

**ANNUAL FINANCIAL REPORT**  
**CARTER COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2018**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**CARTER COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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***BRANDON HAMMES***  
***GREG BRUSH, CISA***  
***State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Carter County, Tennessee  
For the Year Ended June 30, 2018

## ***Scope***

We have audited the basic financial statements of Carter County as of and for the year ended June 30, 2018.

## ***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 office had deficiencies in purchasing procedures.
- ◆ The county had deficiencies in budget operations.

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### **SOLID WASTE DEPARTMENT**

- ◆ A cash shortage of \$97 existed in the Solid Waste/Sanitation Fund at June 30, 2018.

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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.
- ◆ The accounting records for the School Federal Projects Fund were not adequately monitored and maintained.

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

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

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## **OTHER FINDING**

- ◆ The county's audit committee is not a functioning committee.

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## INTRODUCTORY SECTION

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Carter County Officials  
June 30, 2018

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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  
Brad Burke, Finance Director

**Board of County Commissioners**

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

**Board of Education**

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

**Financial Management Committee**

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

**Audit Committee**

Margaret Moses, Chairman	Carter Honeycutt
Rai Lynn Anderson	Margaret Pate

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

## 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, 2018, 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, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Carter County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

We draw attention to Note I.D.10. to the financial statements, which describes restatements reducing the beginning Governmental Activities net position of the primary government by \$1,872,786, and the beginning net position of the discretely presented Carter County School Department by \$674,646, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of county and school changes in the total other postemployment

benefits liability and related ratios on pages 96-105 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 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 the other information such as the introductory section and management's corrective action plans 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 also 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 not a required part of the basic financial statements.

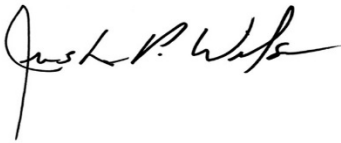
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have 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 them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019, 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 large initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 25, 2019

JPW/tg

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Carter County, Tennessee  
Statement of Net Position  
June 30, 2018

	Primary Government Governmental Activities	Component Unit Carter County School Department
<u>ASSETS</u>		
Cash	\$ 62,947	\$ 1,138,423
Equity in Pooled Cash and Investments	20,027,575	11,421,143
Accounts Receivable	104,300	22,554
Due from Other Governments	1,674,262	1,917,200
Due from Component Units	600	0
Property Taxes Receivable	12,585,067	6,358,701
Allowance for Uncollectible Property Taxes	(183,402)	(96,214)
Prepaid Items	22,073	30,787
Cash Shortage	9,613	0
Net Pension Asset - Teacher Retirement Plan	0	103,679
Net Pension Asset - Teacher Legacy Retirement Plan	0	184,795
Net Pension Asset - Agent Plan	565,588	342,987
Capital Assets:		
Assets Not Depreciated:		
Land	2,035,287	828,228
Construction in Progress	1,949,824	457,410
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	25,441,818	22,580,372
Other Capital Assets	3,055,221	1,816,015
Infrastructure	17,636,210	0
Total Assets	<u>\$ 84,986,983</u>	<u>\$ 47,106,080</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred Charge on Refunding	\$ 252,954	\$ 0
Pension Changes in Experience	151,628	206,993
Pension Changes in Assumptions	593,969	1,934,414
Pension Changes in Investment Earnings	0	28,051
Pension Contributions after Measurement Date	1,256,256	2,682,398
Pension Changes in Proportion	0	182,492
OPEB - Contributions after Measurement Date	0	821,934
Total Deferred Outflows of Resources	<u>\$ 2,254,807</u>	<u>\$ 5,856,282</u>

LIABILITIES

Accounts Payable	\$ 448,913	\$ 444,304
Accrued Payroll	458,745	0
Accrued Interest Payable	109,545	0
Payroll Deductions Payable	63,129	148,586
Future Compensation Payable	0	20,000
Contracts Payable	403,531	111,211
Retainage Payable	0	20,208
Other Withholding Taxes	469	82,809
Due to Primary Government	0	600
Due to State of Tennessee	0	4,123

(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	\$ 66,729	\$ 429,071
Noncurrent Liabilities:		
Due Within One Year	1,906,758	169,479
Due in More Than One Year	23,842,639	13,651,326
Total Liabilities	<u>\$ 27,300,458</u>	<u>\$ 15,081,717</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 12,030,413	\$ 6,059,690
Pension Changes in Experience	602,520	4,188,332
Pension Changes in Investment Earnings	9,364	11,257
Pension Other Deferrals	0	147,879
OPEB Changes in Experience	67,745	102,214
OPEB Changes in Assumptions	0	360,393
Total Deferred Inflows of Resources	<u>\$ 12,710,042</u>	<u>\$ 10,869,765</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 31,159,326	\$ 25,682,025
Restricted for:		
General Government	502,676	0
Finance	43,238	0
Administration of Justice	216,603	0
Public Safety	542,208	0
Public Health and Welfare	85,066	0
Highways	2,933,529	0
Debt Service	3,696,820	0
Education	0	3,771,694
Capital Projects	372,958	352
Pensions	565,588	631,461
Unrestricted	<u>7,113,278</u>	<u>(3,074,652)</u>
Total Net Position	<u>\$ 47,231,290</u>	<u>\$ 27,010,880</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, 2018

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
						Carter County School Department
Functions/Programs	Expenses	Program Revenues			Governmental Activities	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental Activities:						
General Government	\$ 2,875,023	\$ 874,471	\$ 64,645	\$ 0	\$ (1,935,907)	\$ 0
Finance	1,602,505	1,380,818	0	0	(221,687)	0
Administration of Justice	1,327,772	901,122	14,155	0	(412,495)	0
Public Safety	9,950,780	1,451,497	210,312	0	(8,288,971)	0
Public Health and Welfare	1,573,989	1,059,839	534,411	7,455	27,716	0
Social, Cultural, and Recreational Services	396,639	0	0	0	(396,639)	0
Agriculture and Natural Resources	137,892	0	0	0	(137,892)	0
Highways	3,693,953	275,373	2,378,832	1,557,071	517,323	0
Interest on Long-term Debt	770,066	0	113	0	(769,953)	0
Total Primary Government	<u>\$ 22,328,619</u>	<u>\$ 5,943,120</u>	<u>\$ 3,202,468</u>	<u>\$ 1,564,526</u>	<u>\$ (11,618,505)</u>	<u>\$ 0</u>
Component Unit:						
Carter County School Department	<u>\$ 49,119,803</u>	<u>\$ 743,920</u>	<u>\$ 7,703,057</u>	<u>\$ 124,286</u>	<u>\$ 0</u>	<u>\$ (40,548,540)</u>
Total Component Unit	<u>\$ 49,119,803</u>	<u>\$ 743,920</u>	<u>\$ 7,703,057</u>	<u>\$ 124,286</u>	<u>\$ 0</u>	<u>\$ (40,548,540)</u>

(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					\$ 8,700,433	\$ 6,404,882
Property Taxes Levied for Highway/Public Works					1,165,507	0
Property Taxes Levied for Debt Service					1,872,428	0
Local Option Sales Taxes					1,064,490	4,247,683
Litigation Tax - General					95,720	0
Litigation Tax - Jail, Workhouse, or Courthouse					60,847	0
Litigation Tax - Special					8,687	0
Litigation Tax - Courtroom Security					103,798	0
Other County Local Option Taxes					89,724	0
Hotel/Motel Tax					160,086	0
Business Tax					404,732	0
Mineral Severance Tax					96,241	0
Mixed Drink Tax					2,788	2,000
Beer Privilege Tax					202,307	0
Other Statutory Local Taxes					49	0
Grants and Contributions Not Restricted to Specific Programs					814,009	33,669,734
Unrestricted Investment Income					395,602	49,217
Miscellaneous					152,255	264,583
Total General Revenues					<u>\$ 15,389,703</u>	<u>\$ 44,638,099</u>
Extraordinary Item - Insurance Recovery/Fire Damage					<u>\$ 319,270</u>	<u>\$ 0</u>
Change in Net Position					\$ 4,090,468	\$ 4,089,559
Net Position, July 1, 2017					45,013,608	23,595,967
Restatement - See Note I.D.10					<u>(1,872,786)</u>	<u>(674,646)</u>
Net Position, June 30, 2018					<u><u>\$ 47,231,290</u></u>	<u><u>\$ 27,010,880</u></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, 2018

	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	\$ 58,973	\$ 62,947
Equity in Pooled Cash and Investments	10,881,423	3,103,963	4,975,570	1,066,619	20,027,575
Accounts Receivable	95,000	7,171	0	2,129	104,300
Due from Other Governments	850,912	804,497	0	18,853	1,674,262
Due from Other Funds	11,579	20,920	0	4,823	37,322
Due from Component Units	600	0	0	0	600
Property Taxes Receivable	10,210,552	1,117,813	1,256,702	0	12,585,067
Allowance for Uncollectible Property Taxes	(142,746)	(17,200)	(23,456)	0	(183,402)
Prepaid Items	22,073	0	0	0	22,073
Cash Shortage	9,516	0	0	97	9,613
Total Assets	\$ 21,942,883	\$ 5,037,164	\$ 6,208,816	\$ 1,151,494	\$ 34,340,357
<u>LIABILITIES</u>					
Accounts Payable	\$ 343,013	\$ 54,698	\$ 0	\$ 51,202	\$ 448,913
Accrued Payroll	393,963	53,283	0	11,499	458,745
Payroll Deductions Payable	51,276	6,967	0	4,886	63,129
Contracts Payable	0	403,531	0	0	403,531
Other Withholding Taxes	0	469	0	0	469
Due to Other Funds	20,938	0	0	16,384	37,322
Other Current Liabilities	6,537	0	0	60,192	66,729
Total Liabilities	\$ 815,727	\$ 518,948	\$ 0	\$ 144,163	\$ 1,478,838

(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
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred Current Property Taxes	\$ 9,792,603	\$ 1,063,736	\$ 1,174,074	\$ 0	\$ 12,030,413
Deferred Delinquent Property Taxes	245,783	32,935	52,481	0	331,199
Other Deferred/Unavailable Revenue	203,397	203,453	0	0	406,850
Total Deferred Inflows of Resources	<u>\$ 10,241,783</u>	<u>\$ 1,300,124</u>	<u>\$ 1,226,555</u>	<u>\$ 0</u>	<u>\$ 12,768,462</u>
<b><u>FUND BALANCES</u></b>					
Nonspendable:					
Prepaid Items	\$ 22,073	\$ 0	\$ 0	\$ 0	\$ 22,073
Restricted:					
Restricted for General Government	444,027	0	0	58,649	502,676
Restricted for Finance	43,238	0	0	0	43,238
Restricted for Administration of Justice	216,603	0	0	0	216,603
Restricted for Public Safety	450,255	0	0	46,054	496,309
Restricted for Public Health and Welfare	85,066	0	0	0	85,066
Restricted for Highways/Public Works	0	2,796,316	0	0	2,796,316
Restricted for Debt Service	0	0	3,753,884	0	3,753,884
Restricted for Capital Projects	340,703	0	0	32,255	372,958
Committed:					
Committed for Public Safety	228,977	0	0	0	228,977
Committed for Public Health and Welfare	1,000	0	0	842,880	843,880
Committed for Social, Cultural, and Recreational Services	0	0	0	10,827	10,827
Committed for Highways/Public Works	0	421,776	0	0	421,776
Committed for Debt Service	0	0	1,228,377	0	1,228,377
Committed for Capital Projects	0	0	0	16,666	16,666
Assigned:					
Assigned for General Government	52,636	0	0	0	52,636

(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 Administration of Justice	\$ 65,610	\$ 0	\$ 0	\$ 0	\$ 65,610
Assigned for Public Safety	37,000	0	0	0	37,000
Assigned for Public Health and Welfare	54,318	0	0	0	54,318
Assigned for Other Operations	98,567	0	0	0	98,567
Unassigned	8,745,300	0	0	0	8,745,300
Total Fund Balances	<u>\$ 10,885,373</u>	<u>\$ 3,218,092</u>	<u>\$ 4,982,261</u>	<u>\$ 1,007,331</u>	<u>\$ 20,093,057</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,942,883</u>	<u>\$ 5,037,164</u>	<u>\$ 6,208,816</u>	<u>\$ 1,151,494</u>	<u>\$ 34,340,357</u>

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

Exhibit C-2

Carter County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2018

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)		\$ 20,093,057
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,035,287	
Add: construction in progress	1,949,824	
Add: infrastructure net of accumulated depreciation	17,636,210	
Add: buildings and improvements net of accumulated depreciation	25,441,818	
Add: other capital assets net of accumulated depreciation	<u>3,055,221</u>	50,118,360
(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	\$ (126,873)	
Less: other loans payable	(1,973,041)	
Less: bonds payable	(18,560,000)	
Add: deferred amount on refunding	252,954	
Less: compensated absences payable	(986,596)	
Less: landfill closure/postclosure care costs	(1,887,533)	
Less: other postemployment benefits liability	(1,816,320)	
Less: accrued interest on bonds, notes, and other loans payable	(109,545)	
Less: unamortized premium on debt	<u>(399,034)</u>	(25,605,988)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 2,001,853	
Less: deferred inflows of resources related to pensions	(611,884)	
Less: deferred inflows of resources related to OPEB	<u>(67,745)</u>	1,322,224
(4) Net pension assets are not current financial resources and are not reported in governmental funds.		565,588
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>738,049</u>
Net position of governmental activities (Exhibit A)		<u>\$ 47,231,290</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, 2018

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 10,891,737	\$ 1,296,859	\$ 1,917,439	\$ 202,687	\$ 14,308,722
Licenses and Permits	565,903	900	0	0	566,803
Fines, Forfeitures, and Penalties	256,340	0	0	22,535	278,875
Charges for Current Services	203,501	0	0	886,388	1,089,889
Other Local Revenues	520,219	219,544	50,000	200,770	990,533
Fees Received From County Officials	2,032,540	0	0	0	2,032,540
State of Tennessee	1,540,478	3,924,252	38,170	24,232	5,527,132
Federal Government	312,631	22,397	0	0	335,028
Other Governments and Citizens Groups	892,090	55,761	23,072	4,047	974,970
Total Revenues	\$ 17,215,439	\$ 5,519,713	\$ 2,028,681	\$ 1,340,659	\$ 26,104,492
<u>Expenditures</u>					
Current:					
General Government	\$ 2,009,151	\$ 0	\$ 0	\$ 806,924	\$ 2,816,075
Finance	1,689,566	0	0	189	1,689,755
Administration of Justice	1,376,878	0	0	9,412	1,386,290
Public Safety	9,182,130	0	0	63,725	9,245,855
Public Health and Welfare	993,661	0	0	1,311,673	2,305,334
Social, Cultural, and Recreational Services	154,872	0	0	75,288	230,160
Agriculture and Natural Resources	137,892	0	0	0	137,892
Other Operations	654,366	0	0	9,354	663,720
Highways	24,359	5,016,415	0	0	5,040,774
Debt Service:					
Principal on Debt	0	0	1,173,023	0	1,173,023
Interest on Debt	0	0	712,298	0	712,298
Other Debt Service	0	0	55,279	0	55,279
Total Expenditures	\$ 16,222,875	\$ 5,016,415	\$ 1,940,600	\$ 2,276,565	\$ 25,456,455

(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	\$ 992,564	\$ 503,298	\$ 88,081	\$ (935,906)	\$ 648,037
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 51,371	\$ 13,494	\$ 0	\$ 15,398	\$ 80,263
Transfers In	0	0	0	235,475	235,475
Transfers Out	(235,475)	0	0	0	(235,475)
Total Other Financing Sources (Uses)	\$ (184,104)	\$ 13,494	\$ 0	\$ 250,873	\$ 80,263
<u>Extraordinary Items</u>					
Insurance Recovery - Fire Damage	\$ 0	\$ 0	\$ 0	\$ 401,922	\$ 401,922
Fire Damage Expenditures	0	0	0	(32,126)	(32,126)
Total Extraordinary Items	\$ 0	\$ 0	\$ 0	\$ 369,796	\$ 369,796
Net Change in Fund Balances	\$ 808,460	\$ 516,792	\$ 88,081	\$ (315,237)	\$ 1,098,096
Fund Balance, July 1, 2017	10,076,913	2,701,300	4,894,180	1,322,568	18,994,961
Fund Balance, June 30, 2018	\$ 10,885,373	\$ 3,218,092	\$ 4,982,261	\$ 1,007,331	\$ 20,093,057

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, 2018

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)		\$ 1,098,096
(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	\$ 3,467,113	
Less: current-year depreciation expense	<u>(2,172,695)</u>	1,294,418
(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	\$ 24,660	
Less: impairment loss due to fire damage	(82,652)	
Less: book value of assets disposed	<u>(15,265)</u>	(73,257)
(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, 2018	\$ 738,049	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(744,425)</u>	(6,376)
(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	153,000	
Add: principal payments on notes	97,064	
Add: principal payments on bonds	900,000	
Add: principal payments on capital leases	22,959	
Less: principal contributions on capital leases from the School Department	(22,959)	
Less: change in deferred amount on refunding	<u>(30,213)</u>	1,143,463
(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	\$ 4,112	
Change in compensated absences payable	(273,782)	
Change in landfill closure/postclosure care costs	121,138	
Change in OPEB liability (net of restatement)	34,033	
Change in net pension liability/asset	1,445,254	
Change in deferred outflows related to pensions	(309,507)	
Change in deferred inflows related to pensions	(319,379)	
Change in deferred inflows related to OPEB	<u>(67,745)</u>	634,124
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,090,468</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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,891,737	\$ 0	\$ 0	\$ 10,891,737	\$ 10,642,100	\$ 10,512,100	\$ 379,637
Licenses and Permits	565,903	0	0	565,903	361,100	394,130	171,773
Fines, Forfeitures, and Penalties	256,340	0	0	256,340	217,000	230,504	25,836
Charges for Current Services	203,501	0	0	203,501	75,750	75,750	127,751
Other Local Revenues	520,219	0	0	520,219	225,200	245,415	274,804
Fees Received From County Officials	2,032,540	0	0	2,032,540	1,917,000	1,931,500	101,040
State of Tennessee	1,540,478	0	0	1,540,478	1,164,564	1,798,318	(257,840)
Federal Government	312,631	0	0	312,631	33,499	39,199	273,432
Other Governments and Citizens Groups	892,090	0	0	892,090	690,588	736,783	155,307
Total Revenues	\$ 17,215,439	\$ 0	\$ 0	\$ 17,215,439	\$ 15,326,801	\$ 15,963,699	\$ 1,251,740
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 153,416	\$ 0	\$ 41,717	\$ 195,133	\$ 97,073	\$ 228,765	\$ 33,632
Board of Equalization	4,513	0	0	4,513	5,629	5,629	1,116
County Mayor/Executive	293,613	0	0	293,613	207,848	296,698	3,085
County Attorney	61,236	0	0	61,236	60,738	61,738	502
Election Commission	297,224	0	0	297,224	329,384	329,384	32,160
Register of Deeds	256,936	0	0	256,936	265,479	265,479	8,543
Planning	273,366	0	0	273,366	296,397	310,397	37,031
County Buildings	668,847	0	0	668,847	648,020	674,631	5,784
<u>Finance</u>							
Accounting and Budgeting	425,321	0	0	425,321	428,642	461,599	36,278
Property Assessor's Office	428,602	0	0	428,602	442,623	450,266	21,664
Reappraisal Program	86,357	0	0	86,357	109,303	104,893	18,536
County Trustee's Office	338,298	0	0	338,298	364,003	364,003	25,705
County Clerk's Office	410,988	0	0	410,988	477,231	477,231	66,243
<u>Administration of Justice</u>							
Circuit Court	736,611	0	0	736,611	764,353	764,353	27,742
General Sessions Court	241,519	0	0	241,519	253,161	253,161	11,642

(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 7/1/2017	Add: Encumbrances 6/30/2018	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	\$ 4,453	\$ 0	\$ 0	\$ 4,453	\$ 0	\$ 12,500	\$ 8,047
Chancery Court	365,679	0	0	365,679	353,197	370,076	4,397
Other Administration of Justice	28,616	0	0	28,616	26,500	28,670	54
Courtroom Security	0	0	0	0	0	14,970	14,970
<u>Public Safety</u>							
Sheriff's Department	4,540,091	0	37,000	4,577,091	4,386,706	4,707,024	129,933
Jail	3,604,576	(120,670)	0	3,483,906	3,451,738	3,517,679	33,773
Juvenile Services	207,127	0	0	207,127	208,644	208,644	1,517
Fire Prevention and Control	379,998	0	0	379,998	388,500	388,500	8,502
Rescue Squad	272,700	0	0	272,700	272,700	272,700	0
Other Emergency Management	155,380	0	0	155,380	122,052	169,651	14,271
Inspection and Regulation	3,822	0	0	3,822	5,958	5,958	2,136
County Coroner/Medical Examiner	15,513	0	0	15,513	15,568	15,568	55
Other Public Safety	2,923	0	0	2,923	3,725	3,725	802
<u>Public Health and Welfare</u>							
Local Health Center	410,669	0	0	410,669	169,000	410,950	281
Rabies and Animal Control	321,777	(25,340)	0	296,437	331,295	351,987	55,550
Ambulance/Emergency Medical Services	203,663	0	0	203,663	203,663	203,663	0
Crippled Children Services	20,934	0	0	20,934	20,934	41,869	20,935
Other Local Health Services	0	0	0	0	0	700	700
General Welfare Assistance	12,000	0	0	12,000	12,000	12,000	0
Other Local Welfare Services	6,700	0	0	6,700	4,900	8,500	1,800
Other Public Health and Welfare	17,918	0	0	17,918	1,425	35,844	17,926
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	46,164	0	0	46,164	46,164	46,164	0
Libraries	65,600	0	0	65,600	65,600	65,600	0
Parks and Fair Boards	43,108	0	0	43,108	36,394	69,646	26,538
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	116,214	0	0	116,214	116,302	116,302	88

(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 7/1/2017	Add: Encumbrances 6/30/2018	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	\$ 528	\$ 0	\$ 0	\$ 528	\$ 3,550	\$ 3,550	\$ 3,022
Other Agriculture and Natural Resources	21,150	0	0	21,150	21,150	21,150	0
<u>Other Operations</u>							
Tourism	156,884	0	0	156,884	90,000	178,970	22,086
Other Economic and Community Development	122,302	0	0	122,302	122,589	122,589	287
Veterans' Services	40,030	0	0	40,030	50,532	50,532	10,502
Other Charges	0	0	0	0	1,900	0	0
Contributions to Other Agencies	49,595	0	0	49,595	49,595	49,595	0
Miscellaneous	285,555	(47,718)	0	237,837	384,325	239,855	2,018
<u>Highways</u>							
Litter and Trash Collection	24,359	0	0	24,359	48,516	48,516	24,157
Total Expenditures	\$ 16,222,875	\$ (193,728)	\$ 78,717	\$ 16,107,864	\$ 15,765,006	\$ 16,841,874	\$ 734,010
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 992,564	\$ 193,728	\$ (78,717)	\$ 1,107,575	\$ (438,205)	\$ (878,175)	\$ 1,985,750
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 51,371	\$ 0	\$ 0	\$ 51,371	\$ 0	\$ 39,000	\$ 12,371
Transfers Out	(235,475)	0	0	(235,475)	0	(235,475)	0
Total Other Financing Sources	\$ (184,104)	\$ 0	\$ 0	\$ (184,104)	\$ 0	\$ (196,475)	\$ 12,371
Net Change in Fund Balance							
Fund Balance, July 1, 2017	\$ 808,460	\$ 193,728	\$ (78,717)	\$ 923,471	\$ (438,205)	\$ (1,074,650)	\$ 1,998,121
	10,076,913	(193,728)	0	9,883,185	5,652,049	5,851,429	4,031,756
Fund Balance, June 30, 2018							
	\$ 10,885,373	\$ 0	\$ (78,717)	\$ 10,806,656	\$ 5,213,844	\$ 4,776,779	\$ 6,029,877

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,296,859	\$ 0	\$ 0	\$ 1,296,859	\$ 1,310,720	\$ 1,310,720	\$ (13,861)
Licenses and Permits	900	0	0	900	0	0	900
Other Local Revenues	219,544	0	0	219,544	183,000	208,074	11,470
State of Tennessee	3,924,252	0	0	3,924,252	2,076,500	3,021,937	902,315
Federal Government	22,397	0	0	22,397	12,500	12,500	9,897
Other Governments and Citizens Groups	55,761	0	0	55,761	5,000	13,346	42,415
Total Revenues	<u>\$ 5,519,713</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,519,713</u>	<u>\$ 3,587,720</u>	<u>\$ 4,566,577</u>	<u>\$ 953,136</u>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 379,007	\$ 0	\$ 0	\$ 379,007	\$ 409,699	\$ 409,699	\$ 30,692
Highway and Bridge Maintenance	2,462,302	0	0	2,462,302	2,369,092	2,645,575	183,273
Operation and Maintenance of Equipment	670,958	0	0	670,958	696,825	708,558	37,600
Other Charges	102,260	0	0	102,260	106,250	106,250	3,990
Employee Benefits	54,290	0	0	54,290	66,441	66,441	12,151
Capital Outlay	1,347,598	(29,375)	316,167	1,634,390	363,000	1,065,374	(569,016)
Total Expenditures	<u>\$ 5,016,415</u>	<u>\$ (29,375)</u>	<u>\$ 316,167</u>	<u>\$ 5,303,207</u>	<u>\$ 4,011,307</u>	<u>\$ 5,001,897</u>	<u>\$ (301,310)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 503,298</u>	<u>\$ 29,375</u>	<u>\$ (316,167)</u>	<u>\$ 216,506</u>	<u>\$ (423,587)</u>	<u>\$ (435,320)</u>	<u>\$ 651,826</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 13,494	\$ 0	\$ 0	\$ 13,494	\$ 0	\$ 11,733	\$ 1,761
Total Other Financing Sources	<u>\$ 13,494</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,494</u>	<u>\$ 0</u>	<u>\$ 11,733</u>	<u>\$ 1,761</u>
Net Change in Fund Balance	\$ 516,792	\$ 29,375	\$ (316,167)	\$ 230,000	\$ (423,587)	\$ (423,587)	\$ 653,587
Fund Balance, July 1, 2017	2,701,300	(29,375)	0	2,671,925	2,314,335	2,314,335	357,590
Fund Balance, June 30, 2018	<u>\$ 3,218,092</u>	<u>\$ 0</u>	<u>\$ (316,167)</u>	<u>\$ 2,901,925</u>	<u>\$ 1,890,748</u>	<u>\$ 1,890,748</u>	<u>\$ 1,011,177</u>

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

Exhibit D

Carter County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,789,839
Equity in Pooled Cash and Investments	272,758
Accounts Receivable	29,014
Due from Other Governments	1,249,268
Property Taxes Receivable	3,314,386
Allowance for Uncollectible Property Taxes	<u>(50,150)</u>
Total Assets	<u><u>\$ 6,605,115</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,786,262
Due to Litigants, Heirs, and Others	<u>1,818,853</u>
Total Liabilities	<u><u>\$ 6,605,115</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)
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**CARTER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

Carter County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Carter County (the primary government) and its component units. The financial statements of the Carter County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Carter County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Carter County, and the Carter County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Carter County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Carter County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Carter County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Carter County Emergency Communications District  
529 South Sycamore Street  
Elizabethton, TN 37643

**B. Government-wide and Fund Financial Statements**

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

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

Carter County issues all debt for the discretely presented Carter County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2018.

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 City of Elizabethton and Johnson City school systems’ 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 .77 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 (\$3,816), the remaining balance in the employee flexible spending clearing account (\$33), and the remaining balance in the payroll tax clearing account (\$2,688). Other Current Liabilities of the nonmajor governmental funds consist of the balance held in an escrow account as retainage on a construction contract (\$42,945) and asset seizures that have not been awarded to the county as of June 30, 2018 (\$17,247). Retainage payable in the discretely presented Carter County School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

The balance in the account Other Current Liabilities totaling \$429,071 on the Statement of Net Position for the School Department represents the remaining balances in the teachers' insurance clearing account and the payroll tax clearing account of \$414,092 and \$14,979, respectively.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

**4. Capital Assets**

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

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

**5. 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, pension changes in assumptions, pension changes in investment earnings, pension contributions after the measurement date, other pension deferrals, OPEB contributions after the measurement date, and the deferred charge on 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 changes in investment earnings, other pension deferrals, OPEB changes in experience, OPEB changes in assumptions, 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.

## **6. 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.

## **7. 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 are 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, pensions, other postemployment benefits, and landfill closure/postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

## 8. 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, 2018, Carter County had \$2,099,914 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 prorations. 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 (\$78,717), amounts assigned for industrial purposes (\$98,567), and various other assignments (\$130,847). Assigned fund balance in the School Department's General Purpose School Fund consists of amounts assigned for encumbrances (\$1,123,752), fund balance appropriated for use in the 2018-19 budget (\$249,559), an energy savings program (\$167,104), and various other assignments (\$156,128).

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.

## **9. Minimum Fund Balance Policy**

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum fund balance policy exists:

General Fund – Beginning unassigned fund balance will be four months budgeted average expenses for the year and will not at any point be less than 20 percent of projected annual expenditures.

General Debt Service Fund – Beginning cash or investments will be 40 percent of the current year debt service obligations or an amount equal to the debt service fund expenditure requirements during the first six months of the fiscal year, whichever is greater.

#### **10. Restatement**

In prior years, Carter County was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Carter County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Carter County School Department by \$1,872,786 and \$674,646, respectively, have been recognized to account for the transitional requirements.

#### **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, 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.

**F. Other Postemployment Benefit (OPEB) Plans**

**Primary Government**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Carter County. For this purpose, Carter County recognizes benefit payments when due and payable in accordance with benefit terms. Carter County's OPEB plan is not administered through a trust.

**Discretely Presented Carter County School Department**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Carter County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plans are not administered through a trust.

**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, 2018, Carter County and the Carter County School Department had encumbrances in the following budgeted funds:

Funds	Amount
Primary Government	
Major Fund:	
General	\$ 78,717
Highway/Public Works	316,167
Nonmajor Governmental	414,369
Discretely Presented School Department	
Major Fund:	
General Purpose School	1,123,752
Central Cafeteria	171,312

**B. Cash Shortage – (Prior and 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.

The Solid Waste/Sanitation Fund had a cash shortage of \$97 as of June 30, 2018. This cash shortage was repaid as of November 30, 2018. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

**C. Expenditures Exceeded Appropriations**

Total expenditures and encumbrances exceeded total appropriations of the Highway/Public Works Fund by \$301,310. Expenditures also exceeded appropriations approved by the county commission in several major appropriation categories (the legal level of control) in the following fund:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Discretely Presented School Department:	
General Purpose School:	
Special Education Program	\$ 12,836
Career and Technical Education Program	1,618
Board of Education	2,302
Office of the Principal	17,181

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the respective funds.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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

##### Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank



in an escrow account in a second bank for the benefit of the county.

### **Investments**

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

The county had no pooled and nonpooled investments as of June 30, 2018.

## **B. Capital Assets**

Capital assets activity for the year ended June 30, 2018, was as follows:

### **Primary Government**

**Governmental Activities:**

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 1,988,273	\$ 47,014	\$ 0	\$ 2,035,287
Construction in Progress	231,436	1,718,388	0	1,949,824
Total Capital Assets Not Depreciated	<u>\$ 2,219,709</u>	<u>\$ 1,765,402</u>	<u>\$ 0</u>	<u>\$ 3,985,111</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 33,820,048	\$ 44,286	\$ (91,033)	\$ 33,773,301
Infrastructure	26,727,543	958,573	0	27,686,116
Other Capital Assets	7,070,874	723,512	(341,004)	7,453,382
Total Capital Assets Depreciated	<u>\$ 67,618,465</u>	<u>\$ 1,726,371</u>	<u>\$ (432,037)</u>	<u>\$ 68,912,799</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,551,486	\$ 847,134	\$ (67,137)	\$ 8,331,483
Infrastructure	9,366,526	683,380	0	10,049,906
Other Capital Assets	4,022,963	642,181	(266,983)	4,398,161
Total Accumulated Depreciation	<u>\$ 20,940,975</u>	<u>\$ 2,172,695</u>	<u>\$ (334,120)</u>	<u>\$ 22,779,550</u>
Total Capital Assets Depreciated, Net	<u>\$ 46,677,490</u>	<u>\$ (446,324)</u>	<u>\$ (97,917)</u>	<u>\$ 46,133,249</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,897,199</u>	<u>\$ 1,319,078</u>	<u>\$ (97,917)</u>	<u>\$ 50,118,360</u>

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

**Governmental Activities:**

General Government	\$ 57,216
Finance	4,343
Public Safety	962,225
Public Health and Welfare	154,585
Highways	994,326
Total Depreciation Expense - Governmental Activities	<u>\$ 2,172,695</u>

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

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 1,028,228	\$ 0	\$ (200,000)	\$ 828,228
Construction in Progress	1,039,096	1,494,447	(2,076,133)	457,410
Total Capital Assets Not Depreciated	<u>\$ 2,067,324</u>	<u>\$ 1,494,447</u>	<u>\$ (2,276,133)</u>	<u>\$ 1,285,638</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 48,306,356	\$ 2,176,287	\$ 0	\$ 50,482,643
Other Capital Assets	7,766,216	86,898	0	7,853,114
Total Capital Assets Depreciated	<u>\$ 56,072,572</u>	<u>\$ 2,263,185</u>	<u>\$ 0</u>	<u>\$ 58,335,757</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 27,022,698	\$ 879,573	\$ 0	\$ 27,902,271
Other Capital Assets	5,544,934	492,165	0	6,037,099
Total Accumulated Depreciation	<u>\$ 32,567,632</u>	<u>\$ 1,371,738</u>	<u>\$ 0</u>	<u>\$ 33,939,370</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,504,940</u>	<u>\$ 891,447</u>	<u>\$ 0</u>	<u>\$ 24,396,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,572,264</u>	<u>\$ 2,385,894</u>	<u>\$ (2,276,133)</u>	<u>\$ 25,682,025</u>

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

**Governmental Activities:**

Instruction	\$ 943,783
Support Services	367,742
Operation of Non-instructional Services	<u>60,213</u>
Total Depreciation Expense -	
Governmental Activities	<u><u>\$ 1,371,738</u></u>

**C. Impairment Losses for Capital Assets and Insurance Recoveries**

Primary Government

In the nonmajor governmental funds financial statements, extraordinary items are reflected for expenditures incurred (\$32,126) and insurance recoveries received (\$401,922) due to damage caused by a fire at the landfill. On the government-wide statements, the carrying value of the property removed from service (\$82,652) is netted against insurance proceeds received (\$401,922), resulting in a gain from impairment of assets reflected on the Statement of Activities totaling \$319,270. Total costs for the construction of a new building at the landfill are \$279,606 and the replacement cost of vehicle destroyed by the fire is \$157,235. The county issued purchase orders for the construction contract and for the purchase of the vehicle. During the current year, costs of \$32,126 relating to the construction of new building were capitalized. The remaining balance of the construction contract (\$247,480) and the cost of replacement vehicle (\$157,235) have been recognized as encumbrances in the nonmajor governmental funds and these additional costs will be capitalized when completed. No further insurance recovery is expected in future years.

**D. Construction Commitments**

At June 30, 2018, the county had uncompleted construction contracts of \$316,167 in the Highway/Public Works Fund for the construction of three bridges. Funding for these future expenditures is expected to be received from state aid funds.

At June 30, 2018, the county had an uncompleted construction contract of \$247,480 in the Solid Waste/Sanitation Fund for the construction of a new building. Funding has been received for these future expenditures.

At June 30, 2018, the discretely presented Carter County School Department had uncompleted construction contracts of \$920,770 in the General Purpose School Fund. Funding has been received for these future expenditures.

During the prior 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. During the prior year the county had received \$245,078 for a completed improvement at the shelter, \$29,972 for a transit van. As of June 30, 2018, the county had not received any additional funding from the estate and had not yet entered into any construction contracts for additional improvements.

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

The composition of interfund balances as of June 30, 2018, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 11,579
Highway/Public Works	General	16,115
"	Nonmajor governmental	4,805
Nonmajor governmental	General	4,823
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	7,394
Nonmajor governmental	General Purpose School	53,308

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

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

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Component Unit: School Department: General Purpose School	\$ 600

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2018, consisted of the following amount:

## Primary Government

<u>Transfers Out</u>	<u>Transfers In</u> Nonmajor Governmental Funds
General	\$ 235,475
Total	<u>\$ 235,475</u>

The transfers above includes \$191,475 for operations of the Solid Waste/Sanitation Fund and \$44,000 for the purchase of land for Sports and Recreation Fund.

## Discretely Presented Carter County School Department

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Purpose School	\$ 50,000
Total	<u>\$ 50,000</u>

The transfer above is for cash flow purposes in the School Federal Projects Fund.

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.

## 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, 2018, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds -				
Refunding	3.29%	5-1-35	\$ 24,800,000	\$ 18,560,000
Capital Outlay Notes	3.49	5-22-20	1,024,700	126,873
Other Loans	Variable	5-25-29	3,530,041	1,973,041

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, 2018, the interest rate was 1.37 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, 2018, including interest payments and other loan fees, are presented in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2024-2028	5,975,000	2,085,125	8,060,125
2029-2033	5,310,000	1,012,400	6,322,400
2034-2035	2,000,000	120,000	2,120,000
Total	<u>\$ 18,560,000</u>	<u>\$ 6,154,431</u>	<u>\$ 24,714,431</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 100,947	\$ 4,317	\$ 105,264
2020	25,926	905	26,831
Total	<u>\$ 126,873</u>	<u>\$ 5,222</u>	<u>\$ 132,095</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 158,000	\$ 27,031	\$ 15,400	\$ 200,431
2020	164,000	24,866	14,167	203,033
2021	169,000	22,619	12,887	204,506
2022	174,000	20,304	11,568	205,872
2023	180,000	17,920	10,210	208,130
2024-2028	990,000	51,008	29,061	1,070,069
2029	138,041	1,891	1,077	141,009
Total	<u>\$ 1,973,041</u>	<u>\$ 165,639</u>	<u>\$ 94,370</u>	<u>\$ 2,233,050</u>

There is \$4,982,261 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$323, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loans, and unamortized debt premiums totaled \$367, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:



Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2017	\$ 19,460,000	\$ 223,937	\$ 2,126,041
Reductions	(900,000)	(97,064)	(153,000)
Balance, June 30, 2018	<u>\$ 18,560,000</u>	<u>\$ 126,873</u>	<u>\$ 1,973,041</u>
Balance Due Within One Year	<u>\$ 1,000,000</u>	<u>\$ 100,947</u>	<u>\$ 158,000</u>

	Capital Leases	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2017	\$ 22,959	\$ 712,814	\$ 2,008,671
Additions	0	942,858	0
Reductions	(22,959)	(669,076)	(121,138)
Balance, June 30, 2018	<u>\$ 0</u>	<u>\$ 986,596</u>	<u>\$ 1,887,533</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 493,298</u>	<u>\$ 154,513</u>

	Net Pension Liability Agent Plan	Other Postemployment Benefits	
Balance, July 1, 2017	\$ 879,666	\$ 1,850,353	(1)
Additions	1,033,927	118,732	
Reductions	(1,913,593)	(152,765)	
Balance, June 30, 2018	<u>\$ 0</u>	<u>\$ 1,816,320</u>	
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	

(1) Restated for implementation of GASB Statement No. 75. See note I.D.10.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 25,350,363
Add: Unamortized Premium on Debt	399,034
Less: Balance Due Within One Year	<u>(1,906,758)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 23,842,639</u>

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

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

#### **Changes in Long-term Obligations**

Long-term obligations activity for the discretely presented Carter County School Department for the year ended June 30, 2018, was as follows:

#### Governmental Activities:

	Compensated Absences	Termination Benefits
Balance, July 1, 2017	\$ 711,238	\$ 31,707 (1)
Additions	207,099	0
Reductions	(325,926)	(31,707)
Balance, June 30, 2018	<u>\$ 592,411</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 169,479</u>	<u>\$ 0</u>

	Other Postemployment Benefits	Net Pension Liability - Agent Plan
Balance, July 1, 2017	\$ 13,603,814 (2)	\$ 547,668
Additions	934,591	627,000
Reductions	(1,310,011)	(1,174,668)
Balance, June 30, 2018	<u>\$ 13,228,394</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

	Net Pension Liability - Teacher Legacy Plan
Balance, July 1, 2017	\$ 3,497,874
Additions	2,035,159
Reductions	(5,533,033)
Balance, June 30, 2018	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>

- (1) Termination Benefits are included in Other Postemployment Benefits Liability.
- (2) Restated for implementation of GASB Statement No. 75. See note I.D.10.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 13,820,805
Less: Balance Due Within One Year	<u>(169,479)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 13,651,326</u></u>

These long-term obligations will be paid from the employing funds.

**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. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan for the year ended June 30, 2018, were \$276,252. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**C. Contingent Liabilities**

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

**D. Change in Administration**

Christa Byrd left the Office of Finance Director on March 28, 2018. Michael Kennedy served as Finance Director from March 29, 2018, to April 18, 2018 and was succeeded by Brad Burke on April 19, 2018.

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

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Carter County closed its sanitary landfill in 2000. The \$1,887,533 reported as postclosure care liability at June 30, 2018, represents amounts based on what it would cost to perform all postclosure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Carter County bills the City of Elizabethton for one-half of the postclosure expenditures in accordance with a written agreement with the city.

**F. Joint Ventures**

The 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 counties also pay a daily fee for individuals from their counties 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

### **G. Jointly Governed Organization**

#### **Primary Government**

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

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64, *Tennessee Code Annotated*, and includes the counties of Carter, 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.

Carter County is a participant in the joint governance of the Alliance for Business and Training (AB&T), which administers funds received under the Workforce Innovation and Opportunity Act for the Northeast Tennessee Local Workforce Development Area. An interlocal consortium agreement between Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington counties established the Northeast Tennessee Workforce Development Board and the governing structure of AB&T. The county mayors represent each county in the consortium. The Sullivan County Mayor serves as the chief local elected county official of the consortium by the majority approval of the local elected county officials in the consortium agreement and approves appointments of board members of the workforce development board following a nomination process specified in the agreement. The board has no financial activity but provides oversight for workforce development programs of the Development Area. Those programs are funded by grants passed through the state Department of Labor to AB&T.

Mayors of the participating counties, along with four members jointly appointed by the mayors, serve as the governing board of AB&T. The consortium agreement calls for any liability for disallowed costs of the grant programs to be shared by member counties of the consortium based on each

county's percent of the population of the local workforce development area. However, that contingent liability is to be mitigated by \$3 million of insurance coverage provided by AB&T to indemnify the counties pursuant to the consortium agreement.

Complete financial information for the Alliance for Business and Training can be obtained from the following address.

Alliance for Business and Training  
386 Hwy 91  
PO Box 249  
Elizabethton, TN 37643

## **H. Retirement Commitments**

### **1. Tennessee Consolidated Retirement System (TCRS)**

#### **Primary Government**

#### **General Information About the Pension Plan**

*Plan Description.* Employees of Carter County and non-certified employees of the discretely presented Carter County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 62.25 percent, the non-certified employees of the discretely presented School Department comprise 37.75 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.state.tn.us/tcrs](http://www.treasury.state.tn.us/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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	485
Inactive Employees Entitled to But Not Yet Receiving Benefits	720
Active Employees	579
Total	<u>1,784</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 a rate that is higher than the minimum set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Carter County was \$2,007,169 based on a rate of 14.94 percent of covered payroll. The minimum rate established by the Board of Trustees was 11.67 percent. 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 contributions (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, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 (Asset) (a)-(b)
Balance, July 1, 2016	\$ 45,172,519	\$ 43,745,185	\$ 1,427,334
Changes for the Year:			
Service Cost	\$ 1,076,184	\$ 0	\$ 1,076,184
Interest	3,385,810	0	3,385,810
Differences Between Expected and Actual Experience	(814,366)	0	(814,366)
Changes in Assumptions	1,192,709	0	1,192,709
Contributions-Employer	0	1,919,806	(1,919,806)
Contributions-Employees		347,325	(347,325)
Net Investment Income		4,958,056	(4,958,056)
Benefit Payments, Including Refunds of Employee Contributions	(2,209,132)	(2,209,132)	0
Administrative Expense	0	(49,238)	49,238
Other Changes	0	297	(297)
Net Changes	\$ 2,631,205	\$ 4,967,114	\$ (2,335,909)
Balance, June 30, 2017	\$ 47,803,724	\$ 48,712,299	\$ (908,575)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	62.25%	\$ 29,757,818	\$ 30,323,406	\$ (565,588)
School Department	37.75%	18,045,906	18,388,893	(342,987)
Total		\$ 47,803,724	\$ 48,712,299	\$ (908,575)

*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 7.25 percent, as well as what the net pension liability (asset) would be if it were

calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Carter County	6.25%	7.25%	8.25%

Net Pension Liability (Asset)   \$ 5,167,856   \$ (908,575)   \$ (5,976,203)

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

*Pension Expense or Negative Pension Expense.* For the year ended June 30, 2018, Carter County recognized pension expense of \$706,760.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, Carter County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 243,579	\$ 967,903
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	15,042
Changes in Assumptions	954,167	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	2,007,169	N/A
Total	<u>\$ 3,204,915</u>	<u>\$ 982,945</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 2,001,853	\$ 611,884
School Department	1,203,062	371,061
Total	<u>\$ 3,204,915</u>	<u>\$ 982,945</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
2019	\$ (175,621)
2020	428,669
2021	221,456
2022	(259,696)
2023	0
Thereafter	0

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

**Discretely Presented Carter County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Carter County and non-certified employees of the discretely presented Carter County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 62.25 percent and the non-certified employees of the discretely presented School Department comprise 37.75 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.state.tn.us/tcrs](http://www.treasury.state.tn.us/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, 2018, to the Teacher Retirement Plan were \$124,703, 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, 2018, the School Department reported a liability (asset) of (\$103,679) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the 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, 2017, the School Department's proportion was .392973 percent. The proportion as of June 30, 2016, was .346198 percent.

*Pension Expense.* For the year ended June 30, 2018, the School Department recognized pension expense of \$46,567.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the 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	\$ 3,634	\$ 7,798
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	5,579
Changes in Assumptions	9,109	0
Changes in Proportion of Net Pension Liability (Asset)	0	5,327
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	124,703	N/A
Total	\$ 137,446	\$ 18,704

The School Department's employer contributions of \$124,703, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. 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
2019	\$ (955)
2020	(955)
2021	(1,274)
2022	(2,709)
2023	(79)
Thereafter	17

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income	5.79		20	
Real Estate	2.01		20	
Short-term Securities	4.32		10	
	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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 School Department's proportionate share of the net pension liability (asset)

calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset) \$	20,685 \$	(103,679) \$	(194,904)

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

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Carter County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.state.tn.us/tcrs](http://www.treasury.state.tn.us/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, 2018, to the Teacher Legacy Pension Plan were \$1,806,782, which is 9.08 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, 2018, the School Department reported a liability (asset) of (\$184,795) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the 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, 2017, the School Department's proportion was .564806 percent. The proportion measured at June 30, 2016, was .559709 percent.

*Pension Expense.* For the year ended June 30, 2018, the School Department recognized pension expense of \$23,448.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the 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	\$ 111,408	\$ 3,815,151
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,051	0
Changes in Assumptions	1,565,107	0
Changes in Proportion of Net Pension Liability (Asset)	182,492	142,552
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	1,806,782	N/A
Total	<u>\$ 3,693,840</u>	<u>\$ 3,957,703</u>

The School Department's employer contributions of \$1,806,782 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2019. 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
2019	\$ (1,300,992)
2020	589,497
2021	(454,931)
2022	(904,217)
2023	0
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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and

the TCRS investment policy target asset allocation 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset) \$	16,581,389	\$ (184,795)	\$ (14,043,151)

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

## 2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the Carter County School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute a minimum of two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$152,601 and teachers contributed \$89,434 to this deferred compensation pension plan.

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

### **Primary Government**

*Plan Description.* Carter County participates in a commercial postemployment benefits plan administered by BlueCross BlueShield for medical benefits for retirees under the age of 65. For reporting purposes the plan is considered to be a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no

assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

*Benefits Provided.* Benefits provided by the plan are established and may be amended by the county commission. To be eligible for benefits, retirees who were hired on or prior to December 31, 2007, 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. Those hired subsequent to December 31, 2007, must be age 55 with at least 20 years of service to be eligible for benefits. 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 through COBRA.

Employees Covered by Benefit Terms

At the actuarial valuation date of July 1, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	10
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees	239
Total	<u>249</u>

**Total OPEB Liability**

The plan’s total OPEB liability of \$1,816,320 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017, which was then rolled forward to the measurement date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Discount Rate	3.87%
Healthcare Cost Trend Rates	4.5%
Retirees share of	
Benefit-related Cost	See discussion under Benefits Provided

The discount rate was based on the Bond Buyer GO 20 index as of June 30, 2018.

The mortality assumption is based on Group Annuity 1983 Mortality Table. Mortality improvements have not been considered in that table.

The actuarial assumptions used in the valuation were based on plan data and costs presented by the county with concurrence by the actuary.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2017	<u>\$ 1,850,353</u>
Changes for the Year:	
Service Cost	\$ 50,675
Interest	68,057
Changes in Benefit Terms	0
Difference between Expected and Actuarial	0
Experience	(67,745)
Changes in Assumption and Other Inputs	0
Benefit Payments	<u>(85,020)</u>
Net Changes	<u>\$ (34,033)</u>
Balance June 30, 2018	<u><u>\$ 1,816,320</u></u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the primary government recognized OPEB expense of \$118,732. At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 67,745
Changes of Assumptions/Inputs	0	0
Net Difference Between Projected and Actual Investment Earnings	0	0
Benefits Paid After the Measurement Date	0	0
Total	<u>\$ 0</u>	<u>\$ 67,745</u>

Amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>
2019	\$ (8,914)
2020	(8,914)
2021	(8,914)
2022	(8,914)
2023	(8,914)
Thereafter	(23,175)

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the primary government calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	\$ 2,067,377	\$ 1,816,320	\$ 1,610,078

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 3.5%	Current Trend Rate 4.5%	1% Increase 5.5%
Total OPEB Liability	\$ 1,596,438	\$ 1,816,320	\$ 2,080,111

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

#### **Closed Local Education (LEP) OPEB Plan**

The discretely presented Carter County School Department provides OPEB benefits to its retirees through a state administered public entity risk pool. For reporting purposes the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of Carter County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The School Department's total OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2107 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting 7.5% for the 2018 calendar year, and gradually decreasing 33-year period to an ultimate trend of rate of 3.53 percent with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under Benefits Provided

The discount rate was 3.56%, based on the daily rate of Fidelity's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

*Changes in Assumptions.* The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

*Plan Description.* Employees of the Carter County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This

plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* The Carter County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. For certified staff, Carter County School Department provides retirees a direct subsidy ranging from \$190 to \$558 depending on years of service and coverage selected. For non-certified staff with a minimum of 30 years of service, Carter County School Department provides retirees a direct subsidy ranging from \$426 to \$534 depending on coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

#### Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	110
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	704
Total	<u><u>814</u></u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired

employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$821,934 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Carter County</u>	<u>State of</u>	
	<u>School Department</u>	<u>TN</u>	<u>Total OPEB</u>
	<u>69.7195%</u>	<u>30.2805%</u>	<u>Liability</u>
Balance July 1, 2016	\$ 10,260,493	\$ 4,456,326	\$ 14,716,819
Changes for the Year:			
Service Cost	\$ 475,142	\$ 206,365	\$ 681,507
Interest	302,882	131,547	434,429
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and Actuarial			
Experience	0	0	0
Changes in Assumption			
and Other Inputs	(406,597)	(176,593)	(583,190)
Benefit Payments	(725,958)	(315,298)	(1,041,256)
Net Changes	\$ (354,531)	\$ (153,979)	\$ (508,510)
Balance June 30, 2017	\$ 9,905,962	\$ 4,302,347	\$ 14,208,309

The Carter County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Carter County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$317,844 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Carter County School Department's proportionate share of the collective OPEB liability was 69.7195% and the State of Tennessee's share was 30.2805%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department recognized OPEB expense of \$1,049,664, which includes expenses funded by subsidies provided by the state. At June 30, 2018, the School Department



reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	360,393
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	821,934	0
Total	<u>\$ 821,934</u>	<u>\$ 360,393</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (46,205)
2020	(46,205)
2021	(46,205)
2022	(46,205)
2023	(46,205)
Thereafter	(129,368)

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

*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	Current	
1% Decrease	Discount Rate	1% Increase
2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 10,545,846	\$ 9,905,962	\$ 9,292,881
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*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	Current	
1% Decrease	Rates	1% Increase
6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the Collective Total OPEB Liability	\$ 8,929,518	\$ 9,905,962	\$ 11,050,322
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### **Dental, Life, and Retirement Bonus Plan**

*Plan Description.* In addition to health insurance coverage provided to pre-65 retirees discussed under the closed LEA plan, Carter County also provides other postemployment benefits to pre-65 retirees for dental insurance and basic life insurance coverage of \$10,000. The School Department also provides a \$5,000 retirement bonus to eligible retirees. Dental coverage is provided through BlueCross BlueShield. Life insurance is provided through MetLife. The retirement bonus is provided through payments to retirees from the General Purpose School Fund. For reporting purposes, the plan is considered to be a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

*Benefits Provided.* Benefits provided by the plan are established and may be amended by the Board of Education. To be eligible for benefits, certified retirees must be age 55 or retire with 25 or more years of service and have been employed with the School Department for at least 15 years, with the ten

years preceding retirement having been with the School Department. Full-time non-certified employees are eligible for benefits if they retire with: (a) 15 or more years of service and have attained age 60; (b) 17 or more years of service and have attained age 55; (c) 30 or more years of service at any age. Years of service for non-certified employees must be established with the TCRS, with the last five years of service with the School Department.

Carter County School Department pays the entire premium for dental insurance and the premium for basic life insurance of \$10,000 for the retiree. These benefits are provided from the date of retirement until the earlier of age 65, Medicare eligibility, or upon obtaining coverage through another individual health insurance plan. Spouse and dependent coverage is not provided under the plan. Retirees may purchase a limited amount of additional life insurance for themselves or their family by paying the full cost of that coverage.

Carter County School Department also provides a retirement bonus payment 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.

Employees Covered by Benefit Terms

At the actuarial valuation date of July 1, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	96
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees	856
Total	<u>952</u>

**Total OPEB Liability**

The plan's total OPEB liability of \$3,322,432 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017, which was then rolled forward to the measurement date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.87%
Healthcare Cost Trend Rates	4.5%
Retirees share of Benefit-related Cost	See discussion under Benefits Provided

The discount rate was based on the Bond Buyer GO 20 index as of June 30, 2018.

The mortality assumption is based on Group Annuity 1983 Mortality Table. Mortality improvements have not been considered in that table.

The actuarial assumptions used in the valuation were based on plan data and costs presented by the county with concurrence by the actuary.

#### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 3,343,321
Changes for the Year:	
Service Cost	\$ 36,187
Interest	120,379
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	0 (117,701)
Changes in Assumption and Other Inputs	0
Benefit Payments	(33,935)
Implicit Rate Subsidy	(25,819)
Net Changes	<u>\$ (20,889)</u>
Balance June 30, 2018	<u><u>\$ 3,322,432</u></u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the primary government recognized OPEB expense of \$141,079. At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 102,214
Changes of Assumptions/Inputs	0	0
Net Difference Between Projected and Actual Investment Earnings	0	0
Benefits Paid After the Measurement Date	0	0
Total	\$ 0	\$ 102,214

Amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Primary Government
2019	\$ (15,487)
2020	(15,487)
2021	(15,487)
2022	(15,487)
2023	(15,487)
Thereafter	(24,779)

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the primary government calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	\$ 3,867,899	\$ 3,322,432	\$ 2,901,305

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 3.5%	Current Trend Rate 4.5%	1% Increase 5.5%
Total OPEB Liability	\$ 3,257,968	\$ 3,322,432	\$ 3,398,247

**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.

**L.    Subsequent Events**

On August 31, 2018, Leon Humphrey left the Office of County Mayor and was succeeded by Rusty Barnett; Edrie Bristol left the Office of Register of Deeds and was succeeded by Jarrod Ellis.

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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	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 968,307	\$ 946,742	\$ 990,434	\$ 1,076,184
Interest	2,954,231	3,112,630	3,203,218	3,385,810
Differences Between Actual and Expected Experience	196,779	(791,022)	340,372	(814,366)
Changes in Assumptions	0	0	0	1,192,709
Benefit Payments, Including Refunds of Employee Contributions	(1,924,412)	(2,047,102)	(2,161,299)	(2,209,132)
Net Change in Total Pension Liability	\$ 2,194,905	\$ 1,221,248	\$ 2,372,725	\$ 2,631,205
Total Pension Liability, Beginning	39,383,641	41,578,546	42,799,794	45,172,519
Total Pension Liability, Ending (a)	\$ 41,578,546	\$ 42,799,794	\$ 45,172,519	\$ 47,803,724
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 1,642,354	\$ 1,799,438	\$ 1,887,726	\$ 1,919,806
Contributions - Employee	205,685	258,553	315,826	347,325
Net Investment Income	5,882,079	1,273,583	1,130,452	4,958,056
Benefit Payments, Including Refunds of Employee Contributions	(1,924,412)	(2,047,102)	(2,161,299)	(2,209,132)
Administrative Expense	(21,508)	(28,327)	(43,750)	(49,238)
Other Changes	0	0	8,928	297
Net Change in Plan Fiduciary Net Position	\$ 5,784,198	\$ 1,256,145	\$ 1,137,883	\$ 4,967,114
Plan Fiduciary Net Position, Beginning	35,566,959	41,351,157	42,607,302	43,745,185
Plan Fiduciary Net Position, Ending (b)	\$ 41,351,157	\$ 42,607,302	\$ 43,745,185	\$ 48,712,299
Net Pension Liability (Asset), Ending (a - b)	\$ 227,389	\$ 192,492	\$ 1,427,334	\$ (908,575)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.45%	99.55%	96.84%	101.90%
Covered Payroll	\$ 11,631,366	\$ 12,044,428	\$ 12,637,078	\$ 12,850,190
Net Pension Liability (Asset) as a Percentage of Covered Payroll	1.95%	1.60%	11.29%	(7.07%)

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	2018
Actuarially Determined Contribution	\$ 1,642,354	\$ 1,799,438	\$ 1,887,726	\$ 1,919,806	\$ 2,007,169
Less Contributions in Relation to the Actuarially Determined Contribution	(1,642,354)	(1,799,438)	(1,887,726)	(1,919,806)	(2,007,169)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,631,366	\$ 12,044,428	\$ 12,637,078	\$ 12,850,190	\$ 13,434,863
Contributions as a Percentage of Covered Payroll	14.12%	14.94%	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  
Retirement Plan of TCRS  
Discretely Presented Carter County School Department  
For the Fiscal Year Ended June 30

	2015		2016		2017		2018	
Contractually Required Contribution	\$	28,892	\$	60,931	\$	103,169	\$	124,703
Less Contributions in Relation to the Contractually Required Contribution		(28,892)		(60,931)		(103,169)		(124,703)
Contribution Deficiency (Excess)	\$	0	\$	0	\$	0	\$	0
Covered Payroll	\$	722,287	\$	1,523,278	\$	2,579,247	\$	3,117,578
Contributions as a Percentage of Covered Payroll		4.00%		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	2018
Contractually Required Contribution	\$ 1,864,442	\$ 1,862,080	\$ 1,826,476	\$ 1,804,892	\$ 1,806,782
Less Contributions in Relation to the Contractually Required Contribution	(1,864,442)	(1,862,080)	(1,826,476)	(1,804,892)	(1,806,782)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 20,995,964	\$ 20,599,747	\$ 20,204,373	\$ 19,965,598	\$ 19,898,460
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

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 Retirement Plan of TCRS  
Discretely Presented Carter County School Department  
For the Fiscal Year Ended June 30 \*

	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.347636%	0.346198%	0.392973%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (13,985)	\$ (36,040)	\$ (103,679)
Covered Payroll	\$ 722,287	\$ 1,523,278	\$ 2,579,247
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37%)	(4.02%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

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

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

Exhibit E-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 \*

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.534930%	0.550239%	0.559709%	0.564806%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (86,924)	\$ 225,397	\$ 3,497,874	\$ (184,795)
Covered Payroll	\$ 20,995,964	\$ 20,599,747	\$ 20,204,373	\$ 19,965,598
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41%)	1.09%	17.31%	(0.93%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

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

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

Carter County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Carter County Plan  
For the Fiscal Year Ended June 30

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 50,675
Interest	68,057
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(67,745)
Changes in Assumptions or Other Inputs	0
Benefit Payments	<u>(85,020)</u>
Net Change in Total OPEB Liability	\$ (34,033)
Total OPEB Liability, Beginning	<u>1,850,353</u>
 Total OPEB Liability, Ending	 <u><u>\$ 1,816,320</u></u>
 Covered Employee Payroll	 \$ 8,897,803
Net OPEB Liability as a Percentage of Covered Employee Payroll	20.41%

Note 1: Ten years of data will be presented when available.

Note 2: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit E-8

Carter County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan  
Discretely Presented Carter County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 681,507
Interest	434,429
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(583,190)
Benefit Payments	<u>(1,041,256)</u>
Net Change in Total OPEB Liability	\$ (508,510)
Total OPEB Liability, Beginning	<u>14,716,819</u>
 Total OPEB Liability, Ending	 <u><u>\$ 14,208,309</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 4,302,347
Employer Proportionate Share of the Total OPEB Liability	9,905,962
 Covered Employee Payroll	 \$ 22,341,444
Net OPEB Liability as a Percentage of Covered Employee Payroll	44.34%

\* Data presented is as of June 30 of the previous fiscal year.

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Carter County, TennesseeSchedule of Changes in the Total OPEB Liability and Related Ratios - Dental, Life, and Retirement Bonus PlanDiscretely Presented Carter County School DepartmentFor the Fiscal Year Ended June 30

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 36,187
Interest	120,379
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(117,701)
Changes in Assumptions or Other Inputs	0
Benefit Payments	(33,935)
Implicit Rate Subsidy	<u>(25,819)</u>
Net Change in Total OPEB Liability	\$ (20,889)
Total OPEB Liability, Beginning	<u>3,343,321</u>
 Total OPEB Liability, Ending	 <u><u>\$ 3,322,432</u></u>
 Covered Employee Payroll	 \$ 29,793,895
Net OPEB Liability as a Percentage of Covered Employee Payroll	11.15%

Note 1: Ten years of data will be presented when available.

Note 2: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.



**CARTER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
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, 2018

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>ASSETS</u>					
Cash	\$ 0	\$ 6,578	\$ 42,945	\$ 0	\$ 0
Equity in Pooled Cash and Investments	58,649	826,359	62,826	59,037	10,827
Accounts Receivable	0	0	0	0	0
Due from Other Governments	0	18,853	0	0	0
Due from Other Funds	0	248	0	4,575	0
Cash Shortage	0	97	0	0	0
Total Assets	<u>\$ 58,649</u>	<u>\$ 852,135</u>	<u>\$ 105,771</u>	<u>\$ 63,612</u>	<u>\$ 10,827</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 48,163	\$ 2,728	\$ 311	\$ 0
Accrued Payroll	0	11,499	0	0	0
Payroll Deductions Payable	0	4,886	0	0	0
Due to Other Funds	0	4,805	0	0	0
Other Current Liabilities	0	0	42,945	17,247	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 69,353</u>	<u>\$ 45,673</u>	<u>\$ 17,558</u>	<u>\$ 0</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 58,649	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Public Safety	0	0	0	46,054	0
Restricted for Capital Projects	0	0	0	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>					
Committed:					
Committed for Public Health and Welfare	\$ 0	\$ 782,782	\$ 60,098	\$ 0	\$ 0
Committed for Social, Cultural, and Recreational Services	0	0	0	0	10,827
Committed for Capital Projects	0	0	0	0	0
Total Fund Balances	<u>\$ 58,649</u>	<u>\$ 782,782</u>	<u>\$ 60,098</u>	<u>\$ 46,054</u>	<u>\$ 10,827</u>
Total Liabilities and Fund Balances	<u>\$ 58,649</u>	<u>\$ 852,135</u>	<u>\$ 105,771</u>	<u>\$ 63,612</u>	<u>\$ 10,827</u>

(Continued)

## Exhibit F-1

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

	Special Revenue Funds (Cont.)		Capital Projects Fund		Total Nonmajor Governmental Funds
	Constitu - tional Officers - Fees	Total	General Capital Projects		
<u>ASSETS</u>					
Cash	\$ 9,450	\$ 58,973	\$ 0	\$	58,973
Equity in Pooled Cash and Investments	0	1,017,698	48,921		1,066,619
Accounts Receivable	2,129	2,129	0		2,129
Due from Other Governments	0	18,853	0		18,853
Due from Other Funds	0	4,823	0		4,823
Cash Shortage	0	97	0		97
Total Assets	\$ 11,579	\$ 1,102,573	\$ 48,921	\$	1,151,494
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 51,202	\$ 0	\$	51,202
Accrued Payroll	0	11,499	0		11,499
Payroll Deductions Payable	0	4,886	0		4,886
Due to Other Funds	11,579	16,384	0		16,384
Other Current Liabilities	0	60,192	0		60,192
Total Liabilities	\$ 11,579	\$ 144,163	\$ 0	\$	144,163
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 0	\$ 58,649	\$ 0	\$	58,649
Restricted for Public Safety	0	46,054	0		46,054
Restricted for Capital Projects	0	0	32,255		32,255

(Continued)

Exhibit F-1

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

FUND BALANCES (Cont.)

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</u> <u>(Cont.)</u>		<u>Capital</u> <u>Projects Fund</u>		Total Nonmajor Governmental Funds
Constitu - tional Officers - Fees	Total	General Capital Projects		
\$ 0	\$ 842,880	\$ 0	\$	842,880
0	10,827	0		10,827
0	0	16,666		16,666
<u>\$ 0</u>	<u>\$ 958,410</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>1,007,331</u>
<u>\$ 11,579</u>	<u>\$ 1,102,573</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>1,151,494</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, 2018

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>Revenues</u>					
Local Taxes	\$ 8,687	\$ 0	\$ 169,000	\$ 0	\$ 25,000
Fines, Forfeitures, and Penalties	0	0	0	22,535	0
Charges for Current Services	0	877,093	0	0	0
Other Local Revenues	0	177,568	0	22,720	176
State of Tennessee	0	24,232	0	0	0
Other Governments and Citizens Groups	0	0	0	3,847	200
Total Revenues	<u>\$ 8,687</u>	<u>\$ 1,078,893</u>	<u>\$ 169,000</u>	<u>\$ 49,102</u>	<u>\$ 25,376</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 806,924	\$ 0	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	0	0	0	0
Public Safety	0	0	0	63,725	0
Public Health and Welfare	0	1,057,982	253,691	0	0
Social, Cultural, and Recreational Services	0	0	0	0	75,288
Other Operations	86	8,903	0	365	0
Total Expenditures	<u>\$ 86</u>	<u>\$ 1,066,885</u>	<u>\$ 1,060,615</u>	<u>\$ 64,090</u>	<u>\$ 75,288</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,601</u>	<u>\$ 12,008</u>	<u>\$ (891,615)</u>	<u>\$ (14,988)</u>	<u>\$ (49,912)</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				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 15,398	\$ 0	\$ 0	\$ 0
Transfers In	0	191,475	0	0	44,000
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 206,873</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,000</u>
<u>Extraordinary Items</u>					
Insurance Recovery - Fire Damage	\$ 0	\$ 401,922	\$ 0	\$ 0	\$ 0
Fire Damage Expenditures	0	(32,126)	0	0	0
Total Extraordinary Items	<u>\$ 0</u>	<u>\$ 369,796</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 8,601	\$ 588,677	\$ (891,615)	\$ (14,988)	\$ (5,912)
Fund Balance, July 1, 2017	50,048	194,105	951,713	61,042	16,739
Fund Balance, June 30, 2018	<u>\$ 58,649</u>	<u>\$ 782,782</u>	<u>\$ 60,098</u>	<u>\$ 46,054</u>	<u>\$ 10,827</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		
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 202,687	\$ 0	\$	202,687
Fines, Forfeitures, and Penalties	0	22,535	0		22,535
Charges for Current Services	9,295	886,388	0		886,388
Other Local Revenues	306	200,770	0		200,770
State of Tennessee	0	24,232	0		24,232
Other Governments and Citizens Groups	0	4,047	0		4,047
Total Revenues	\$ 9,601	\$ 1,340,659	\$ 0	\$	1,340,659
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 806,924	\$ 0	\$	806,924
Finance	189	189	0		189
Administration of Justice	9,412	9,412	0		9,412
Public Safety	0	63,725	0		63,725
Public Health and Welfare	0	1,311,673	0		1,311,673
Social, Cultural, and Recreational Services	0	75,288	0		75,288
Other Operations	0	9,354	0		9,354
Total Expenditures	\$ 9,601	\$ 2,276,565	\$ 0	\$	2,276,565
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (935,906)	\$ 0	\$	(935,906)

(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	\$ 15,398	\$ 0	\$ 0	\$ 15,398
Transfers In	0	235,475	0	0	235,475
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 250,873</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 250,873</u>
<u>Extraordinary Items</u>					
Insurance Recovery - Fire Damage	\$ 0	\$ 401,922	\$ 0	\$ 0	\$ 401,922
Fire Damage Expenditures	0	(32,126)	0	0	(32,126)
Total Extraordinary Items	<u>\$ 0</u>	<u>\$ 369,796</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 369,796</u>
Net Change in Fund Balances	\$ 0	\$ (315,237)	\$ 0	\$ 0	\$ (315,237)
Fund Balance, July 1, 2017	0	1,273,647	48,921		1,322,568
Fund Balance, June 30, 2018	<u>\$ 0</u>	<u>\$ 958,410</u>	<u>\$ 48,921</u>	<u>\$</u>	<u>1,007,331</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,687	\$ 10,500	\$ 10,500	\$ (1,813)
Total Revenues	\$ 8,687	\$ 10,500	\$ 10,500	\$ (1,813)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 5,600	\$ 5,600	\$ 5,600
<u>Administration of Justice</u>				
Other Administration of Justice	0	4,800	4,800	4,800
<u>Other Operations</u>				
Miscellaneous	86	100	100	14
Total Expenditures	\$ 86	\$ 10,500	\$ 10,500	\$ 10,414
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,601	\$ 0	\$ 0	\$ 8,601
Net Change in Fund Balance	\$ 8,601	\$ 0	\$ 0	\$ 8,601
Fund Balance, July 1, 2017	50,048	19,427	19,427	30,621
Fund Balance, June 30, 2018	\$ 58,649	\$ 19,427	\$ 19,427	\$ 39,222

Exhibit F-4

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 877,093	\$ 0	\$ 877,093	\$ 630,177	\$ 707,066	\$ 170,027
Other Local Revenues	177,568	0	177,568	80,000	117,594	59,974
State of Tennessee	24,232	0	24,232	22,000	22,000	2,232
Total Revenues	\$ 1,078,893	\$ 0	\$ 1,078,893	\$ 732,177	\$ 846,660	\$ 232,233
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Convenience Centers	\$ 53,325	\$ 0	\$ 53,325	\$ 55,871	\$ 55,871	\$ 2,546
Recycling Center	53,212	0	53,212	62,734	62,734	9,522
Landfill Operation and Maintenance	951,445	0	951,445	814,160	1,073,263	121,818
<u>Other Operations</u>						
Miscellaneous	8,903	0	8,903	10,000	10,000	1,097
Total Expenditures	\$ 1,066,885	\$ 0	\$ 1,066,885	\$ 942,765	\$ 1,201,868	\$ 134,983
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,008	\$ 0	\$ 12,008	\$ (210,588)	\$ (355,208)	\$ 367,216
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 15,398	\$ 0	\$ 15,398	\$ 0	\$ 0	\$ 15,398
Transfers In	191,475	0	191,475	210,591	237,129	(45,654)
Total Other Financing Sources	\$ 206,873	\$ 0	\$ 206,873	\$ 210,591	\$ 237,129	\$ (30,256)
<u>Extraordinary Items</u>						
Insurance Recovery - Fire Damage	\$ 401,922	\$ 0	\$ 401,922	\$ 0	\$ 401,922	\$ 0
Fire Damage Expenditures	(32,126)	(404,715)	(436,841)	0	(436,841)	0
Total Extraordinary Items	\$ 369,796	\$ (404,715)	\$ (34,919)	\$ 0	\$ (34,919)	\$ 0
Net Change in Fund Balance	\$ 588,677	\$ (404,715)	\$ 183,962	\$ 3	\$ (152,998)	\$ 336,960
Fund Balance, July 1, 2017	194,105	0	194,105	161,262	161,262	32,843
Fund Balance, June 30, 2018	\$ 782,782	\$ (404,715)	\$ 378,067	\$ 161,265	\$ 8,264	\$ 369,803

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 169,000	\$ 0	\$ 0	\$ 169,000	\$ 0	\$ 169,000	\$ 0
State of Tennessee	0	0	0	0	169,000	54,807	(54,807)
Total Revenues	\$ 169,000	\$ 0	\$ 0	\$ 169,000	\$ 169,000	\$ 223,807	\$ (54,807)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 806,924	\$ (782,252)	\$ 9,654	\$ 34,326	\$ 0	\$ 54,807	\$ 20,481
<u>Public Health and Welfare</u>							
Local Health Center	253,691	0	0	253,691	169,000	301,956	48,265
Total Expenditures	\$ 1,060,615	\$ (782,252)	\$ 9,654	\$ 288,017	\$ 169,000	\$ 356,763	\$ 68,746
Excess (Deficiency) of Revenues Over Expenditures	\$ (891,615)	\$ 782,252	\$ (9,654)	\$ (119,017)	\$ 0	\$ (132,956)	\$ 13,939
Net Change in Fund Balance	\$ (891,615)	\$ 782,252	\$ (9,654)	\$ (119,017)	\$ 0	\$ (132,956)	\$ 13,939
Fund Balance, July 1, 2017	951,713	(782,252)	0	169,461	157,278	157,278	12,183
Fund Balance, June 30, 2018	\$ 60,098	\$ 0	\$ (9,654)	\$ 50,444	\$ 157,278	\$ 24,322	\$ 26,122

## 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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 22,535	\$ 27,800	\$ 29,040	\$ (6,505)
Other Local Revenues	22,720	12,000	13,038	9,682
Other Governments and Citizens Groups	3,847	0	4,357	(510)
Total Revenues	<u>\$ 49,102</u>	<u>\$ 39,800</u>	<u>\$ 46,435</u>	<u>\$ 2,667</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 63,725	\$ 39,000	\$ 78,602	\$ 14,877
<u>Other Operations</u>				
Miscellaneous	365	800	800	435
Total Expenditures	<u>\$ 64,090</u>	<u>\$ 39,800</u>	<u>\$ 79,402</u>	<u>\$ 15,312</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,988)</u>	<u>\$ 0</u>	<u>\$ (32,967)</u>	<u>\$ 17,979</u>
Net Change in Fund Balance	\$ (14,988)	\$ 0	\$ (32,967)	\$ 17,979
Fund Balance, July 1, 2017	<u>61,042</u>	<u>52,643</u>	<u>52,643</u>	<u>8,399</u>
Fund Balance, June 30, 2018	<u><u>\$ 46,054</u></u>	<u><u>\$ 52,643</u></u>	<u><u>\$ 19,676</u></u>	<u><u>\$ 26,378</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 25,000	\$ 0	\$ 25,000	\$ 0
Other Local Revenues	176	0	0	176
Other Governments and Citizens Groups	200	25,000	250	(50)
Total Revenues	<u>\$ 25,376</u>	<u>\$ 25,000</u>	<u>\$ 25,250</u>	<u>\$ 126</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 75,288	\$ 25,000	\$ 85,990	\$ 10,702
Total Expenditures	<u>\$ 75,288</u>	<u>\$ 25,000</u>	<u>\$ 85,990</u>	<u>\$ 10,702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (49,912)</u>	<u>\$ 0</u>	<u>\$ (60,740)</u>	<u>\$ 10,828</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 44,000	\$ 0	\$ 44,000	\$ 0
Total Other Financing Sources	<u>\$ 44,000</u>	<u>\$ 0</u>	<u>\$ 44,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (5,912)	\$ 0	\$ (16,740)	\$ 10,828
Fund Balance, July 1, 2017	<u>16,739</u>	<u>16,740</u>	<u>16,740</u>	<u>(1)</u>
Fund Balance, June 30, 2018	<u><u>\$ 10,827</u></u>	<u><u>\$ 16,740</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 10,827</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,917,439	\$ 1,927,652	\$ 1,927,652	\$ (10,213)
Other Local Revenues	50,000	50,000	50,000	0
State of Tennessee	38,170	33,208	33,208	4,962
Other Governments and Citizens Groups	23,072	0	23,072	0
Total Revenues	<u>\$ 2,028,681</u>	<u>\$ 2,010,860</u>	<u>\$ 2,033,932</u>	<u>\$ (5,251)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 900,000	\$ 900,000	\$ 900,000	\$ 0
Education	273,023	248,613	273,072	49
<u>Interest on Debt</u>				
General Government	676,931	676,931	676,931	0
Education	35,367	124,116	122,729	87,362
<u>Other Debt Service</u>				
General Government	42,143	45,000	45,000	2,857
Education	13,136	16,200	16,200	3,064
Total Expenditures	<u>\$ 1,940,600</u>	<u>\$ 2,010,860</u>	<u>\$ 2,033,932</u>	<u>\$ 93,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 88,081</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 88,081</u>
Net Change in Fund Balance	\$ 88,081	\$ 0	\$ 0	\$ 88,081
Fund Balance, July 1, 2017	<u>4,894,180</u>	<u>4,672,457</u>	<u>4,672,457</u>	<u>221,723</u>
Fund Balance, June 30, 2018	<u>\$ 4,982,261</u>	<u>\$ 4,672,457</u>	<u>\$ 4,672,457</u>	<u>\$ 309,804</u>

# 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.

City School ADA – Johnson City Fund – The City School ADA – Johnson City 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, 2018

	Agency Funds				
	Cities - Sales Tax	City School ADA - Elizabethton	City School ADA - Johnson City	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,789,839	\$ 1,789,839
Equity in Pooled Cash and Investments	0	263,409	9,349	0	272,758
Accounts Receivable	0	0	0	29,014	29,014
Due from Other Governments	868,055	367,972	13,241	0	1,249,268
Property Taxes Receivable	0	3,199,083	115,303	0	3,314,386
Allowance for Uncollectible Property Taxes	0	(48,405)	(1,745)	0	(50,150)
Total Assets	<u>\$ 868,055</u>	<u>\$ 3,782,059</u>	<u>\$ 136,148</u>	<u>\$ 1,818,853</u>	<u>\$ 6,605,115</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 868,055	\$ 3,782,059	\$ 136,148	\$ 0	\$ 4,786,262
Due to Litigants, Heirs, and Others	0	0	0	1,818,853	1,818,853
Total Liabilities	<u>\$ 868,055</u>	<u>\$ 3,782,059</u>	<u>\$ 136,148</u>	<u>\$ 1,818,853</u>	<u>\$ 6,605,115</u>

## Exhibit H-2

Carter County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,900,690	\$ 4,900,690	\$ 0
Due from Other Governments	825,614	868,055	825,614	868,055
Total Assets	\$ 825,614	\$ 5,768,745	\$ 5,726,304	\$ 868,055
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 825,614	\$ 5,768,745	\$ 5,726,304	\$ 868,055
Total Liabilities	\$ 825,614	\$ 5,768,745	\$ 5,726,304	\$ 868,055
<u>City School ADA - Elizabethton Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 253,318	\$ 5,414,005	\$ 5,403,914	\$ 263,409
Due from Other Governments	357,417	367,972	357,417	367,972
Property Taxes Receivable	3,306,659	3,199,083	3,306,659	3,199,083
Allowance for Uncollectible Property Taxes	(38,596)	(48,405)	(38,596)	(48,405)
Total Assets	\$ 3,878,798	\$ 8,932,655	\$ 9,029,394	\$ 3,782,059
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,878,798	\$ 8,932,655	\$ 9,029,394	\$ 3,782,059
Total Liabilities	\$ 3,878,798	\$ 8,932,655	\$ 9,029,394	\$ 3,782,059
<u>City School ADA - Johnson City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 194,133	\$ 184,784	\$ 9,349
Due from Other Governments	0	13,241	0	13,241
Property Taxes Receivable	0	115,303	0	115,303
Allowance for Uncollectible Property Taxes	0	(1,745)	0	(1,745)
Total Assets	\$ 0	\$ 320,932	\$ 184,784	\$ 136,148
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 0	\$ 320,932	\$ 184,784	\$ 136,148
Total Liabilities	\$ 0	\$ 320,932	\$ 184,784	\$ 136,148

( 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>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,900,835	\$ 8,822,004	\$ 8,933,000	\$ 1,789,839
Accounts Receivable	29,798	29,014	29,798	29,014
Total Assets	<u>\$ 1,930,633</u>	<u>\$ 8,851,018</u>	<u>\$ 8,962,798</u>	<u>\$ 1,818,853</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 1,930,633</u>	<u>\$ 8,851,018</u>	<u>\$ 8,962,798</u>	<u>\$ 1,818,853</u>
Total Liabilities	<u>\$ 1,930,633</u>	<u>\$ 8,851,018</u>	<u>\$ 8,962,798</u>	<u>\$ 1,818,853</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,900,835	\$ 8,822,004	\$ 8,933,000	\$ 1,789,839
Equity in Pooled Cash and Investments	253,318	10,508,828	10,489,388	272,758
Accounts Receivable	29,798	29,014	29,798	29,014
Due from Other Governments	1,183,031	1,249,268	1,183,031	1,249,268
Property Taxes Receivable	3,306,659	3,314,386	3,306,659	3,314,386
Allowance for Uncollectible Property Taxes	(38,596)	(50,150)	(38,596)	(50,150)
Total Assets	<u>\$ 6,635,045</u>	<u>\$ 23,873,350</u>	<u>\$ 23,903,280</u>	<u>\$ 6,605,115</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,704,412	\$ 15,022,332	\$ 14,940,482	\$ 4,786,262
Due to Litigants, Heirs, and Others	<u>1,930,633</u>	<u>8,851,018</u>	<u>8,962,798</u>	<u>1,818,853</u>
Total Liabilities	<u>\$ 6,635,045</u>	<u>\$ 23,873,350</u>	<u>\$ 23,903,280</u>	<u>\$ 6,605,115</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 28,880,657	\$ 0	\$ 4,266,526	124,286	\$ (24,489,845)
Support Services	15,310,094	207,043	484,593	0	(14,618,458)
Operation of Non-instructional Services	4,929,052	536,877	2,951,938	0	(1,440,237)
Total Governmental Activities	\$ 49,119,803	\$ 743,920	\$ 7,703,057	124,286	\$ (40,548,540)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 6,404,882
Local Option Sales Taxes					4,247,683
Mixed Drink Tax					2,000
Grants and Contributions Not Restricted for Specific Programs					33,669,734
Unrestricted Investment Income					49,217
Miscellaneous					264,583
Total General Revenues					\$ 44,638,099
Change in Net Position					\$ 4,089,559
Net Position, July 1, 2017					23,595,967
Restatement - See Note I.D.10					(674,646)
Net Position, June 30, 2018					\$ 27,010,880

Exhibit I-2

Carter County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Carter County School Department  
June 30, 2018

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 1,136,076	\$ 2,347	\$ 0	\$ 1,138,423
Equity in Pooled Cash and Investments	7,553,521	3,598,643	268,979	11,421,143
Accounts Receivable	0	21,841	713	22,554
Due from Other Governments	1,610,195	8,514	298,491	1,917,200
Due from Other Funds	7,394	0	53,308	60,702
Property Taxes Receivable	6,358,701	0	0	6,358,701
Allowance for Uncollectible Property Taxes	(96,214)	0	0	(96,214)
Prepaid Items	30,787	0	0	30,787
Total Assets	<u>\$ 16,600,460</u>	<u>\$ 3,631,345</u>	<u>\$ 621,491</u>	<u>\$ 20,853,296</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 409,927	\$ 25,152	\$ 9,225	\$ 444,304
Payroll Deductions Payable	95,327	34,062	19,197	148,586
Contracts Payable	111,211	0	0	111,211
Retainage Payable	20,208	0	0	20,208
Future Compensation Payable	17,503	0	2,497	20,000
Other Withholding Taxes	80,451	2,336	22	82,809
Due to Other Funds	53,308	0	7,394	60,702
Due to Primary Government	600	0	0	600
Due to State of Tennessee	0	0	4,123	4,123
Other Current Liabilities	425,141	0	3,930	429,071
Total Liabilities	<u>\$ 1,213,676</u>	<u>\$ 61,550</u>	<u>\$ 46,388</u>	<u>\$ 1,321,614</u>

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 6,059,690	\$ 0	\$ 0	\$ 6,059,690
Deferred Delinquent Property Taxes	181,117	0	0	181,117
Other Deferred/Unavailable Revenue	399,102	0	19,822	418,924
Total Deferred Inflows of Resources	<u>\$ 6,639,909</u>	<u>\$ 0</u>	<u>\$ 19,822</u>	<u>\$ 6,659,731</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Items	\$ 30,787	\$ 0	\$ 0	\$ 30,787
Restricted:				
Restricted for Education	96,618	3,569,795	105,281	3,771,694
Restricted for Capital Projects	352	0	0	352
Committed:				
Committed for Education	18,398	0	450,000	468,398
Assigned:				
Assigned for Education	775,773	0	0	775,773
Assigned for Capital Projects	920,770	0	0	920,770
Unassigned	6,904,177	0	0	6,904,177
Total Fund Balances	<u>\$ 8,746,875</u>	<u>\$ 3,569,795</u>	<u>\$ 555,281</u>	<u>\$ 12,871,951</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,600,460</u>	<u>\$ 3,631,345</u>	<u>\$ 621,491</u>	<u>\$ 20,853,296</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, 2018

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)		\$ 12,871,951
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 828,228	
Add: construction in progress	457,410	
Add: building and improvements net of accumulated depreciation	22,580,372	
Add: other capital assets net of accumulated depreciation	<u>1,816,015</u>	25,682,025
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (592,411)	
Less: other postemployment benefits liability	<u>(13,228,394)</u>	(13,820,805)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 5,034,348	
Less: deferred inflows of resources related to pensions	(4,347,468)	
Add: deferred outflows of resources related to OPEB	821,934	
Less: deferred inflows of resources related to OPEB	<u>(462,607)</u>	1,046,207
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension assets - agent plan	\$ 342,987	
Add: net pension assets - teacher retirement plans	103,679	
Add: net pension assets - teacher legacy retirement plan	<u>184,795</u>	631,461
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>600,041</u>
Net position of governmental activities (Exhibit A)		<u>\$ 27,010,880</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, 2018

	Major Funds		Nonmajor Funds	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 10,789,712	\$ 0	\$ 0	\$ 10,789,712
Licenses and Permits	1,114	0	0	1,114
Charges for Current Services	277,165	460,659	0	737,824
Other Local Revenues	252,793	73,103	0	325,896
State of Tennessee	32,829,765	29,149	0	32,858,914
Federal Government	330,984	2,779,072	4,211,511	7,321,567
Other Governments and Citizens Groups	74,332	0	1,059,614	1,133,946
Total Revenues	<u>\$ 44,555,865</u>	<u>\$ 3,341,983</u>	<u>\$ 5,271,125</u>	<u>\$ 53,168,973</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 26,073,311	\$ 0	\$ 2,781,606	\$ 28,854,917
Support Services	14,362,526	0	1,235,257	15,597,783
Operation of Non-Instructional Services	906,719	2,998,570	1,172,341	5,077,630
Capital Outlay	2,495,863	0	0	2,495,863
Debt Service:				
Other Debt Service	23,072	0	0	23,072
Total Expenditures	<u>\$ 43,861,491</u>	<u>\$ 2,998,570</u>	<u>\$ 5,189,204</u>	<u>\$ 52,049,265</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 694,374</u>	<u>\$ 343,413</u>	<u>\$ 81,921</u>	<u>\$ 1,119,708</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 229,245	\$ 61,664	\$ 0	\$ 290,909
Transfers In	0	0	50,000	50,000

(Continued)

## Exhibit I-4

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

	<u>Major Funds</u>		<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses) (Cont.)</u>				
Transfers Out	\$ (50,000)	\$ 0	\$ 0	\$ (50,000)
Total Other Financing Sources (Uses)	\$ 179,245	\$ 61,664	\$ 50,000	\$ 290,909
Net Change in Fund Balances	\$ 873,619	\$ 405,077	\$ 131,921	\$ 1,410,617
Fund Balance, July 1, 2017	7,873,256	3,164,718	423,360	11,461,334
Fund Balance, June 30, 2018	\$ 8,746,875	\$ 3,569,795	\$ 555,281	\$ 12,871,951

# 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, 2018

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,410,617
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,681,499	
Less: current-year depreciation expense	<u>(1,371,738)</u>	309,761
(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		(200,000)
(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, 2018	\$ 600,041	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(559,652)</u>	40,389
(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		22,959
(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	\$ 118,827	
Change in termination benefits liability	31,707	
Change in OPEB liability (net of restatement)	375,420	
Change in net pension asset - agent plan	890,655	
Change in net pension asset - teacher retirement plan	67,639	
Change in net pension asset - teacher legacy retirement plan	3,682,669	
Change in deferred outflows related to pensions	(2,558,246)	
Change in deferred inflows related to pensions	263,793	
Change in deferred outflows related to OPEB (net of restatement)	95,976	
Change in deferred inflows related to OPEB	<u>(462,607)</u>	<u>2,505,833</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,089,559</u>

Exhibit I-6

Carter County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Carter County School Department  
June 30, 2018

	<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	\$ 240,748	\$ 28,231	\$ 268,979
Accounts Receivable	713	0	713
Due from Other Governments	280,085	18,406	298,491
Due from Other Funds	53,308	0	53,308
Total Assets	<u>\$ 574,854</u>	<u>\$ 46,637</u>	<u>\$ 621,491</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 3,220	\$ 6,005	\$ 9,225
Payroll Deductions Payable	0	19,197	19,197
Future Compensation Payable	0	2,497	2,497
Other Withholding Taxes	0	22	22
Due to Other Funds	7,394	0	7,394
Due to State of Tennessee	4,123	0	4,123
Other Current Liabilities	3,930	0	3,930
Total Liabilities	<u>\$ 18,667</u>	<u>\$ 27,721</u>	<u>\$ 46,388</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 19,822	\$ 0	\$ 19,822
Total Deferred Inflows of Resources	<u>\$ 19,822</u>	<u>\$ 0</u>	<u>\$ 19,822</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 86,365	\$ 18,916	\$ 105,281
Committed:			
Committed for Education	450,000	0	450,000
Total Fund Balances	<u>\$ 536,365</u>	<u>\$ 18,916</u>	<u>\$ 555,281</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 574,854</u>	<u>\$ 46,637</u>	<u>\$ 621,491</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, 2018

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Other Education Special Revenue	Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 4,101,428	\$ 110,083	\$ 4,211,511
Other Governments and Citizens Groups	0	1,059,614	1,059,614
Total Revenues	<u>\$ 4,101,428</u>	<u>\$ 1,169,697</u>	<u>\$ 5,271,125</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,781,606	\$ 0	\$ 2,781,606
Support Services	1,233,888	1,369	1,235,257
Operation of Non-Instructional Services	0	1,172,341	1,172,341
Total Expenditures	<u>\$ 4,015,494</u>	<u>\$ 1,173,710</u>	<u>\$ 5,189,204</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 85,934</u>	<u>\$ (4,013)</u>	<u>\$ 81,921</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 50,000	\$ 0	\$ 50,000
Total Other Financing Sources (Uses)	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 50,000</u>
Net Change in Fund Balances	\$ 135,934	\$ (4,013)	\$ 131,921
Fund Balance, July 1, 2017	<u>400,431</u>	<u>22,929</u>	<u>423,360</u>
Fund Balance, June 30, 2018	<u>\$ 536,365</u>	<u>\$ 18,916</u>	<u>\$ 555,281</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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,789,712	\$ 0	\$ 0	\$ 10,789,712	\$ 10,025,828	\$ 10,025,828	\$ 763,884
Licenses and Permits	1,114	0	0	1,114	1,200	1,200	(86)
Charges for Current Services	277,165	0	0	277,165	204,000	227,460	49,705
Other Local Revenues	252,793	0	0	252,793	1,200	13,296	239,497
State of Tennessee	32,829,765	0	0	32,829,765	30,866,000	32,036,141	793,624
Federal Government	330,984	0	0	330,984	85,000	471,123	(140,139)
Other Governments and Citizens Groups	74,332	0	0	74,332	0	53,610	20,722
Total Revenues	\$ 44,555,865	\$ 0	\$ 0	\$ 44,555,865	\$ 41,183,228	\$ 42,828,658	\$ 1,727,207
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 20,805,233	\$ 0	\$ 92,463	\$ 20,897,696	\$ 20,995,895	\$ 21,313,678	\$ 415,982
Alternative Instruction Program	170,129	0	0	170,129	176,405	181,405	11,276
Special Education Program	3,577,710	0	0	3,577,710	3,598,767	3,728,767	151,057
Career and Technical Education Program	1,520,239	0	0	1,520,239	1,484,736	1,606,196	85,957
<u>Support Services</u>							
Health Services	514,966	0	0	514,966	385,148	517,139	2,173
Other Student Support	1,223,354	0	0	1,223,354	1,224,480	1,255,060	31,706
Regular Instruction Program	1,545,303	0	0	1,545,303	1,540,035	1,573,672	28,369
Alternative Instruction Program	114,999	0	0	114,999	119,527	119,527	4,528
Special Education Program	442,904	0	0	442,904	396,531	430,068	(12,836)
Career and Technical Education Program	179,290	0	0	179,290	167,149	177,672	(1,618)
Technology	453,097	0	0	453,097	433,515	498,454	45,357
Other Programs	276,252	0	0	276,252	0	276,252	0
Board of Education	884,445	0	0	884,445	835,904	882,143	(2,302)
Director of Schools	442,597	0	0	442,597	459,298	470,023	27,426
Office of the Principal	2,610,123	0	0	2,610,123	2,576,442	2,592,942	(17,181)
Fiscal Services	150,682	0	0	150,682	154,000	154,000	3,318
Operation of Plant	2,721,526	0	0	2,721,526	2,809,605	2,771,455	49,929

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 737,632	\$ 0	\$ 0	\$ 737,632	\$ 737,058	\$ 775,208	\$ 37,576
Transportation	2,025,936	(59,739)	110,519	2,076,716	2,130,829	2,177,160	100,444
Central and Other	39,420	0	0	39,420	0	51,010	11,590
<u>Operation of Non-Instructional Services</u>							
Community Services	595,982	0	0	595,982	200,523	676,830	80,848
Early Childhood Education	310,737	0	0	310,737	0	310,952	215
<u>Capital Outlay</u>							
Regular Capital Outlay	2,495,863	(1,372,116)	920,770	2,044,517	422,381	2,309,245	264,728
<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	23,072	0	0	23,072	0	23,072	0
Total Expenditures	\$ 43,861,491	\$ (1,431,855)	\$ 1,123,752	\$ 43,553,388	\$ 41,183,228	\$ 44,871,930	\$ 1,318,542
Excess (Deficiency) of Revenues Over Expenditures	\$ 694,374	\$ 1,431,855	\$ (1,123,752)	\$ 1,002,477	\$ 0	\$ (2,043,272)	\$ 3,045,749
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 229,245	\$ 0	\$ 0	\$ 229,245	\$ 0	\$ 227,754	\$ 1,491
Transfers Out	(50,000)	0	0	(50,000)	0	(50,000)	0
Total Other Financing Sources	\$ 179,245	\$ 0	\$ 0	\$ 179,245	\$ 0	\$ 177,754	\$ 1,491
Net Change in Fund Balance	\$ 873,619	\$ 1,431,855	\$ (1,123,752)	\$ 1,181,722	\$ 0	\$ (1,865,518)	\$ 3,047,240
Fund Balance, July 1, 2017	7,873,256	(1,431,855)	0	6,441,401	4,559,381	4,559,381	1,882,020
Fund Balance, June 30, 2018	\$ 8,746,875	\$ 0	\$ (1,123,752)	\$ 7,623,123	\$ 4,559,381	\$ 2,693,863	\$ 4,929,260

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,101,428	\$ 4,841,068	\$ 4,798,882	\$ (697,454)
Total Revenues	\$ 4,101,428	\$ 4,841,068	\$ 4,798,882	\$ (697,454)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,583,771	\$ 1,666,136	\$ 1,680,238	\$ 96,467
Special Education Program	1,106,694	1,392,572	1,386,072	279,378
Career and Technical Education Program	91,141	211,394	91,141	0
<u>Support Services</u>				
Other Student Support	137,236	227,030	225,638	88,402
Regular Instruction Program	542,419	575,858	638,550	96,131
Special Education Program	509,237	687,913	695,337	186,100
Career and Technical Education Program	2,173	1,000	2,173	0
Transportation	42,823	79,165	79,733	36,910
Total Expenditures	\$ 4,015,494	\$ 4,841,068	\$ 4,798,882	\$ 783,388
Excess (Deficiency) of Revenues Over Expenditures	\$ 85,934	\$ 0	\$ 0	\$ 85,934
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Total Other Financing Sources	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Net Change in Fund Balance	\$ 135,934	\$ 0	\$ 0	\$ 135,934
Fund Balance, July 1, 2017	400,431	1,872	1,872	398,559
Fund Balance, June 30, 2018	\$ 536,365	\$ 1,872	\$ 1,872	\$ 534,493

Exhibit I-10

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Carter County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 460,659	\$ 0	\$ 460,659	\$ 593,434	\$ 593,434	\$ (132,775)
Other Local Revenues	73,103	0	73,103	5,000	5,000	68,103
State of Tennessee	29,149	0	29,149	31,000	31,000	(1,851)
Federal Government	2,779,072	0	2,779,072	2,455,000	2,705,263	73,809
Total Revenues	\$ 3,341,983	\$ 0	\$ 3,341,983	\$ 3,084,434	\$ 3,334,697	\$ 7,286
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,998,570	\$ 171,312	\$ 3,169,882	\$ 3,415,802	\$ 3,782,031	\$ 612,149
Total Expenditures	\$ 2,998,570	\$ 171,312	\$ 3,169,882	\$ 3,415,802	\$ 3,782,031	\$ 612,149
Excess (Deficiency) of Revenues Over Expenditures	\$ 343,413	\$ (171,312)	\$ 172,101	\$ (331,368)	\$ (447,334)	\$ 619,435
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 61,664	\$ 0	\$ 61,664	\$ 0	\$ 0	\$ 61,664
Total Other Financing Sources	\$ 61,664	\$ 0	\$ 61,664	\$ 0	\$ 0	\$ 61,664
Net Change in Fund Balance	\$ 405,077	\$ (171,312)	\$ 233,765	\$ (331,368)	\$ (447,334)	\$ 681,099
Fund Balance, July 1, 2017	3,164,718	0	3,164,718	1,930,952	1,930,952	1,233,766
Fund Balance, June 30, 2018	\$ 3,569,795	\$ (171,312)	\$ 3,398,483	\$ 1,599,584	\$ 1,483,618	\$ 1,914,865

## 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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 110,083	\$ 110,000	\$ 110,000	\$ 83
Other Governments and Citizens Groups	1,059,614	974,185	1,083,385	(23,771)
Total Revenues	<u>\$ 1,169,697</u>	<u>\$ 1,084,185</u>	<u>\$ 1,193,385</u>	<u>\$ (23,688)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Operation of Plant	\$ 1,369	\$ 1,480	\$ 1,480	\$ 111
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	1,172,341	1,082,705	1,191,905	19,564
Total Expenditures	<u>\$ 1,173,710</u>	<u>\$ 1,084,185</u>	<u>\$ 1,193,385</u>	<u>\$ 19,675</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,013)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,013)</u>
Net Change in Fund Balance	\$ (4,013)	\$ 0	\$ 0	\$ (4,013)
Fund Balance, July 1, 2017	<u>22,929</u>	<u>37,702</u>	<u>37,702</u>	<u>(14,773)</u>
Fund Balance, June 30, 2018	<u><u>\$ 18,916</u></u>	<u><u>\$ 37,702</u></u>	<u><u>\$ 37,702</u></u>	<u><u>\$ (18,786)</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, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Paid and/or Matured During Period	Outstanding 6-30-18
<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	\$ 223,937	\$ 97,064	\$ 126,873
Total Notes Payable					\$ 223,937	\$ 97,064	\$ 126,873
<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	\$ 2,126,041	\$ 153,000	\$ 1,973,041
Total Other Loans Payable					\$ 2,126,041	\$ 153,000	\$ 1,973,041
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding Bonds, Series 2010	24,800,000	3.29	10-7-10	5-1-35	\$ 19,460,000	\$ 900,000	\$ 18,560,000
Total Bonds Payable					\$ 19,460,000	\$ 900,000	\$ 18,560,000
<u>CAPITAL LEASE PAYABLE</u>							
<u>Contributed by the School Department through General Purpose School Fund to General Debt Service Fund</u>							
Energy Lighting and Control Equipment	3,200,000	5.8	11-25-02	7-15-17	\$ 22,959	\$ 22,959	\$ 0
Total Capital Lease Payable					\$ 22,959	\$ 22,959	\$ 0



Exhibit J-2

Carter County, Tennessee

Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 100,947	\$ 4,317	\$ 105,264
2020	25,926	905	26,831
Total	\$ 126,873	\$ 5,222	\$ 132,095

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 158,000	\$ 27,031	\$ 15,400	\$ 200,431
2020	164,000	24,866	14,167	203,033
2021	169,000	22,619	12,887	204,506
2022	174,000	20,304	11,568	205,872
2023	180,000	17,920	10,210	208,130
2024	186,000	15,454	8,805	210,259
2025	191,000	12,906	7,353	211,259
2026	198,000	10,289	5,862	214,151
2027	204,000	7,577	4,317	215,894
2028	211,000	4,782	2,724	218,506
2029	138,041	1,891	1,077	141,009
Total	\$ 1,973,041	\$ 165,639	\$ 94,370	\$ 2,233,050

(Continued)

Exhibit J-2

Carter County, Tennessee

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 18,560,000	\$ 6,154,431	\$ 24,714,431

Exhibit J-3

Carter County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Carter County School Department

For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 191,475
"	Sports and Recreation	Land Purchase	<u>44,000</u>
Total Transfers Primary Government			<u><u>\$ 235,475</u></u>
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash Flow	<u>\$ 50,000</u>
Total Transfers Discretely Presented Carter County School Department			<u><u>\$ 50,000</u></u>

Exhibit J-4

Carter County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Carter County School Department  
For the Year Ended June 30, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 100,728	\$ (4)	Tennessee Risk Management Trust
Director of Schools	State Board of Education and County Board of Education	97,000 (1)	(4)	"
Road Superintendent	Section 8-24-102, <i>TCA</i>	89,931	(4)	"
Trustee	Section 8-24-102, <i>TCA</i>	81,756	1,717,161	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	81,756	(4)	Tennessee Risk Management Trust
Finance Director:				
Christa Byrd (7-1-17 through 3-28-18)	County Commission	56,009	(4)	"
Michael Kennedy (3-29-18 through 4-18-18)		3,872	(4)	"
Brad Burke (4-19-18 through 6-30-18)		16,351	(4)	"
County Clerk	Section 8-24-102, <i>TCA</i>	81,756	(4)	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	81,756	(4)	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	81,756 (2)	(4)	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	81,756	(4)	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	95,931 (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 \$8,740.

(3) Includes a county workhouse supplement of \$6,000. Does not include 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, 2018

	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	\$ 8,354,706	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	227,634	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	52,113	0	0	0	0	0
Interest and Penalty	61,987	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	12,465	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	167,031	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	10,000	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	870,491	0	0	169,000	0	25,000
Hotel/Motel Tax	160,086	0	0	0	0	0
Litigation Tax - General	95,720	0	0	0	0	0
Litigation Tax - Special Purpose	0	8,687	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	60,847	0	0	0	0	0
Litigation Tax - Courthouse Security	103,798	0	0	0	0	0
Business Tax	404,732	0	0	0	0	0
Mixed Drink Tax	2,788	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
Other County Local Option Taxes	89,724	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	15,272	0	0	0	0	0
Beer Privilege Tax	202,307	0	0	0	0	0
Other Statutory Local Taxes	36	0	0	0	0	0
Total Local Taxes	\$ 10,891,737	\$ 8,687	\$ 0	\$ 169,000	\$ 0	25,000

(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	\$ 1,710	\$ 0	\$ 0	\$ 0	\$ 0	0
Animal Registration	26,015	0	0	0	0	0
Cable TV Franchise	387,485	0	0	0	0	0
<u>Permits</u>						
Beer Permits	2,937	0	0	0	0	0
Building Permits	55,769	0	0	0	0	0
Electrical Permits	56,987	0	0	0	0	0
Other Permits	35,000	0	0	0	0	0
Total Licenses and Permits	\$ 565,903	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 7,238	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	11,069	0
Drug Court Fees	2,214	0	0	0	0	0
Jail Fees	3,208	0	0	0	0	0
Judicial Commissioner Fees	410	0	0	0	0	0
DUI Treatment Fines	1,691	0	0	0	0	0
Data Entry Fee - Circuit Court	1,471	0	0	0	0	0
Courtroom Security Fee	1,170	0	0	0	0	0
<u>Criminal Court</u>						
Fines	77,444	0	0	0	0	0
Data Entry Fee - Criminal Court	50	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	60,670	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>						
Officers Costs	\$ 44,287	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	0	0	0	0	5,050	0
Drug Court Fees	4,558	0	0	0	0	0
Jail Fees	7,586	0	0	0	0	0
Judicial Commissioner Fees	533	0	0	0	0	0
DUI Treatment Fines	8,202	0	0	0	0	0
Data Entry Fee - General Sessions Court	14,073	0	0	0	0	0
Courtroom Security Fee	884	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	2,411	0	0	0	0	0
Jail Fees	1,095	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,830	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,588	0	0	0	0	0
Data Entry Fee - Chancery Court	4,482	0	0	0	0	0
Courtroom Security Fee	243	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	200	0	0	0	0	0
Jail Fees	106	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	5,241	0	0	0	6,236	0
Other Fines, Forfeitures, and Penalties	1,455	0	0	0	180	0
Total Fines, Forfeitures, and Penalties	\$ 256,340	\$ 0	\$ 0	\$ 0	\$ 22,535	\$ 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	\$ 807,176	\$ 0	\$ 0	\$ 0
Tipping Fees	0	0	69,917	0	0	0
Patient Charges	11,241	0	0	0	0	0
Work Release Charges for Board	3,125	0	0	0	0	0
<u>Fees</u>						
Copy Fees	5,112	0	0	0	0	0
Archives and Records Management Fee	115,528	0	0	0	0	0
Telephone Commissions	33,432	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	15,106	0	0	0	0	0
Data Processing Fee - Sheriff	8,574	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	6,750	0	0	0	0	0
Data Processing Fee - County Clerk	4,258	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	375	0	0	0	0	0
Total Charges for Current Services	\$ 203,501	\$ 0	\$ 877,093	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 345,296	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	9,679	0	0	0	0	0
Sale of Materials and Supplies	38	0	0	0	0	0
Commissary Sales	19,695	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Recycled Materials	0	0	143,009	0	0	0

(Continued)



## Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Animals/Livestock	\$ 2,290	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Refunds	115,939	0	34,559	0	1,425	0
<u>Nonrecurring Items</u>						
Sale of Equipment	25,567	0	0	0	21,295	176
Sale of Property	15	0	0	0	0	0
Contributions and Gifts	1,700	0	0	0	0	0
Total Other Local Revenues	<u>\$ 520,219</u>	<u>\$ 0</u>	<u>\$ 177,568</u>	<u>\$ 0</u>	<u>\$ 22,720</u>	<u>\$ 176</u>
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 499,951	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	131,577	0	0	0	0	0
General Sessions Court Clerk	307,312	0	0	0	0	0
Clerk and Master	176,596	0	0	0	0	0
Register	195,840	0	0	0	0	0
Sheriff	15,147	0	0	0	0	0
Trustee	706,117	0	0	0	0	0
Total Fees Received From County Officials	<u>\$ 2,032,540</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	\$ 14,155	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	11,999	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	31,200	0	0	0	0	0

(Continued)

## Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation
<u>State of Tennessee (Cont.)</u>						
<u>Health and Welfare Grants</u>						
Health Department Programs	\$ 412,836	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	0
Litter Program	24,653	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	45,566	0	0	0	0	0
Beer Tax	42,961	0	0	0	0	0
Vehicle Certificate of Title Fees	8,644	0	0	0	0	0
Alcoholic Beverage Tax	73,220	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
State Revenue Sharing - Telecommunications	70,917	0	0	0	0	0
Emergency Hospital - Prisoners	7,420	0	0	0	0	0
Contracted Prisoner Boarding	673,452	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	98,572	0	0	0	0	0
Other State Revenues	670	0	24,232	0	0	0
Total State of Tennessee	\$ 1,540,478	\$ 0	\$ 24,232	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 41,500	\$ 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</u>						
Police Service (Lake Area)	\$ 9,730	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Forest Service	40,878	0	0	0	0	0
Other Direct Federal Revenue	220,523	0	0	0	0	0
Total Federal Government	<u>\$ 312,631</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 355,945	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	69,436	0	0	0	0	0
Contracted Services	443,720	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	22,989	0	0	0	3,847	200
Total Other Governments and Citizens Groups	<u>\$ 892,090</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,847</u>	<u>\$ 200</u>
Total	<u>\$ 17,215,439</u>	<u>\$ 8,687</u>	<u>\$ 1,078,893</u>	<u>\$ 169,000</u>	<u>\$ 49,102</u>	<u>\$ 25,376</u>

(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>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 1,119,045	\$ 1,790,167	\$	11,263,918
Trustee's Collections - Prior Year	0	30,906	55,918		314,458
Circuit Clerk/Clerk and Master Collections - Prior Years	0	6,675	12,579		71,367
Interest and Penalty	0	8,772	14,686		85,445
Payments in-Lieu-of Taxes - T.V.A.	0	1,674	2,692		16,831
Payments in-Lieu-of Taxes - Local Utilities	0	22,382	35,912		225,325
Payments in-Lieu-of Taxes - Other	0	1,353	2,193		13,546
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0		1,064,491
Hotel/Motel Tax	0	0	0		160,086
Litigation Tax - General	0	0	0		95,720
Litigation Tax - Special Purpose	0	0	0		8,687
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0		60,847
Litigation Tax - Courthouse Security	0	0	0		103,798
Business Tax	0	0	0		404,732
Mixed Drink Tax	0	0	0		2,788
Mineral Severance Tax	0	104,001	0		104,001
Other County Local Option Taxes	0	0	0		89,724
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	2,046	3,284		20,602
Beer Privilege Tax	0	0	0		202,307
Other Statutory Local Taxes	0	5	8		49
Total Local Taxes	\$ 0	\$ 1,296,859	\$ 1,917,439	\$	14,308,722

(Continued)

## Exhibit J-5

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

	Special Revenue Funds		Debt Service Fund		
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$	1,710
Animal Registration	0	0	0		26,015
Cable TV Franchise	0	0	0		387,485
<u>Permits</u>					
Beer Permits	0	0	0		2,937
Building Permits	0	0	0		55,769
Electrical Permits	0	0	0		56,987
Other Permits	0	900	0		35,900
Total Licenses and Permits	\$ 0	\$ 900	\$ 0	\$	566,803
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$	7,238
Drug Control Fines	0	0	0		11,069
Drug Court Fees	0	0	0		2,214
Jail Fees	0	0	0		3,208
Judicial Commissioner Fees	0	0	0		410
DUI Treatment Fines	0	0	0		1,691
Data Entry Fee - Circuit Court	0	0	0		1,471
Courtroom Security Fee	0	0	0		1,170
<u>Criminal Court</u>					
Fines	0	0	0		77,444
Data Entry Fee - Criminal Court	0	0	0		50
<u>General Sessions Court</u>					
Fines	0	0	0		60,670

(Continued)

## Exhibit J-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>General Sessions Court (Cont.)</u>				
Officers Costs	\$ 0	\$ 0	\$ 0	44,287
Drug Control Fines	0	0	0	5,050
Drug Court Fees	0	0	0	4,558
Jail Fees	0	0	0	7,586
Judicial Commissioner Fees	0	0	0	533
DUI Treatment Fines	0	0	0	8,202
Data Entry Fee - General Sessions Court	0	0	0	14,073
Courtroom Security Fee	0	0	0	884
<u>Juvenile Court</u>				
Fines	0	0	0	2,411
Jail Fees	0	0	0	1,095
Data Entry Fee - Juvenile Court	0	0	0	1,830
<u>Chancery Court</u>				
Officers Costs	0	0	0	3,588
Data Entry Fee - Chancery Court	0	0	0	4,482
Courtroom Security Fee	0	0	0	243
<u>Other Courts - In-county</u>				
Fines	0	0	0	200
Jail Fees	0	0	0	106
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	11,477
Other Fines, Forfeitures, and Penalties	0	0	0	1,635
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	278,875

(Continued)

## Exhibit J-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Total</u>
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 807,176
Tipping Fees	0	0	0	69,917
Patient Charges	0	0	0	11,241
Work Release Charges for Board	0	0	0	3,125
<u>Fees</u>				
Copy Fees	0	0	0	5,112
Archives and Records Management Fee	0	0	0	115,528
Telephone Commissions	0	0	0	33,432
Constitutional Officers' Fees and Commissions	555	0	0	555
Special Commissioner Fees/Special Master Fees	8,740	0	0	8,740
Data Processing Fee - Register	0	0	0	15,106
Data Processing Fee - Sheriff	0	0	0	8,574
Sexual Offender Registration Fee - Sheriff	0	0	0	6,750
Data Processing Fee - County Clerk	0	0	0	4,258
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	375
Total Charges for Current Services	\$ 9,295	\$ 0	\$ 0	\$ 1,089,889
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 306	\$ 0	\$ 50,000	\$ 395,602
Lease/Rentals	0	0	0	9,679
Sale of Materials and Supplies	0	0	0	38
Commissary Sales	0	0	0	19,695
Sale of Gasoline	0	193,302	0	193,302
Sale of Recycled Materials	0	836	0	143,845

(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>Recurring Items (Cont.)</u>				
Sale of Animals/Livestock	\$ 0	\$ 0	\$ 0	\$ 2,290
Miscellaneous Refunds	0	332	0	152,255
<u>Nonrecurring Items</u>				
Sale of Equipment	0	25,074	0	72,112
Sale of Property	0	0	0	15
Contributions and Gifts	0	0	0	1,700
Total Other Local Revenues	<u>\$ 306</u>	<u>\$ 219,544</u>	<u>\$ 50,000</u>	<u>\$ 990,533</u>
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 499,951
Circuit Court Clerk	0	0	0	131,577
General Sessions Court Clerk	0	0	0	307,312
Clerk and Master	0	0	0	176,596
Register	0	0	0	195,840
Sheriff	0	0	0	15,147
Trustee	0	0	0	706,117
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,032,540</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 14,155
Solid Waste Grants	0	0	0	11,999
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	31,200

(Continued)



## Exhibit J-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	
	<u>Constitu -</u>	<u>Highway /</u>	<u>General</u>	
	<u>Officers -</u>	<u>Public</u>	<u>Debt</u>	
	<u>Fees</u>	<u>Works</u>	<u>Service</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>				
<u>Health and Welfare Grants</u>				
Health Department Programs	\$ 0	\$ 0	\$ 0	\$ 412,836
<u>Public Works Grants</u>				
Bridge Program	0	844,234	0	844,234
State Aid Program	0	688,177	0	688,177
Litter Program	0	0	0	24,653
<u>Other State Revenues</u>				
Income Tax	0	0	0	45,566
Beer Tax	0	0	0	42,961
Vehicle Certificate of Title Fees	0	0	0	8,644
Alcoholic Beverage Tax	0	0	0	73,220
State Revenue Sharing - T.V.A.	0	40,232	38,170	78,402
State Revenue Sharing - Telecommunications	0	0	0	70,917
Emergency Hospital - Prisoners	0	0	0	7,420
Contracted Prisoner Boarding	0	0	0	673,452
Gasoline and Motor Fuel Tax	0	2,310,175	0	2,310,175
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	98,572
Other State Revenues	0	0	0	24,902
Total State of Tennessee	\$ 0	\$ 3,924,252	\$ 38,170	\$ 5,527,132
<u>Federal Government</u>				
<u>Federal Through State</u>				
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 41,500

(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</u>				
Police Service (Lake Area)	\$ 0	\$ 0	\$ 0	\$ 9,730
Forest Service	0	22,397	0	63,275
Other Direct Federal Revenue	0	0	0	220,523
Total Federal Government	\$ 0	\$ 22,397	\$ 0	\$ 335,028
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 355,945
Contributions	0	0	23,072	92,508
Contracted Services	0	55,261	0	498,981
<u>Citizens Groups</u>				
Donations	0	500	0	27,536
Total Other Governments and Citizens Groups	\$ 0	\$ 55,761	\$ 23,072	\$ 974,970
Total	\$ 9,601	\$ 5,519,713	\$ 2,028,681	\$ 26,104,492

## 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, 2018

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 6,154,263	\$ 0	\$ 0	\$ 0	\$ 6,154,263
Trustee's Collections - Prior Year	168,301	0	0	0	168,301
Circuit Clerk/Clerk and Master Collections - Prior Years	36,199	0	0	0	36,199
Interest and Penalty	47,882	0	0	0	47,882
Payments in-Lieu-of Taxes - T.V.A.	13,983	0	0	0	13,983
Payments in-Lieu-of Taxes - Local Utilities	123,085	0	0	0	123,085
Payments in-Lieu-of Taxes - Other	7,391	0	0	0	7,391
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,225,326	0	0	0	4,225,326
Mixed Drink Tax	2,000	0	0	0	2,000
<u>Statutory Local Taxes</u>					
Bank Excise Tax	11,255	0	0	0	11,255
Other Statutory Local Taxes	27	0	0	0	27
Total Local Taxes	\$ 10,789,712	\$ 0	\$ 0	\$ 0	\$ 10,789,712
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,114	\$ 0	\$ 0	\$ 0	\$ 1,114
Total Licenses and Permits	\$ 1,114	\$ 0	\$ 0	\$ 0	\$ 1,114
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 112,114	\$ 0	\$ 112,114
Lunch Payments - Adults	0	0	71,421	0	71,421

(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>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	\$ 0	\$ 0	\$ 74,682	\$ 0	\$ 74,682
Special Milk Sales	0	0	284	0	284
A la Carte Sales	0	0	73,626	0	73,626
Contract for Instructional Services with Other LEA's	4,342	0	0	0	4,342
Receipts from Individual Schools	68,073	0	0	0	68,073
Community Service Fees - Children	204,750	0	0	0	204,750
Other Charges for Services	0	0	128,532	0	128,532
Total Charges for Current Services	\$ 277,165	\$ 0	\$ 460,659	\$ 0	\$ 737,824
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,943	\$ 0	\$ 46,274	\$ 0	\$ 49,217
Lease/Rentals	10,905	0	0	0	10,905
Commodity Rebates	0	0	17,782	0	17,782
Miscellaneous Refunds	21,559	0	9,047	0	30,606
<u>Nonrecurring Items</u>					
Sale of Equipment	6,096	0	0	0	6,096
Sale of Property	205,000	0	0	0	205,000
Damages Recovered from Individuals	290	0	0	0	290
Contributions and Gifts	6,000	0	0	0	6,000
Total Other Local Revenues	\$ 252,793	\$ 0	\$ 73,103	\$ 0	\$ 325,896

(Continued)

## Exhibit J-6

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 276,252	\$ 0	\$ 0	\$ 0	\$ 276,252
<u>State Education Funds</u>					
Basic Education Program	30,741,782	0	0	0	30,741,782
Early Childhood Education	310,737	0	0	0	310,737
School Food Service	0	0	29,149	0	29,149
Driver Education	2,262	0	0	0	2,262
Other State Education Funds	335,758	0	0	0	335,758
Coordinated School Health	99,988	0	0	0	99,988
Internet Connectivity	13,861	0	0	0	13,861
Family Resource Centers	29,612	0	0	0	29,612
Career Ladder Program	142,391	0	0	0	142,391
Vocational Equipment	124,286	0	0	0	124,286
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	752,836	0	0	0	752,836
Total State of Tennessee	\$ 32,829,765	\$ 0	\$ 29,149	\$ 0	\$ 32,858,914
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,839,403	\$ 0	\$ 1,839,403
USDA - Commodities	0	0	250,263	0	250,263
Breakfast	0	0	689,406	0	689,406
USDA - Other	33,634	0	0	110,083	143,717
Vocational Education - Basic Grants to States	0	113,916	0	0	113,916
Other Vocational	0	66,169	0	0	66,169

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Title I Grants to Local Education Agencies	\$ 0	\$ 1,945,097	\$ 0	\$ 0	\$ 1,945,097
Special Education - Grants to States	113,037	1,510,690	0	0	1,623,727
Special Education Preschool Grants	0	79,037	0	0	79,037
Eisenhower Professional Development State Grants	0	378,219	0	0	378,219
Other Federal through State	117,122	8,300	0	0	125,422
<u>Direct Federal Revenue</u>					
Forest Service	67,191	0	0	0	67,191
Total Federal Government	\$ 330,984	\$ 4,101,428	\$ 2,779,072	\$ 110,083	\$ 7,321,567
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contracted Services	\$ 0	\$ 0	\$ 0	\$ 1,059,614	\$ 1,059,614
<u>Citizens Groups</u>					
Donations	74,332	0	0	0	74,332
Total Other Governments and Citizens Groups	\$ 74,332	\$ 0	\$ 0	\$ 1,059,614	\$ 1,133,946
Total	\$ 44,555,865	\$ 4,101,428	\$ 3,341,983	\$ 1,169,697	\$ 53,168,973

Exhibit J-7

Carter County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	51,650	
Social Security		2,852	
Pensions		3,376	
Employer Medicare		750	
Audit Services		21,247	
Dues and Memberships		2,650	
Legal Notices, Recording, and Court Costs		1,575	
Maintenance Agreements		1,600	
Postal Charges		166	
Travel		2,847	
Other Contracted Services		63,175	
Other Supplies and Materials		170	
Other Charges		1,358	
Total County Commission			\$ 153,416

Board of Equalization

Board and Committee Members Fees	\$	4,100	
Social Security		254	
Employer Medicare		59	
Other Supplies and Materials		100	
Total Board of Equalization			4,513

County Mayor/Executive

County Official/Administrative Officer	\$	100,728	
Part-time Personnel		6,390	
Other Salaries and Wages		40,415	
Social Security		8,981	
Pensions		21,192	
Life Insurance		72	
Medical Insurance		15,696	
Dental Insurance		470	
Unemployment Compensation		88	
Employer Medicare		2,100	
Communication		434	
Dues and Memberships		5,069	
Evaluation and Testing		25,000	
Postal Charges		88	
Rentals		678	
Travel		4,881	
Library Books/Media		125	
Office Supplies		574	
Premiums on Corporate Surety Bonds		197	
Tax Relief Program		59,497	
Other Charges		938	
Total County Mayor/Executive			293,613

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Other Salaries and Wages	\$	600	
Social Security		37	
Pensions		90	
Employer Medicare		9	
Legal Services		60,500	
Total County Attorney			\$ 61,236

Election Commission

Supervisor/Director	\$	76,542	
Deputy(ies)		29,588	
Data Processing Personnel		24,641	
Other Salaries and Wages		4,665	
Board and Committee Members Fees		11,157	
Election Workers		34,911	
Social Security		10,204	
Pensions		19,537	
Life Insurance		108	
Medical Insurance		24,416	
Dental Insurance		706	
Unemployment Compensation		80	
Employer Medicare		2,298	
Legal Notices, Recording, and Court Costs		6,431	
Maintenance Agreements		17,545	
Postal Charges		5,130	
Rentals		4,953	
Travel		8,194	
Office Supplies		1,446	
Other Supplies and Materials		12,965	
Office Equipment		1,707	
Total Election Commission			297,224

Register of Deeds

County Official/Administrative Officer	\$	81,756	
Deputy(ies)		79,794	
Social Security		9,450	
Pensions		23,556	
Life Insurance		141	
Medical Insurance		34,153	
Dental Insurance		921	
Unemployment Compensation		138	
Employer Medicare		2,299	
Data Processing Services		11,322	
Dues and Memberships		899	
Postal Charges		50	
Rentals		1,616	
Travel		563	
Data Processing Supplies		1,273	

(Continued)



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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Office Supplies	\$	7,484	
Premiums on Corporate Surety Bonds		197	
Data Processing Equipment		1,324	
Total Register of Deeds			\$ 256,936

Planning

Supervisor/Director	\$	47,476	
Data Processing Personnel		20,616	
Foremen		30,712	
Clerical Personnel		12,002	
Other Salaries and Wages		17,966	
Board and Committee Members Fees		2,150	
Social Security		8,041	
Pensions		15,648	
Life Insurance		111	
Medical Insurance		18,094	
Dental Insurance		725	
Unemployment Compensation		251	
Employer Medicare		1,881	
Communication		329	
Contracts with Government Agencies		14,100	
Maintenance Agreements		3,454	
Maintenance and Repair Services - Vehicles		661	
Postal Charges		445	
Rentals		1,542	
Gasoline		1,969	
Office Supplies		2,040	
Premiums on Corporate Surety Bonds		150	
Other Charges		69,098	
Office Equipment		3,905	
Total Planning			273,366

County Buildings

Custodial Personnel	\$	45,179	
Social Security		2,660	
Pensions		6,476	
Life Insurance		72	
Medical Insurance		15,696	
Dental Insurance		470	
Unemployment Compensation		80	
Employer Medicare		622	
Architects		8,000	
Communication		62,219	
Maintenance and Repair Services - Buildings		108,711	
Maintenance and Repair Services - Equipment		42,354	
Maintenance and Repair Services - Vehicles		728	
Pest Control		5,599	

(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.)

Other Contracted Services	\$	9,915	
Custodial Supplies		9,282	
Electricity		215,388	
Gasoline		952	
Utilities		43,869	
Water and Sewer		23,333	
Building and Contents Insurance		37,438	
Workers' Compensation Insurance		21,916	
Other Charges		7,759	
Other Equipment		129	
Total County Buildings			\$ 668,847

FinanceAccounting and Budgeting

Supervisor/Director	\$	76,232	
Deputy(ies)		45,937	
Accountants/Bookkeepers		144,799	
In-service Training		60	
Social Security		15,887	
Pensions		38,217	
Life Insurance		204	
Medical Insurance		48,395	
Dental Insurance		1,333	
Unemployment Compensation		344	
Employer Medicare		3,716	
Dues and Memberships		25	
Legal Notices, Recording, and Court Costs		4,685	
Maintenance Agreements		25,013	
Postal Charges		5,416	
Rentals		897	
Travel		1,363	
Data Processing Supplies		2,108	
Office Supplies		4,790	
Premiums on Corporate Surety Bonds		400	
Other Charges		3,342	
Office Equipment		2,158	
Total Accounting and Budgeting			425,321

Property Assessor's Office

County Official/Administrative Officer	\$	81,756	
Deputy(ies)		172,997	
Social Security		14,644	
Pensions		38,014	
Life Insurance		249	
Medical Insurance		65,874	
Dental Insurance		1,627	
Unemployment Compensation		240	

(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.)

Employer Medicare	\$	3,425	
Audit Services		9,725	
Communication		662	
Contracts with Government Agencies		10,558	
Dues and Memberships		1,850	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		1,779	
Postal Charges		2,291	
Printing, Stationery, and Forms		537	
Rentals		1,132	
Travel		872	
Gasoline		1,526	
Office Supplies		2,109	
Premiums on Corporate Surety Bonds		155	
Other Charges		270	
Motor Vehicles		8,118	
Office Equipment		5,192	
Total Property Assessor's Office			\$ 428,602

Reappraisal Program

Deputy(ies)	\$	52,103	
Social Security		3,161	
Pensions		6,335	
Life Insurance		57	
Medical Insurance		13,298	
Dental Insurance		372	
Unemployment Compensation		102	
Employer Medicare		739	
Communication		662	
Data Processing Services		6,229	
Travel		248	
Gasoline		1,526	
Office Supplies		1,525	
Total Reappraisal Program			86,357

County Trustee's Office

County Official/Administrative Officer	\$	81,756	
Deputy(ies)		103,760	
Clerical Personnel		18,073	
Social Security		12,421	
Pensions		30,323	
Life Insurance		213	
Medical Insurance		42,510	
Dental Insurance		1,392	
Unemployment Compensation		200	
Employer Medicare		2,905	
Contracts with Government Agencies		20,883	

(Continued)

## Exhibit J-7

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

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

Dues and Memberships	\$	899	
Legal Notices, Recording, and Court Costs		212	
Maintenance Agreements		11,874	
Postal Charges		3,038	
Rentals		1,236	
Office Supplies		1,183	
Premiums on Corporate Surety Bonds		4,970	
Office Equipment		450	
Total County Trustee's Office			\$ 338,298

County Clerk's Office

County Official/Administrative Officer	\$	81,756	
Deputy(ies)		164,965	
Part-time Personnel		1,800	
Social Security		14,812	
Pensions		35,646	
Life Insurance		261	
Medical Insurance		61,257	
Dental Insurance		1,705	
Unemployment Compensation		362	
Employer Medicare		3,555	
Dues and Memberships		839	
Maintenance Agreements		17,692	
Postal Charges		12,148	
Rentals		4,462	
Office Supplies		6,760	
Other Supplies and Materials		2,586	
Premiums on Corporate Surety Bonds		197	
Office Equipment		185	
Total County Clerk's Office			410,988

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	81,756	
Clerical Personnel		399,037	
Social Security		29,300	
Pensions		59,930	
Life Insurance		429	
Medical Insurance		97,881	
Dental Insurance		2,803	
Unemployment Compensation		904	
Employer Medicare		6,852	
Dues and Memberships		972	
Maintenance Agreements		14,400	
Postal Charges		7,574	
Rentals		6,846	
Travel		2,753	

(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.)

Office Supplies	\$	16,049	
Other Supplies and Materials		1,948	
Premiums on Corporate Surety Bonds		358	
Office Equipment		6,819	
Total Circuit Court			\$ 736,611

General Sessions Court

Judge(s)	\$	163,591	
Secretary(ies)		23,760	
Social Security		9,419	
Pensions		27,990	
Life Insurance		72	
Medical Insurance		7,848	
Dental Insurance		235	
Unemployment Compensation		40	
Employer Medicare		2,695	
Communication		644	
Dues and Memberships		960	
Maintenance Agreements		350	
Postal Charges		150	
Travel		1,039	
Library Books/Media		957	
Office Supplies		1,659	
Office Equipment		110	
Total General Sessions Court			241,519

Drug Court

Other Contracted Services	\$	4,453	
Total Drug Court			4,453

Chancery Court

County Official/Administrative Officer	\$	81,756	
Clerical Personnel		127,833	
Social Security		12,776	
Pensions		31,256	
Life Insurance		180	
Medical Insurance		55,154	
Dental Insurance		1,176	
Unemployment Compensation		163	
Employer Medicare		2,988	
Dues and Memberships		959	
Maintenance Agreements		17,340	
Postal Charges		12,639	
Rentals		1,970	
Other Contracted Services		6,144	
Office Supplies		6,199	
Premiums on Corporate Surety Bonds		164	
Office Equipment		6,982	
Total Chancery Court			365,679

(Continued)

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	\$	24,857	
Maintenance and Repair Services - Vehicles		428	
Postal Charges		973	
Other Charges		2,358	
Total Other Administration of Justice			\$ 28,616

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	95,931
Deputy(ies)		1,191,913
Investigator(s)		362,057
Accountants/Bookkeepers		31,970
Salary Supplements		31,200
Dispatchers/Radio Operators		127,087
Clerical Personnel		118,457
Part-time Personnel		136,876
School Resource Officer		421,252
In-service Training		31,467
Social Security		152,071
Pensions		344,203
Life Insurance		2,232
Medical Insurance		463,202
Dental Insurance		15,112
Unemployment Compensation		3,541
Employer Medicare		35,716
Communication		29,393
Confidential Drug Enforcement Payments		1,500
Dues and Memberships		2,500
Maintenance and Repair Services - Equipment		14,681
Maintenance and Repair Services - Vehicles		106,596
Medical and Dental Services		10,762
Postal Charges		3,520
Rentals		18,359
Towing Services		3,050
Transportation - Other than Students		5,951
Travel		28,481
Other Contracted Services		21,991
Custodial Supplies		499
Gasoline		151,024
Office Supplies		17,848
Tires and Tubes		13,983
Uniforms		28,683
Premiums on Corporate Surety Bonds		362
Vehicle and Equipment Insurance		148,989
Workers' Compensation Insurance		69,895
Liability Claims		1,000
Other Charges		1,316

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Building Improvements	\$	27,561	
Law Enforcement Equipment		78,251	
Motor Vehicles		184,660	
Office Equipment		4,949	
Total Sheriff's Department			\$ 4,540,091

Jail

Guards	\$	1,539,596	
Cafeteria Personnel		63,653	
Maintenance Personnel		82,538	
In-service Training		3,970	
Social Security		101,247	
Pensions		248,958	
Life Insurance		1,719	
Medical Insurance		367,582	
Dental Insurance		11,584	
Unemployment Compensation		3,638	
Employer Medicare		23,666	
Maintenance and Repair Services - Buildings		37,798	
Maintenance and Repair Services - Equipment		28,901	
Medical and Dental Services		411,207	
Other Contracted Services		4,076	
Custodial Supplies		33,698	
Drugs and Medical Supplies		6,000	
Food Preparation Supplies		5,503	
Food Supplies		268,987	
Prisoners Clothing		10,104	
Uniforms		20,998	
Medical Claims		131,983	
Workers' Compensation Insurance		69,895	
Liability Claims		3,000	
Other Charges		2,680	
Law Enforcement Equipment		121,595	
Total Jail			3,604,576

Juvenile Services

Youth Service Officer(s)	\$	57,350	
Social Security		3,404	
Pensions		8,406	
Life Insurance		72	
Medical Insurance		15,696	
Dental Insurance		470	
Unemployment Compensation		86	
Employer Medicare		796	
Communication		296	
Contracts with Government Agencies		118,535	
Dues and Memberships		80	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Evaluation and Testing	\$	200	
Travel		1,241	
Office Supplies		495	
Total Juvenile Services			\$ 207,127

Fire Prevention and Control

Contributions	\$	371,908	
Other Charges		8,090	
Total Fire Prevention and Control			379,998

Rescue Squad

Other Charges	\$	272,700	
Total Rescue Squad			272,700

Other Emergency Management

Supervisor/Director	\$	37,889	
Deputy(ies)		25,301	
Social Security		3,918	
Pensions		9,441	
Life Insurance		72	
Medical Insurance		8,720	
Dental Insurance		470	
Unemployment Compensation		76	
Employer Medicare		916	
Communication		2,374	
Dues and Memberships		110	
Maintenance and Repair Services - Vehicles		1,282	
Postal Charges		1	
Rentals		412	
Travel		615	
Other Contracted Services		44,547	
Gasoline		2,225	
Office Supplies		83	
Uniforms		380	
Other Supplies and Materials		3,380	
Other Charges		11,475	
Other Equipment		1,693	
Total Other Emergency Management			155,380

Inspection and Regulation

Supervisor/Director	\$	3,115	
Social Security		193	
Pensions		465	
Unemployment Compensation		4	
Employer Medicare		45	
Total Inspection and Regulation			3,822

(Continued)



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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	12,500	
Social Security		775	
Unemployment Compensation		65	
Employer Medicare		181	
Communication		936	
Other Supplies and Materials		956	
Premiums on Corporate Surety Bonds		100	
Total County Coroner/Medical Examiner			\$ 15,513

Other Public Safety

Board and Committee Members Fees	\$	2,700	
Social Security		82	
Pensions		120	
Unemployment Compensation		2	
Employer Medicare		19	
Total Other Public Safety			2,923

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	261,400	
Social Security		15,716	
Pensions		38,795	
Life Insurance		357	
Medical Insurance		73,683	
Dental Insurance		2,332	
Unemployment Compensation		573	
Employer Medicare		3,678	
Travel		6,842	
Other Charges		7,293	
Total Local Health Center			410,669

Rabies and Animal Control

Supervisor/Director	\$	47,474	
Other Salaries and Wages		67,544	
Social Security		6,948	
Pensions		15,548	
Life Insurance		135	
Medical Insurance		30,302	
Dental Insurance		882	
Unemployment Compensation		229	
Employer Medicare		1,625	
Architects		14,860	
Communication		1,910	
Maintenance and Repair Services - Buildings		2,115	
Maintenance and Repair Services - Vehicles		1,623	
Medical and Dental Services		4,396	
Postal Charges		38	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Rentals	\$	2,963	
Disposal Fees		591	
Other Contracted Services		7,850	
Animal Food and Supplies		2,465	
Custodial Supplies		10,462	
Drugs and Medical Supplies		48,173	
Electricity		10,355	
Gasoline		2,649	
Natural Gas		9,919	
Office Supplies		552	
Uniforms		465	
Water and Sewer		1,898	
Other Supplies and Materials		1,386	
Other Charges		1,080	
Motor Vehicles		25,340	
Total Rabies and Animal Control			\$ 321,777

Ambulance/Emergency Medical Services

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

Crippled Children Services

Contributions	\$	20,934	
Total Crippled Children Services			20,934

General Welfare Assistance

Contributions	\$	12,000	
Total General Welfare Assistance			12,000

Other Local Welfare Services

Contributions	\$	2,500	
Pauper Burials		4,200	
Total Other Local Welfare Services			6,700

Other Public Health and Welfare

Other Salaries and Wages	\$	10,412	
Social Security		646	
Unemployment Compensation		88	
Employer Medicare		151	
Contributions		1,425	
Travel		1,868	
Other Supplies and Materials		3,328	
Total Other Public Health and Welfare			17,918

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	46,164	
Total Senior Citizens Assistance			46,164

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$	65,600	
Total Libraries			\$ 65,600

Parks and Fair Boards

Contributions	\$	36,394	
Other Charges		6,714	
Total Parks and Fair Boards			43,108

Agriculture and Natural Resources

Agricultural Extension Service

Other Salaries and Wages	\$	70,293	
Other Fringe Benefits		31,314	
Communication		1,599	
Contributions		1,398	
Maintenance Agreements		1,752	
Travel		1,425	
Electricity		2,459	
Office Supplies		1,964	
Utilities		1,495	
Water and Sewer		502	
Office Equipment		2,013	
Total Agricultural Extension Service			116,214

Flood Control

Other Supplies and Materials	\$	528	
Total Flood Control			528

Other Agriculture and Natural Resources

Contracts with Government Agencies	\$	20,150	
Contributions		1,000	
Total Other Agriculture and Natural Resources			21,150

Other Operations

Tourism

Contributions	\$	156,884	
Total Tourism			156,884

Other Economic and Community Development

Contributions	\$	122,302	
Total Other Economic and Community Development			122,302

Veterans' Services

Supervisor/Director	\$	31,221	
Social Security		1,936	
Pensions		4,664	
Life Insurance		36	
Unemployment Compensation		40	

(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	\$	453	
Postal Charges		10	
Rentals		813	
Travel		283	
Other Contracted Services		399	
Office Supplies		175	
Total Veterans' Services			\$ 40,030

Contributions to Other Agencies

Contributions	\$	49,595	
Total Contributions to Other Agencies			49,595

Miscellaneous

Contributions	\$	200	
Postal Charges		3,232	
Permits		19,030	
Trustee's Commission		213,046	
Other Charges		183	
Solid Waste Equipment		49,864	
Total Miscellaneous			285,555

HighwaysLitter and Trash Collection

Guards	\$	6,118	
In-service Training		733	
Social Security		379	
Pensions		914	
Employer Medicare		89	
Maintenance and Repair Services - Equipment		2,068	
Travel		356	
Instructional Supplies and Materials		9,016	
Other Supplies and Materials		1,681	
Liability Insurance		500	
Workers' Compensation Insurance		500	
Other Charges		2,005	
Total Litter and Trash Collection			24,359

Total General Fund \$ 16,222,875

Courthouse and Jail Maintenance FundOther OperationsMiscellaneous

Trustee's Commission	\$	86	
Total Miscellaneous			\$ 86

Total Courthouse and Jail Maintenance Fund 86

(Continued)

## Exhibit J-7

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

Solid Waste/Sanitation FundPublic Health and WelfareConvenience Centers

Laborers	\$	36,586	
Social Security		2,268	
Pensions		2,838	
Life Insurance		18	
Medical Insurance		8,720	
Dental Insurance		118	
Unemployment Compensation		128	
Employer Medicare		530	
Communication		589	
Utilities		1,318	
Other Charges		212	
Total Convenience Centers			\$ 53,325

Recycling Center

Laborers	\$	22,907	
Social Security		1,366	
Pensions		3,422	
Life Insurance		36	
Medical Insurance		7,848	
Dental Insurance		235	
Unemployment Compensation		40	
Employer Medicare		319	
Communication		588	
Maintenance and Repair Services - Buildings		238	
Maintenance and Repair Services - Equipment		5,781	
Gasoline		1,560	
Utilities		4,523	
Other Charges		1,349	
Solid Waste Equipment		3,000	
Total Recycling Center			53,212

Landfill Operation and Maintenance

Supervisor/Director	\$	47,476	
Laborers		151,950	
Social Security		11,999	
Pensions		29,737	
Life Insurance		252	
Medical Insurance		55,807	
Dental Insurance		1,646	
Unemployment Compensation		304	
Employer Medicare		2,806	
Communication		2,989	
Evaluation and Testing		22,685	
Maintenance and Repair Services - Buildings		9,116	
Maintenance and Repair Services - Equipment		48,278	
Postal Charges		491	
Rentals		4,173	

(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.)

Travel	\$	4,547	
Disposal Fees		385,206	
Diesel Fuel		39,570	
Fuel Oil		340	
Gasoline		6,543	
Lubricants		2,030	
Office Supplies		3,238	
Small Tools		1,607	
Uniforms		3,903	
Utilities		3,867	
Other Supplies and Materials		798	
Liability Insurance		172	
Premiums on Corporate Surety Bonds		111	
Workers' Compensation Insurance		21,175	
Other Charges		13,775	
Motor Vehicles		5,500	
Solid Waste Equipment		69,354	
Total Landfill Operation and Maintenance			\$ 951,445

Other Operations

Miscellaneous

Trustee's Commission	\$	8,903	
Total Miscellaneous			8,903

Total Solid Waste/Sanitation Fund \$ 1,066,885

Health Department Fund

General Government

County Buildings

Building Improvements	\$	806,924	
Total County Buildings			\$ 806,924

Public Health and Welfare

Local Health Center

Communication	\$	7,643	
Contracts with Government Agencies		62,914	
Maintenance and Repair Services - Buildings		9,571	
Pest Control		240	
Postal Charges		2,132	
Other Contracted Services		28,800	
Utilities		35,155	
Other Supplies and Materials		6,198	
Other Charges		3,195	
Office Equipment		97,843	
Total Local Health Center			253,691

Total Health Department Fund 1,060,615

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Sheriff's Department

In-service Training	\$	690	
Confidential Drug Enforcement Payments		7,000	
Travel		8,161	
Animal Food and Supplies		4,925	
Other Supplies and Materials		7,086	
Law Enforcement Equipment		11,143	
Motor Vehicles		24,720	
Total Sheriff's Department			\$ 63,725

Other Operations

Miscellaneous

Trustee's Commission	\$	365	
Total Miscellaneous			365

Total Drug Control Fund \$ 64,090

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Electricity	\$	509	
Other Charges		24,796	
Land		49,983	
Total Parks and Fair Boards			\$ 75,288

Total Sports and Recreation Fund 75,288

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Bank Charges	\$	189	
Total County Clerk's Office			\$ 189

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	8,740	
Bank Charges		672	
Total Chancery Court			9,412

Total Constitutional Officers - Fees Fund 9,601

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	89,931	
Assistant(s)		47,476	
Secretary(ies)		73,048	
Maintenance Personnel		21,208	

(Continued)

## Exhibit J-7

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

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

Social Security	\$	13,580	
Pensions		35,151	
Life Insurance		180	
Medical Insurance		39,921	
Dental Insurance		1,176	
Unemployment Compensation		160	
Employer Medicare		3,176	
Dues and Memberships		3,924	
Legal Notices, Recording, and Court Costs		232	
Maintenance and Repair Services - Office Equipment		477	
Printing, Stationery, and Forms		130	
Rentals		1,609	
Travel		985	
Other Contracted Services		34,708	
Drugs and Medical Supplies		32	
Office Supplies		2,592	
Other Charges		3,984	
Building Improvements		3,978	
Office Equipment		1,349	
Total Administration			\$ 379,007

Highway and Bridge Maintenance

Foremen	\$	116,720	
Equipment Operators		29,696	
Truck Drivers		322,785	
Laborers		410,204	
Social Security		53,318	
Pensions		124,277	
Life Insurance		1,044	
Medical Insurance		258,691	
Dental Insurance		6,821	
Unemployment Compensation		1,524	
Employer Medicare		12,469	
Rentals		150	
Other Contracted Services		1,173	
Asphalt - Hot Mix		915,271	
Asphalt - Liquid		4,289	
Concrete		2,465	
Crushed Stone		88,681	
Fertilizer, Lime, and Seed		92	
General Construction Materials		2,043	
Other Road Materials		12,153	
Pipe		15,877	
Road Signs		6,140	
Salt		34,443	
Small Tools		1,849	
Uniforms		36,835	
Other Supplies and Materials		3,292	
Total Highway and Bridge Maintenance			2,462,302

(Continued)



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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	84,265	
Social Security		5,183	
Pensions		12,589	
Life Insurance		105	
Medical Insurance		24,634	
Dental Insurance		686	
Unemployment Compensation		120	
Employer Medicare		1,212	
Freight Expenses		798	
Maintenance and Repair Services - Equipment		37,684	
Towing Services		250	
Other Contracted Services		1,875	
Diesel Fuel		166,129	
Equipment and Machinery Parts		96,048	
Garage Supplies		8,415	
Gasoline		187,595	
Lubricants		4,640	
Small Tools		52	
Tires and Tubes		31,098	
Other Supplies and Materials		7,580	
Total Operation and Maintenance of Equipment			\$ 670,958

Other Charges

Communication	\$	7,932	
Electricity		12,786	
Natural Gas		4,997	
Water and Sewer		3,434	
Premiums on Corporate Surety Bonds		197	
Trustee's Commission		47,954	
Vehicle and Equipment Insurance		23,231	
Other Charges		1,729	
Total Other Charges			102,260

Employee Benefits

Workers' Compensation Insurance	\$	54,290	
Total Employee Benefits			54,290

Capital Outlay

Engineering Services	\$	122,521	
Bridge Construction		719,571	
Furniture and Fixtures		673	
Heating and Air Conditioning Equipment		1,900	
Highway Equipment		446,792	
Motor Vehicles		47,048	
Other Capital Outlay		9,093	
Total Capital Outlay			1,347,598

Total Highway/Public Works Fund \$ 5,016,415

(Continued)

## Exhibit J-7

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

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 900,000	
Total General Government		\$ 900,000

Education

Principal on Notes	\$ 97,064	
Principal on Capital Leases	22,959	
Principal on Other Loans	153,000	
Total Education		273,023

Interest on DebtGeneral Government

Interest on Bonds	\$ 676,931	
Total General Government		676,931

Education

Interest on Notes	\$ 8,076	
Interest on Capital Leases	113	
Interest on Other Loans	27,178	
Total Education		35,367

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 41,978	
Other Debt Service	165	
Total General Government		42,143

Education

Other Debt Service	\$ 13,136	
Total Education		13,136

Total General Debt Service Fund		\$ 1,940,600
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Total Governmental Funds - Primary Government		\$ 25,456,455
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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, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,063,060	
Career Ladder Program	91,500	
Homebound Teachers	51,430	
Educational Assistants	327,785	
Bonus Payments	83,000	
Certified Substitute Teachers	93,371	
Non-certified Substitute Teachers	273,754	
Social Security	881,666	
Pensions	1,321,134	
Life Insurance	8,387	
Medical Insurance	2,256,200	
Dental Insurance	84,005	
Unemployment Compensation	2,809	
Employer Medicare	206,925	
Other Fringe Benefits	422,566	
Other Contracted Services	50,769	
Instructional Supplies and Materials	497,426	
Textbooks - Bound	30,358	
Other Supplies and Materials	4,363	
Other Charges	20,511	
Regular Instruction Equipment	34,214	
Total Regular Instruction Program		\$ 20,805,233

Alternative Instruction Program

Teachers	\$ 129,576	
Social Security	7,833	
Pensions	11,659	
Life Insurance	76	
Medical Insurance	16,651	
Dental Insurance	774	
Unemployment Compensation	64	
Employer Medicare	1,832	
Instructional Supplies and Materials	738	
Other Supplies and Materials	426	
Other Charges	500	
Total Alternative Instruction Program		170,129

Special Education Program

Teachers	\$ 1,812,008
Career Ladder Program	10,000
Homebound Teachers	51,128
Educational Assistants	394,096
Speech Pathologist	224,837
Other Salaries and Wages	17,968
Social Security	145,462
Pensions	247,892

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	2,007	
Medical Insurance		511,639	
Dental Insurance		18,602	
Unemployment Compensation		1,041	
Employer Medicare		34,342	
Maintenance and Repair Services - Equipment		1,581	
Instructional Supplies and Materials		23,605	
Other Supplies and Materials		15,325	
Other Charges		3,968	
Special Education Equipment		62,209	
Total Special Education Program			\$ 3,577,710

Career and Technical Education Program

Teachers	\$	954,721	
Career Ladder Program		1,000	
Educational Assistants		22,896	
Social Security		58,528	
Pensions		89,769	
Life Insurance		595	
Medical Insurance		142,358	
Dental Insurance		5,831	
Unemployment Compensation		330	
Employer Medicare		13,688	
Instructional Supplies and Materials		65,552	
Textbooks - Bound		1,289	
Vocational Instruction Equipment		163,682	
Total Career and Technical Education Program			1,520,239

Support Services

Health Services

Supervisor/Director	\$	46,801	
Medical Personnel		247,662	
Other Salaries and Wages		18,000	
Certified Substitute Teachers		23,225	
Social Security		19,658	
Pensions		46,654	
Life Insurance		350	
Medical Insurance		84,761	
Dental Insurance		3,457	
Unemployment Compensation		194	
Employer Medicare		4,598	
Travel		4,100	
Drugs and Medical Supplies		10,191	
Other Supplies and Materials		1,467	
In Service/Staff Development		1,761	
Other Charges		2,087	
Total Health Services			514,966

(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		665,709	
Guards		24,894	
Social Security		41,278	
Pensions		63,701	
Life Insurance		353	
Medical Insurance		81,872	
Dental Insurance		3,612	
Unemployment Compensation		247	
Employer Medicare		9,616	
Contracts with Government Agencies		301,000	
Evaluation and Testing		27,544	
In Service/Staff Development		398	
Other Charges		130	
Total Other Student Support			\$ 1,223,354

Regular Instruction Program

Supervisor/Director	\$	263,667	
Career Ladder Program		9,000	
Librarians		583,744	
Other Salaries and Wages		97,557	
Social Security		56,474	
Pensions		88,387	
Life Insurance		458	
Medical Insurance		127,371	
Dental Insurance		4,685	
Unemployment Compensation		52	
Employer Medicare		13,208	
Maintenance and Repair Services - Equipment		49,151	
Travel		17,592	
Other Contracted Services		18,276	
Library Books/Media		59,425	
Other Supplies and Materials		33,087	
In Service/Staff Development		114,889	
Other Charges		8,280	
Total Regular Instruction Program			1,545,303

Alternative Instruction Program

Supervisor/Director	\$	59,466	
Career Ladder Program		1,000	
Secretary(ies)		9,472	
Other Salaries and Wages		20,240	
Social Security		5,523	
Pensions		6,906	
Life Insurance		43	
Medical Insurance		10,606	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Dental Insurance	\$	439	
Unemployment Compensation		12	
Employer Medicare		1,292	
Total Alternative Instruction Program			\$ 114,999

Special Education Program

Supervisor/Director	\$	73,864	
Career Ladder Program		1,000	
Psychological Personnel		44,874	
Assessment Personnel		52,618	
Clerical Personnel		29,151	
Social Security		12,168	
Pensions		19,977	
Life Insurance		101	
Medical Insurance		29,001	
Dental Insurance		1,032	
Employer Medicare		2,846	
Maintenance and Repair Services - Equipment		3,970	
Travel		28,475	
Other Contracted Services		113,282	
Other Supplies and Materials		12,946	
In Service/Staff Development		13,324	
Other Charges		2,700	
Other Equipment		1,575	
Total Special Education Program			442,904

Career and Technical Education Program

Supervisor/Director	\$	67,063	
Career Ladder Program		1,000	
Secretary(ies)		28,334	
Social Security		6,533	
Pensions		11,652	
Life Insurance		50	
Medical Insurance		13,287	
Dental Insurance		516	
Employer Medicare		1,528	
Travel		12,315	
Other Supplies and Materials		2,700	
Other Charges		34,312	
Total Career and Technical Education Program			179,290

Technology

Data Processing Personnel	\$	204,792	
Social Security		12,050	
Pensions		30,596	
Life Insurance		126	

(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.)

Technology (Cont.)

Medical Insurance	\$	35,235	
Dental Insurance		1,290	
Unemployment Compensation		72	
Employer Medicare		2,818	
Maintenance and Repair Services - Equipment		8,077	
Internet Connectivity		50,818	
Other Contracted Services		30,368	
Data Processing Supplies		1,190	
Office Supplies		497	
Other Supplies and Materials		19,886	
Regular Instruction Equipment		55,282	
Total Technology			\$ 453,097

Other Programs

On-behalf Payments to OPEB	\$	276,252	
Total Other Programs			276,252

Board of Education

Board and Committee Members Fees	\$	9,800	
Social Security		601	
Pensions		687	
Employer Medicare		142	
Audit Services		30,000	
Dues and Memberships		14,694	
Legal Services		16,350	
Travel		12,339	
Liability Insurance		314,009	
Trustee's Commission		254,748	
Workers' Compensation Insurance		222,769	
In Service/Staff Development		4,065	
Other Charges		4,241	
Total Board of Education			884,445

Director of Schools

County Official/Administrative Officer	\$	97,000	
Secretary(ies)		106,298	
Clerical Personnel		38,294	
Social Security		14,161	
Pensions		30,409	
Life Insurance		151	
Medical Insurance		41,196	
Dental Insurance		1,548	
Employer Medicare		3,312	
Communication		62,946	
Dues and Memberships		3,653	
Maintenance and Repair Services - Equipment		2,250	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Postal Charges	\$	5,089	
Travel		6,172	
Other Contracted Services		14,545	
Office Supplies		3,581	
Other Charges		11,328	
Administration Equipment		664	
Total Director of Schools			\$ 442,597

Office of the Principal

Principals	\$	931,795	
Career Ladder Program		14,000	
Assistant Principals		59,497	
Secretary(ies)		241,105	
Clerical Personnel		100,860	
Educational Assistants		6,838	
Other Salaries and Wages		578,065	
Social Security		112,652	
Pensions		190,436	
Life Insurance		1,184	
Medical Insurance		328,432	
Dental Insurance		12,126	
Unemployment Compensation		159	
Employer Medicare		26,446	
Other Contracted Services		5,259	
Office Supplies		1,269	
Total Office of the Principal			2,610,123

Fiscal Services

Other Contracted Services	\$	150,682	
Total Fiscal Services			150,682

Operation of Plant

Custodial Personnel	\$	777,726	
Social Security		46,552	
Pensions		70,979	
Life Insurance		776	
Medical Insurance		189,700	
Dental Insurance		7,869	
Unemployment Compensation		571	
Employer Medicare		10,886	
Rentals		11,000	
Disposal Fees		14,993	
Other Contracted Services		66,856	
Custodial Supplies		102,360	
Electricity		1,086,722	
Natural Gas		253,986	
Water and Sewer		80,550	
Total Operation of Plant			2,721,526

(Continued)



Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	49,077	
Secretary(ies)		26,208	
Maintenance Personnel		243,009	
Social Security		19,586	
Pensions		47,380	
Life Insurance		277	
Medical Insurance		62,058	
Dental Insurance		2,838	
Unemployment Compensation		129	
Employer Medicare		4,581	
Laundry Service		5,035	
Maintenance and Repair Services - Buildings		57,557	
Maintenance and Repair Services - Equipment		63,801	
Travel		1,123	
Disposal Fees		615	
Other Contracted Services		136,695	
General Construction Materials		5,519	
Other Supplies and Materials		7,909	
Other Charges		4,235	
Total Maintenance of Plant			\$ 737,632

Transportation

Supervisor/Director	\$	43,901
Mechanic(s)		104,599
Bus Drivers		600,565
Clerical Personnel		58,132
Attendants		37,190
Other Salaries and Wages		2,300
Social Security		49,917
Pensions		115,094
Life Insurance		1,428
Medical Insurance		343,429
Dental Insurance		14,540
Unemployment Compensation		547
Employer Medicare		11,835
Contracts with Parents		12,092
Laundry Service		4,173
Medical and Dental Services		3,467
Travel		2,060
Other Contracted Services		6,679
Diesel Fuel		184,743
Gasoline		82,029
Lubricants		4,627
Tires and Tubes		25,368
Vehicle Parts		154,960
Other Supplies and Materials		7,454

(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.)Transportation (Cont.)

Other Charges	\$	37,654	
Transportation Equipment		<u>117,153</u>	
Total Transportation			\$ 2,025,936

Central and Other

Other Supplies and Materials	\$	1,058	
Regular Instruction Equipment		<u>38,362</u>	
Total Central and Other			39,420

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	56,998	
Part-time Personnel		325,154	
Other Salaries and Wages		77,500	
Social Security		27,333	
Pensions		32,448	
Life Insurance		22	
Medical Insurance		7,135	
Dental Insurance		230	
Unemployment Compensation		259	
Employer Medicare		6,513	
Travel		2,763	
Other Contracted Services		7,000	
Food Supplies		39,233	
Instructional Supplies and Materials		630	
In Service/Staff Development		1,164	
Other Charges		<u>11,600</u>	
Total Community Services			595,982

Early Childhood Education

Supervisor/Director	\$	38,605	
Teachers		122,004	
Clerical Personnel		8,320	
Educational Assistants		37,860	
Other Salaries and Wages		265	
Certified Substitute Teachers		3,096	
Social Security		12,177	
Pensions		16,774	
Life Insurance		151	
Medical Insurance		38,323	
Dental Insurance		1,548	
Unemployment Compensation		42	
Employer Medicare		2,865	
Communication		382	
Operating Lease Payments		3,000	
Travel		869	

(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.)

Instructional Supplies and Materials	\$	18,820	
In Service/Staff Development		1,738	
Other Charges		1,698	
Regular Instruction Equipment		2,200	
Total Early Childhood Education			\$ 310,737

Capital Outlay

Regular Capital Outlay

Architects	\$	80,378	
Building Improvements		2,310,024	
Other Capital Outlay		105,461	
Total Regular Capital Outlay			2,495,863

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	23,072	
Total Education			23,072

Total General Purpose School Fund \$ 43,861,491

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	761,660	
Educational Assistants		240,233	
Other Salaries and Wages		96,166	
Social Security		61,136	
Pensions		79,175	
Life Insurance		554	
Medical Insurance		142,778	
Dental Insurance		5,676	
Unemployment Compensation		416	
Employer Medicare		15,332	
Instructional Supplies and Materials		47,428	
Other Charges		1,641	
Regular Instruction Equipment		131,576	
Total Regular Instruction Program			\$ 1,583,771

Special Education Program

Teachers	\$	117,313	
Educational Assistants		532,048	
Social Security		37,841	
Pensions		85,456	
Life Insurance		1,210	
Medical Insurance		279,929	
Dental Insurance		11,713	

(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.)

Unemployment Compensation	\$	485	
Employer Medicare		8,851	
Instructional Supplies and Materials		5,892	
Other Supplies and Materials		10,131	
Special Education Equipment		15,825	
Total Special Education Program			\$ 1,106,694

Career and Technical Education Program

Other Supplies and Materials	\$	1,920	
Vocational Instruction Equipment		89,221	
Total Career and Technical Education Program			91,141

Support Services

Other Student Support

Other Salaries and Wages	\$	8,382	
Employer Medicare		122	
Evaluation and Testing		71,732	
Travel		16,000	
Other Supplies and Materials		28,514	
In Service/Staff Development		4,601	
Other Charges		7,885	
Total Other Student Support			137,236

Regular Instruction Program

Supervisor/Director	\$	59,789	
Secretary(ies)		20,482	
Other Salaries and Wages		221,853	
Social Security		18,473	
Pensions		29,563	
Life Insurance		144	
Medical Insurance		38,861	
Dental Insurance		1,471	
Unemployment Compensation		59	
Employer Medicare		4,180	
Communication		925	
Maintenance and Repair Services - Equipment		5,549	
Travel		6,666	
Other Supplies and Materials		15,450	
In Service/Staff Development		76,317	
Other Equipment		42,637	
Total Regular Instruction Program			542,419

Special Education Program

Other Salaries and Wages	\$	270,259	
Social Security		17,814	
Pensions		31,769	

(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 (Cont.)

Life Insurance	\$	151	
Medical Insurance		40,157	
Dental Insurance		1,548	
Unemployment Compensation		79	
Employer Medicare		4,166	
Travel		2,453	
Other Contracted Services		117,475	
Other Supplies and Materials		2,498	
In Service/Staff Development		20,868	
Total Special Education Program			\$ 509,237

Career and Technical Education Program

In Service/Staff Development	\$	2,173	
Total Career and Technical Education Program			2,173

Transportation

Bus Drivers	\$	9,594	
Other Salaries and Wages		20,038	
Social Security		1,809	
Pensions		1,433	
Life Insurance		25	
Medical Insurance		6,697	
Dental Insurance		258	
Unemployment Compensation		47	
Employer Medicare		423	
Other Charges		2,499	
Total Transportation			<u>42,823</u>

Total School Federal Projects Fund \$ 4,015,494

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	43,693	
Clerical Personnel		26,731	
Cafeteria Personnel		816,717	
Bonus Payments		15,800	
Other Salaries and Wages		36,152	
Social Security		57,022	
Pensions		96,880	
Life Insurance		1,106	
Medical Insurance		272,115	
Dental Insurance		11,352	
Unemployment Compensation		338	
Employer Medicare		13,337	
Audit Services		5,000	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Communication	\$	5,638	
Dues and Memberships		182	
Maintenance and Repair Services - Equipment		38,392	
Travel		3,979	
Other Contracted Services		67,947	
Food Preparation Supplies		97,667	
Food Supplies		1,066,189	
Office Supplies		1,420	
Uniforms		7,700	
USDA - Commodities		250,263	
Other Supplies and Materials		19,124	
In Service/Staff Development		3,615	
Other Charges		1,324	
Food Service Equipment		38,887	
Total Food Service			\$ 2,998,570

Total Central Cafeteria Fund \$ 2,998,570

Other Education Special Revenue Fund

Support Services

Operation of Plant

Custodial Personnel	\$	1,269	
Social Security		79	
Unemployment Compensation		3	
Employer Medicare		18	
Total Operation of Plant			\$ 1,369

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	58,621	
Teachers		301,423	
Clerical Personnel		31,739	
Educational Assistants		101,492	
Other Salaries and Wages		134,511	
Non-certified Substitute Teachers		5,490	
Social Security		36,240	
Pensions		67,344	
Life Insurance		498	
Medical Insurance		136,251	
Dental Insurance		5,096	
Unemployment Compensation		29	
Employer Medicare		8,476	
Operating Lease Payments		9,751	
Travel		8,977	
Food Supplies		105,407	
Instructional Supplies and Materials		73,976	

(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.)

In Service/Staff Development	\$	15,597	
Other Charges		<u>71,423</u>	
Total Early Childhood Education			<u>\$ 1,172,341</u>

Total Other Education Special Revenue Fund			<u>\$ 1,173,710</u>
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Total Governmental Funds - Carter County School Department			<u><u>\$ 52,049,265</u></u>
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# 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, 2018

	Cities - Sales Tax Fund	City School ADA - Elizabethton Fund	City School ADA - Johnson City Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 3,084,957	\$ 111,031	\$ 3,195,988
Trustee's Collections - Prior Years	0	94,273	3,151	97,424
Circuit/Clerk and Master Collections - Prior Years	0	17,921	304	18,225
Interest and Penalty	0	23,970	728	24,698
Payments in-Lieu-of Taxes - Local Utilities	0	61,918	2,238	64,156
Payments in-Lieu-of Taxes - Other	0	3,718	134	3,852
Local Option Sales Tax	4,900,690	2,120,106	76,290	7,097,086
Mixed Drink Tax	0	910	33	943
Bank Excise Tax	0	5,662	204	5,866
Other Statutory Local Taxes	0	14	0	14
Marriage Licenses	0	503	18	521
Donations	0	53	2	55
Total Cash Receipts	\$ 4,900,690	\$ 5,414,005	\$ 194,133	\$ 10,508,828
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 4,851,683	\$ 5,316,996	\$ 181,672	\$ 10,350,351
Trustee's Commission	49,007	86,918	3,112	139,037
Total Cash Disbursements	\$ 4,900,690	\$ 5,403,914	\$ 184,784	\$ 10,489,388
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 10,091	\$ 9,349	\$ 19,440
Cash Balance, July 1, 2017	0	253,318	0	253,318
Cash Balance, June 30, 2018	\$ 0	\$ 263,409	\$ 9,349	\$ 272,758



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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements, and have issued our report thereon dated January 25, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Carter County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carter County's internal control. Accordingly, we do not express an opinion on the effectiveness of Carter County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies, described in

the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses: 2018-001(B,C,D).

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 following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2018-003(D,E), 2018-005, 2018-006, and 2018-007.

## **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: 2018-001(A), 2018-002, 2018-003(A,B,C), 2018-004, and 2018-008.

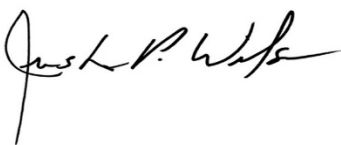
## **Carter County's Responses to the Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carter County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 25, 2019

JPW/tg



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

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

To the County Mayor and Board of County Commissioners:

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

We have audited Carter County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carter County's major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

### **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.

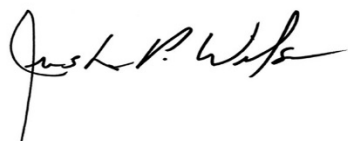
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **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, 2018, and the related notes to the financial statements, which collectively comprise Carter County's basic financial statements. We issued our report thereon dated January 25, 2019, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 25, 2019

JPW/tg

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, 2018

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	N/A	\$ 105,797
Passed-through State Department of Education:			
Child Nutrition Cluster: (3)			
School Breakfast Program	10.553	N/A	689,406
National School Lunch Program	10.555	N/A	1,839,403 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	250,263 (6)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-18-55683	81,946 (7)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	143,717
Total U.S. Department of Agriculture			<u>\$ 3,110,532</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 208,946
Total U.S. Department of the Interior			<u>\$ 208,946</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-17-TH5118	\$ 4,175
Total U.S. Department of Transportation			<u>\$ 4,175</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,901,465
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	1,623,727
Special Education - Preschool Grants	84.173	N/A	79,037
Career and Technical Education- Basic Grants to States	84.048	N/A	113,916
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	66,169
Twenty-first Century Community Learning Centers	84.287	N/A	117,122
Improving Teacher Quality State Grants	84.367	N/A	375,354
Total U.S. Department of Education			<u>\$ 4,276,790</u>
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-18-55683	\$ 2,503 (7)
Family Planning Services	93.217	GG-18-55683	8,982 (7)
National State Based Tobacco Control Programs	93.305	GG-18-55683	3,832 (7)
Medicaid Cluster:			
Medical Assistance Program	93.778	GG-18-55683	41,299 (7)
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-18-55683	22,310 (7)
Maternal and Child Health Services Block Grant to States	93.994	GG-18-55683	19,106 (7)
Passed-through State Department of Education:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(4)	28,122
Total U.S. Department of Health and Human Services			<u>\$ 126,154</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 Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-00619	\$ 41,500
Pre-Disaster Mitigation	97.047	PDMC-PL-TN-2015-002	34,424
Total U.S. Department of Homeland Security			<u>\$ 75,924</u>
Total Expenditures of Federal Grants			<u>\$ 7,802,521</u>
		Contract Number	
<u>State Grants</u>			
State Supplement Juvenile Court Improvement Funds - State			
Commission on Children and Youth	N/A	(4)	\$ 14,155
Tourism Enhancement Grant - State Department of Economic and			
Community Development	N/A	11384	19,000
ConnectTN - State Department of Education	N/A	(4)	13,681
Coordinated School Health - State Department of Education	N/A	(4)	99,988
Driver's Education - State Department of Education	N/A	(4)	2,262
Early Childhood Education Pilot Project - State Department of Education	N/A	(4)	305,178
Family Resource Center - State Department of Education	N/A	(4)	29,612
Lottery for Education: After School Programs - State Department			
of Education	N/A	(4)	310,737
Safe Schools Act - State Department of Education	N/A	(4)	30,580
Health Department Program - State Department of Health		GG-18-55683	232,857 (7)
Tobacco Funds - State Department of Health	N/A	SNF-TS-FY16	17,675
Law Enforcement Training Program - State Department of Safety	N/A	(4)	31,200
Bridge Program - State Department of Transportation	N/A	(4)	844,234
Litter Program - State Department of Transportation	N/A	Z-18-LIT010	24,653
State Aid Program - State Department of Transportation	N/A	(4)	688,177
Solid Waste Management Grant - State Department of Environment			
and Conservation	N/A	32701-02955	11,999
CTE Equipment Grant - State Department of Education	N/A	(4)	124,286
Recycling Equipment Grant - State Department of Environment			
and Conservation	N/A	(5)	50,397
Three Star Program - State Department of Environment and Conservation	N/A	(4)	<u>25,000</u>
Total State Grants			<u>\$ 2,875,671</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 minimis cost rate permitted in the Uniform Guidance.

(3) Child Nutrition Cluster total \$2,779,072; Special Education Cluster total \$1,702,764.

(4) Information not available.

(5) Contract number 44344: \$20,976; contract number 02937: \$29,421.

(6) Total for CFDA No. 10.555 is \$2,089,666.

(7) Multi-service contract.



Carter County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2018

*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, 2018.

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

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, HIGHWAY SUPERINTENDENT, AND FINANCE DIRECTOR**

2017	202	2017-001	The Accounting Records for Various Funds had not been Maintained Properly	N/A	Part E., F., and G. Corrected  Part A., B., C., and D. Not Corrected - See Explanation on Corrective Action Plan
2017	205	2017-002	The County had Deficiencies in Budget Operations	N/A	Corrected
2017	206	2017-003	The Finance Department had Deficiencies in the Maintenance of Capital Asset Records	N/A	Corrected

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

2017	207	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	N/A	Not Corrected - See Explanation on Corrective Plan
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**OFFICES OF FINANCE DIRECTOR AND SHERIFF**

2017	208	2017-005	Travel Advances were not Made in Compliance with County Policies	N/A	Corrected
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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

2017	209	2017-006	The Office did not Prepare Adequate Trial Balances of the Execution Dockets	N/A	Not Corrected - See Explanation on Corrective Action Plan
2017	210	2017-007	The Computer Software Application did not Generate a Report of Outside Direct Payments	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>ELIZABETHTON-CARTER COUNTY ANIMAL SHELTER</u></b>					
2017	211	2017-008	A Cash Shortage of \$9,516 and Operational Deficiencies Existed at the Elizabethton-Carter County Animal Shelter	N/A	Not Corrected - See Explanation on Corrective Action Plan

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***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, 2018**

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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 Numbers: 84.027 and 84.173      Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, 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 2018-001**

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

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

Our audit revealed the following deficiencies related to the administration and maintenance of the accounting records. Many of these issues have been reported in previous audit reports. Management has provided written responses and corrective action plans to address these deficiencies; however, these deficiencies continue to exist.

- A. Accounting records, including subsidiary capital assets records, for the year ended June 30, 2018, were not closed and available for audit by August 31, 2018, as required by Section 9-2-102, *Tennessee Code Annotated*. The accounting and capital assets records were made available to auditors on October 10 and November 13, 2018, respectively.
- B. 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). Revenue entries reflected in the trustee's reports were posted to the accounting records as late as four months after month-end. A subsequent review for the 2018-19 fiscal year disclosed monthly trustee reports' revenues for all funds other than the Central Cafeteria Fund for the months of July through September 2018 were not posted until November 2018.

Additionally, from our review of the audit log and discussions with management, it was noted that accounting periods are routinely re-opened after being closed in order to post monthly revenues. The software application allows for three consecutive months to be open at any given time; however, from our review of the audit log, it was noted that the months of August, September, and October 2017 were all closed on January 18, 2018, which would mean that management would have to close accounting periods currently open in order to re-open periods that had been closed. The software application used by the county and the School Department generates a log that documents the closing and reopening dates of the accounting periods within the general ledger

application. These audit logs were not reviewed by management to ensure periods are closed timely and not re-opened. Although management was aware of the importance of this log, they chose not to review it.

Since accounting entries had not been posted currently, and closed accounting periods were re-opened as noted above, accurate monthly financial reports could not be presented to the county commission to be used as a management tool for financial decisions.

- C. 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 \$5,695 to a positive \$104,033. A total of 18 accounts had deficit (negative) balances.
- D. The employee health insurance bank clearing account had not been reconciled adequately with the general ledger payroll liability accounts resulting in an 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 reconciliations were performed monthly beginning in April 2018, and retrospectively for July 2017 through March 2018, no adjusting entries were prepared or posted during the current-year to correct identified reconciling items. Additionally, an unidentified balance remained each month. At June 30, 2018, the employee health insurance bank clearing account had a balance of \$1,136,076 of which \$1,124,428 represented amounts due the state insurance program administrator for unbilled health insurance premiums. The remaining \$11,648 (\$1,136,076 minus \$1,124,428) was unidentified.

Sound business practices dictate that financial records should be reviewed for accuracy and completeness, and all general ledger payroll liability 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

Management should close its accounting records for the fiscal year ended June 30 and have those records available for audit by the following August 31 as required by state statute. Management should post accounting entries on a current basis and review the audit log on a routine basis, and any unusual activity should be investigated. All general ledger payroll

liability accounts and the employee health insurance bank clearing account should be accurately reconciled monthly with subsidiary records, monthly billings, receipts, and payments. The Finance Department should maintain accounting records on a current basis, 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. Accounting records are now maintained on a current basis. Monthly revenue and expenditure reports are provided to the county commission. We now review the audit logs monthly. General ledger payroll liability accounts will be reconciled and adjusting entries properly posted.

#### FINDING 2018-002

#### **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following purchasing deficiencies, which are the result of a lack of management oversight and management's failure to follow the county's established purchasing policy. These deficiencies increase the risks of unauthorized expenditures.

- A. During the year, the office paid for an emergency purchase related to flood damages at one of the county high schools totaling \$162,372. After discussions with management, the insurance carrier required immediate clean-up services and recommended a vendor to use to satisfy the claim; however, the purchase was not made in compliance with the county's emergency purchases policy. Carter County's policy and procedures manual provides for emergency purchases outside of business hours and states that "if an emergency exists, every effort should be made to obtain at least three bids (oral or written) and authorization written for emergency purchases. Then a requisition given to the Department of Finance indicating the purchase and description of the emergency." Our review of accounting records and paid invoice files noted written authorization was not prepared/obtained, and a requisition was not given to the Finance Department prior to payment related to this emergency purchase.
- B. The county did not deposit amounts withheld from contractor payments into an escrow account related to a \$567,400 construction contract for renovations to a football stadium and bathrooms at one of the high schools. Section 66-34-104, *Tennessee Code Annotated (TCA)*, requires that funds withheld from contractor payments be deposited into an escrow account with a third-party for contracts of \$500,000 or more. This deficiency could result in the loss of interest earnings for the contractor.
- C. During the year, a building at the solid waste facility (landfill) was destroyed by fire. The county solicited bids for construction of a replacement building at the landfill (\$279,606); however, bid specifications were brand specific. Using bid specifications that apply only to a specific brand violates the intent of the

county's purchasing law. Additionally, the county did not employ a registered architect or engineer to design plans, specifications, or estimates related to the construction of the building. Section 62-2-107, *TCA*, requires a registered architect or engineer should be employed whenever construction projects are estimated to exceed \$50,000. The county did not have a formal written contract for the construction of the new building at the landfill. Without a formal written contract, there is no guidance for the responsibilities of the county or the contractor.

Purchases for Carter County are governed by the County Financial Management System of 1981, Sections 5-21-101 through 5-21-130, *TCA*. This act provides that the finance director or a deputy appointed by the finance director serve as the purchasing agent, and that competitive bids be solicited for purchases exceeding the \$25,000 bid limit authorized by the Financial Management Committee.

### RECOMMENDATION

Management should follow the county's emergency purchases policy when making emergency purchases. Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute. The office should develop bid specifications that are not brand specific. Bids should be evaluated on the basis of several criteria, including price, quality, availability, warranty, maintenance costs, experience, etc. The county should employ a registered architect or engineer for all construction projects exceeding \$50,000 as required by state statute. The county should enter into formal written construction contracts approved by the county commission.

### MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. Discussions have been held with employees involved in the process of procuring construction contracts. Management is involved in the bidding and contracting process and is aware of all corresponding policies and procedures.

### FINDING 2018-003

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

(A. through C. – Noncompliance Under *Government Auditing Standards*; D. and E. – 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; management's failure to correct the finding noted in the prior-year audit report; and the failure to implement their corrective action plan.

- A. Total expenditures and other uses exceeded total appropriations approved by the county commission in the Highway/Public Works Fund by \$301,310. This deficiency is due to unrecorded liabilities related to a state aid project totaling \$388,396. It should be noted that a purchase order had been issued related to

this project; however, the amount of the purchase order appears to have been only for the county's matching share and was not subsequently adjusted to reflect actual/estimated costs of the project.

- B. Expenditures exceeded appropriations approved by the county commission at the major category level (the legal level of control) in the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
Highway/Public Works:	
Capital Outlay	\$ 569,016
School Department:	
General Purpose School:	
Special Education Program	12,836
Career and Technical Education Program	1,618
Board of Education	2,302
Office of the Principal	17,181

- C. Salaries exceeded appropriations in 46 of 174 salary line-items of the General, Solid Waste, Highway/Public Works, General Purpose School, and Head Start funds by amounts ranging from \$8 to \$82,806 for a total of \$236,009. The budget resolution approved by the county commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.
- D. During the year, a budget amendment approved by the county commission for the Drug Control Fund was erroneously posted to the General Fund, and the error was not detected by management. We have recognized the amendment as approved by the county commission in the Drug Control Fund in the financial statements of this report.
- E. Budget amounts for the Title II Improving Teacher Quality State Grants program and Special Education – Grants to States 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 \$4,145 from the amounts reflected in E-plan. We have reflected the recorded budgets for the Title II Improving Teacher Quality State Grants program and Special Education – Grants to States program in the financial statements of this report.



## RECOMMENDATION

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

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. Purchase orders are now issued for the entire amount of all highway and bridge projects. The finance director reviews expenditure reports monthly, compares them to amounts per E-plan, and prepares necessary budget adjustments.

---

## SOLID WASTE DEPARTMENT

### FINDING 2018-004

### **A CASH SHORTAGE OF \$97 EXISTED IN THE SOLID WASTE/SANITATION FUND AT JUNE 30, 2018**

(Noncompliance Under *Government Auditing Standards*)

A cash shortage totaling \$97 existed in the Solid Waste/Sanitation Fund at June 30, 2018. On June 22, 2018, the finance director filed a Fraud Reporting Form with the Comptroller of the Treasury indicating that the Carter County Landfill had a cash shortage totaling \$100 related to collections for June 13-14, 2018. This shortage was discovered by Office of Trustee employees on June 19, 2018, when collections for the two above-noted days were taken for deposit. During the audit, it was determined that a cash shortage of \$119 occurred on June 13, 2018. It was also noted that three checks totaling \$22 were deposited with the trustee; however, there were no corresponding receipts/transactions noted for these checks. The shortage appears to be due to a lack of management oversight and inadequate close-out procedures. It should be noted that the shortage was repaid as of November 30, 2018.

## RECOMMENDATION

The county should ensure that adequate controls for receipting, depositing, and reconciliations of office collections at the landfill are in place. The office should maintain proper oversight of collections and investigate and resolve any differences between receipts and deposits in a timely manner.

## MANAGEMENT'S RESPONSE – SOLID WASTE DIRECTOR

We agree with the finding. We have taken steps to ensure that this does not happen again.

---

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

### **FINDING 2018-005**

#### **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, 2018. 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 21.3 percent for the maintenance of effort portion. Total expenditures for the program during the fiscal year ended June 30, 2018, were \$86,528. A review of the program revealed the following deficiencies:

- A. Expenditure amounts claimed for reimbursement were incorrect. Total expenditures reflected on the June 30, 2018, reimbursement request were more than actual expenditures for the grant. Total expenditures of \$90,855 were reported on the June 2018 reimbursement request while total expenditures of \$86,528 were reported on the general ledger. Of the total \$68,098 federal portion of actual grant expenditures, only \$66,169 was received during the year and has been recognized in the financial statements of this report.
- B. Since incorrect expenditure amounts were used to prepare the June 30, 2018, claim 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 the June 2018 reimbursement request was more than actual. Of the total \$18,430 local portion of the actual grant expenditures, \$19,500 was claimed.
- C. Due to errors in amounts claimed for reimbursement for the 2017 grant as noted in the prior-year audit, a receivable of \$18,752 for the unclaimed federal portion of the grant expenditures had been recognized for the fiscal year ended June 30, 2017; however, due to the timing of amended requests, the state disallowed these unclaimed expenditures.

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 items noted-above. Receivables from the General Purpose School Fund totaling \$39,111 recognizing the current-year \$1,929 difference in the federal portion of amounts claimed and amounts received, \$18,430 of the current-year local funded portion of the grant, and \$18,752 for the prior-year disallowed federal portion have 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, a lack of internal controls over the reporting process for the grant, management's failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan.

### RECOMMENDATION

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

### MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. The current finance director provided guidance to the School Department employee responsible for maintaining records and submitting reimbursement requests. As of December 31, 2018, year-to-date expenditures per the general ledger and reimbursement requests agree.

### FINDING 2018-006

#### **THE ACCOUNTING RECORDS FOR THE SCHOOL FEDERAL PROJECTS FUND WERE NOT ADEQUATELY MONITORED AND MAINTAINED**

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

The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs. As noted in Finding 2018-001 above, accounting records were not maintained on a current basis. Additionally, as noted in prior audits, balances reflected in numerous balance sheet accounts assigned to the various federal grant programs were not maintained adequately and reconciled with beginning and ending balances for each program, which resulted in restricted fund equity balances being reported for inactive programs.

To correct prior-years' posting errors in the School Federal Projects Fund, the county's finance director decided to only recognize the operations of the grant programs that were active during the audit period and to write-off all balances/accounts related to the inactive grant programs. The finance director used expenditure and revenue accounts/amounts for the various active grant programs as reported in E-plan to calculate the general ledger balance sheet, revenue, and expenditure accounts and their related amounts. To achieve this, numerous adjustments were made to assets, liabilities, revenues, and expenditures of the fund with the offset of these postings to fund balances. These adjusting entries were mainly dated June 30, 2018, and were posted without adequate supporting documentation to justify the entry. Sound business practices dictate that financial transactions should be accurately posted and documented in accordance with generally accepted accounting principles. These deficiencies resulted from a lack of management oversight and a lack of understanding of federal grant requirements in the prior years that allowed these differences to accumulate without timely corrections.

The effect of these adjusting entries made by the client resulted in a net Unidentified Fund Equity amount of \$43,339. This amount is included in the total Restricted for Education Fund Equity Balance of \$86,365 in the School Federal Projects Fund at June 30, 2018.

Representatives from the State Department of Education were made aware of this unidentified balance and have advised that the balance will be liquidated through adjustments made to subsequent claims for reimbursement.

### RECOMMENDATION

Transactions of each federal program should be clearly segregated and reconciled in the accounting records. These records should be monitored by management to ensure all funds are expended for the required purposes in compliance with grant requirements. The correct reserves for each program should be established at year-end. Internal controls over the accounting process should be strengthened to correctly identify and accurately post transactions by nature, account, and fund when the transactions are initiated. Adequate documentation should be maintained to support all general journal entries. Management should work with the State Department of Education to liquidate the unidentified balance.

### MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. Financial reports for the School Federal Projects Fund are reviewed each month and are utilized for preparing requests for reimbursement in E-plan. We will work with the State Department of Education to liquidate the unidentified balance.

---

### OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

#### FINDING 2018-007

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

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

The Office of Circuit and General Sessions Courts Clerk did not provide adequate trial balances of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated*. The office began using a new court computer application during the 2012 fiscal year that did not have the capability to generate a docket trial balance. At June 30, 2018, 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 \$32,087. 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 the finding. The software vendor has been notified by Management. The software vendor will work in rectifying the issue.

---

## OTHER FINDING

### FINDING 2018-008

### **THE COUNTY'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE**

(Noncompliance Under *Government Auditing Standards*)

Carter County participates in the ThreeStar Program through the Tennessee Department of Economic and Community Development to assist the county's community development efforts in competing for jobs and attracting industry. One of the requirements of the ThreeStar Program is that the county must create and maintain an Audit Committee. Carter County created an Audit Committee in January 2011, as provided by Section 9-3-405, *Tennessee Code Annotated*. The committee met on January 29, 2018, to discuss the results of the Department of Investigation's report; however, there are no minutes to document that the Audit Committee met to discuss results of the fiscal year 2017 audit. Without a functioning Audit Committee, the county commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

## RECOMMENDATION

The county's Audit Committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full county commission.

## MANAGEMENT'S RESPONSE –FINANCE DIRECTOR

We concur. The Audit Committee plans to meet to discuss the results of the fiscal year 2018 audit, maintain minutes, and present a written report to the county commission.

### **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, 2018.

**Carter County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2018**

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.

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**Carter County, Tennessee**  
**Department of Finance**  
**Brad Burke, Director of Finance**  
**burkeb@cartercountyttn.gov**

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 HAD NOT BEEN MAINTAINED PROPERLY**

**Response and Corrective Action Plan Prepared by:**  
Brad Burke, Finance Director

**Person Responsible for Implementing the Corrective Action:**  
Brad Burke, Finance Director

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

**Repeat Finding:**  
Yes (A, B, C, D)

**Reason Corrective Action was Not Taken in the Prior Year:**  
Priority was not given to corrective action until subsequent to June 30, 2018.

**Planned Corrective Action:**  
Accounting records will be closed in accordance with statutes. We now post trustee reports on a monthly basis. Audit logs are generated and reviewed by management each month. All payroll liability accounts will be reconciled on a monthly basis. The bank clearing account will be reconciled properly and adjusting entries made if necessary.

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**FINDING: THE OFFICE HAD DEFICIENCIES IN  
PURCHASING PROCEDURES**

**Response and Corrective Action Plan Prepared by:**  
Brad Burke, Finance Director

**Person Responsible for Implementing the Corrective Action:**  
Brad Burke, Finance Director

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

**Repeat Finding:**  
No

**Planned Corrective Action:**  
We will adhere with the county's emergency purchases policy. We will develop policies and procedures which require a registered architect or engineer and escrow accounts to be utilized when applicable, and address the development of bids that are not brand specific.

---

**FINDING:**

**THE COUNTY HAD DEFICIENCIES IN BUDGET  
OPERATIONS**

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

Brad Burke, Finance Director

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

Brad Burke, Finance Director

**Anticipated Completion Date of Corrective Action:**

Immediate

**Repeat Finding:**

No

**Planned Corrective Action:**

Purchase orders will be issued and liabilities recognized for the full amount of all projects. Budget amendments will be prepared and posted to ensure that expenditures do not exceed appropriations. Budget amounts per the financial statements will be reconciled with amounts per E-Plan and with the approved budget and amendments.

---

**FINDING:**

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

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

Brad Burke, Finance Director

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

Brad Burke, Finance Director

**Anticipated Completion Date of Corrective Action:**

Immediate

**Repeat Finding:**

Yes

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

Priority was not given to corrective action until subsequent to June 30, 2018.

**Planned Corrective Action:**

The current finance director provided guidance to the school department employee responsible for maintaining records and submitting reimbursement requests. As of December 31, 2018, year-to-date expenditures per the general ledger and reimbursement requests agree.

---

**FINDING:**

**THE ACCOUNTING RECORDS FOR THE SCHOOL  
FEDERAL PROJECTS FUND WERE NOT  
ADEQUATELY MONITORED AND MAINTAINED**

**Response and Corrective Action Plan Prepared by:**  
Brad Burke, Finance Director

**Person Responsible for Implementing the Corrective Action:**  
Brad Burke, Finance Director

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

**Repeat Finding:**  
No

**Planned Corrective Action:**  
We are now properly recording and documenting each transaction and monitoring the accounting records for all federal programs. The finance director will establish the correct reserve balances at June 30, 2019. We will work with the state to liquidate any unidentified balances.

---

**FINDING:**

**THE COUNTY'S AUDIT COMMITTEE IS NOT A  
FUNCTIONING COMMITTEE**

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

Brad Burke, Finance Director

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

Rusty Barnett, County Mayor. Chairman of the Audit Committee.

**Anticipated Completion Date of Corrective Action:**

Immediate

**Repeat Finding:**

No

**Planned Corrective Action:**

The Audit Committee plans to meet to discuss the results of the fiscal year 2018 audit, maintain minutes, and present a written report to the County Commission.

---

*Brad Burke*

# Carter County Solid Waste

BENNY LYONS - MANAGER  
(423) 543-6626  
Fax: (423) 543-2543



169 Landfill Road  
Elizabethton, TN 37643

CARTER COUNTY  
STATE OF TENNESSEE  
ELIZABETHTON

January 14, 2019

## Corrective Action Plan

**FINDING:** A CASH SHORTAGE OF \$97 EXISTED IN THE SOLID WASTE/SANITATION FUND AT JUNE 30, 2018

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

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

**Anticipated Completion Date of Corrective Action**

June 22<sup>nd</sup>, 2018

**Repeat Finding:**  
No

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

### **Planned Corrective Action:**

Additional training has been conducted for accounting personnel. Additional dates have been added to the deposit schedule. The changes are effective immediately. Also, separate locking deposit bags have been purchased, each scale operator has their own key for the bag, and the bags cannot be opened until it gets to the Trustee's Office at which time the trustee has keys for the bags. Also, each scale operator will count the other operators deposit before it leaves the landfill and sign off on it. Other measures that have been taken are security cameras in the landfill office as well as no non-employees allowed inside the office.

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

A handwritten signature in black ink, appearing to read "Benny Lyons", is written over a horizontal line.

## ***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

January 15, 2019

### **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 reconciliations on a daily, weekly, and monthly basis. Also, Bookkeeper will work with software vendor to identify and correct errors.

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

