	0	0	152,354
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	734,750	0	0	0	734,750
Total State of Tennessee	\$ 32,518,792	\$ 0	\$ 29,456	\$ 0	\$ 32,548,248
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,845,953	\$ 0	\$ 1,845,953
USDA - Commodities	0	0	267,625	0	267,625
Breakfast	0	0	674,988	0	674,988
USDA - Other	63,414	0	0	106,708	170,122
Vocational Education - Basic Grants to States	0	123,474	0	0	123,474
Other Vocational	0	64,219	0	0	64,219
Title I Grants to Local Education Agencies	0	1,906,829	0	0	1,906,829
Special Education - Grants to States	86,052	1,391,039	0	0	1,477,091
Special Education Preschool Grants	0	79,922	0	0	79,922
Eisenhower Professional Development State Grants	0	316,073	0	0	316,073
Other Federal through State	215,191	0	0	0	215,191

(Continued)

## Exhibit J-6

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Forest Service	\$ 16,055	\$ 0	\$ 0	\$ 0	\$ 16,055
Total Federal Government	\$ 380,712	\$ 3,881,556	\$ 2,788,566	\$ 106,708	\$ 7,157,542
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contracted Services	\$ 0	\$ 0	\$ 0	\$ 1,001,894	\$ 1,001,894
<u>Citizens Groups</u>					
Donations	5,227	0	0	0	5,227
Total Other Governments and Citizens Groups	\$ 5,227	\$ 0	\$ 0	\$ 1,001,894	\$ 1,007,121
Total	\$ 44,173,207	\$ 3,881,556	\$ 3,319,688	\$ 1,108,602	\$ 52,483,053

## Exhibit J-7

Carter County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	46,000	
Social Security		2,601	
Pensions		3,145	
Employer Medicare		668	
Audit Services		20,673	
Dues and Memberships		5,037	
Legal Notices, Recording, and Court Costs		2,075	
Maintenance Agreements		1,867	
Printing, Stationery, and Forms		285	
Travel		3,188	
Other Supplies and Materials		109	
Other Charges		3,700	
Total County Commission			\$ 89,348

Board of Equalization

Board and Committee Members Fees	\$	4,450	
Social Security		276	
Employer Medicare		65	
Other Supplies and Materials		95	
Total Board of Equalization			4,886

County Mayor/Executive

County Official/Administrative Officer	\$	96,231	
Part-time Personnel		6,132	
Other Salaries and Wages		40,500	
Social Security		8,511	
Pensions		20,036	
Life Insurance		72	
Medical Insurance		14,455	
Dental Insurance		470	
Unemployment Compensation		133	
Employer Medicare		1,990	
Communication		531	
Dues and Memberships		2,695	
Postal Charges		98	
Rentals		1,259	
Travel		3,468	
Office Supplies		781	
Other Supplies and Materials		109	
Premiums on Corporate Surety Bonds		197	
Tax Relief Program		33,353	
Other Charges		848	
Total County Mayor/Executive			231,869

County Attorney

Other Salaries and Wages	\$	600	
Social Security		37	

(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.)

Pensions	\$	90	
Employer Medicare		9	
Legal Services		59,996	
Total County Attorney			\$ 60,732

Election Commission

Supervisor/Director	\$	70,076	
Deputy(ies)		30,572	
Data Processing Personnel		24,159	
Other Salaries and Wages		9,525	
Board and Committee Members Fees		12,604	
Election Workers		65,165	
Social Security		9,483	
Pensions		18,131	
Life Insurance		111	
Medical Insurance		23,356	
Dental Insurance		725	
Unemployment Compensation		226	
Employer Medicare		2,218	
Legal Notices, Recording, and Court Costs		6,177	
Maintenance Agreements		13,500	
Postal Charges		4,360	
Rentals		7,005	
Travel		10,396	
Office Supplies		2,919	
Other Supplies and Materials		25,270	
Data Processing Equipment		1,720	
Office Equipment		3,763	
Total Election Commission			341,461

Register of Deeds

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		77,607	
Social Security		9,413	
Pensions		22,825	
Life Insurance		144	
Medical Insurance		32,123	
Dental Insurance		941	
Unemployment Compensation		260	
Employer Medicare		2,202	
Data Processing Services		11,505	
Dues and Memberships		860	
Postal Charges		50	
Rentals		1,492	
Travel		680	
Data Processing Supplies		865	
Office Supplies		4,650	

(Continued)

## Exhibit J-7

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

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

Other Supplies and Materials	\$	940	
Premiums on Corporate Surety Bonds		197	
Data Processing Equipment		926	
Office Equipment		7,950	
Total Register of Deeds			\$ 253,493

Planning

Supervisor/Director	\$	47,796	
Data Processing Personnel		20,499	
Foremen		27,916	
Clerical Personnel		9,570	
Other Salaries and Wages		14,866	
Board and Committee Members Fees		3,200	
Social Security		7,590	
Pensions		14,340	
Life Insurance		111	
Medical Insurance		20,277	
Dental Insurance		725	
Unemployment Compensation		416	
Employer Medicare		1,776	
Communication		409	
Contracts with Government Agencies		14,100	
Maintenance and Repair Services - Vehicles		273	
Postal Charges		435	
Rentals		1,982	
Travel		800	
Gasoline		1,082	
Office Supplies		2,202	
Premiums on Corporate Surety Bonds		100	
Other Charges		63,199	
Office Equipment		3,812	
Total Planning			257,476

County Buildings

Custodial Personnel	\$	43,166	
Social Security		2,543	
Pensions		6,449	
Life Insurance		72	
Medical Insurance		14,455	
Dental Insurance		470	
Unemployment Compensation		160	
Employer Medicare		595	
Architects		19,451	
Communication		59,225	
Maintenance and Repair Services - Buildings		109,215	
Maintenance and Repair Services - Equipment		43,832	
Maintenance and Repair Services - Vehicles		1,348	

(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.)

Pest Control	\$	5,719	
Other Contracted Services		8,139	
Custodial Supplies		13,719	
Electricity		217,820	
Gasoline		226	
Utilities		35,063	
Water and Sewer		23,289	
Building and Contents Insurance		37,438	
Workers' Compensation Insurance		37,784	
Other Charges		6,011	
Heating and Air Conditioning Equipment		51,970	
Total County Buildings			\$ 738,159

FinanceAccounting and Budgeting

Supervisor/Director	\$	66,829	
Deputy(ies)		47,848	
Accountants/Bookkeepers		139,086	
In-service Training		35	
Social Security		15,112	
Pensions		37,902	
Life Insurance		207	
Medical Insurance		50,794	
Dental Insurance		1,352	
Unemployment Compensation		523	
Employer Medicare		3,534	
Dues and Memberships		375	
Legal Notices, Recording, and Court Costs		2,135	
Maintenance Agreements		19,592	
Postal Charges		4,862	
Rentals		395	
Travel		1,421	
Data Processing Supplies		2,372	
Office Supplies		4,855	
Premiums on Corporate Surety Bonds		400	
Other Charges		6,946	
Office Equipment		5,799	
Total Accounting and Budgeting			412,374

Property Assessor's Office

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		174,481	
Social Security		14,570	
Pensions		36,922	
Life Insurance		252	
Medical Insurance		58,277	
Dental Insurance		1,646	

(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.)

Unemployment Compensation	\$	505	
Employer Medicare		3,407	
Audit Services		19,595	
Communication		658	
Contracts with Government Agencies		10,526	
Dues and Memberships		1,850	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		1,525	
Postal Charges		2,261	
Printing, Stationery, and Forms		142	
Rentals		344	
Gasoline		1,381	
Office Supplies		1,879	
Premiums on Corporate Surety Bonds		172	
Motor Vehicles		13,558	
Office Equipment		966	
Total Property Assessor's Office			\$ 425,780

Reappraisal Program

Deputy(ies)	\$	58,857	
Social Security		3,547	
Pensions		8,793	
Life Insurance		75	
Medical Insurance		15,927	
Dental Insurance		490	
Unemployment Compensation		140	
Employer Medicare		829	
Communication		658	
Data Processing Services		6,218	
Gasoline		1,361	
Office Supplies		1,290	
Total Reappraisal Program			98,185

County Trustee's Office

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		105,842	
Clerical Personnel		15,864	
Social Security		12,061	
Pensions		29,208	
Life Insurance		216	
Medical Insurance		40,555	
Dental Insurance		1,411	
Unemployment Compensation		461	
Employer Medicare		2,820	
Contracts with Government Agencies		20,308	
Dues and Memberships		860	
Legal Notices, Recording, and Court Costs		212	

(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.)

Maintenance Agreements	\$	7,985	
Postal Charges		4,043	
Rentals		697	
Travel		3	
Office Supplies		2,930	
Premiums on Corporate Surety Bonds		4,970	
Office Equipment		1,593	
Total County Trustee's Office			\$ 329,902

County Clerk's Office

County Official/Administrative Officer	\$	77,863	
Deputy(ies)		159,649	
Social Security		13,975	
Pensions		34,015	
Life Insurance		261	
Medical Insurance		56,415	
Dental Insurance		1,705	
Unemployment Compensation		579	
Employer Medicare		3,357	
Dues and Memberships		800	
Maintenance Agreements		23,803	
Postal Charges		10,695	
Rentals		4,101	
Office Supplies		4,938	
Other Supplies and Materials		3,740	
Premiums on Corporate Surety Bonds		197	
Office Equipment		590	
Total County Clerk's Office			396,683

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	77,863	
Clerical Personnel		370,537	
Social Security		27,162	
Pensions		57,571	
Life Insurance		432	
Medical Insurance		90,880	
Dental Insurance		2,822	
Unemployment Compensation		1,534	
Employer Medicare		6,353	
Dues and Memberships		1,012	
Legal Notices, Recording, and Court Costs		190	
Maintenance Agreements		14,400	
Postal Charges		7,263	
Rentals		6,983	
Travel		1,521	
Office Supplies		11,956	

(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.)

Other Supplies and Materials	\$	319	
Premiums on Corporate Surety Bonds		358	
Office Equipment		13,009	
Total Circuit Court			\$ 692,165

General Sessions Court

Judge(s)	\$	161,491	
Secretary(ies)		22,795	
Social Security		8,419	
Pensions		26,697	
Life Insurance		75	
Medical Insurance		7,228	
Dental Insurance		235	
Unemployment Compensation		70	
Employer Medicare		2,572	
Communication		395	
Dues and Memberships		1,134	
Postal Charges		145	
Travel		2,166	
Library Books/Media		1,576	
Office Supplies		1,065	
Office Equipment		14,548	
Total General Sessions Court			250,611

Drug Court

Remittance of Revenue Collected	\$	8,854	
Total Drug Court			8,854

Chancery Court

County Official/Administrative Officer	\$	77,863	
Clerical Personnel		119,937	
Social Security		11,935	
Pensions		29,049	
Life Insurance		177	
Medical Insurance		47,782	
Dental Insurance		1,156	
Unemployment Compensation		341	
Employer Medicare		2,791	
Dues and Memberships		920	
Maintenance Agreements		12,627	
Postal Charges		7,968	
Rentals		2,163	
Travel		566	
Office Supplies		148	
Premiums on Corporate Surety Bonds		239	
Office Equipment		966	
Total Chancery Court			316,628

(Continued)

## Exhibit J-7

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

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

Jury and Witness Expense	\$	11,482	
Postal Charges		1,439	
Other Charges		2,918	
Total Other Administration of Justice			\$ 15,839

Public SafetySheriff's Department

County Official/Administrative Officer	\$	91,649	
Deputy(ies)		1,212,192	
Investigator(s)		388,398	
Accountants/Bookkeepers		27,930	
Salary Supplements		32,400	
Dispatchers/Radio Operators		115,469	
Clerical Personnel		97,453	
Part-time Personnel		110,501	
School Resource Officer		398,281	
In-service Training		21,576	
Social Security		150,936	
Pensions		345,789	
Life Insurance		2,241	
Medical Insurance		427,164	
Dental Insurance		14,602	
Unemployment Compensation		6,105	
Employer Medicare		35,402	
Communication		25,833	
Dues and Memberships		2,534	
Maintenance and Repair Services - Buildings		96	
Maintenance and Repair Services - Equipment		8,159	
Maintenance and Repair Services - Vehicles		73,782	
Medical and Dental Services		8,499	
Postal Charges		2,621	
Rentals		9,388	
Towing Services		2,515	
Transportation - Other than Students		3,246	
Travel		25,039	
Other Contracted Services		35,223	
Gasoline		122,775	
Office Supplies		12,678	
Tires and Tubes		12,996	
Uniforms		24,273	
Premiums on Corporate Surety Bonds		362	
Vehicle and Equipment Insurance		148,993	
Workers' Compensation Insurance		67,077	
Other Charges		3,202	
Law Enforcement Equipment		136,442	
Motor Vehicles		152,791	
Office Equipment		5,102	
Total Sheriff's Department			4,361,714

(Continued)

## Exhibit J-7

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

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

Guards	\$ 1,605,598	
Cafeteria Personnel	58,106	
Maintenance Personnel	44,532	
In-service Training	15,928	
Social Security	103,873	
Pensions	251,093	
Life Insurance	2,086	
Medical Insurance	383,113	
Dental Insurance	13,759	
Unemployment Compensation	6,396	
Employer Medicare	24,126	
Maintenance and Repair Services - Buildings	38,347	
Maintenance and Repair Services - Equipment	29,971	
Medical and Dental Services	411,207	
Other Contracted Services	1,876	
Custodial Supplies	25,634	
Drugs and Medical Supplies	384	
Food Preparation Supplies	200	
Food Supplies	239,814	
Prisoners Clothing	9,315	
Uniforms	20,141	
Medical Claims	155,202	
Workers' Compensation Insurance	67,078	
Other Charges	2,768	
Law Enforcement Equipment	3,174	
Total Jail		\$ 3,513,721

Juvenile Services

Youth Service Officer(s)	\$ 59,475	
Social Security	3,574	
Pensions	8,787	
Life Insurance	75	
Medical Insurance	15,727	
Dental Insurance	490	
Unemployment Compensation	234	
Employer Medicare	836	
Contracts with Government Agencies	106,179	
Dues and Memberships	140	
Evaluation and Testing	100	
Travel	1,157	
Office Supplies	498	
Total Juvenile Services		197,272

Fire Prevention and Control

Contributions	\$ 369,578	
Total Fire Prevention and Control		369,578

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Rescue Squad

Other Charges	\$ 270,000	
Total Rescue Squad		\$ 270,000

Other Emergency Management

Supervisor/Director	\$ 35,873	
Secretary(ies)	25,583	
Social Security	3,810	
Pensions	9,181	
Life Insurance	72	
Medical Insurance	8,031	
Dental Insurance	470	
Unemployment Compensation	151	
Employer Medicare	891	
Communication	1,871	
Dues and Memberships	110	
Maintenance and Repair Services - Equipment	150	
Maintenance and Repair Services - Vehicles	1,507	
Postal Charges	10	
Printing, Stationery, and Forms	88	
Rentals	629	
Travel	446	
Other Contracted Services	20,299	
Gasoline	1,944	
Instructional Supplies and Materials	129	
Office Supplies	160	
Uniforms	308	
Other Supplies and Materials	12,094	
Other Charges	11,475	
Office Equipment	192	
Total Other Emergency Management		135,474

Inspection and Regulation

Supervisor/Director	\$ 2,896	
Social Security	180	
Pensions	433	
Unemployment Compensation	8	
Employer Medicare	42	
Other Contracted Services	300	
Total Inspection and Regulation		3,859

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 10,350	
Social Security	642	
Unemployment Compensation	76	
Employer Medicare	150	
Communication	564	
Other Supplies and Materials	574	
Premiums on Corporate Surety Bonds	100	
Total County Coroner/Medical Examiner		12,456

(Continued)

## Exhibit J-7

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

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

Board and Committee Members Fees	\$	1,700	
Social Security		53	
Pensions		127	
Unemployment Compensation		2	
Employer Medicare		12	
Total Other Public Safety			\$ 1,894

Public Health and WelfareLocal Health Center

Other Salaries and Wages	\$	249,749	
Social Security		15,026	
Pensions		37,189	
Life Insurance		348	
Medical Insurance		71,473	
Dental Insurance		2,274	
Unemployment Compensation		897	
Employer Medicare		3,515	
Travel		4,935	
Other Charges		7,377	
Total Local Health Center			392,783

Rabies and Animal Control

Supervisor/Director	\$	47,306	
Part-time Personnel		1,075	
Other Salaries and Wages		55,030	
Social Security		6,255	
Pensions		14,922	
Life Insurance		132	
Medical Insurance		27,371	
Dental Insurance		862	
Unemployment Compensation		443	
Employer Medicare		1,463	
Architects		174	
Communication		1,834	
Legal Notices, Recording, and Court Costs		1,086	
Maintenance and Repair Services - Buildings		13,249	
Maintenance and Repair Services - Equipment		161	
Maintenance and Repair Services - Vehicles		1,432	
Postal Charges		8	
Rentals		2,720	
Travel		87	
Disposal Fees		1,008	
Other Contracted Services		14,057	
Animal Food and Supplies		9,934	
Custodial Supplies		21,240	
Drugs and Medical Supplies		62,573	
Electricity		8,706	

(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.)

Gasoline	\$	2,671	
Natural Gas		3,286	
Office Supplies		872	
Water and Sewer		2,074	
Other Supplies and Materials		3,772	
Other Charges		2,669	
Building Improvements		268,710	
Motor Vehicles		29,995	
Other Equipment		40,817	
Total Rabies and Animal Control			\$ 647,994

Ambulance/Emergency Medical Services

Other Contracted Services	\$	203,663	
Total Ambulance/Emergency Medical Services			203,663

Other Local Health Services

Other Supplies and Materials	\$	299	
Total Other Local Health Services			299

General Welfare Assistance

Contributions	\$	12,000	
Other Charges		2,000	
Total General Welfare Assistance			14,000

Other Local Welfare Services

Pauper Burials	\$	4,800	
Total Other Local Welfare Services			4,800

Other Public Health and Welfare

Other Salaries and Wages	\$	13,978	
Social Security		867	
Unemployment Compensation		73	
Employer Medicare		203	
Travel		959	
Other Supplies and Materials		18,426	
Total Other Public Health and Welfare			34,506

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

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

Libraries

Contributions	\$	65,000	
Total Libraries			65,000

(Continued)



## Exhibit J-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Parks and Fair Boards

Contributions	\$ 27,311	
Total Parks and Fair Boards		\$ 27,311

Agriculture and Natural ResourcesAgricultural Extension Service

Other Salaries and Wages	\$ 59,587	
Other Fringe Benefits	25,597	
Communication	1,528	
Contributions	670	
Maintenance Agreements	791	
Travel	1,764	
Electricity	2,120	
Utilities	1,239	
Water and Sewer	447	
Office Equipment	1,838	
Total Agricultural Extension Service		95,581

Flood Control

Other Supplies and Materials	\$ 561	
Total Flood Control		561

Other Agriculture and Natural Resources

Contracts with Government Agencies	\$ 19,950	
Contributions	1,000	
Total Other Agriculture and Natural Resources		20,950

Other OperationsTourism

Contributions	\$ 124,062	
Other Contracted Services	20,000	
Total Tourism		144,062

Housing and Urban Development

Other Supplies and Materials	\$ 485,052	
Other Charges	1,050	
Total Housing and Urban Development		486,102

Other Economic and Community Development

Contributions	\$ 121,145	
Total Other Economic and Community Development		121,145

Veterans' Services

Supervisor/Director	\$ 31,050	
Social Security	1,925	
Pensions	4,639	
Life Insurance	36	
Unemployment Compensation	80	

(Continued)

## Exhibit J-7

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

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

Employer Medicare	\$	450	
Postal Charges		17	
Rentals		904	
Travel		405	
Other Contracted Services		399	
Office Supplies		357	
Office Equipment		200	
Total Veterans' Services			\$ 40,462

Contributions to Other Agencies

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

Miscellaneous

Postal Charges	\$	3,798	
Permits		64,640	
Trustee's Commission		207,880	
Other Charges		14,978	
Total Miscellaneous			291,296

HighwaysLitter and Trash Collection

Guards	\$	21,366	
In-service Training		562	
Social Security		117	
Pensions		282	
Life Insurance		14	
Medical Insurance		235	
Employer Medicare		104	
Maintenance and Repair Services - Equipment		91	
Travel		1,085	
Instructional Supplies and Materials		10,697	
Other Supplies and Materials		3,128	
Liability Insurance		500	
Workers' Compensation Insurance		500	
Other Charges		3,609	
Total Litter and Trash Collection			42,290

Total General Fund \$ 16,518,728

Courthouse and Jail Maintenance FundGeneral GovernmentCounty Buildings

Architects	\$	4,845	
Total County Buildings			\$ 4,845

(Continued)

## Exhibit J-7

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

Courthouse and Jail Maintenance Fund (Cont.)Other OperationsMiscellaneous

Trustee's Commission	\$ 88	
Total Miscellaneous		\$ 88

Total Courthouse and Jail Maintenance Fund \$ 4,933

Solid Waste/Sanitation FundPublic Health and WelfareConvenience Centers

Laborers	\$ 33,706	
Social Security	2,090	
Pensions	3,613	
Life Insurance	36	
Medical Insurance	8,031	
Dental Insurance	235	
Unemployment Compensation	159	
Employer Medicare	489	
Communication	598	
Rentals	550	
Utilities	1,224	
Other Charges	210	
Total Convenience Centers		\$ 50,941

Recycling Center

Laborers	\$ 23,390	
Social Security	1,400	
Pensions	3,494	
Life Insurance	36	
Medical Insurance	7,228	
Dental Insurance	235	
Unemployment Compensation	70	
Employer Medicare	327	
Communication	738	
Maintenance and Repair Services - Buildings	831	
Maintenance and Repair Services - Equipment	8,223	
Rentals	550	
Gasoline	198	
Propane Gas	1,408	
Utilities	4,075	
Other Charges	1,070	
Total Recycling Center		53,273

Landfill Operation and Maintenance

Supervisor/Director	\$ 47,801
Laborers	150,106
Social Security	11,934
Pensions	29,457
Life Insurance	249

(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	\$	50,794	
Dental Insurance		1,627	
Unemployment Compensation		619	
Employer Medicare		2,791	
Communication		2,146	
Evaluation and Testing		21,873	
Maintenance and Repair Services - Buildings		8,423	
Maintenance and Repair Services - Equipment		38,809	
Postal Charges		646	
Rentals		1,843	
Travel		2,131	
Disposal Fees		311,389	
Crushed Stone		5,048	
Diesel Fuel		26,751	
Garage Supplies		509	
Gasoline		3,768	
Lubricants		3,809	
Office Supplies		3,066	
Uniforms		2,796	
Utilities		3,582	
Liability Insurance		169	
Premiums on Corporate Surety Bonds		111	
Workers' Compensation Insurance		21,864	
Other Charges		12,613	
Solid Waste Equipment		52,400	
Total Landfill Operation and Maintenance			\$ 819,124

Other OperationsMiscellaneous

Trustee's Commission	\$	7,453	
Total Miscellaneous			7,453

Total Solid Waste/Sanitation Fund \$ 930,791

Health Department FundGeneral GovernmentCounty Buildings

Building Improvements	\$	157,666	
Total County Buildings			\$ 157,666

Public Health and WelfareLocal Health Center

Communication	\$	7,836	
Contracts with Government Agencies		47,186	
Maintenance and Repair Services - Buildings		7,957	
Pest Control		240	
Postal Charges		1,254	

(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.)

Other Contracted Services	\$	28,800	
Utilities		29,253	
Other Supplies and Materials		6,199	
Other Charges		3,112	
Total Local Health Center			\$ 131,837

Total Health Department Fund \$ 289,503

Drug Control FundPublic SafetySheriff's Department

In-service Training	\$	1,635	
Confidential Drug Enforcement Payments		27,500	
Travel		2,223	
Animal Food and Supplies		3,044	
Uniforms		450	
Other Supplies and Materials		16,948	
Law Enforcement Equipment		33,004	
Total Sheriff's Department			\$ 84,804

Other OperationsMiscellaneous

Trustee's Commission	\$	413	
Total Miscellaneous			413

Total Drug Control Fund 85,217

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

Electricity	\$	564	
Other Charges		25,302	
Total Parks and Fair Boards			\$ 25,866

Total Sports and Recreation Fund 25,866

Constitutional Officers - Fees FundGeneral GovernmentRegister of Deeds

Bank Charges	\$	608	
Total Register of Deeds			\$ 608

FinanceCounty Clerk's Office

Bank Charges	\$	253	
Total County Clerk's Office			253

(Continued)

## Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)Administration of JusticeChancery Court

Special Commissioner Fees/Special Master Fees	\$ 1,462	
Total Chancery Court		\$ 1,462

Total Constitutional Officers - Fees Fund \$ 2,323

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 85,649	
Assistant(s)	47,850	
Secretary(ies)	75,466	
Maintenance Personnel	20,727	
Social Security	13,047	
Pensions	33,873	
Life Insurance	180	
Medical Insurance	37,440	
Dental Insurance	1,176	
Unemployment Compensation	326	
Employer Medicare	3,053	
Dues and Memberships	3,836	
Maintenance and Repair Services - Office Equipment	180	
Postal Charges	98	
Printing, Stationery, and Forms	95	
Rentals	1,081	
Travel	183	
Other Contracted Services	34,755	
Drugs and Medical Supplies	31	
Office Supplies	2,930	
Other Charges	4,402	
Building Improvements	3,504	
Communication Equipment	1,704	
Office Equipment	2,042	
Total Administration		\$ 373,628

Highway and Bridge Maintenance

Foremen	\$ 110,699
Equipment Operators	32,133
Truck Drivers	259,535
Laborers	405,080
Social Security	48,982
Pensions	113,620
Life Insurance	981
Medical Insurance	233,039
Dental Insurance	6,409
Unemployment Compensation	2,815
Employer Medicare	11,455
Rentals	7

(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 (Cont.)

Asphalt - Hot Mix	\$	147,627	
Asphalt - Liquid		2,868	
Concrete		309	
Crushed Stone		66,667	
General Construction Materials		408	
Other Road Materials		12,524	
Pipe		13,688	
Road Signs		8,155	
Salt		33,087	
Small Tools		2,179	
Uniforms		33,235	
Other Supplies and Materials		4,011	
State Aid Projects		740,564	
Total Highway and Bridge Maintenance			\$ 2,290,077

Operation and Maintenance of Equipment

Mechanic(s)	\$	88,035	
Social Security		5,315	
Pensions		13,152	
Life Insurance		108	
Medical Insurance		23,289	
Dental Insurance		706	
Unemployment Compensation		220	
Employer Medicare		1,243	
Freight Expenses		402	
Maintenance and Repair Services - Equipment		35,680	
Towing Services		600	
Other Contracted Services		2,205	
Diesel Fuel		87,168	
Equipment and Machinery Parts		81,714	
Garage Supplies		9,639	
Gasoline		175,424	
Lubricants		3,370	
Small Tools		860	
Tires and Tubes		16,710	
Other Supplies and Materials		12,151	
Total Operation and Maintenance of Equipment			557,991

Other Charges

Communication	\$	7,434	
Electricity		12,371	
Natural Gas		3,763	
Water and Sewer		3,893	
Premiums on Corporate Surety Bonds		197	
Trustee's Commission		44,611	
Vehicle and Equipment Insurance		23,231	
Other Charges		1,642	
Total Other Charges			97,142

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Employee Benefits

Workers' Compensation Insurance	\$ 68,178	
Total Employee Benefits		\$ 68,178

Capital Outlay

Engineering Services	\$ 79,523	
Bridge Construction	584,557	
Furniture and Fixtures	5,963	
Heating and Air Conditioning Equipment	3,335	
Highway Equipment	519,841	
Motor Vehicles	91,828	
Other Capital Outlay	3,943	
Total Capital Outlay		<u>1,288,990</u>

Total Highway/Public Works Fund \$ 4,676,006

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 875,000	
Total General Government		\$ 875,000

Education

Principal on Notes	\$ 172,389	
Principal on Capital Leases	322,510	
Principal on Other Loans	149,000	
Total Education		643,899

Interest on DebtGeneral Government

Interest on Bonds	\$ 694,431	
Total General Government		694,431

Education

Interest on Notes	\$ 13,832	
Interest on Capital Leases	11,821	
Interest on Other Loans	18,521	
Total Education		44,174

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 41,021	
Other Debt Service	165	
Total General Government		41,186

Education

Other Debt Service	\$ 14,300	
Total Education		<u>14,300</u>

Total General Debt Service Fund 2,312,990

Total Governmental Funds - Primary Government \$ 24,846,357



## 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, 2017

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 13,697,898	
Career Ladder Program	96,500	
Homebound Teachers	50,396	
Educational Assistants	332,267	
Certified Substitute Teachers	79,826	
Non-certified Substitute Teachers	255,084	
Social Security	853,238	
Pensions	1,280,802	
Life Insurance	8,362	
Medical Insurance	1,989,649	
Dental Insurance	83,076	
Unemployment Compensation	31,217	
Employer Medicare	203,809	
Other Fringe Benefits	517,592	
Other Contracted Services	70,423	
Instructional Supplies and Materials	501,827	
Textbooks - Bound	156,106	
Other Supplies and Materials	29,189	
In Service/Staff Development	2,640	
Other Charges	19,762	
Regular Instruction Equipment	22,000	
Total Regular Instruction Program		\$ 20,281,663

Alternative Instruction Program

Teachers	\$ 103,634	
Social Security	6,246	
Pensions	9,362	
Life Insurance	73	
Medical Insurance	12,726	
Dental Insurance	748	
Unemployment Compensation	252	
Employer Medicare	1,461	
Other Supplies and Materials	840	
Total Alternative Instruction Program		135,342

Special Education Program

Teachers	\$ 1,782,150	
Career Ladder Program	10,000	
Homebound Teachers	57,619	
Educational Assistants	367,777	
Speech Pathologist	210,950	
Other Salaries and Wages	16,492	
Social Security	144,098	
Pensions	239,963	
Life Insurance	1,915	
Medical Insurance	441,672	

(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.)

Dental Insurance	\$	18,911	
Unemployment Compensation		7,013	
Employer Medicare		33,701	
Maintenance and Repair Services - Equipment		2,956	
Instructional Supplies and Materials		27,688	
Other Supplies and Materials		12,287	
Other Charges		218	
Special Education Equipment		37,707	
Total Special Education Program			\$ 3,413,117

Career and Technical Education Program

Teachers	\$	973,303	
Career Ladder Program		1,000	
Educational Assistants		22,670	
Social Security		59,878	
Pensions		91,822	
Life Insurance		625	
Medical Insurance		143,136	
Dental Insurance		6,398	
Unemployment Compensation		2,512	
Employer Medicare		14,004	
Instructional Supplies and Materials		64,924	
Textbooks - Bound		9,628	
Other Supplies and Materials		15	
Vocational Instruction Equipment		32,174	
Total Career and Technical Education Program			1,422,089

Support ServicesHealth Services

Supervisor/Director	\$	46,109	
Medical Personnel		246,195	
Other Salaries and Wages		20,098	
Certified Substitute Teachers		14,812	
Social Security		19,815	
Pensions		46,673	
Life Insurance		350	
Medical Insurance		75,803	
Dental Insurance		3,586	
Unemployment Compensation		1,566	
Employer Medicare		4,634	
Travel		6,057	
Drugs and Medical Supplies		10,956	
Other Supplies and Materials		3,769	
In Service/Staff Development		1,268	
Other Charges		3,571	
Total Health Services			505,262

(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	\$	3,000	
Guidance Personnel		660,264	
Guards		26,036	
Social Security		40,561	
Pensions		63,567	
Life Insurance		350	
Medical Insurance		84,038	
Dental Insurance		3,586	
Unemployment Compensation		1,524	
Employer Medicare		9,486	
Contracts with Government Agencies		301,630	
Evaluation and Testing		14,615	
Total Other Student Support			\$ 1,208,657

Regular Instruction Program

Supervisor/Director	\$	260,175	
Career Ladder Program		8,000	
Librarians		557,353	
Other Salaries and Wages		96,307	
Social Security		54,615	
Pensions		85,017	
Life Insurance		458	
Medical Insurance		112,818	
Dental Insurance		4,686	
Unemployment Compensation		1,201	
Employer Medicare		12,772	
Maintenance and Repair Services - Equipment		35,663	
Travel		14,456	
Other Contracted Services		15,041	
Library Books/Media		108,000	
Other Supplies and Materials		35,245	
In Service/Staff Development		124,173	
Other Charges		11,155	
Total Regular Instruction Program			1,537,135

Alternative Instruction Program

Supervisor/Director	\$	55,656	
Career Ladder Program		1,000	
Secretary(ies)		14,291	
Other Salaries and Wages		20,038	
Social Security		5,589	
Pensions		7,257	
Life Insurance		50	
Medical Insurance		11,585	
Dental Insurance		516	
Unemployment Compensation		213	

(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.)

Employer Medicare	\$	1,307	
Other Charges		73	
Total Alternative Instruction Program			\$ 117,575

Special Education Program

Supervisor/Director	\$	72,813	
Career Ladder Program		1,000	
Psychological Personnel		43,663	
Assessment Personnel		51,438	
Clerical Personnel		28,387	
Social Security		12,034	
Pensions		19,511	
Life Insurance		101	
Medical Insurance		25,106	
Dental Insurance		1,032	
Unemployment Compensation		224	
Employer Medicare		2,814	
Maintenance and Repair Services - Equipment		2,689	
Travel		28,111	
Other Contracted Services		84,797	
Other Supplies and Materials		11,312	
In Service/Staff Development		17,218	
Other Charges		40,108	
Other Equipment		6,383	
Total Special Education Program			448,741

Career and Technical Education Program

Supervisor/Director	\$	66,110	
Career Ladder Program		1,000	
Secretary(ies)		28,053	
Social Security		6,034	
Pensions		10,782	
Life Insurance		50	
Medical Insurance		11,978	
Dental Insurance		516	
Unemployment Compensation		112	
Employer Medicare		1,411	
Maintenance and Repair Services - Equipment		2,810	
Travel		14,589	
Other Charges		24,558	
Total Career and Technical Education Program			168,003

Other Programs

On-behalf Payments to OPEB	\$	394,160	
Total Other Programs			394,160

(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.)Board of Education

Board and Committee Members Fees	\$	9,900	
Social Security		614	
Pensions		717	
Employer Medicare		144	
Audit Services		16,500	
Dues and Memberships		11,591	
Legal Services		19,487	
Travel		10,316	
Liability Insurance		309,139	
Trustee's Commission		249,836	
Workers' Compensation Insurance		220,347	
In Service/Staff Development		4,785	
Other Charges		4,624	
Total Board of Education			\$ 858,000

Director of Schools

County Official/Administrative Officer	\$	91,993	
Secretary(ies)		104,857	
Clerical Personnel		37,948	
Social Security		13,829	
Pensions		29,576	
Life Insurance		151	
Medical Insurance		36,326	
Dental Insurance		1,548	
Unemployment Compensation		336	
Employer Medicare		3,310	
Communication		56,211	
Dues and Memberships		4,010	
Maintenance and Repair Services - Equipment		156	
Postal Charges		1,714	
Travel		11,893	
Other Contracted Services		17,581	
Office Supplies		4,897	
Other Supplies and Materials		45	
In Service/Staff Development		1,075	
Other Charges		3,216	
Administration Equipment		1,214	
Total Director of Schools			421,886

Office of the Principal

Principals	\$	863,911	
Career Ladder Program		13,000	
Assistant Principals		107,367	
Secretary(ies)		237,112	
Clerical Personnel		99,576	
Educational Assistants		6,896	

(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.)

Other Salaries and Wages	\$	567,277	
Social Security		110,871	
Pensions		186,175	
Life Insurance		1,210	
Medical Insurance		296,029	
Dental Insurance		12,384	
Unemployment Compensation		2,990	
Employer Medicare		26,030	
Other Contracted Services		5,259	
Office Supplies		764	
Total Office of the Principal			\$ 2,536,851

Fiscal Services

Other Contracted Services	\$	141,182	
Total Fiscal Services			141,182

Operation of Plant

Custodial Personnel	\$	771,265	
Social Security		46,246	
Pensions		72,530	
Life Insurance		776	
Medical Insurance		176,526	
Dental Insurance		7,946	
Unemployment Compensation		4,012	
Employer Medicare		10,820	
Maintenance and Repair Services - Equipment		22	
Rentals		9,250	
Disposal Fees		15,102	
Other Contracted Services		58,780	
Custodial Supplies		105,512	
Electricity		1,064,356	
Natural Gas		177,744	
Water and Sewer		77,189	
Total Operation of Plant			2,598,076

Maintenance of Plant

Supervisor/Director	\$	48,641	
Secretary(ies)		25,935	
Maintenance Personnel		240,707	
Social Security		19,262	
Pensions		45,740	
Life Insurance		270	
Medical Insurance		59,659	
Dental Insurance		2,761	
Unemployment Compensation		936	
Employer Medicare		4,505	

(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.)

Laundry Service	\$	3,855	
Maintenance and Repair Services - Buildings		60,482	
Maintenance and Repair Services - Equipment		77,779	
Disposal Fees		690	
Other Contracted Services		115,852	
General Construction Materials		11,515	
Other Supplies and Materials		4,593	
Other Charges		2,779	
Total Maintenance of Plant			\$ 725,961

Transportation

Supervisor/Director	\$	43,466	
Mechanic(s)		102,333	
Bus Drivers		590,180	
Clerical Personnel		51,662	
Attendants		33,292	
Social Security		48,530	
Pensions		113,089	
Life Insurance		1,500	
Medical Insurance		315,723	
Dental Insurance		15,201	
Unemployment Compensation		3,934	
Employer Medicare		11,485	
Contracts with Parents		13,299	
Laundry Service		3,468	
Medical and Dental Services		1,000	
Travel		487	
Permits		118	
Other Contracted Services		10,328	
Diesel Fuel		162,359	
Gasoline		37,269	
Lubricants		263	
Tires and Tubes		40,461	
Vehicle Parts		86,722	
Other Supplies and Materials		18,452	
Other Charges		8,438	
Transportation Equipment		420,877	
Total Transportation			2,133,936

Central and Other

Data Processing Personnel	\$	202,536	
Social Security		11,914	
Pensions		30,259	
Life Insurance		126	
Medical Insurance		30,619	
Dental Insurance		1,290	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Central and Other (Cont.)

Unemployment Compensation	\$	458	
Employer Medicare		2,786	
Maintenance and Repair Services - Equipment		9,982	
Other Contracted Services		15,047	
Data Processing Supplies		1,145	
Office Supplies		480	
Other Supplies and Materials		25,961	
Regular Instruction Equipment		34,940	
Total Central and Other			\$ 367,543

Operation of Non-instructional ServicesCommunity Services

Supervisor/Director	\$	56,013	
Part-time Personnel		511,683	
Other Salaries and Wages		71,298	
Social Security		39,132	
Pensions		41,008	
Life Insurance		22	
Medical Insurance		6,682	
Dental Insurance		229	
Unemployment Compensation		2,683	
Employer Medicare		9,152	
Travel		2,197	
Other Contracted Services		7,030	
Food Supplies		60,134	
Instructional Supplies and Materials		1,744	
In Service/Staff Development		4,993	
Other Charges		17,266	
Food Service Equipment		1,411	
Total Community Services			832,677

Early Childhood Education

Supervisor/Director	\$	38,605	
Teachers		117,747	
Clerical Personnel		8,238	
Educational Assistants		37,115	
Other Salaries and Wages		280	
Certified Substitute Teachers		3,552	
Social Security		11,969	
Pensions		15,888	
Life Insurance		208	
Medical Insurance		36,394	
Dental Insurance		1,496	
Unemployment Compensation		439	
Employer Medicare		2,799	
Communication		263	

(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.)

Operating Lease Payments	\$	3,000	
Travel		911	
Instructional Supplies and Materials		11,474	
In Service/Staff Development		764	
Other Charges		857	
Regular Instruction Equipment		8,526	
Total Early Childhood Education			\$ 300,525

Capital OutlayRegular Capital Outlay

Architects	\$	148,864	
Building Construction		6,716	
Building Improvements		3,209,157	
Other Capital Outlay		95,455	
Total Regular Capital Outlay			3,460,192

Other Debt ServiceEducation

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

Total General Purpose School Fund \$ 44,342,904

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	781,764	
Educational Assistants		188,618	
Other Salaries and Wages		70,860	
Certified Substitute Teachers		3,262	
Non-certified Substitute Teachers		3,262	
Social Security		58,672	
Pensions		77,371	
Life Insurance		529	
Medical Insurance		127,283	
Dental Insurance		5,418	
Unemployment Compensation		2,549	
Employer Medicare		14,619	
Instructional Supplies and Materials		103,895	
Other Supplies and Materials		56	
Regular Instruction Equipment		166,525	
Total Regular Instruction Program			\$ 1,604,683

Special Education Program

Teachers	\$	114,016	
Educational Assistants		503,947	

(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.)

Social Security	\$	36,027	
Pensions		81,732	
Life Insurance		1,172	
Medical Insurance		231,483	
Dental Insurance		11,455	
Unemployment Compensation		3,266	
Employer Medicare		8,427	
Instructional Supplies and Materials		4,028	
Other Supplies and Materials		729	
Special Education Equipment		5,952	
Total Special Education Program			\$ 1,002,234

Career and Technical Education Program

Instructional Supplies and Materials	\$	9,631	
Other Supplies and Materials		2,000	
Vocational Instruction Equipment		85,705	
Total Career and Technical Education Program			97,336

Support ServicesOther Student Support

Other Salaries and Wages	\$	9,442	
Employer Medicare		137	
Evaluation and Testing		122,361	
Travel		19,295	
Other Supplies and Materials		33,730	
In Service/Staff Development		5,843	
Other Charges		5,498	
Total Other Student Support			196,306

Regular Instruction Program

Supervisor/Director	\$	53,914	
Secretary(ies)		25,349	
Other Salaries and Wages		173,219	
Social Security		14,876	
Pensions		25,430	
Life Insurance		131	
Medical Insurance		32,603	
Dental Insurance		1,342	
Unemployment Compensation		483	
Employer Medicare		3,479	
Communication		865	
Maintenance and Repair Services - Equipment		4,694	
Travel		7,976	
Other Supplies and Materials		13,436	
In Service/Staff Development		83,448	
Other Equipment		9,392	
Total Regular Instruction Program			450,637

(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	\$	265,594	
Social Security		16,296	
Pensions		28,181	
Life Insurance		165	
Medical Insurance		38,300	
Dental Insurance		1,688	
Unemployment Compensation		379	
Employer Medicare		3,812	
Travel		6,018	
Other Contracted Services		105,471	
Other Supplies and Materials		4,682	
In Service/Staff Development		3,080	
Total Special Education Program			\$ 473,666

Career and Technical Education Program

Travel	\$	1,000	
Total Career and Technical Education Program			1,000

Transportation

Bus Drivers	\$	18,186	
Other Salaries and Wages		20,957	
Social Security		2,393	
Pensions		2,717	
Life Insurance		45	
Medical Insurance		10,104	
Dental Insurance		464	
Unemployment Compensation		268	
Employer Medicare		560	
Total Transportation			55,694

Total School Federal Projects Fund \$ 3,881,556

Central Cafeteria FundOperation of Non-instructional ServicesFood Service

Supervisor/Director	\$	43,325	
Clerical Personnel		26,466	
Cafeteria Personnel		801,095	
Other Salaries and Wages		22,657	
Social Security		54,386	
Pensions		92,062	
Life Insurance		1,084	
Medical Insurance		230,920	
Dental Insurance		11,094	
Unemployment Compensation		1,738	
Employer Medicare		12,720	

(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.)

Communication	\$	3,767	
Dues and Memberships		272	
Maintenance and Repair Services - Buildings		73	
Maintenance and Repair Services - Equipment		30,137	
Travel		5,452	
Other Contracted Services		63,248	
Food Preparation Supplies		90,532	
Food Supplies		1,177,822	
Office Supplies		1,161	
Uniforms		7,700	
USDA - Commodities		267,625	
Other Supplies and Materials		15,157	
In Service/Staff Development		2,791	
Other Charges		976	
Food Service Equipment		200,642	
Total Food Service			\$ 3,164,902

Total Central Cafeteria Fund \$ 3,164,902

Other Education Special Revenue FundSupport ServicesOperation of Plant

Custodial Personnel	\$	1,236	
Social Security		77	
Unemployment Compensation		10	
Employer Medicare		18	
Total Operation of Plant			\$ 1,341

Operation of Non-instructional ServicesEarly Childhood Education

Supervisor/Director	\$	57,765	
Teachers		295,691	
Clerical Personnel		31,425	
Educational Assistants		102,776	
Other Salaries and Wages		132,522	
Non-certified Substitute Teachers		6,282	
Social Security		43,581	
Pensions		66,482	
Life Insurance		498	
Medical Insurance		117,211	
Dental Insurance		5,096	
Unemployment Compensation		1,235	
Employer Medicare		8,429	
Operating Lease Payments		9,628	
Travel		11,679	
Food Supplies		77,593	

(Continued)

Exhibit J-8

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

Other Education Special Revenue Fund (Cont.)  
Operation of Non-instructional Services (Cont.)  
Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$	52,648	
In Service/Staff Development		7,432	
Other Charges		<u>39,842</u>	
Total Early Childhood Education			<u>\$ 1,067,815</u>
Total Other Education Special Revenue Fund			<u>\$ 1,069,156</u>
Total Governmental Funds - Carter County School Department			<u><u>\$ 52,458,518</u></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, 2017

	Cities - Sales Tax Fund	City School ADA - Elizabethton Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 3,019,876	\$ 3,019,876
Trustee's Collections - Prior Years	0	110,194	110,194
Circuit/Clerk and Master Collections - Prior Years	0	39,534	39,534
Interest and Penalty	0	30,201	30,201
Payments in-Lieu-of Taxes - Local Utilities	0	61,742	61,742
Payments in-Lieu-of Taxes - Other	0	245	245
Local Option Sales Tax	4,938,294	2,071,510	7,009,804
Mixed Drink Tax	0	952	952
Bank Excise Tax	0	7,841	7,841
Interstate Telecommunications Tax	0	1,436	1,436
Marriage Licenses	0	510	510
Donations	0	62	62
Total Cash Receipts	<u>\$ 4,938,294</u>	<u>\$ 5,344,103</u>	<u>\$ 10,282,397</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,888,911	\$ 5,266,016	\$ 10,154,927
Trustee's Commission	49,383	85,215	134,598
Total Cash Disbursements	<u>\$ 4,938,294</u>	<u>\$ 5,351,231</u>	<u>\$ 10,289,525</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (7,128)	\$ (7,128)
Cash Balance, July 1, 2016	0	260,446	260,446
Cash Balance, June 30, 2017	<u>\$ 0</u>	<u>\$ 253,318</u>	<u>\$ 253,318</u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**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, 2017, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements, and have issued our report thereon dated February 23, 2018.

**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 one deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2017-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2017-002, 2017-003, 2017-004, 2017-006, and 2017-007.

## **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: 2017-005 and 2017-008.

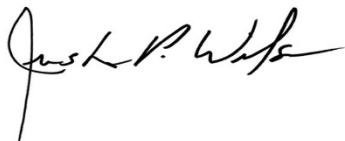
## **Carter County's Responses to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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

February 23, 2018

JPW/sb



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance and 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, 2017. 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, 2017.

### **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.

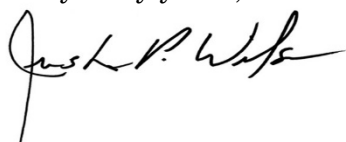
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2017, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements. We issued our report thereon dated February 23, 2018, 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

February 23, 2018

JPW/sb

Carter County, Tennessee, and the Carter County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year-Ended June 30, 2017

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	\$ 21,407
Passed-through State Department of Education:			
Child Nutrition Cluster: (7)			
School Breakfast Program	10.553	N/A	674,988
National School Lunch Program	10.555	N/A	1,845,953 (4)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (7)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	267,625 (4)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-17-50681-00	65,347 (5)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	170,122
Total U.S. Department of Agriculture			<u>\$ 3,045,442</u>
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 219,333 (6)
Total U.S. Department of Military			<u>\$ 219,333</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-12-05	\$ 485,052
Total U.S. Department of Housing and Urban Development			<u>\$ 485,052</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 95,156
Total U.S. Department of the Interior			<u>\$ 95,156</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	(3)	\$ 7,291
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	49345	1,845
Total U.S. Department of Justice			<u>\$ 9,136</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-17-TH5118	\$ 4,885
Total U.S. Department of Transportation			<u>\$ 4,885</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,901,829
Special Education Cluster: (7)			
Special Education - Grants to States	84.027	N/A	1,477,091
Special Education - Preschool Grants	84.173	N/A	79,922
Career and Technical Education- Basic Grants to States	84.048	N/A	123,474
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	64,219
Twenty-first Century Community Learning Centers	84.287	N/A	215,191
Improving Teacher Quality State Grants	84.367	N/A	316,073
Total U.S. Department of Education			<u>\$ 4,177,799</u>

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-17-50681-00	\$ 3,708 (5)
Family Planning Services	93.217	GG-17-50681-00	8,719 (5)
National State Based Tobacco Control Programs	93.305	GG-17-50681-00	8,074 (5)
Child Care and Development Block Grant	93.575	(3)	5,000
Medical Assistance Program	93.778	GG-17-50681-00	82,863 (5)
HIV Prevention Activities - Health Department Based	93.940	GG-17-50681-00	817 (5)
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-17-50681-00	714 (5)
Maternal and Child Health Services Block Grant to States	93.994	GG-17-50681-00	18,181 (5)
Total U.S. Department of Health and Human Services			<u>\$ 128,076</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-07417	\$ 41,500
Pre-Disaster Mitigation	97.047	PDMC-PL-TN-2015-002	11,475
Total U.S. Department of Homeland Security			<u>\$ 52,975</u>
Total Expenditures of Federal Grants			<u>\$ 8,217,854</u>

		Contract Number	
<u>State Grants</u>			
State Supplement Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	39494	\$ 9,000
Tourism Enhancement Grant - State Department of Economic and Community Development	N/A	33007-99817	20,000
ConnectTN - State Department of Education	N/A	(3)	14,144
Coordinated School Health - State Department of Education	N/A	(3)	138,971
Driver's Education - State Department of Education	N/A	(3)	12,851
Early Childhood Education Pilot Project - State Department of Education	N/A	(3)	300,479
Family Resource Center - State Department of Education	N/A	(3)	39,274
Lottery for Education: After School Programs - State Department of Education	N/A	119-14-01-008	411,678
Safe Schools Act - State Department of Education	N/A	(3)	31,400
Waste Tire Grant - State Department of Environment and Conservation	N/A	(3)	22,061
Health Department Program - State Department of Health		GG-17-50681-00	204,359 (5)
Tobacco Funds - State Department of Health	N/A	SNF-TS-FY16	34,514
Law Enforcement Training Program - State Department of Safety	N/A	(3)	32,400
Bridge Program - State Department of Transportation	N/A	10455-3406-04	657,824
Litter Program - State Department of Transportation	N/A	Z-17-LIT010	40,992
State Aid Program - State Department of Transportation	N/A	(8)	718,622
Total State Grants			<u>\$ 2,688,569</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 \$2,113,578.
- (5) Multi-service contract.
- (6) During the year ended June 30, 2017, Carter County received excess military equipment from the U.S. Department of Military valued at \$219,333.
- (7) Child Nutrition Cluster total \$2,788,566; Special Education Cluster total \$1,557,013.
- (8) Contract number 1012-2-1F: \$318,079; 1015-3-1F: \$256,025; and 1035-2-1F: \$144,518.

Carter County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2017

*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 not. 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, 2017.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICE OF COUNTY MAYOR**

2016	202	2016-001	The Elizabethton-Carter County Animal Shelter is Currently Under Review for Alleged Discrepancies in Operations	N/A	Not Corrected - See Explanation on Corrective Plan
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**OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, HIGHWAY SUPERINTENDENT, AND FINANCE DIRECTOR**

2016	203	2016-002	The Accounting Records for Various Funds had not been Properly Maintained	N/A	Part A., F, and G. Corrected  Part B., C., D., E., H., and I. Not Corrected - See Explanation on Corrective Action Plan
2016	207	2016-003	The County had Deficiencies in Budget Operations	N/A	Not Corrected - See Explanation on Corrective Plan
2016	208	2016-004	Other Postemployment Benefits Disclosures were not Available on a Timely Basis	N/A	Corrected

**OFFICE OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR**

2016	209	2016-005	The Other Education Special Revenue Fund had a Deficit in Unassigned Fund Balance	N/A	Corrected
2016	209	2016-006	Amounts Withheld from Contractor Payments were not Deposited into an Escrow Account	N/A	Corrected

(Continued)

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

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u></b>					
2016	210	2016-007	The Office did not Prepare Adequate Trial Balances of the Execution Dockets	N/A	Not Corrected - See Explanation on Corrective Plan
2016	211	2016-008	The Court Software did not Generate a Report of Outside Direct Payments	N/A	Not Corrected - See Explanation on Corrective Plan
2016	211	2016-009	The Office did not Review its Software Audit Logs	N/A	Corrected
<b><u>OFFICE OF PROPERTY ASSESSOR</u></b>					
2016	212	206-010	New Owners of Use Value Properties were not Required to File a New Application for Agricultural Property, Forest Property, or Designated Open Space Usage	N/A	Corrected

***Prior-year Federal Award Findings***

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



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**CARTER COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

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**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: 84.010      Title I Grants to Local Education Agencies
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, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

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

#### **FINDING 2017-001**

#### **THE ACCOUNTING RECORDS FOR VARIOUS FUNDS HAD NOT BEEN MAINTAINED PROPERLY**

(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. Many of these issues have been reported in the previous two audit reports. Management has provided written responses and corrective action plans to address these weaknesses; however, these weaknesses continue to exist.

- A. Accounting records were not maintained on a current basis for all funds of the primary government and the School Department (except for the Central Cafeteria Fund). All revenue entries reflected in the trustee's reports had not been posted to the accounting records for the months of July 2016 through May 2017, until August 31, 2017. A subsequent review for the 2017-18 fiscal year, disclosed monthly trustee reports' revenues for September and October 2017, were not posted until January 2018, and trustee reports' revenues for November and December 2017, had not been posted as of January 24, 2018. These revenue entries had not been prepared and keyed, nor had they been approved and posted into the accounting application timely. Since these entries had not been posted, the accounting records could not be closed; therefore, accurate monthly financial reports could not be presented to the county commission to be used as a tool for financial decisions.
- B. Several general ledger payroll liability accounts were not reconciled adequately with subsidiary payroll records, monthly billings, and payments made from the various county and School Department funds. While personnel attempted reconciliations of certain payroll liability accounts, no adjusting entries were prepared or posted during the current year to correct identified reconciling items. 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 \$27,078 to a positive \$586,080. A total of 12 accounts had deficit (negative) balances.

- C. The employee health insurance bank clearing account had not been reconciled adequately 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 School Department contributions for employee health insurance premiums, which are then withdrawn from the account by the state insurance program administrator. While personnel attempted reconciliations of the employee health insurance bank clearing account with the general ledger cash account, no adjusting entries were prepared or posted during the current year to correct identified reconciling items. At June 30, 2017, the employee health insurance bank clearing account had a balance of \$1,084,154 of which \$1,012,646 represented amounts due the state insurance program administrator for unbilled health insurance premiums. The remaining \$71,508 (\$1,084,154 minus \$1,012,646) was unidentified. In addition, the general ledger cash account for the clearing account reflected a balance of \$969,560 at June 30, 2017. The difference between the bank balance in the clearing account and the general ledger balance of \$114,594 (\$1,084,154 minus \$969,560) was unidentified.
- D. Balances reflected in numerous balance sheet accounts assigned to the various federal grant programs in the School Federal Projects Fund were not maintained adequately and reconciled with beginning and ending balances for each program. As a result, restricted fund equity balances were reported for 12 separate restricted fund equity accounts ranging from a negative \$341,683 to a positive \$317,938 even though there were only 11 active federal grant programs for the current fiscal year.
- E. The accounts payable balances in the county's General and Highway/Public Works funds were not reconciled at June 30, 2017. As a result, various reconciling items totaling \$5,833 and \$21,381 included in the per record balances of \$713,738 and \$240,718, respectively, had not been identified. These reconciling items were the result of posting errors. We have corrected these reconciling items in the financial statements of this report.
- F. The accounts payable general ledger account in the Other Education Special Revenue Fund was not reconciled at June 30, 2017. Entries totaling \$15,119 for current-year expenditures made in January 2017 and February 2017, were not posted correctly by management. Additionally, an adjusting entry for the correction of prior-year identified amounts totaling \$31,165 was posted without management verifying the need to post the adjustment. We have corrected these posting errors in the financial statements of this report.
- G. Interfund receivable and payable account balances in various county and School Department funds were not reconciled as of June 30, 2017. As a result, a net difference of \$145,966 existed between the various interfund receivables (\$222,631) and payables (\$76,665) in the county funds. Likewise, a net difference of \$11,727 existed between the various interfund receivables (\$113,777) and payables (\$122,504) in the School Department funds.

These differences were the result of posting errors related to the receipt of prior-year amounts, the reimbursement of expenditures between the various funds, the classification of current-year amounts, and the correction of federal revenues posted to the wrong funds. 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	Solid Waste/Sanitation	\$ 2,086
"	Health Department	33,656
"	Drug Control	4,575
"	Consitutional Officers - Fees	8,226
Highway Public Works	General	15,457
"	Solid Waste/Sanitation	2,635
Health Department	General	36,851

Due to/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Purpose School	School Federal Projects	\$ 68,865
School Federal Projects	General Purpose School	47,447

Sound business practices dictate that financial records should be reviewed for accuracy and completeness, and all general ledger accounts should be reconciled monthly. 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 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 prior-year audit reports.

### RECOMMENDATION

All receivables, payroll deductions, general ledger payroll liability accounts, and the employee health insurance bank clearing accounts should be reconciled accurately monthly with subsidiary records, monthly billings, receipts, and payments. The offices 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 the financial statements for accuracy and completeness and provide the county commission with accurate financial reports each month.

## MANAGEMENT’S RESPONSE – FINANCE DIRECTOR

We concur with this finding. All entries are up to date and changes have been made within the Finance Department to ensure records are kept in a timely manner.

## MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We agree that the health insurance bank clearing account has not been reconciled adequately with the general ledger payroll liability accounts. A more diligent approach to the reconciliation will be implemented, along with a process to make adjusting entries in a timely manner.

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### FINDING 2017-002

### **THE COUNTY HAD DEFICIENCIES IN BUDGET OPERATIONS**

(Internal Control – Significant Deficiency 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. Four budget amendments approved by the county commission were not posted to the accounting system. Included are three amendments to the School Federal Projects Fund and one amendment to the Central Cafeteria Fund. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized the amendments approved by the county commission in the financial statements of this report.
- B. Budget amounts for the Title I Grants to Local Education Agencies program and Special Education – Grants to States Discretionary program in the School Federal Projects Fund did not agree with the state-approved budget reported in E-plan. The recorded budget varied by as much as \$6,901 from the amounts reflected in E-plan. We have reflected the recorded budgets for the Title I Grants to Local Education Agencies and Special Education – Grants to States Discretionary program in the financial statements of this report pending management’s review.
- C. The budget for the Rehabilitation Services – Vocational Rehabilitation Grants to States program totaling \$100,602 was not posted to the School Federal Projects Fund. We have recognized the budget for the Rehabilitation Services – Vocational Rehabilitation Grants to States program in the financial statements of this report.

## RECOMMENDATION

Budget amendments should be posted accurately to the accounting records after approval by the county commission. The approved program budget should be posted by management to be used as a management tool to properly track expenditures and appropriations.

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We agree the process for posting budget amendments needs improvement and has been addressed appropriately. We are now posting budget amendments within a week of approval. The manner in which amendments are filed has also been updated.

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## FINDING 2017-003

### **THE FINANCE DEPARTMENT HAD DEFICIENCIES IN THE MAINTENANCE OF CAPITAL ASSET RECORDS**

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

The Finance Department maintains capital asset records for both the county and the School Department in accordance with county policies. Our examination revealed that donations and purchases of land and various other capital assets valued at \$1,205,724 were not recognized in the capital asset records. This deficiency resulted in capital assets and current-year depreciation expense being understated by \$1,205,724 and \$34,861, respectively. Generally accepted accounting principles require accountability for all assets owned by the county, such as equipment, vehicles, buildings, and infrastructure. These deficiencies can be attributed to a lack of management oversight. We provided management with audit adjustments, which they accepted to properly present capital assets in the financial statements of this report. Without accurate capital assets records, the county cannot adequately control its assets.

## RECOMMENDATION

The Finance Department should maintain accurate capital assets records for all county and School Department owned assets as required by generally accepted accounting principles.

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We agree there were deficiencies in the maintenance of capital assets records. The process of tracking capital assets has been changed so that records will not be missed.

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## **OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR**

### **FINDING 2017-004**

#### **THE SCHOOL AND FINANCE DEPARTMENTS HAD DEFICIENCIES IN THE ADMINISTRATION OF THE REHABILITATION SERVICES VOCATIONAL REHABILITATION GRANTS TO STATES - SCHOOL TO WORK GRANT**

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

The School Department was awarded a federal Rehabilitation Services Vocational Rehabilitation Grants to States – School work Grant for the fiscal year ended June 30, 2017. This grant provides funds to support programs, which provide coaching services for students in selected grades. Grant funds are used to pay salary expenses for coaches and related travel. The grant operates on a reimbursement basis for the federally-funded portion of the grant, with a local match of 21.5 percent for the Maintenance of Effort portion. Total expenditures for the program during the fiscal year ended June 30, 2017, were \$81,600. A review of the program revealed the following deficiencies:

- A. Expenditure amounts claimed for reimbursement were incorrect. Instead of using month-end financial reports to prepare claims for reimbursement, reports generated at mid-month were used. Due to this oversight, total expenditures claimed were less than actual expenditures for the grant. Of the total \$64,219 federal portion of grant expenditures, only \$45,467 was claimed for reimbursement. We advised management to contact the state and find out if they can file an amended reimbursement for the unclaimed portion of applicable expenditures. A receivable recognizing the \$18,752 (\$64,219 minus \$45,467) unclaimed federal portion of grant expenditures has been recognized in the financial statements of this report.
- B. Since incorrect financial reports were used to prepare claims for reimbursement for the federal portion of the grant, the locally funded Maintenance of Effort was also calculated incorrectly. Total Maintenance of Effort claimed on reimbursement requests was less than actual. Of the total \$17,381 local portion of the grant, only \$12,306 was claimed. Additionally, since this grant was accounted for in the School Federal Projects Fund, which is used to account for restricted federal revenues and must be expended on specific programs, there was a cash deficit for this grant due to the recognition of expenditures related to the Maintenance of Effort funded with local funds. A receivable from the General Purpose School Fund recognizing the \$17,381 of the local funded portion of the grant has been recognized in the financial statements of this report. The cash deficit will be liquidated with the receipt of money from the General Purpose School Fund.

These deficiencies can be attributed to a lack of management oversight and a lack of internal controls over the reporting process for the grant.

## RECOMMENDATION

Officials should report all program expenditures properly when submitting requests for reimbursement.

## MANAGEMENT'S RESPONSE –FINANCE DIRECTOR

We agree there were inaccuracies in the grant reimbursement requests of the School to Work grant. The School Department bookkeeper responsible for those reimbursements has had additional training and was given access to pull expenditure reports.

---

## OFFICES OF FINANCE DIRECTOR AND SHERIFF

### FINDING 2017-005

### **TRAVEL ADVANCES WERE NOT MADE IN COMPLIANCE WITH COUNTY POLICIES**

(Noncompliance Under *Government Auditing Standards*)

Carter County's policy and procedures manual provides for travel advances in certain situations. The policy states that "travel advances are discouraged and should only be made in the case of using checks to pay for lodging in instances where credit cards use is not feasible." The policy defines certain limitations on travel advances including "hardship cases or cases where an employee will be away from the county for five or more days," "travel advances should not be issued for less than \$100," and "each county official/employee receiving a cash advance must sign a Payroll Form authorizing the county to recover the advance from any salary owed the county official/employee in the event of termination of employment or failure to submit a claim form."

During our review of the county's purchasing procedures and from our review of accounting records, we noted the issuance of 83 travel advances paid to employees of the Sheriff's Department. The General Fund made 69 advances totaling \$7,080, and 14 advances were made from the Drug Control Fund totaling \$2,520. We noted the following deficiencies:

- 1) In all 83 instances from the General Fund, a claim form was not submitted to account for the advance.
- 2) We noted instances where multiple travel advances were issued to employees; one of these employees was issued 13 travel advances without submitting a travel claim form. County travel policy states that all outstanding travel reimbursements must be resolved prior to the approval of any future requests.
- 3) We noted 21 advances that were for less than \$100, and where the travel did not require the employee to be away from the county for at least five days.

These deficiencies are the result of a lack of management oversight, and management's failure to follow the county's established travel policy. The failure to follow established policies and procedures increases the risks of unauthorized travel and related expenditures.



## RECOMMENDATION

Management should ensure that all travel advances are made in compliance with the county's established travel policy.

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We agree travel advances were not issued in compliance with county policy. The way advanced travel is issued has not been changed in several years; however, we agree going forward advanced travel will be in compliance with county policy.

## MANAGEMENT'S RESPONSE – SHERIFF

The manner in which travel advances were processed in Fiscal Year 2016-2017 followed a long-standing precedent set over 20 years ago. However, we concur that it is not in line with current county policy and we will correct this finding immediately.

---

## OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

### FINDING 2017-006

### **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, 2017, 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 \$41,140. Also, information relating to short-term investment account activity and cash bonds was not reflected on these reports. It should be noted that the office is reconciling the listings of undisbursed receipt items and short-term investment account activity monthly using alternative methods to identify any variances based on current activity. In addition, the clerk is correcting errors as they become known and the variance between listings and general ledger balances has decreased. This deficiency was in part attributable to the failure of management to ensure 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

We concur with this finding. The software vendor has been notified by Management. The software vendor will work in rectifying the issue.

---

### FINDING 2017-007

#### **THE COMPUTER SOFTWARE APPLICATION DID NOT GENERATE A REPORT OF OUTSIDE DIRECT PAYMENTS**

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

The courts' computer software application allowed 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 during the audit period. Because this receipting functionality could be used improperly, a report of these transactions should be available for review by management. Subsequent to the fiscal year-end, the software vendor developed a report of outside direct payments.

## RECOMMENDATION

Management should review this report for any inappropriate activity.

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

We concur with this finding. Management has addressed the issue concerning the outside direct payments with our software vendor.

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## **ELIZABETHTON-CARTER COUNTY ANIMAL SHELTER**

**FINDING 2017-008**

### **A CASH SHORTAGE OF \$9,516 AND OPERATIONAL DEFICIENCIES EXISTED AT THE ELIZABETHTON-CARTER COUNTY ANIMAL SHELTER**

(Noncompliance Under *Government Auditing Standards*)

An investigation by the Comptroller's Division of Investigations resulted in the identification of a cash shortage of \$9,516 at the Elizabethton-Carter County Animal Shelter at June 2, 2017. The investigation also reported findings related to various operational and administrative deficiencies of the shelter. Details of the findings and recommendations related to the investigation can be found in a report dated December 7, 2017, released by the Division of Investigations of the Comptroller's Office at [www.comptroller.tn.gov](http://www.comptroller.tn.gov).

### **MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE**

Management agrees that there was a cash shortage at the Animal Shelter. Attempts will be made by the County to recover the missing funds. A new Animal Shelter Board has been created to oversee the Animal Shelter and implement the needed changes.

### **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, 2017.

**Carter County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2017**

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 in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF FINANCE DIRECTOR**

2017-001	The Accounting Records for Various Funds had not been Maintained Properly	214
2017-002	The County had Deficiencies in Budget Operations	215
2017-003	The Finance Department had Deficiencies in the Maintenance of Capital Asset Records	216
2017-004	The School and Finance Departments had Deficiencies in the Administration of the Rehabilitation Services Vocational Rehabilitation Grants to States - School to Work Grant	217
2017-005	Travel Advances were not Made in Compliance with County Policies	218
2017-008	A Cash Shortage of \$9,516 and Operational Deficiencies Existed at the Eliabethton-Carter County Animal Shelter	219

**OFFICE OF DIRECTOR OF SCHOOLS**

2017-001 (C.)	The Accounting Records for Various Funds had not been Maintained Properly - Part C.	220
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**OFFICE OF SHERIFF**

2017-005	Travel Advances were not Made in Compliance with County Policies	221
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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

2017-006	The Office did not Prepare Adequate Trial Balances of the Execution Dockets	222
2017-007	The Computer Software Application did not Generate a Report of Outside Direct Payments	223



Carter County, Tennessee  
**Department of Finance**  
Christa Byrd, Director of Finance

Courthouse: Suite 203  
801 East Elk Avenue  
Elizabethton, TN 37643  
Phone: 423-547-4005  
Fax: 423-542-3844

**Corrective Action Plan**

**FINDING:**                      **The accounting records for various funds were not maintained properly.**

**Response and Corrective Action Plan Prepared by:**  
Christa Byrd, Director of Finance

**Person Responsible for Implementing the Corrective Action:**  
Christa Byrd, Director of Finance

**Anticipated Completion Date of Corrective Action:**  
Immediate

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
Efforts were made to correct the issue in the prior year. However, management feels a more effective plan of action had been implemented to correct the issue.

**Planned Corrective Action:**  
Trustee's reports will be reconciled within a week of receipt from the Trustee's Office. The reports are typically received by the 10<sup>th</sup> of each month for the previous month. After posting revenue the Director of Finance and Deputy Director will print and review all financial statements, making any necessary adjustments. These changes are effective immediately.

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**FINDING:**                                **The County had deficiencies in budget operations.**

**Response and Corrective Action Plan Prepared by:**

Christa Byrd, Director of Finance

**Person Responsible for Implementing the Corrective Action:**

Christa Byrd, Director of Finance

**Anticipated Completion Date of Corrective Action:**

Immediate

**Repeat Finding:**

Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

Efforts were made to correct the issue in the prior year. However, management feels a more effective plan of action had been implemented to correct the issue.

**Planned Corrective Action:**

Budget amendments are now posted within a week of final approval. The way amendments are filed has also been changed so they are easier to track. Amendments in E-plan (the web-site where most of our grants are processed) are now required to have State approval prior to presenting the amendment to County Boards to avoid erroneously keying an amendment that is rejected by the State. Expenditures are being held strictly to approved budgets and purchase orders are not issued until a budget amendment is approved, if needed.

**FINDING:**                                **The Finance Department has deficiencies in the maintenance of capital asset records**

**Response and Corrective Action Plan Prepared by:**  
Christa Byrd, Director of Finance

**Person Responsible for Implementing the Corrective Action:**  
Christa Byrd, Director of Finance

**Anticipated Completion Date of Corrective Action:**  
Immediate

**Repeat Finding:**  
No

**Planned Corrective Action:**  
The process of flagging invoices to be included in capital assets has been updated so it is an ongoing process instead of a once a year review. This will allow us to maintain accurate capital asset records without missing invoices at the end of the year.



**FINDING:**

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**The School & Finance Departments had deficiencies in the administration of the rehabilitation services grants to states- School to Work Grant**

**Response and Corrective Action Plan Prepared by:**  
Christa Byrd, Director of Finance

**Person Responsible for Implementing the Corrective Action:**  
Kevin Ward, Director of Schools

**Anticipated Completion Date of Corrective Action:**  
Immediate

**Repeat Finding:**  
No

**Planned Corrective Action:**

The Special Education Department was receiving expenditure reports from the Finance Department to use for their reimbursement requests. There was confusion on the time period the reports covered that resulted in incorrect reimbursement requests being submitted. The bookkeeper responsible for submitting the reimbursement requests has been given access to pull her own expenditure reports so that the possibility of misunderstanding the reports is eliminated.

**FINDING:** Travel Advances were not made in compliance with County policies.

**Response and Corrective Action Plan Prepared by:**  
Christa Byrd, Director of Finance

**Person Responsible for Implementing the Corrective Action:**  
Christa Byrd, Director of Finance and Dexter Lunceford, Sheriff

**Anticipated Completion Date of Corrective Action:**  
Immediate

**Repeat Finding:**  
No

**Planned Corrective Action:**

The way travel advances were processed in fiscal year 2016-17 was the same as in past years. However, we agree that is not in line with approved policies and should be corrected. Going forward travel advances will only be issued if they meet all the criteria outlined in the County's approved policies. The policy referenced a payroll authorization form that could not be located. The County Attorney has drafted a new payroll authorization form to use if the need arises.

Christa Byrd 0209.2018



Carter County, Tennessee  
**Department of Finance**

Christa Byrd, Director of Finance

Courthouse: Suite 203  
801 East Elk Avenue  
Elizabethton, TN 37643  
Phone: 423-547-4005  
Fax: 423-542-3844

**Finding:** A CASH SHORTAGE OF \$9,516 AND OPERATIONAL DEFICIENCIES EXISTED AT THE ELIZABETHTON-CARTER COUNTY ANIMAL SHELTER

**Response and Corrective Action Plan Prepared by:**  
Christa Byrd, Director of Finance

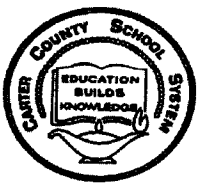
**Person Responsible for Implementing the Corrective Action:**  
Shannon Posada, Animal Shelter Director. The Elizabethton/Carter County Animal Shelter Board.

**Anticipated Completion Date of Corrective Action:**  
Immediate

**Repeat Finding:**  
No

**Planned Corrective Action:**  
The Animal Shelter Director and Animal Shelter Board have implemented new policies and procedures to ensure there are no future cash shortages. The Animal Shelter is now aware of the importance of following all County approved financial policies as well.

*Christa Byrd 08-09-2018*



# Carter County BOARD OF EDUCATION

Dr. Kevin Ward, Director of Schools  
Peggy Campbell Asst. Director/  
Personnel Director  
Kathy Ledford, Personnel Secretary

## Corrective Action Plan

**FINDING:** HEALTH INSURANCE BANK CLEARING ACCOUNT HAD NOT  
BEEN RECONCILED ADEQUATELY WITH GENERAL LEDGER  
PAYROLL LIABILITY ACCOUNTS

**Response and Corrective Action Plan Prepared by:**  
Dr. Kevin Ward, Director of Schools

**Person Responsible for Implementing the Corrective Action:**  
Dr. Kevin Ward, Director of Schools  
Christa Byrd, Finance Director  
Teresa Crain, Insurance Coordinator  
Angie Cornett, ACA Coordinator  
Kathy Ledford, Personnel Secretary

**Anticipated Completion Date of Corrective Action:**  
June 30, 2018

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
Some Corrective Action was taken, but there is additional Corrective Action that may be warranted

**Planned Corrective Action:**  
Additional features are to be included in the reconciliation process to clarify to audit staff what changes occur in these accounts and why these changes are justified. Diligence will continue to be exercised in reconciling these accounts. The general ledger account should be adjusted monthly as needed to reflect changes in the banking balance. This process should be handled either by School System employees providing a spreadsheet detailing required adjusting entries to the Finance Department on a monthly basis or a School System employee being granted access to the accounting system (Skyward) to make these necessary adjusting entries.

Signature: \_\_\_\_\_



# Carter County Sheriff's Office

900 East Elk Avenue  
Elizabethton, Tennessee 37643  
Phone: 423.542.1846 Fax: 423.542.3156

**Dexter Lunceford**  
Sheriff

**James Parrish**  
Chief Deputy

FINDING 2017-001      Travel advances were not made in compliance with  
County Policies

Response and Corrective Action Plan Prepared By: Carter County Sheriff's Office

The Response and Corrective Action Plan was coordinated with Christa Byrd, Carter County  
Finance Director

Anticipated Completion Date of Corrective Action: Immediate

Repeat Finding: No

Management response: The manner in which travel advance were processed in Fiscal Year  
2016-2017 followed a long standing precedent set over 20 years ago. However, we concur that  
it is not in line with current County Policy and we will correct this finding immediately.

Management response approved by: *Dexter Lunceford, SHERIFF*

Planned Corrective Action: Going forward travel advances will only be issued if they meet all  
the criteria outlined in the County's approved policy. The policy referenced a payroll  
authorization form that could not be located. In coordination with the County Finance  
director, a new payroll authorization form has been created to use if the need arises.

Planned corrective action approved by: *Dexter Lunceford, SHERIFF*

## ***Circuit Court Clerk***

***Johnny Blankenship***

Carter County Justice Center

900 East Elk Ave. Ste. 906

Elizabethton, Tennessee 37643

Telephone (423)542-1825

Website [www.cartercountycircuitcourt.com](http://www.cartercountycircuitcourt.com)

Fax (423)547-1533

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### **Corrective Action Plan**

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

**Response and Corrective Action Plan Prepared by:**

Johnny Blankenship, Circuit Court Clerk

**Person Responsible for Implementing the Corrective Action:**

Johnny Blankenship, Circuit Court Clerk

**Anticipated Completion Date of Corrective Action:**

Next Fiscal Year

**Repeat Finding:**

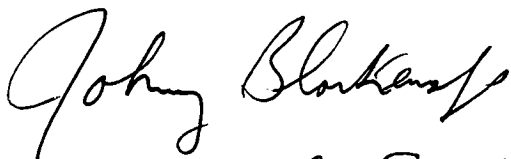
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

Vendor is actively working with office/Bookkeeper to lower the variances and provide a Docket Trial Balance.

**Planned Corrective Action:**

Management will continue to work with the software vendor until the finding is corrected. The Bookkeeper will continue to maintain current variances by preparing several reconciliation on a daily, weekly and monthly basis. Also, the Bookkeeper will work with the software vendor to identify and correct errors.

  
2-9-13

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### **Corrective Action Plan**

**FINDING:** THE COMPUTER SOFTWARE APPLICATION DID NOT GENERATE A  
REPORT OF OUTSIDE DIRECT PAYMENT

**Response and Corrective Action Plan Prepared by:**

Johnny Blankenship, Circuit Court Clerk

**Person Responsible for Implementing the Corrective Action:**

Johnny Blankenship, Circuit Court Clerk

**Anticipated Completion Date of Corrective Action:**

July 2016

**Repeat Finding:**

Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

The report was still a working process with software vendor.

**Planned Corrective Action:**

The report for outside payments has been corrected. The Bookkeeper will print report each month, and make corrections as necessary. The report will be approved by the Circuit Court Clerk.

