
ANNUAL FINANCIAL REPORT CARROLL COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



ANNUAL FINANCIAL REPORT
CARROLL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

CARROLL COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Carroll County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Carroll County as of and for the year ended June 30, 2014.

Results

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

Our audit resulted in five findings and recommendations, which we have reviewed with Carroll County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF HIGHWAY COMMISSION

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
- ◆ The Highway Department did not maintain a system to account for materials used on some types of road projects.

OFFICE OF CLERK AND MASTER

- ◆ The docket trial balance was not reconciled with cash control records.

OFFICES OF HIGHWAY COMMISSION; DIRECTOR OF SCHOOLS; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND SHERIFF

- ◆ Duties were not segregated adequately.
-

CARROLL COUNTY

- ◆ Carroll County has a material recurring audit finding.

INTRODUCTORY SECTION

Carroll County Officials
June 30, 2014

Officials

Kenny McBride, County Mayor
John McAdams, Director of Schools
Patricia Rich, Trustee
Rita Jones, Assessor of Property
Darlene Kirk, County Clerk
Bertha Taylor, Circuit, General Sessions, and Juvenile Courts Clerk
Kenneth Todd, Clerk and Master
Natalie Porter, Register of Deeds
Andy Dickson, Sheriff

Board of County Commissioners

Kenny McBride, County Mayor, Chairman
Bobby Argo
Harold Baker
William Barger
Johnny Blount
Manuel Crossno
Brian Edwards
Richard Goodwin
Bill Kirk
Wayne Kirk
Randy Long

Jimmy McClure
John Mann
Ronnie Murphy
Ronnie Owen
Steve Parker
Will Radford
Larry Spencer
Ben Surber
Gaylon Sydnor
Harold Vinson
Joel Washburn

Highway Commission

Kenny McBride, County Mayor, Chairman
Scotty Bailey
Dennis Parker
Nolan Robinson
Ricky Scott

Audit Committee

John Mann, Chairman
Harold Baker
Wayne Kirk
Ronnie Murphy
John Wright

Board of Education

Harold McLain, Jr., Chairman
Kenna Bailey
Debbie Broadbent
Jimmy Simmons
Antoinette Stokes
Tonya Young

FINANCIAL SECTION



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

Independent Auditor's Report

Carroll County Mayor and
Board of County Commissioners
Carroll 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carroll County Board of Public Utilities, a major fund and the entire business-type activities. Also, we did not audit the financial statements of the Carroll County Indigent Care Board (a fiduciary fund), which represent 29 percent, 94 percent, and 51 percent, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. Furthermore, we did not audit the financial statements of the Carroll County Emergency Communications District, which

represent 17 percent, 17 percent and 9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carroll County Board of Public Utilities, Carroll County Indigent Care Board, and Carroll County Emergency Communications District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Solid Waste/Sanitation, 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., Carroll County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. 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 schedules of funding progress – pension plan and other postemployment benefits plans on pages 92-94 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 Carroll County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carroll County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carroll County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

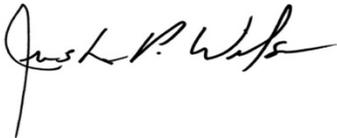
in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carroll County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014, on our consideration of Carroll County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 4, 2014

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Carroll County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Carroll	Carroll
				School Department	County Emergency Communications District
ASSETS					
Cash	\$ 22,283	\$ 2,796,958	\$ 2,819,241	\$ 0	\$ 1,335,807
Equity in Pooled Cash and Investments	4,986,207	0	4,986,207	6,470,218	0
Inventories	0	520,716	520,716	0	0
Investments	0	5,510,508	5,510,508	0	0
Accounts Receivable	19,404	3,346,093	3,365,497	0	11,603
Due from Other Governments	759,859	0	759,859	16,364	0
Property Taxes Receivable	5,934,640	0	5,934,640	593,464	0
Allowance for Uncollectible Property Taxes	(254,642)	0	(254,642)	(25,464)	0
Prepaid Items and Other Current Assets	0	728,770	728,770	0	4,501
Accrued Interest Receivable	0	0	0	0	5,944
Other Restricted Assets	0	429,719	429,719	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,747,068	284,070	2,031,138	176,489	0
Construction in Progress	9,486,951	43,972	9,530,923	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	4,931,304	0	4,931,304	1,079,688	213,797
Infrastructure	6,415,487	0	6,415,487	0	0
Other Capital Assets	1,165,949	20,200,192	21,366,141	2,362,727	547,420
Total Assets	\$ 35,214,510	\$ 33,860,998	\$ 69,075,508	\$ 10,673,486	\$ 2,119,072
LIABILITIES					
Accounts Payable	\$ 0	\$ 3,070,549	\$ 3,070,549	\$ 0	\$ 1,803
Payroll Deductions Payable	49,886	0	49,886	18,279	2,319
Accrued Leave	0	267,661	267,661	0	0
Contracts Payable	10,941	0	10,941	0	0
Retainage Payable	15,670	0	15,670	0	0
Accrued Interest Payable	60,262	0	60,262	0	0
Due to State of Tennessee	6,194	0	6,194	0	0
Other Current Liabilities	0	785,622	785,622	0	0
Customer Deposits Payable	0	824,985	824,985	0	0
Current Liabilities Payable from Restricted Assets	0	2,731	2,731	0	0
Noncurrent Liabilities:					
Due Within One Year	436,046	170,000	606,046	0	0
Due in More Than One Year	9,132,887	1,273,473	10,406,360	51,338	0
Total Liabilities	\$ 9,711,886	\$ 6,395,021	\$ 16,106,907	\$ 69,617	\$ 4,122

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Carroll	Carroll
				School Department	County Emergency Communications District
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 5,433,928	\$ 0	\$ 5,433,928	\$ 543,393	\$ 0
Total Deferred Inflows on Resources	\$ 5,433,928	\$ 0	\$ 5,433,928	\$ 543,393	\$ 0
NET POSITION					
Net Investment in Capital Assets	\$ 14,478,759	\$ 20,189,612	\$ 34,668,371	\$ 3,618,904	\$ 761,217
Restricted for:					
General Government	49,206	0	49,206	0	0
Administration of Justice	21,357	0	21,357	0	0
Public Safety	136,392	0	136,392	0	0
Public Health and Welfare	151,066	0	151,066	0	0
Highways/Public Works	132,264	0	132,264	0	0
Debt Service	1,045,260	426,988	1,472,248	0	0
Capital Projects	258,883	0	258,883	0	0
Instruction	0	0	0	8,437	0
Support Services	0	0	0	19,624	0
Operation of Non-instructional Services	0	0	0	9,395	0
Unrestricted	3,795,509	6,849,377	10,644,886	6,404,116	1,353,733
Total Net Position	\$ 20,068,696	\$ 27,465,977	\$ 47,534,673	\$ 10,060,476	\$ 2,114,950

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

Exhibit B

Carroll County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenues			Component Units				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Primary Government Business-type Activities	Total	Carroll County School Department	Carroll County Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes		\$ 5,022,148	\$ 0	\$ 5,022,148	\$ 0	\$ 5,022,148	\$ 556,470	\$ 0
Property Taxes Levied for Debt Service		515,336	0	515,336	0	515,336	0	0
Local Option Sales Taxes		173,413	0	173,413	0	173,413	66,639	0
Wheel Tax		1,293,040	0	1,293,040	0	1,293,040	0	0
Litigation Taxes		243,758	0	243,758	0	243,758	0	0
Business Tax		155,102	0	155,102	0	155,102	0	0
Wholesale Beer Tax		59,209	0	59,209	0	59,209	0	0
Other Local Taxes		37,824	0	37,824	0	37,824	78	0
Grants and Contributions Not Restricted to Specific Programs		363,737	0	363,737	0	363,737	2,712,589	82,097
Unrestricted Investment Income		38,132	42,087	80,219	42,087	80,219	0	13,611
Miscellaneous		199,846	0	199,846	0	199,846	51,145	0
Total General Revenues		\$ 8,101,545	\$ 42,087	\$ 8,143,632	\$ 42,087	\$ 8,143,632	\$ 3,386,921	\$ 95,708
Transfers		\$ 419,497	\$ (419,497)	\$ 0	\$ (419,497)	\$ 0	\$ 0	\$ 0
Change in Net Position		\$ 1,946,805	\$ 672,842	\$ 2,619,647	\$ 672,842	\$ 2,619,647	\$ 305,225	\$ 95,588
Net Position, July 1, 2013		18,121,891	26,793,135	44,915,026	26,793,135	44,915,026	9,755,251	2,019,362
Net Position, June 30, 2014		\$ 20,068,696	\$ 27,465,977	\$ 47,534,673	\$ 27,465,977	\$ 47,534,673	\$ 10,060,476	\$ 2,114,950

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

Exhibit C-1

Carroll County, Tennessee
Balance Sheet
Governmental Funds
 June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>ASSETS</u>							
Cash	\$ 250	\$ 500	\$ 0	\$ 0	\$ 0	\$ 21,533	\$ 22,283
Equity in Pooled Cash and Investments	3,202,051	230,051	204,255	1,242,180	107,670	107,670	4,986,207
Accounts Receivable	3,075	248	11,176	347	4,558		19,404
Due from Other Governments	371,351	43,819	344,689	0	0	0	759,859
Due from Other Funds	5,405	0	0	0	0	0	5,405
Property Taxes Receivable	4,629,019	395,643	356,078	553,900	0	0	5,934,640
Allowance for Uncollectible Property Taxes	(198,622)	(16,976)	(15,278)	(23,766)	0	0	(254,642)
Total Assets	\$ 8,012,529	\$ 653,285	\$ 900,920	\$ 1,772,661	\$ 133,761	\$ 11,473,156	
<u>LIABILITIES</u>							
Payroll Deductions Payable	\$ 47,521	\$ 2,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,886
Contracts Payable	10,941	0	0	0	0	0	10,941
Retainage Payable	15,670	0	0	0	0	0	15,670
Due to Other Funds	0	0	0	0	5,405	5,405	5,405
Due to State of Tennessee	6,194	0	0	0	0	0	6,194
Total Liabilities	\$ 80,326	\$ 2,365	\$ 0	\$ 0	\$ 5,405	\$ 88,096	
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	\$ 4,238,463	\$ 362,262	\$ 326,036	\$ 507,167	\$ 0	\$ 0	\$ 5,433,928
Deferred Delinquent Property Taxes	153,067	13,083	11,774	18,316	0	0	196,240
Other Deferred/Unavailable Revenue	229,053	0	172,700	0	0	0	401,753
Total Deferred Inflows of Resources	\$ 4,620,583	\$ 375,345	\$ 510,510	\$ 525,483	\$ 0	\$ 0	\$ 6,031,921

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
FUND BALANCES							
Restricted:							
Restricted for General Government	\$ 41,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	41,000
Restricted for Administration of Justice	21,357	0	0	0	0	0	21,357
Restricted for Public Safety	28,722	0	0	0	107,670	0	136,392
Restricted for Public Health and Welfare	137,983	0	0	0	0	0	137,983
Restricted for Debt Service	0	0	0	1,086,266	0	0	1,086,266
Restricted for Capital Projects	137,841	0	0	0	0	0	137,841
Restricted for Other Purposes	8,206	0	0	0	0	0	8,206
Committed:							
Committed for Administration of Justice	0	0	0	0	20,686	0	20,686
Committed for Public Safety	495,184	0	0	0	0	0	495,184
Committed for Public Health and Welfare	0	275,575	0	0	0	0	275,575
Committed for Social, Cultural, and Recreational Services	127,812	0	0	0	0	0	127,812
Committed for Highways/Public Works	0	0	390,410	0	0	0	390,410
Committed for Debt Service	0	0	0	160,912	0	0	160,912
Unassigned	2,313,515	0	0	0	0	0	2,313,515
Total Fund Balances	\$ 3,311,620	\$ 275,575	\$ 390,410	\$ 1,247,178	\$ 128,356	\$ 0	5,353,139
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,012,529	\$ 653,285	\$ 900,920	\$ 1,772,661	\$ 133,761	\$ 0	11,473,156

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

Exhibit C-2

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

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)		\$	5,353,139
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,747,068	
Add: construction in progress		9,486,951	
Add: buildings and improvements net of accumulated depreciation		4,931,304	
Add: infrastructure net of accumulated depreciation		6,415,487	
Add: other capital assets net of accumulated depreciation		<u>1,165,949</u>	23,746,759
(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	\$	(248,000)	
Less: other loans payable		(9,020,000)	
Less: accrued interest on notes and other loans		(60,262)	
Less: compensated absences payable		<u>(300,933)</u>	(9,629,195)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>597,993</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>20,068,696</u></u>

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

Exhibit C-3

Carroll County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Major Funds				Other Capital Projects	Nonmajor Funds		Total Governmental Funds
		Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds				
Revenues									
Local Taxes	\$ 5,911,936	\$ 378,416	\$ 841,976	\$ 632,554	\$ 0	\$ 0	\$ 0	\$ 7,764,882	
Licenses and Permits	1,772	0	0	0	0	0	0	1,772	
Fines, Forfeitures, and Penalties	137,935	0	0	0	0	0	23,100	161,035	
Charges for Current Services	270,597	1,158,454	79	0	0	0	83,255	1,512,385	
Other Local Revenues	410,754	84,725	5,174	0	0	0	0	500,653	
Fees Received from County Officials	972,887	0	0	0	0	0	0	972,887	
State of Tennessee	2,101,969	66,982	2,145,766	0	0	0	0	4,314,717	
Federal Government	479,888	0	0	0	0	0	0	479,888	
Other Governments and Citizens Groups	32,502	0	220	0	0	0	0	32,722	
Total Revenues	\$ 10,320,240	\$ 1,688,577	\$ 2,993,215	\$ 632,554	\$ 0	\$ 0	\$ 106,355	\$ 15,740,941	
Expenditures									
Current:									
General Government	\$ 1,710,696	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,710,696	
Finance	654,277	0	0	0	0	0	0	654,277	
Administration of Justice	959,440	0	0	0	0	0	93,870	1,053,310	
Public Safety	5,244,567	0	0	0	0	0	19,355	5,263,922	
Public Health and Welfare	312,552	1,594,797	0	0	0	0	0	1,907,349	
Social, Cultural, and Recreational Services	538,196	0	0	0	0	0	0	538,196	
Agriculture and Natural Resources	95,253	0	0	0	0	0	0	95,253	
Other Operations	796,034	0	0	0	0	0	0	796,034	
Highways	0	34,534	3,304,914	0	0	0	0	3,339,448	
Debt Service:									
Principal on Debt	0	0	47,000	381,000	0	0	0	428,000	
Interest on Debt	0	0	5,384	187,685	0	0	0	193,069	
Other Debt Service	0	0	0	22,156	0	0	0	22,156	

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds		
<u>Expenditures (Cont.)</u>								
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,014,744	\$ 0	\$ 0	\$ 2,014,744
Total Expenditures	\$ 10,311,015	\$ 1,629,331	\$ 3,357,298	\$ 590,841	\$ 2,014,744	\$ 113,225	\$ 113,225	\$ 18,016,454
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 9,225	\$ 59,246	\$ (364,083)	\$ 41,713	\$ (2,014,744)	\$ (6,870)	\$ (6,870)	\$ (2,275,513)
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,000
Insurance Recovery	28,032	0	48,961	0	0	0	0	76,993
Transfers In	327,208	27,966	25,170	39,153	0	0	0	419,497
Total Other Financing Sources (Uses)	\$ 355,240	\$ 27,966	\$ 174,131	\$ 39,153	\$ 0	\$ 0	\$ 0	\$ 596,490
<u>Net Change in Fund Balances</u>	\$ 364,465	\$ 87,212	\$ (189,952)	\$ 80,866	\$ (2,014,744)	\$ (6,870)	\$ (6,870)	\$ (1,679,023)
Fund Balance, July 1, 2013	2,947,155	188,363	580,362	1,166,312	2,014,744	135,226	135,226	7,032,162
Fund Balance, June 30, 2014	\$ 3,311,620	\$ 275,575	\$ 390,410	\$ 1,247,178	\$ 0	\$ 0	\$ 128,356	\$ 5,353,139

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

Exhibit C-4

Carroll 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, 2014

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)		\$ (1,679,023)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 3,956,271	
Less: current-year depreciation expense	<u>(1,174,785)</u>	2,781,486
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.</p>		
Add: assets donated and capitalized	\$ 374,562	
Less: book value of capital assets disposed	<u>(989)</u>	373,573
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 597,993	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(450,963)</u>	147,030
<p>(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal payments on notes	\$ 47,000	
Add: principal payments on other loans	381,000	
Less: note proceeds	<u>(100,000)</u>	328,000
<p>(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.</p>		
Change in accrued interest payable	\$ 518	
Change in compensated absences payable	<u>(4,779)</u>	<u>(4,261)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,946,805</u>

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

Exhibit C-5

Carroll County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,911,936	\$ 0	\$ 0	\$ 5,911,936	\$ 6,214,329	\$ 5,909,329	\$ 2,607
Licenses and Permits	1,772	0	0	1,772	1,200	1,200	572
Fines, Forfeitures, and Penalties	137,935	0	0	137,935	164,700	164,700	(26,765)
Charges for Current Services	270,597	0	0	270,597	298,032	298,032	(27,435)
Other Local Revenues	410,754	0	0	410,754	386,200	391,364	19,390
Fees Received from County Officials	972,887	0	0	972,887	990,000	990,000	(17,113)
State of Tennessee	2,101,969	0	0	2,101,969	2,772,153	2,724,781	(622,812)
Federal Government	479,888	0	0	479,888	47,000	239,368	240,520
Other Governments and Citizens Groups	32,502	0	0	32,502	40,000	40,000	(7,498)
Total Revenues	\$ 10,320,240	\$ 0	\$ 0	\$ 10,320,240	\$ 10,913,614	\$ 10,758,774	\$ (438,534)
Expenditures							
General Government							
County Commission	\$ 53,796	\$ 0	\$ 0	\$ 53,796	\$ 70,620	\$ 70,620	\$ 16,824
Board of Equalization	12,456	0	0	12,456	14,532	14,532	2,076
Beer Board	88	0	0	88	500	500	412
Other Boards and Committees	480	0	0	480	1,845	1,845	1,365
County Mayor/Executive	217,557	0	0	217,557	229,388	229,388	11,831
County Attorney	3,901	0	0	3,901	15,000	15,000	11,099
Election Commission	133,244	0	0	133,244	180,509	183,924	50,680
Register of Deeds	200,401	0	0	200,401	193,047	209,695	9,294
County Buildings	1,088,773	(42,000)	0	1,046,773	1,017,737	1,181,463	134,690
Finance							
Property Assessor's Office	224,281	0	0	224,281	228,418	231,418	7,137
Reappraisal Program	21,200	0	0	21,200	23,800	23,800	2,600
County Trustee's Office	185,452	0	0	185,452	192,051	192,051	6,599
County Clerk's Office	223,344	0	0	223,344	254,431	254,431	31,087
Administration of Justice							
Circuit Court	433,478	0	0	433,478	453,476	453,476	19,998
General Sessions Judge	133,322	0	0	133,322	134,286	134,286	964
Drug Court	6,194	0	0	6,194	7,500	7,500	1,306

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Chancery Court	\$ 197,160	\$ 0	\$ 0	\$ 197,160	\$ 206,313	\$ 207,110	\$ 9,950
Juvenile Court	178,282	0	0	178,282	180,195	180,195	1,913
Judicial Commissioners	5,168	0	0	5,168	5,236	5,236	68
Victims Assistance Programs	5,836	0	0	5,836	7,500	7,500	1,664
<u>Public Safety</u>							
Sheriff's Department	1,807,295	0	0	1,807,295	1,937,486	1,940,650	133,355
Administration of the Sexual Offender Registry	2,693	0	0	2,693	4,000	4,000	1,307
Jail	2,194,758	0	0	2,194,758	2,343,847	2,343,847	149,089
Juvenile Services	908,846	0	0	908,846	953,405	953,405	44,559
Fire Prevention and Control	203,458	0	0	203,458	203,458	203,458	0
Civil Defense	95,838	0	0	95,838	89,000	100,963	5,125
County Coroner/Medical Examiner	28,674	0	0	28,674	28,675	28,675	1
Other Public Safety	3,005	0	0	3,005	5,611	5,611	2,606
<u>Public Health and Welfare</u>							
Local Health Center	280,787	0	0	280,787	318,708	326,454	45,667
Rabies and Animal Control	19,493	0	0	19,493	20,268	20,268	775
General Welfare Assistance	1,000	0	0	1,000	2,400	2,400	1,400
Other Local Welfare Services	11,272	0	0	11,272	11,406	11,406	134
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	79,950	0	0	79,950	97,026	97,026	17,076
Libraries	83,587	0	0	83,587	73,000	86,947	3,360
Parks and Fair Boards	128,981	0	0	128,981	136,166	136,166	7,185
Other Social, Cultural, and Recreational	245,678	0	0	245,678	260,000	260,000	14,322
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	55,857	0	0	55,857	58,747	58,747	2,890
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	26,990	0	0	26,990	27,037	27,037	47
Flood Control	10,406	0	0	10,406	16,500	16,500	6,094

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Industrial Development	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Other Economic and Community Development	17,000	0	0	17,000	27,000	27,000	10,000
Airport	439,311	(42,000)	137,841	535,152	518,500	588,785	53,633
Veterans' Services	23,850	0	0	23,850	24,283	24,283	433
Other Charges	265,423	0	0	265,423	256,045	283,695	18,272
Contributions to Other Agencies	40,450	0	0	40,450	40,850	40,850	400
Total Expenditures	\$ 10,311,015	\$ (84,000)	\$ 137,841	\$ 10,364,856	\$ 10,881,802	\$ 11,204,143	\$ 839,287
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,225	\$ 84,000	\$ (137,841)	\$ (44,616)	\$ 31,812	\$ (445,369)	\$ 400,753
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 28,032	\$ 0	\$ 0	\$ 28,032	\$ 0	\$ 25,650	\$ 2,382
Transfers In	327,208	0	0	327,208	0	305,000	22,208
Total Other Financing Sources	\$ 355,240	\$ 0	\$ 0	\$ 355,240	\$ 0	\$ 330,650	\$ 24,590
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 364,465	\$ 84,000	\$ (137,841)	\$ 310,624	\$ 31,812	\$ (114,719)	\$ 425,343
	2,947,155	(84,000)	0	2,863,155	2,826,228	2,826,228	36,927
Fund Balance, June 30, 2014	\$ 3,311,620	\$ 0	\$ (137,841)	\$ 3,173,779	\$ 2,858,040	\$ 2,711,509	\$ 462,270

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

Exhibit C-6

Carroll County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 378,416	\$ 396,269	\$ 370,269	\$ 8,147
Charges for Current Services	1,158,454	1,354,500	1,354,500	(196,046)
Other Local Revenues	84,725	80,050	80,050	4,675
State of Tennessee	66,982	74,600	74,600	(7,618)
Total Revenues	<u>\$ 1,688,577</u>	<u>\$ 1,905,419</u>	<u>\$ 1,879,419</u>	<u>\$ (190,842)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,124,750	\$ 1,158,434	\$ 1,158,434	\$ 33,684
Recycling Center	470,047	502,554	502,554	32,507
<u>Highways</u>				
Litter and Trash Collection	34,534	41,100	41,100	6,566
Total Expenditures	<u>\$ 1,629,331</u>	<u>\$ 1,702,088</u>	<u>\$ 1,702,088</u>	<u>\$ 72,757</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 59,246</u>	<u>\$ 203,331</u>	<u>\$ 177,331</u>	<u>\$ (118,085)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 27,966	\$ 0	\$ 26,000	\$ 1,966
Total Other Financing Sources	<u>\$ 27,966</u>	<u>\$ 0</u>	<u>\$ 26,000</u>	<u>\$ 1,966</u>
Net Change in Fund Balance	\$ 87,212	\$ 203,331	\$ 203,331	\$ (116,119)
Fund Balance, July 1, 2013	<u>188,363</u>	<u>201,545</u>	<u>201,545</u>	<u>(13,182)</u>
Fund Balance, June 30, 2014	<u>\$ 275,575</u>	<u>\$ 404,876</u>	<u>\$ 404,876</u>	<u>\$ (129,301)</u>

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

Exhibit C-7

Carroll County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 841,976	\$ 871,200	\$ 846,200	\$ (4,224)
Charges for Current Services	79	75	75	4
Other Local Revenues	5,174	8,000	8,000	(2,826)
State of Tennessee	2,145,766	2,401,000	2,444,750	(298,984)
Other Governments and Citizens Groups	220	2,000	2,000	(1,780)
Total Revenues	<u>\$ 2,993,215</u>	<u>\$ 3,282,275</u>	<u>\$ 3,301,025</u>	<u>\$ (307,810)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 239,587	\$ 241,068	\$ 244,568	\$ 4,981
Highway and Bridge Maintenance	704,859	778,750	755,500	50,641
Operation and Maintenance of Equipment	552,240	469,400	564,400	12,160
Other Charges	124,644	113,500	128,000	3,356
Employee Benefits	519,185	554,000	554,000	34,815
Capital Outlay	1,164,399	1,383,700	1,464,200	299,801
<u>Principal on Debt</u>				
Highways and Streets	47,000	47,000	47,000	0
<u>Interest on Debt</u>				
Highways and Streets	5,384	4,545	5,384	0
Total Expenditures	<u>\$ 3,357,298</u>	<u>\$ 3,591,963</u>	<u>\$ 3,763,052</u>	<u>\$ 405,754</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (364,083)</u>	<u>\$ (309,688)</u>	<u>\$ (462,027)</u>	<u>\$ 97,944</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Insurance Recovery	48,961	0	26,500	22,461
Transfers In	25,170	0	25,000	170
Total Other Financing Sources	<u>\$ 174,131</u>	<u>\$ 0</u>	<u>\$ 151,500</u>	<u>\$ 22,631</u>
Net Change in Fund Balance	\$ (189,952)	\$ (309,688)	\$ (310,527)	\$ 120,575
Fund Balance, July 1, 2013	<u>580,362</u>	<u>686,714</u>	<u>686,714</u>	<u>(106,352)</u>
Fund Balance, June 30, 2014	<u>\$ 390,410</u>	<u>\$ 377,026</u>	<u>\$ 376,187</u>	<u>\$ 14,223</u>

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

Exhibit D-1

Carroll County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2014

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 2,796,958
Inventories	520,716
Investments	5,510,508
Accounts Receivable	3,346,093
Prepaid Items and Other Current Assets	728,770
Total Current Assets	<u>\$ 12,903,045</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 429,719
Capital Assets:	
Assets Not Depreciated:	
Land	284,070
Construction in Progress	43,972
Assets Net of Accumulated Depreciation:	
Other Capital Assets	20,200,192
Total Noncurrent Assets	<u>\$ 20,957,953</u>
Total Assets	<u>\$ 33,860,998</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 3,070,549
Accrued Leave - Current	267,661
Other Current Liabilities	785,622
Current Liabilities Payable from Restricted	
Assets (Includes Current Maturities of Long-term Debt)	172,731
Customer Deposits Payable	824,985
Total Current Liabilities	<u>\$ 5,121,548</u>
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-term	\$ 175,000
Unamortized Discount on Bonds Payable	(6,378)
Accrued Leave - Long-term	1,006,917
Other Postemployment Benefits Obligation	97,934
Total Noncurrent Liabilities	<u>\$ 1,273,473</u>
Total Liabilities	<u>\$ 6,395,021</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 20,189,612
Restricted for Debt Service	426,988
Unrestricted	6,849,377
Total Net Position	<u>\$ 27,465,977</u>

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

Exhibit D-2

Carroll County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Business-type Activities
	<u>Major Fund</u>
	Public Utility
<u>Operating Revenues</u>	
Charges for Sales and Services	\$ 38,554,696
Other Electric Revenue	782,239
Total Operating Revenues	<u>\$ 39,336,935</u>
<u>Operating Expenses</u>	
Cost of Sales and Services	\$ 32,079,673
Operations Expense	2,347,095
Maintenance Expense	1,087,550
Administrative Expense	1,342,566
Depreciation and Amortization	1,076,323
Other Taxes	326,079
Total Operating Expenses	<u>\$ 38,259,286</u>
Operating Income (Loss)	<u>\$ 1,077,649</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 42,087
Interest Expense	(22,654)
Amortization of Debt Expense	(4,743)
Total Nonoperating Revenues (Expenses)	<u>\$ 14,690</u>
Income Before Transfers	\$ 1,092,339
Transfers In (Out)	(419,497)
Change in Net Position	<u>\$ 672,842</u>
Net Position, July 1, 2013	<u>26,793,135</u>
Net Position, June 30, 2014	<u>\$ 27,465,977</u>

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

Exhibit D-3

Carroll County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 39,334,766
Payments to Employees	(2,980,029)
Payments to Suppliers	(34,690,531)
Customer Deposits Received	310,925
Customer Deposits Refunded	(394,143)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,580,988</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (865,592)
Plant Removal Cost	(117,721)
Materials Salvaged from Retirements	99,297
Principal Paid on Bonds	(160,000)
Interest Paid on Bonds	(23,908)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,067,924)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (419,497)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (419,497)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (14,358,806)
Proceeds from Sale of Investments	14,228,003
Interest Earned	42,087
Net Cash Provided By (Used In) Investing Activities	<u>\$ (88,716)</u>
Net Increase (Decrease) in Cash	\$ 4,851
Cash, July 1, 2013	<u>2,963,418</u>
Cash, June 30, 2014	<u><u>\$ 2,968,269</u></u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 1,077,649
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation Expense	1,076,323
(Increase) Decrease in Accounts Receivable	(2,169)

(Continued)

Exhibit D-3

Carroll County, Tennessee
Statement of Cash Flows
Proprietary Fund (Cont.)

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities (Cont.)</u>	
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities (Cont.):	
(Increase) Decrease in Inventories	\$ (4,364)
(Increase) Decrease in Prepaid Items and Other Current Assets	(397,674)
(Increase) Decrease in Customer Deposits	(83,218)
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>(85,559)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,580,988</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 2,796,958
Add: Restricted Cash Included as a Part of Other Restricted Assets	<u>171,311</u>
Cash, June 30, 2014	<u>\$ 2,968,269</u>

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

Exhibit E-1

Carroll County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Other Trust Funds</u>		<u>Total Other Trust Funds</u>	<u>Agency Funds</u>
	<u>Endowment Principal</u>	<u>Indigent Care Trust</u>		
<u>ASSETS</u>				
Cash	\$ 0	\$ 207,237	\$ 207,237	\$ 1,259,325
Equity in Pooled Cash and Investments	87,276	0	87,276	290,311
Investments	0	3,002,803	3,002,803	0
Due from Other Governments	0	0	0	805,098
Taxes Receivable	0	0	0	5,522,422
Allowance for Uncollectible Taxes	0	0	0	(238,626)
Prepaid Items	0	91	91	0
Accrued Interest Receivable	52	10,557	10,609	0
Total Assets	<u>\$ 87,328</u>	<u>\$ 3,220,688</u>	<u>\$ 3,308,016</u>	<u>\$ 7,638,530</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 28,320	\$ 28,320	\$ 0
Due to Other Taxing Units	0	0	0	6,338,532
Due to Litigants, Heirs, and Others	0	0	0	1,299,998
Total Liabilities	<u>\$ 0</u>	<u>\$ 28,320</u>	<u>\$ 28,320</u>	<u>\$ 7,638,530</u>
<u>NET POSITION</u>				
Held in Trust for Underprivileged Children	\$ 87,328	\$ 0	\$ 87,328	
Held in Trust for Indigent Care	0	3,192,368	3,192,368	
Total Net Position	<u>\$ 87,328</u>	<u>\$ 3,192,368</u>	<u>\$ 3,279,696</u>	

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

Carroll County, Tennessee
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	<u>Other Trust Funds</u>		<u>Total</u>
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Trust</u>
			<u>Funds</u>
<u>ADDITIONS</u>			
Investment Income:			
Interest	\$ 409	\$ 131,644	\$ 132,053
Net Increase (Decrease) in Fair Value of Investments	0	(20,229)	(20,229)
Net Investment Income	<u>\$ 409</u>	<u>\$ 111,415</u>	<u>\$ 111,824</u>
Total Additions	<u>\$ 409</u>	<u>\$ 111,415</u>	<u>\$ 111,824</u>
<u>DEDUCTIONS</u>			
Donations	\$ 2,175	\$ 0	\$ 2,175
Payments for Indigent Care	0	103,620	103,620
Safekeeping Fees and Service Charges	0	125	125
Audit Fees	0	2,675	2,675
Insurance	0	363	363
Total Deductions	<u>\$ 2,175</u>	<u>\$ 106,783</u>	<u>\$ 108,958</u>
Change in Net Position	\$ (1,766)	\$ 4,632	\$ 2,866
Net Position, July 1, 2013	<u>89,094</u>	<u>3,187,736</u>	<u>3,276,830</u>
Net Position, June 30, 2014	<u>\$ 87,328</u>	<u>\$ 3,192,368</u>	<u>\$ 3,279,696</u>

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

CARROLL COUNTY, TENNESSEE
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CARROLL COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carroll 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 Carroll County:

A. Reporting Entity

Carroll County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Carroll County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Carroll County School Department operates the Carroll County Vocational Center, the Carroll County Special Learning Center, and three adult and community education programs in the county. The School Department also operates the transportation program for all students in the county including students attending the special school districts. The School Department's board is elected by the voters of Carroll County. 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 Carroll County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Carroll County, and the Carroll 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 Carroll 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 Carroll County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Carroll County Emergency
Communications District
P.O. Box 523
Huntingdon, TN 38344

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Carroll 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.

Carroll County issues all debt for the discretely presented Carroll County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund 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 proprietary fund and fiduciary fund 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 Carroll 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 outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Carroll County reports only one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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 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. Carroll 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Carroll 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.

Solid Waste/Sanitation Fund – This special revenue fund accounts for Carroll County’s garbage collection and recycling operations. Local taxes and general service charges are the foundational revenues of this 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.

Other Capital Projects Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital projects.

Carroll County reports the following major proprietary fund:

Public Utility Fund – This fund accounts for the operations of the Carroll County Board of Public Utilities.

Additionally, Carroll County reports the following fund types:

Private-purpose Trust Fund – The Endowment Principal Fund is used to account for an endowment received by the county for which the principal amount must remain intact while interest earned is to be expended to benefit Carroll County’s underprivileged children.

Other Trust Fund – The Indigent Care Trust Fund, established from contributions made from Baptist Memorial Hospital, is used to assist the medically indigent in paying for their in-patient and out-patient care and ambulance services rendered to them for not-for-profit hospital and ambulance facilities or entities in Carroll County. Funding is provided through interest income.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities and special school districts in the county, and restricted revenues held for the benefit of the Office of District Attorney General. 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 Carroll 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.

School Transportation Fund – This special revenue fund is used to account for transportation of all students in the county school system and the special school districts. Local taxes 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 (excluding the Carroll County Board of Public Utilities, enterprise fund) and the discretely presented Carroll 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 Fund. Carroll County (excluding the Carroll County Board of Public Utilities, enterprise fund) and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date, except in the Indigent Care Trust Fund (fiduciary fund).

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 2.29 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.

Retainage payable in the General 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 Fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government (excluding the Carroll County Board of Public Utilities, enterprise fund) as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) 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	25
Other Capital Assets	5 - 15
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

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

5. Compensated Absences

The policy of Carroll County (with the exception of the Carroll County Board of Public Utilities) provides for employees to accumulate a limited amount of earned but unused vacation and sick leave benefits. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. Accumulated vacation benefits will be paid to employees upon separation from county service. All vacation leave is accrued when incurred in the government-wide financial statements for the county. 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.

The general policy of the discretely presented Carroll County School Department permits the unlimited accumulation of unused sick leave

days for all professional personnel (teachers) and the limited accumulation of sick leave days for noncertified employees. The granting of sick leave has no guaranteed payment attached, and therefore, requires no accrual or recording.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund 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.

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 has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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.

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 Carroll County School Department

Exhibit J-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 changes in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Carroll County School Department

Exhibit J-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

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the Other

Capital Projects Fund, which adopts 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, Beer Board, Other Boards and Committees, 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 the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2014, Carroll County and the Carroll County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Fund:		
General	Airport improvements	\$ 137,841
School Department		
Major Fund:		
General Purpose School	Buses	417,130

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Carroll County (excluding the Carroll County Board of Public Utilities, enterprise fund) and the Carroll 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 and investments reflected on

the balance sheets or statements of net position represent 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 (excluding the Carroll County Indigent Care Board, fiduciary fund, which is discussed in Note VII.B.1., and the Carroll County Board of

Public Utilities, enterprise fund, which is discussed in Note VI.C.1.) had no pooled and nonpooled investments as of June 30, 2014.

B. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,747,068	\$ 0	\$ 0	\$ 1,747,068
Construction in Progress	6,258,634	3,228,317	0	9,486,951
Total Capital Assets Not Depreciated	\$ 8,005,702	\$ 3,228,317	\$ 0	\$ 11,234,019
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,835,062	\$ 158,646	\$ 0	\$ 9,993,708
Infrastructure	14,338,031	289,169	0	14,627,200
Other Capital Assets	6,818,882	654,701	24,843	7,448,740
Total Capital Assets Depreciated	\$ 30,991,975	\$ 1,102,516	\$ 24,843	\$ 32,069,648
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,749,653	\$ 312,751	\$ 0	\$ 5,062,404
Infrastructure	7,688,633	523,080	0	8,211,713
Other Capital Assets	5,967,691	338,954	23,854	6,282,791
Total Accumulated Depreciation	\$ 18,405,977	\$ 1,174,785	\$ 23,854	\$ 19,556,908
Total Capital Assets Depreciated, Net	\$ 12,585,998	\$ (72,269)	\$ 989	\$ 12,512,740
Governmental Activities Capital Assets, Net	\$ 20,591,700	\$ 3,156,048	\$ 989	\$ 23,746,759

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

Governmental Activities:

General Government	\$ 10,272
Finance	9,314
Administration of Justice	56,877
Public Safety	267,557
Public Health and Welfare	87,280
Social, Cultural, and Recreational Services	40,966
Agriculture and Natural Resources	5,197
Other Operations	249,142
Highway/Public Works	<u>448,180</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,174,785</u></u>

Discretely Presented Carroll County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 176,489	\$ 0	\$ 0	176,489
Total Capital Assets Not Depreciated	<u>\$ 176,489</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>176,489</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,937,043	\$ 14,883	\$ 0	\$ 2,951,926
Other Capital Assets	4,303,931	559,927	262,250	4,601,608
Total Capital Assets Depreciated	<u>\$ 7,240,974</u>	<u>\$ 574,810</u>	<u>\$ 262,250</u>	<u>\$ 7,553,534</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,760,583	\$ 111,655	\$ 0	\$ 1,872,238
Other Capital Assets	2,194,683	306,448	262,250	2,238,881
Total Accumulated Depreciation	<u>\$ 3,955,266</u>	<u>\$ 418,103</u>	<u>\$ 262,250</u>	<u>\$ 4,111,119</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,285,708</u>	<u>\$ 156,707</u>	<u>\$ 0</u>	<u>\$ 3,442,415</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 3,462,197</u></u>	<u><u>\$ 156,707</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 3,618,904</u></u>

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

Governmental Activities:

Instruction	\$ 100,852
Support Services	313,076
Capital Outlay	<u>4,175</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 418,103</u>

C. Construction Commitments

At June 30, 2014, the county had uncompleted construction contracts of \$214,344 and \$137,841 for jail renovations and airport improvements, respectively. Funding for these future expenditures has been received.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 5,405

This balance 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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Transfers Out	Transfers In			
	General Fund	Solid Waste/ Sanitation Fund	Highway/ Public Works Fund	General Debt Service Fund
Public Utility	\$ 327,208	\$ 27,966	\$ 25,170	\$ 39,153

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.

E. Long-term Obligations

Primary Government (excluding the Carroll County Board of Public Utilities, enterprise fund)

General Obligation Bonds, Notes, and Other Loans

Carroll County issues general obligation 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. 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. Capital outlay notes and other loans outstanding were issued for original terms of up to five years for notes and up to 25 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. Capital outlay notes and other loans included in long-term debt as of June 30, 2014, will be retired from the Highway/Public Works and General Debt Service funds.

Capital outlay notes and other loans outstanding as of June 30, 2014, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-14</u>
Capital Outlay Notes	2 to 2.65 %	12-1-16	\$ 341,000	\$ 248,000
Other Loans	variable to 2.32	3-1-37	10,364,130	9,020,000

During the 2003-04 year, Carroll County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,200,000 to Carroll County for various capital projects. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (letter of credit, debt remarketing, administrative, etc.) in connection with this loan. At June 30, 2014, the variable interest rate was .28 percent based on the LIBOR rate and other fees totaled .67 percent of the outstanding loan principal.

During the 2011-12 year, Carroll County entered into a loan agreement with the Public Building Authority of the City of Clarksville. Under this loan agreement, the authority loaned \$8,164,130 to Carroll County for the renovation of the county jail. This loan is repayable at an interest rate of 2.32 percent.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 81,000	\$ 4,956	\$ 85,956
2016	82,000	3,011	85,011
2017	85,000	1,016	86,016
Total	<u>\$ 248,000</u>	<u>\$ 8,983</u>	<u>\$ 256,983</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 340,000	\$ 181,744	\$ 9,025	\$ 530,769
2016	348,000	175,570	8,463	532,033
2017	357,000	169,251	7,888	534,139
2018	366,000	162,784	7,292	536,076
2019	376,000	156,169	6,677	538,846
2020-2024	2,027,000	675,884	23,441	2,726,325
2025-2029	2,068,000	485,509	5,493	2,559,002
2030-2034	1,892,000	278,237	0	2,170,237
2035-2037	1,246,000	58,255	0	1,304,255
Total	<u>\$ 9,020,000</u>	<u>\$ 2,343,403</u>	<u>\$ 68,279</u>	<u>\$ 11,431,682</u>

There is \$1,247,178 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes and other loans totaled \$325, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2013	\$ 195,000	\$ 9,401,000
Additions	100,000	0
Reductions	(47,000)	(381,000)
Balance, June 30, 2014	<u>\$ 248,000</u>	<u>\$ 9,020,000</u>
Balance Due Within One Year	<u>\$ 81,000</u>	<u>\$ 340,000</u>

	Compensated Absences
Balance, July 1, 2013	\$ 296,154
Additions	245,610
Reductions	(240,831)
Balance, June 30, 2014	<u>\$ 300,933</u>
Balance Due Within One Year	<u>\$ 15,046</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 9,568,933
Less: Balance Due Within One Year	<u>(436,046)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,132,887</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Carroll County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Carroll County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 57,438
Additions	11,060
Reductions	<u>(17,160)</u>
Balance, June 30, 2014	<u>\$ 51,338</u>
Balance Due Within One Year	<u>\$ 0</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

F. On-Behalf Payments – Discretely Presented Carroll County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carroll County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2014, were \$6,737. There were no payments made to the Local Education Group Insurance Plan during the year. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government (excluding the Carroll County Board of Public Utilities, enterprise fund)

Employee Health Insurance

Carroll County purchases commercial health insurance for employees. On November 8, 2010, the county adopted a resolution prohibiting retirees to remain in the employee health insurance program.

Workers' Compensation Insurance

Carroll County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of

Section 29-20-401, *Tennessee Code Annotated (TCA)*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$500,000.

Liability, Property, and Casualty Insurance

The county is exposed to various risks related to general liability, property, and casualty losses. The county participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability insurance coverage. The creation of LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$250,000 for each insured event.

Discretely Presented Carroll County School Department

Employee Health Insurance

The discretely presented Carroll County 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, *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 this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

The discretely presented Carroll County School Department participates in 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. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, Patricia Rich left the Office of Trustee and was succeeded by Paula Bolen and Dennis Parker and Nolan Robinson left the Office of Highway Commission. The number of highway commissioners was reduced from four to two, so there were no succeeding commissioners.

D. Contingent Liabilities

The county and the School Department are involved in pending lawsuits. Their attorneys estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect their financial statements.

E. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carroll County made no contributions to the DTF for the year ended June 30, 2014, and does not have any equity interest in this joint venture.

The Carroll County Economic Development Council is a joint venture between Carroll County and the cities of Atwood, Bruceton, Clarksburg,

Hollow Rock, Huntingdon, McKenzie, McLemoresville, and Trezevant. The board is comprised of the county and city mayors, the president of the Carroll Chamber of Commerce, and one member representing agriculture/greenbelt. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities provide the majority of funding for the board based on the sales tax plan outlined in 1997.

Complete financial statements for the DTF and the Carroll County Economic Development Council can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
P.O. Box 686
Huntingdon, TN 38344

Carroll County Economic Development Council
Carroll County Chamber of Commerce
20740 E. Main Street
Huntingdon, TN 38344

The Carroll-Henry County Railroad Authority was jointly created in November 1988 by Carroll and Henry counties. The authority was established as a conduit for payment of funds between the Tennessee Department of Transportation and the Kentucky-West Tennessee Railroad Company to rehabilitate the railroad between the Kentucky state line and Bruceton, Tennessee, including a line to Spinks, Tennessee. The authority comprises four members. One member from each county is appointed by the County Commission, and each county mayor serves as a member and rotates every two years as chairman. Complete financial statements for the Carroll-Henry County Railroad Authority can be obtained from the Carroll County Mayor's Office.

F. Retirement Commitments

Plan Description

Employees of Carroll County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment.

There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Carroll County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

County Employees

Carroll County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 7.74 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

County Commissioners

Carroll County requires commissioners to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 66.61 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Employees

For the year ended June 30, 2014, Carroll County's annual pension cost of \$523,974 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a

year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$523,974	100%	\$0
6-30-13	487,042	100	0
6-30-12	454,235	100	0

County Commissioners

For the year ended June 30, 2014, Carroll County's annual pension cost of \$8,593 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was 18 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$8,593	100%	\$0
6-30-13	8,626	100	0
6-30-12	7,988	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2013, the most recent actuarial valuation date, the plan was 95.04 percent funded. The actuarial accrued liability for benefits was \$17.85 million, and the actuarial value of assets was \$16.97 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.89 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.13 million, and the ratio of the UAAL to the covered payroll was 14.46 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

County Commissioners

As of July 1, 2013, the most recent actuarial valuation date, the plan was 83.52 percent funded. The actuarial accrued liability for benefits was \$.12 million, and the actuarial value of assets was \$.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.02 million, and the ratio of the UAAL to the covered payroll was 122.7 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Carroll County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$78,331, \$79,031, and \$79,459, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2014, the Carroll County School Department contributed \$17,160 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 11,000
Interest on the NOPEBO	2,298
Adjustment to the ARC	(2,238)
Annual OPEB cost	<hr/> \$ 11,060
Less: Amount of contribution	(17,160)
Increase/decrease in NOPEBO	\$ (6,100)
Net OPEB obligation, 7-1-13	<hr/> 57,438
Net OPEB obligation, 6-30-14	<hr/> <hr/> \$ 51,338

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 19,907	51 %	\$ 47,703
6-30-13	"	19,883	51	57,438
6-30-14	"	11,060	155	51,338

Funding Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 89,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 89,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 968,466
UAAL as a % of covered payroll	9%

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

H. Purchasing Laws

Offices of County Mayor and Highway Commission

Purchasing procedures for Carroll County are governed by provisions of Chapter 23, Private Acts of 1975, as amended, and Section 54-7-113, *Tennessee Code Annotated (TCA)*, (Highway Department purchases only). This act provides for the county mayor to act as purchasing agent for the Carroll County Highway Department, School Transportation Department, and all other county departments and agencies, except for the Board of Education. The act also provides for the establishment of a Purchasing Commission, consisting of the county clerk, county trustee, and three members of the County Commission. Requisitions and purchase orders are required for all purchases. In addition, public advertisement and sealed bids are required on purchases exceeding \$10,000. Purchases of less than \$250 may be made by employees of the Highway Department and the School Transportation Department.

Office of Director of Schools

Purchasing procedures for the discretely presented Carroll County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisements on all purchases estimated to exceed \$10,000.

VI. OTHER NOTES – CARROLL COUNTY BOARD OF PUBLIC UTILITIES (ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

1. Reporting Entity

Tennessee Code Annotated, Section 7-52-117(c) states “Subject to the provisions of Section 7-52-132, the superintendent, with the approval of the supervisory body, may acquire and dispose of all property, real

and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the municipality” (county); therefore, the Carroll County Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity, and it is considered a proprietary fund of Carroll County, Tennessee.

2. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The electric system’s financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the electric system conform to applicable accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board (GASB).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the electric system are charges to customers for sales and service. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the electric system’s policy to use restricted resources first, then unrestricted resources as they are needed.

3. **Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position**

Deposits and Investments

The electric system’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with

original maturities of three months or less from the date of acquisition.

State statutes authorize the electric system to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

Accounts Receivable

Trade receivables result from unpaid billings for electric service to customers and from unpaid billings related to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the electric system is based on past history of uncollectible accounts and management's analysis of current accounts.

Inventories and Prepaid Items

All inventories are valued at the lower of average cost or market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Assets

Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts, and their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress are defined by the electric system as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the electric system are depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
General plant	5 - 40
Transmission plant	28 - 33
Distribution plant	16 - 40

Compensated Absences

It is the electric system's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick leave have been accrued and are reflected as current and long-term liabilities on the financial statements.

Long-term Obligations

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as other assets and amortized over the term of the related debt.

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) until then. The electric system presently has no items that qualify for reporting in this category.

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 electric system presently has no items that qualify for reporting in this category.

Net Position

Equity is classified as net position and displayed in the following three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for debt service – Consists of assets for which constraints are placed thereon by lenders less any related liabilities.
- Unrestricted – All other net position that does not meet the description of the above categories.

Impact of Recently Issued Accounting Pronouncements

In March of 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for financial periods beginning after December 15, 2012. The electric system will continue to report bond issuance costs as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This regulatory option as part of GASB Statement No. 65 is available due to the above mentioned cost being used for rate setting by the electric system.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflow/inflow of resources, the disclosure of contingent amounts and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

B. Stewardship, Compliance, and Accountability

Budgetary Information

No budget was required for the Carroll County Board of Public Utilities; therefore, no budget was adopted.

C. **Detailed Notes on All Funds**

1. **Deposits and Investments**

Investments consisted entirely of certificates of deposits with a maturity of greater than three months for the fiscal year ended June 30, 2014.

Custodial Credit Risk. The electric system's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VI.A.3. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the electric system's agent in the electric system's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the electric system to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2014, all bank deposits were fully collateralized or insured.

2. **Receivables**

Receivables as of June 30, 2014, consisted of the following:

Billed services for utility customers	\$ 3,201,795
Other receivables for utility service	169,298
Allowance for doubtful accounts	<u>(25,000)</u>
Total	<u><u>\$ 3,346,093</u></u>

3. **Restricted Assets**

All deposits required by the 2001 Electric Plant Revenue Bond have been made. Transactions in funds, other than the 2001 Electric Plant Revenue Bond Fund and other special funds set aside to repair and replace the plant, are at the discretion of the Board of Directors, and there are no applicable legal requirements or restrictions on these funds.

June 30, 2014

Restricted assets consist of the following:
2001 Electric Plant Revenue Bond Fund:

Interest and Sinking Fund \$ 171,311

Certificates of deposit and
savings accounts totaled \$ 258,408

4. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 284,070	\$ 0	\$ 0	\$ 284,070
Construction in Progress	745,698	0	701,726	43,972
Total Capital Assets Not Depreciated	<u>\$ 1,029,768</u>	<u>\$ 0</u>	<u>\$ 701,726</u>	<u>\$ 328,042</u>
Capital Assets Depreciated:				
Other Capital Assets	\$ 37,533,036	\$ 1,704,635	\$ 394,968	\$ 38,842,703
Total Capital Assets Depreciated	<u>\$ 37,533,036</u>	<u>\$ 1,704,635</u>	<u>\$ 394,968</u>	<u>\$ 38,842,703</u>
Less Accumulated Depreciation For:				
Other Capital Assets	\$ 17,842,262	\$ 1,213,639	\$ 413,390	\$ 18,642,511
Total Accumulated Depreciation	<u>\$ 17,842,262</u>	<u>\$ 1,213,639</u>	<u>\$ 413,390</u>	<u>\$ 18,642,511</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,690,774</u>	<u>\$ 490,996</u>	<u>\$ (18,422)</u>	<u>\$ 20,200,192</u>
Capital Assets, Net	<u>\$ 20,720,542</u>	<u>\$ 490,996</u>	<u>\$ 683,304</u>	<u>\$ 20,528,234</u>

Depreciation expense totaled \$1,076,323 for the fiscal year ended June 30, 2014.

5. Long-term Debt

Long-term debt consists of the following:

Revenue Bonds:	
Electric Plant Revenue Bonds, Series 2001, 3.2 to 4.75 percent interest due serially through 2016	<u>\$ 345,000</u>
Total Revenue Bonds	<u>\$ 345,000</u>
Total Current Portion of Revenue Bonds	<u>\$ 170,000</u>
Total Long-term Portion of Revenue Bonds	<u>\$ 175,000</u>

During 2001, Carroll County issued \$2,000,000 in Electric System Revenue Bonds, Series 2001, to finance the construction and equipping of extensions and improvements to the system. The bonds bear interest at rates from 3.2 to 4.75 percent and mature serially in varying amounts from \$135,000 in fiscal year 2009 to \$175,000 in fiscal year 2016. The bonds are secured by a pledge of revenues through the electric system. Expenses incurred in the issuance of the bonds are amortized by equal charges to operations over the life of the bonds.

The following is a summary of long-term debt transactions for the year ended June 30, 2014.

	<u>Balance</u> <u>7-1-13</u>	<u>Retirements</u>	<u>Balance</u> <u>6-30-14</u>	<u>Due Within</u> <u>One Year</u>
Revenue Bonds				
Payable	\$ 505,000	\$ 160,000	\$ 345,000	\$ 170,000
Discount	(9,109)	(2,731)	(6,378)	0
Total Bonds				
Payable	<u>\$ 495,891</u>	<u>\$ 157,269</u>	<u>\$ 338,622</u>	<u>\$ 170,000</u>

The scheduled annual requirements for long-term debt at June 30, 2014, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 170,000	\$ 16,387	\$ 186,387
2016	175,000	8,313	183,313
Total	<u>\$ 345,000</u>	<u>\$ 24,700</u>	<u>\$ 369,700</u>

Debt expense associated with the above bond issue was recorded as other assets and is amortized on a straight-line basis over the life of the issue.

The electric system complied with all significant debt covenants and restrictions as set forth in the bond agreements.

6. Net Position

Net position represents the difference between assets and liabilities. The restricted net position amounts were as follows:

Invested in capital assets, net of related liabilities:	
Net property, plant, and equipment in services	\$ 20,528,234
Unamortized discount	6,378
Less: debt	<u>(345,000)</u>
Total invested in capital assets, net of related liabilities	<u>\$ 20,189,612</u>
Restricted for debt service:	
Restricted cash and cash equivalents	\$ 171,311
Restricted investments	258,408
Less: accrued interest payable from restricted assets	<u>(2,731)</u>
Total restricted for debt service	<u>\$ 426,988</u>
Unrestricted	<u>\$ 6,849,377</u>
Total Net Position	<u>\$ 27,465,977</u>

7. Operating Leases

The electric system leases one of its copy machines. This lease has been classified as an operating lease for reporting purposes. The initial lease agreement began in January 2011 and will expire in January 2016 with a monthly payment of \$230. Lease expense for the year ended June 30, 2014, was \$2,760.

D. Other Information

1. Pension Plan

Effective January 1, 1997, the electric system adopted a profit sharing plan titled the Carroll County Electrical Department Profit Sharing Plan. Participants of the plan must meet the plan's eligibility requirements. Once an employee becomes a participant, the electric system maintains an individual account for each employee. Each plan year, employee accounts will be adjusted to reflect contributions, gains, losses, etc. The percentage of each employee account to which an employee is entitled upon separation from the electric system depends on the plan's vesting schedule. Participants generally will be

vested in their individual account after three years of service. All contributions made to the plan on an employee's behalf will be placed in a trust fund established to hold dollars for the benefit of all participants. Each of the participants' individual accounts will be used to track their share in the total trust fund.

Each year, the managing body of the electric system determines the amount, if any, it will contribute to the plan. Employer contributions to the profit-sharing plan in general can range from one percent to 15 percent of participant's compensation each year. Compensation will be determined as the participant's wages, excluding overtime, commissions, and bonuses.

For the year ended June 30, 2014, total employer contributions were \$299,221 based on total covered wages of \$2,493,512.

2. Power Contract

The electric system has a power contract with the Tennessee Valley Authority (TVA) to purchase all of its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, or property to other operations of the county, and the purchase or payment of or providing security for indebtedness on other obligations applicable to such other operations.

3. Risk Management

The electric system is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2014, the electric system purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

4. Other Postemployment Benefits (OPEB)

Plan Description

Carroll County Electric System sponsors a single-employer postemployment benefits plan. The plan provides medical, prescription, and death benefits to eligible retirees and their spouses.

Funding Policy

The electric system intends to continue its policy of funding OPEB liabilities on a pay as-you-go basis and not pre-fund any unfunded annual required contribution as determined under Governmental Accounting Standards Board (GASB) Statement No. 45.

Annual OPEB Cost and Net OPEB Obligation

The electric system's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the electric system's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the electric system's net OPEB obligation.

Components of Net OPEB Obligation

Annual Required Contribution	\$	22,497
Interest on the Net OPEB Obligation		3,709
Adjustment to the Annual Required Contribution		<u>(4,380)</u>
Annual OPEB Cost (Expense)	\$	21,826
Less: Contributions and Subsidy		<u>(6,316)</u>
Increase/decrease in Net Obligation	\$	15,510
Net OPEB Obligation, 7-1-13		<u>82,424</u>
Net OPEB Obligation, 6-30-14	\$	<u><u>97,934</u></u>

The electric system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013, and 2012, were as follows:

Fiscal Year Ended	Annual OPEB OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation At Year End
6-30-12	\$ 22,330	0 %	\$ 60,179
6-30-13	22,245	0	82,424
6-30-14	21,826	28.90	97,934

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$218,430 and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$218,430. The covered payroll (annual payroll of active employees covered by the plan) was \$2,763,269, and the ratio of the UAAL to the covered payroll was 7.91 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after ten years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2013, was 25 years.

VII. OTHER NOTES – CARROLL COUNTY INDIGENT CARE BOARD (FIDUCIARY FUND)

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Carroll County Indigent Care Fund was established by a private act on March 21, 1983, to assist the medically indigent in paying for in-patient and out-patient care and ambulance services rendered to them for not-for-profit hospital and ambulance facilities or entities in such counties. The fund also was empowered to promote health education in the county and acquire or otherwise assist in providing certain types of equipment to aid the medically indigent within the county.

From 1983 through 1988, Baptist Memorial Hospital made contributions to the fund totaling \$2,150,000. This money was set aside to establish the Carroll County Indigent Care Board.

A nine-member board of trustees was appointed (three by the county legislative body, three by the Baptist Memorial Hospital, and three by the board itself) to carry out the stated purposes of the private act. The board has appointed Carroll Bank and Trust as the trustee of the fund.

Under guidelines set forth in the private act and the minutes of the board of trustees, only 80 percent of the income earned by the fund may be used to pay indigent accounts. The board established a screening committee to determine the medical indigence of applicants and to recommend payment for their benefits.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The fund is a private-purpose trust fund, which is a fiduciary fund type, and therefore maintains its accounting records using the economic resources measurement focus and the accrual basis of fund accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entity's net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

In evaluating how to define the Carroll County Indigent Care Board for financial reporting purposes, management considers whether the board is a legally separate entity holding corporate powers. Based on this criterion, the Carroll County Indigent Care Board is not

considered to be a separate entity, but is considered to be a reporting component of Carroll County, Tennessee.

The Carroll County Indigent Care Board accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. Fiduciary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned, and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

B. Detailed Notes on Accounts

1. Deposits and Investments

At year-end, the carrying amount of the board's deposits was \$207,237, and the bank balance was the same. The entire balance is either covered by insurance as provided by the FDIC or by securities pledged by the First Tennessee Bank. The bank is a member of the Tennessee State Collateral Pool.

Investments consist mainly of mortgage-backed securities whose values are largely dependent on the interest rate market.

The board's policies limit deposits and investments to those instruments allowed by the private act under which it was created. That act states that the board shall invest such funds at the highest and best practical rate of income. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the board's agent in the board's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2014, all bank deposits were fully collateralized or insured.

Investments are valued at fair value. The difference in the beginning and ending fair and book values is shown as a net increase (decrease) in fair value of investments in the revenue section of the Statement of Revenues, Expenses, and Changes in Net Position. Fair value approximates market.

The Indigent Care Board invests mainly in securities backed by the United States Government. The total book value of these investments as of June 30, 2014, was \$2,946,671, and the total market value was \$3,002,803. As mentioned, these investments are valued at fair value. At June 30, 2014, market values exceeded book value by \$56,132.

Securities at market value consist of:

FHLMC Securities	\$ 1,096,423
FNMA Securities	620,208
GNMA Securities	906,144
Stripped Adjustable Mortgage Securities	39,492
Various Mortgage-Backed Securities	<u>340,536</u>
 Total	 <u>\$ 3,002,803</u>

2. Equity

Equity is classified as net position and displayed as held in trust for indigent care.

3. Indigent Accounts

At July 1, 2013, approved indigent care accounts totaling \$2,844,558 were available for payment. During the year, new claims totaling \$548,603 were approved, and \$101,369 was paid during the year, bringing the unpaid balance at June 30, 2014, to \$3,291,792. These claims represent a contingent liability for the board. The amount of approved claims is accrued only if funds are available to pay them. The remaining claims approved will be paid in subsequent periods when funds become available. Net earnings available for payment of indigent accounts, which represent second quarter 2014 earnings, have been accrued as a liability entitled accrued indigent payments of \$28,320 because this amount represents an actual liability as of the end of the year.

C. Fair Value Measurements

Fair values of investments measured on a recurring basis at June 30, 2014, were \$3,002,803 and are determined by reference to quoted market prices and other relevant information generated by market transactions. At present, the board has no items carried or that will be carried at fair value on a non-recurring basis. The board does not currently have nor expects to have any non-financial assets or liabilities, which could be carried at fair value.

The board defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements regarding fair value

measurements. This standard clarifies the principle that fair value should be based on assumptions one would use when pricing the asset or liability and establishes a hierarchy that prioritizes information used to develop these assumptions. The hierarchy is as follows:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Such inputs may include quoted prices for similar assets or liabilities in active markets, and inputs other than quoted market prices that are observable for the assets and liabilities such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 Inputs: Unobservable inputs for determining fair values of assets and liabilities that reflect an entity's own assumptions about the assumptions that market participants would use pricing the asset and liabilities.

Investments are the only balance sheet components reported at fair value. They are valued using Level 2 inputs. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayments speeds, credit information and terms and conditions of bonds, and other factors. The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2014.

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Investments	\$ 0	\$ 3,002,803	\$ 0	\$ 3,002,803

D. Other Information

Risk Management

The board is exposed to risks related to general and public official's liability. To cover these risks, the board purchased a three-year commercial insurance policy in October 2011. There have been no settlements in the prior three fiscal years, and there has been no significant reduction in coverage.

VIII. OTHER NOTES – DISCRETELY PRESENTED CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Carroll County Emergency Communications District was created by the legislative body of Carroll County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a municipality or public corporation in perpetuity under its corporate name and shall be a body politic and corporate power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*, developed by the Office of the Comptroller of the Treasury, Division of Local Government Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

In evaluating how to define the Carroll County Emergency Communications District for financial reporting purposes, management has considered whether the district is a primary government. The decision to be included as a component unit of another reporting entity is made by applying the criteria set forth in the Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. The district must obtain the approval of the Carroll County Commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the district, and has, therefore, included the district as a component unit of Carroll County.

The district is deemed to be a municipality under Tennessee state law and, as such, is exempt from federal income taxes.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the statements of the Governmental Accounting Standards Board (GASB). Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. Proprietary fund types are accounted for on the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on their own statements of net position. Fund equity is segregated into three primary components:

investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Fund operating statements present increases and decreases in net position. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Operating revenues generally result from providing services in connection with the district's principle ongoing operations. All other revenues are considered to be nonoperating revenues.

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The district's board of directors approves an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as capital assets and expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

3. Assets, Liabilities, and Net Position

Deposits and Investments

For purposes of the Statement of Net Position and the Statement of Cash Flows, the district considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

State statutes authorize the district to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements, as approved by the state Comptroller's Office, and the state's local government pool.

Accounts Receivable

Accounts receivable represent amounts due from various phone companies for emergency telephone surcharges and monthly reimbursable wireless fees.

Capital Assets

All capital assets are valued at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to 40 years. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

Compensated Absences

Employees are entitled to paid vacation based on term of employment and other factors. Full-time employees with fewer than five years of service are given ten days of vacation each year, awarded on their hire date. After five years of service, employees are given 12 days of vacation, and after ten years of service, they are given 15 days of vacation. Employees may accumulate up to 30 days of vacation. At the end of each year, employees may carry-over any unused vacation leave to the next year, not to exceed 30 work days. The cost of accumulated vacation is immaterial; thus no accrual has been recorded in the financial statements.

Full-time employees shall accrue sick leave at a rate of one day per month worked. Sick leave can be accumulated up to 60 days. At the end of the calendar year any remaining sick leave may be transferred to the next year, not to exceed a maximum of 60 days. In the event of separation, all unused sick days shall be forfeited.

It is the district's practice to expense these costs when paid to the employees.

Net Position

Equity is classified as net position. Net position is categorized as investment in capital assets (net of related debt), restricted, and unrestricted.

- a. Investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “investment in capital assets.”

B. Detailed Notes on Accounts

1. Deposits and Investments

The district has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* for financial reporting of deposit risk.

Custodial Credit Risk – The district’s policies limit investments to those instruments allowed by applicable state laws as described in Note VIII.A.3. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the district’s agent in the district’s name, or by the Federal Reserve Banks acting as third-party agents. As of June 30, 2014, all bank deposits were fully collateralized or insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Depreciated:			
Buildings and improvements	\$ 289,517	\$ 0	\$ 289,517
Office Equipment	71,225	2,660	73,885
Communications Equipment	1,003,000	0	1,003,000
Vehicles	21,185	0	21,185
Total Capital Assets Depreciated	<u>\$ 1,384,927</u>	<u>\$ 2,660</u>	<u>\$ 1,387,587</u>
Less Accumulated Depreciation:			
Buildings and improvements	\$ 63,619	\$ 12,101	\$ 75,720
Office Equipment	29,199	6,038	35,237
Communications Equipment	394,384	99,844	494,228
Vehicles	21,185	0	21,185
Total Accumulated Depreciation	<u>\$ 508,387</u>	<u>\$ 117,983</u>	<u>\$ 626,370</u>
Capital Assets, Net	<u>\$ 876,540</u>	<u>\$ (115,323)</u>	<u>\$ 761,217</u>

C. Other Information

1. Risk Management

The district is exposed to various risks related to general and public official's liability, property and casualty losses and workers' compensation. The district has purchased insurance policies to provide coverage for these risks. The district pays annual premiums for its insurance coverage. There were no settlements in any of the prior three years in excess of insurance coverage.

2. Unemployment Taxes

Effective with the beginning of operations, the district entered into an agreement with the Tennessee Department of Labor and Workforce Development to be a reimbursing employer. Under this agreement, the district elected to reimburse the department for all disbursements made on valid claims for unemployment insurance charged to the district during the effective period of the election. Thus far, there have not been any claims filed.

3. Employee's Retirement Plan

Plan Description

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 15th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

The district requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 11.76 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, the district's annual pension cost of \$8,136 to TCRS was equal to the district's required and actual

contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$ 8,136	100%	\$0
6-30-13	7,678	100	0
6-30-12	7,031	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date available, the plan was 89.1 percent funded. The actuarial accrued liability for benefits was \$.25 million, and the actuarial value of assets was \$.23 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.08 million, and the ratio of the UAAL to the covered payroll was 35.94 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

D. Subsequent Events

The district has evaluated subsequent events through the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Carroll County, Tennessee
 Schedule of Funding Progress – Pension Plan
 Primary Government and Discretely Presented Carroll County School Department
 June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
County Employees	7-1-13	\$ 16,965	\$ 17,851	\$ 886	95.04 %	\$ 6,127	14.46 %
"	7-1-11	15,176	15,620	444	97.16	5,675	7.82
"	7-1-09	12,199	12,392	193	98.44	5,237	3.68
County Commissioners	7-1-13	101	121	20	83.52	16	122.70
"	7-1-11	73	95	22	77.23	14	155.73
"	7-1-09	0	0	0	0	0	0

Exhibit F-2

Carroll County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Carroll County Board of Public Utilities Fund and
Discretely Presented Carroll County School Department
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-10	\$ 0	\$ 193	\$ 193	0	\$ 831	23 %
"	7-1-11	0	149	149	0	880	17
"	7-1-13	0	89	89	0	968	9
Carroll County Board of Public Utilities Fund	7-1-11	0	218	218	0	2,409	9
"	7-1-12	0	218	218	0	2,543	9
"	7-1-13	0	218	218	0	2,763	8

CARROLL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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.

Exhibit G-1

Carroll County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 21,533	\$ 21,533
Equity in Pooled Cash and Investments	107,670	0	107,670
Accounts Receivable	0	4,558	4,558
Total Assets	<u>\$ 107,670</u>	<u>\$ 26,091</u>	<u>\$ 133,761</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 5,405	\$ 5,405
Total Liabilities	<u>\$ 0</u>	<u>\$ 5,405</u>	<u>\$ 5,405</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 107,670	\$ 0	\$ 107,670
Committed:			
Committed for Administration of Justice	0	20,686	20,686
Total Fund Balances	<u>\$ 107,670</u>	<u>\$ 20,686</u>	<u>\$ 128,356</u>
Total Liabilities and Fund Balances	<u>\$ 107,670</u>	<u>\$ 26,091</u>	<u>\$ 133,761</u>

Exhibit G-2

Carroll County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 23,100	\$ 0	\$ 23,100
Charges for Current Services	0	83,255	83,255
Total Revenues	<u>\$ 23,100</u>	<u>\$ 83,255</u>	<u>\$ 106,355</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 93,870	\$ 93,870
Public Safety	19,355	0	19,355
Total Expenditures	<u>\$ 19,355</u>	<u>\$ 93,870</u>	<u>\$ 113,225</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,745</u>	<u>\$ (10,615)</u>	<u>\$ (6,870)</u>
Net Change in Fund Balances	\$ 3,745	\$ (10,615)	\$ (6,870)
Fund Balance, July 1, 2013	103,925	31,301	135,226
Fund Balance, June 30, 2014	<u>\$ 107,670</u>	<u>\$ 20,686</u>	<u>\$ 128,356</u>

Exhibit G-3

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 23,100	\$ 19,000	\$ 19,000	\$ 4,100
Other Local Revenues	0	100	100	(100)
Total Revenues	<u>\$ 23,100</u>	<u>\$ 19,100</u>	<u>\$ 19,100</u>	<u>\$ 4,000</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 19,355	\$ 48,505	\$ 48,505	\$ 29,150
Total Expenditures	<u>\$ 19,355</u>	<u>\$ 48,505</u>	<u>\$ 48,505</u>	<u>\$ 29,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,745</u>	<u>\$ (29,405)</u>	<u>\$ (29,405)</u>	<u>\$ 33,150</u>
Net Change in Fund Balance	\$ 3,745	\$ (29,405)	\$ (29,405)	\$ 33,150
Fund Balance, July 1, 2013	<u>103,925</u>	<u>92,076</u>	<u>92,076</u>	<u>11,849</u>
Fund Balance, June 30, 2014	<u>\$ 107,670</u>	<u>\$ 62,671</u>	<u>\$ 62,671</u>	<u>\$ 44,999</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 632,554	\$ 668,311	\$ 633,311	\$ (757)
Total Revenues	\$ 632,554	\$ 668,311	\$ 633,311	\$ (757)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 381,000	\$ 381,000	\$ 381,000	\$ 0
<u>Interest on Debt</u>				
General Government	187,685	229,821	218,001	30,316
<u>Other Debt Service</u>				
General Government	22,156	11,000	24,320	2,164
Total Expenditures	\$ 590,841	\$ 621,821	\$ 623,321	\$ 32,480
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,713	\$ 46,490	\$ 9,990	\$ 31,723
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 39,153	\$ 0	\$ 35,000	\$ 4,153
Total Other Financing Sources	\$ 39,153	\$ 0	\$ 35,000	\$ 4,153
Net Change in Fund Balance	\$ 80,866	\$ 46,490	\$ 44,990	\$ 35,876
Fund Balance, July 1, 2013	1,166,312	1,160,021	1,160,021	6,291
Fund Balance, June 30, 2014	\$ 1,247,178	\$ 1,206,511	\$ 1,205,011	\$ 42,167

Fiduciary Funds

Agency Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities 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.

Special School District Fund – The Special School District Fund is used to account for property taxes collected for the five-area special school districts and the districts' share of education revenues collected by the county, which must be apportioned between various school systems on an average daily attendance basis. These collections are remitted to the districts monthly.

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, general sessions, and juvenile courts clerk; clerk and master; register of deeds; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

Exhibit I-1

Carroll County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	Agency Funds				Total
	Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	District Attorney General	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 1,259,325	\$ 0	\$ 1,259,325
Equity in Pooled Cash and Investments	0	251,253	0	39,058	290,311
Due from Other Governments	392,712	410,771	0	1,615	805,098
Taxes Receivable	0	5,522,422	0	0	5,522,422
Allowance for Uncollectible Taxes	0	(238,626)	0	0	(238,626)
Total Assets	<u>\$ 392,712</u>	<u>\$ 5,945,820</u>	<u>\$ 1,259,325</u>	<u>\$ 40,673</u>	<u>\$ 7,638,530</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 392,712	\$ 5,945,820	\$ 0	\$ 0	\$ 6,338,532
Due to Litigants, Heirs, and Others	0	0	1,259,325	40,673	1,299,998
Total Liabilities	<u>\$ 392,712</u>	<u>\$ 5,945,820</u>	<u>\$ 1,259,325</u>	<u>\$ 40,673</u>	<u>\$ 7,638,530</u>

Exhibit I-2

Carroll County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,351,975	\$ 2,351,975	\$ 0
Due from Other Governments	400,284	392,712	400,284	392,712
Total Assets	\$ 400,284	\$ 2,744,687	\$ 2,752,259	\$ 392,712
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 400,284	\$ 2,744,687	\$ 2,752,259	\$ 392,712
Total Liabilities	\$ 400,284	\$ 2,744,687	\$ 2,752,259	\$ 392,712
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 298,167	\$ 7,918,405	\$ 7,965,319	\$ 251,253
Due from Other Governments	431,552	410,771	431,552	410,771
Taxes Receivable	5,477,593	5,522,422	5,477,593	5,522,422
Allowance for Uncollectible Taxes	(191,178)	(238,626)	(191,178)	(238,626)
Total Assets	\$ 6,016,134	\$ 13,612,972	\$ 13,683,286	\$ 5,945,820
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,016,134	\$ 13,612,972	\$ 13,683,286	\$ 5,945,820
Total Liabilities	\$ 6,016,134	\$ 13,612,972	\$ 13,683,286	\$ 5,945,820
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,355,874	\$ 5,381,475	\$ 5,478,024	\$ 1,259,325
Total Assets	\$ 1,355,874	\$ 5,381,475	\$ 5,478,024	\$ 1,259,325
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,355,874	\$ 5,381,475	\$ 5,478,024	\$ 1,259,325
Total Liabilities	\$ 1,355,874	\$ 5,381,475	\$ 5,478,024	\$ 1,259,325
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 58,958	\$ 24,120	\$ 44,020	\$ 39,058
Due from Other Governments	757	1,615	757	1,615
Total Assets	\$ 59,715	\$ 25,735	\$ 44,777	\$ 40,673
<u>Liabilities</u>				
Due to Litigants, Heirs and Others	\$ 59,715	\$ 25,735	\$ 44,777	\$ 40,673
Total Liabilities	\$ 59,715	\$ 25,735	\$ 44,777	\$ 40,673

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,355,874	\$ 5,381,475	\$ 5,478,024	\$ 1,259,325
Equity in Pooled Cash and Investments	357,125	10,294,500	10,361,314	290,311
Due from Other Governments	832,593	805,098	832,593	805,098
Taxes Receivable	5,477,593	5,522,422	5,477,593	5,522,422
Allowance for Uncollectible Taxes	(191,178)	(238,626)	(191,178)	(238,626)
Total Assets	<u>\$ 7,832,007</u>	<u>\$ 21,764,869</u>	<u>\$ 21,958,346</u>	<u>\$ 7,638,530</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,416,418	\$ 16,357,659	\$ 16,435,545	\$ 6,338,532
Due to Litigants, Heirs, and Others	1,415,589	5,407,210	5,522,801	1,299,998
Total Liabilities	<u>\$ 7,832,007</u>	<u>\$ 21,764,869</u>	<u>\$ 21,958,346</u>	<u>\$ 7,638,530</u>

Carroll County School Department

This section presents combining and individual fund financial statements for the Carroll County School Department, a discretely presented component unit. The Carroll County School Department uses a General Fund and a Special Revenue Fund.

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

School Transportation Fund – The School Transportation Fund is used to account for transportation of all students in the county school system and the special school districts.

Exhibit J-1

Carroll County, Tennessee
Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 1,201,989	\$ 679,807	\$ 106,542	\$ (415,640)
Support Services	2,800,918	48,266	100,051	(2,652,601)
Operation of Non-instructional Services	27,784	2,837	11,492	(13,455)
Total Governmental Activities	\$ 4,030,691	\$ 730,910	\$ 218,085	\$ (3,081,696)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$ 556,470	
Local Option Sales Taxes			66,639	
Other Local Taxes			78	
Grants and Contributions Not Restricted to Specific Programs			2,712,589	
Miscellaneous			51,145	
Total General Revenues			\$ 3,386,921	
Change in Net Position			\$ 305,225	
Net Position, July 1, 2013			9,755,251	
Net Position, June 30, 2014			\$ 10,060,476	

Exhibit J-2

Carroll County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Carroll County School Department
June 30, 2014

	Major Funds		Total Governmental Funds
	General Purpose School	School Transpor - tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,838,552	\$ 1,631,666	\$ 6,470,218
Due from Other Governments	16,364	0	16,364
Property Taxes Receivable	0	593,464	593,464
Allowance for Uncollectible Property Taxes	0	(25,464)	(25,464)
Total Assets	<u>\$ 4,854,916</u>	<u>\$ 2,199,666</u>	<u>\$ 7,054,582</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 16,545	\$ 1,734	\$ 18,279
Total Liabilities	<u>\$ 16,545</u>	<u>\$ 1,734</u>	<u>\$ 18,279</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 543,393	\$ 543,393
Deferred Delinquent Property Taxes	0	19,624	19,624
Other Deferred/Unavailable Revenue	5,512	0	5,512
Total Deferred Inflows of Resources	<u>\$ 5,512</u>	<u>\$ 563,017</u>	<u>\$ 568,529</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Instruction	\$ 8,437	\$ 0	\$ 8,437
Restricted for Operation of Non-instructional Services	9,395	0	9,395
Committed:			
Committed for Support Services	0	1,634,915	1,634,915
Assigned:			
Assigned for Support Services	417,400	0	417,400
Unassigned	4,397,627	0	4,397,627
Total Fund Balances	<u>\$ 4,832,859</u>	<u>\$ 1,634,915</u>	<u>\$ 6,467,774</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,854,916</u>	<u>\$ 2,199,666</u>	<u>\$ 7,054,582</u>

Exhibit J-3

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Carroll County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	6,467,774
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	176,489	
Add: buildings and improvements net of accumulated depreciation		1,079,688	
Add: other capital assets net of accumulated depreciation		<u>2,362,727</u>	3,618,904
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(51,338)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>25,136</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>10,060,476</u></u>

Exhibit J-4

Carroll County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2014

	Major Funds		Total Governmental Funds
	General Purpose School	School Transpor - tation	
<u>Revenues</u>			
Local Taxes	\$ 66,278	\$ 610,854	\$ 677,132
Licenses and Permits	43	0	43
Charges for Current Services	730,303	0	730,303
Other Local Revenues	51,763	0	51,763
State of Tennessee	2,109,829	754,741	2,864,570
Federal Government	11,307	0	11,307
Total Revenues	<u>\$ 2,969,523</u>	<u>\$ 1,365,595</u>	<u>\$ 4,335,118</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,078,062	\$ 0	\$ 1,078,062
Support Services	1,790,176	1,214,156	3,004,332
Operation of Non-instructional Services	27,784	0	27,784
Capital Outlay	98,675	0	98,675
Total Expenditures	<u>\$ 2,994,697</u>	<u>\$ 1,214,156</u>	<u>\$ 4,208,853</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (25,174)</u>	<u>\$ 151,439</u>	<u>\$ 126,265</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 15,355	\$ 0	\$ 15,355
Total Other Financing Sources (Uses)	<u>\$ 15,355</u>	<u>\$ 0</u>	<u>\$ 15,355</u>
Net Change in Fund Balances	\$ (9,819)	\$ 151,439	\$ 141,620
Fund Balance, July 1, 2013	4,842,678	1,483,476	6,326,154
Fund Balance, June 30, 2014	<u>\$ 4,832,859</u>	<u>\$ 1,634,915</u>	<u>\$ 6,467,774</u>

Exhibit J-5

Carroll County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 141,620
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 574,810	
Less: current-year depreciation expense	<u>(418,103)</u>	156,707
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 25,136	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(24,338)</u>	798
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>6,100</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 305,225</u>

Exhibit J-6

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Carroll County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 66,278	\$ 0	\$ 0	\$ 66,278	\$ 70,050	\$ 70,050	\$ (3,772)
Licenses and Permits	43	0	0	43	50	50	(7)
Charges for Current Services	730,303	0	0	730,303	711,058	713,845	16,458
Other Local Revenues	51,763	0	0	51,763	10,100	10,111	41,652
State of Tennessee	2,109,829	0	0	2,109,829	2,097,796	2,104,707	5,122
Federal Government	11,307	0	0	11,307	600	10,959	348
Total Revenues	\$ 2,969,523	\$ 0	\$ 0	\$ 2,969,523	\$ 2,889,654	\$ 2,909,722	\$ 59,801
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 27,507	\$ 0	\$ 0	\$ 27,507	\$ 29,007	\$ 29,007	\$ 1,500
Alternative Instruction Program	73,206	0	0	73,206	74,990	74,990	1,784
Special Education Program	416,627	0	0	416,627	466,468	466,468	49,841
Vocational Education Program	560,209	0	0	560,209	619,053	619,053	58,844
Adult Education Program	513	0	0	513	1,000	1,484	971
<u>Support Services</u>							
Attendance	34,172	0	0	34,172	35,014	35,014	842
Health Services	125,101	0	0	125,101	136,173	136,173	11,072
Other Student Support	64,612	0	270	64,882	82,171	81,901	17,019
Special Education Program	87,627	0	0	87,627	93,100	93,100	5,473
Vocational Education Program	41,856	0	0	41,856	51,590	51,590	9,734
Adult Programs	2,859	0	0	2,859	5,000	5,000	2,141
Other Programs	6,737	0	0	6,737	4,237	10,974	4,237
Board of Education	166,070	0	0	166,070	167,177	167,177	1,107
Director of Schools	114,688	0	0	114,688	118,633	118,633	3,945
Office of the Principal	89,853	0	0	89,853	103,904	103,904	14,051
Fiscal Services	126,462	0	0	126,462	129,851	129,851	3,389
Operation of Plant	130,864	0	0	130,864	162,772	162,772	31,908
Maintenance of Plant	108,164	0	0	108,164	111,036	111,036	2,872
Transportation	597,790	(517,500)	417,130	497,420	578,113	678,483	181,063

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Central and Other	\$ 93,321	\$ (1,143)	\$ 0	\$ 92,178	\$ 120,088	\$ 121,231	\$ 29,053
Operation of Non-instructional Services							
Food Service	27,784	0	0	27,784	18,335	29,331	1,547
<u>Capital Outlay</u>							
Regular Capital Outlay	98,675	0	0	98,675	200,000	200,000	101,325
Total Expenditures	\$ 2,994,697	\$ (518,643)	\$ 417,400	\$ 2,893,454	\$ 3,307,712	\$ 3,427,172	\$ 533,718
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,174)	\$ 518,643	\$ (417,400)	\$ 76,069	\$ (418,058)	\$ (517,450)	\$ 593,519
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 15,355	\$ 0	\$ 0	\$ 15,355	\$ 20,000	\$ 20,000	\$ (4,645)
Total Other Financing Sources	\$ 15,355	\$ 0	\$ 0	\$ 15,355	\$ 20,000	\$ 20,000	\$ (4,645)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (9,819)	\$ 518,643	\$ (417,400)	\$ 91,424	\$ (398,058)	\$ (497,450)	\$ 588,874
	4,842,678	(518,643)	0	4,324,035	4,079,563	4,079,563	244,472
Fund Balance, June 30, 2014	\$ 4,832,859	\$ 0	\$ (417,400)	\$ 4,415,459	\$ 3,681,505	\$ 3,582,113	\$ 833,346

Exhibit J-7

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carroll County School Department
School Transportation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 610,854	\$ 619,866	\$ 619,866	\$ (9,012)
State of Tennessee	754,741	775,000	775,000	(20,259)
Total Revenues	<u>\$ 1,365,595</u>	<u>\$ 1,394,866</u>	<u>\$ 1,394,866</u>	<u>\$ (29,271)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 19,549	\$ 20,400	\$ 20,400	\$ 851
Transportation	1,194,607	1,532,280	1,532,612	338,005
Total Expenditures	<u>\$ 1,214,156</u>	<u>\$ 1,552,680</u>	<u>\$ 1,553,012</u>	<u>\$ 338,856</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 151,439</u>	<u>\$ (157,814)</u>	<u>\$ (158,146)</u>	<u>\$ 309,585</u>
Net Change in Fund Balance	\$ 151,439	\$ (157,814)	\$ (158,146)	\$ 309,585
Fund Balance, July 1, 2013	<u>1,483,476</u>	<u>1,342,294</u>	<u>1,342,294</u>	<u>141,182</u>
Fund Balance, June 30, 2014	<u>\$ 1,634,915</u>	<u>\$ 1,184,480</u>	<u>\$ 1,184,148</u>	<u>\$ 450,767</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Carroll County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
NOTES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks	\$ 241,000	2.65 %	12-14-11	12-1-16	\$ 195,000	\$ 0	47,000	\$ 148,000
Road Improvements	100,000	2	9-30-13	9-1-16	0	100,000	0	100,000
Total Notes Payable					\$ 195,000	\$ 100,000	\$ 47,000	\$ 248,000
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Jail Renovation	2,200,000	Variable	1-15-04	5-25-28	\$ 1,480,000	\$ 0	131,000	\$ 1,349,000
Jail Renovation	8,164,130	2.32	2-22-12	3-1-37	7,921,000	0	250,000	7,671,000
Total Other Loans Payable					\$ 9,401,000	\$ 0	\$ 381,000	\$ 9,020,000

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 81,000	\$ 4,956	\$ 85,956
2016	82,000	3,011	85,011
2017	85,000	1,016	86,016
Total	<u>\$ 248,000</u>	<u>\$ 8,983</u>	<u>\$ 256,983</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2015	\$ 340,000	\$ 181,744	\$ 9,025	\$ 530,769
2016	348,000	175,570	8,463	532,033
2017	357,000	169,251	7,888	534,139
2018	366,000	162,784	7,292	536,076
2019	376,000	156,169	6,677	538,846
2020	385,000	149,384	6,041	540,425
2021	395,000	142,452	5,385	542,837
2022	405,000	135,348	4,710	545,058
2023	416,000	128,074	4,014	548,088
2024	426,000	120,626	3,291	549,917
2025	437,000	113,007	2,549	552,556
2026	448,000	105,215	1,780	554,995
2027	459,000	97,228	990	557,218
2028	371,000	89,068	174	460,242
2029	353,000	80,991	0	433,991
2030	361,000	72,802	0	433,802
2031	370,000	64,426	0	434,426
2032	378,000	55,842	0	433,842
2033	387,000	47,073	0	434,073
2034	396,000	38,094	0	434,094
2035	406,000	28,907	0	434,907
2036	415,000	19,488	0	434,488
2037	425,000	9,860	0	434,860
Total	<u>\$ 9,020,000</u>	<u>\$ 2,343,403</u>	<u>\$ 68,279</u>	<u>\$ 11,431,682</u>

Exhibit K-3

Carroll County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Public Utility	General	Payment in-lieu-of taxes	\$ 327,208
"	Solid Waste/Sanitation	"	27,966
"	Highway/Public Works	"	25,170
"	General Debt Service	"	39,153
Total Transfers			<u>\$ 419,497</u>

Carroll County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Carroll County School Department
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 85,804 (1)	\$ 75,000	RLI Insurance Company
Highway Commissioners	Section 8-24-102, TCA, and County Commission	143,628 (2)	20,000 (3)	"
Director of Schools	State Board of Education and Carroll County Board of Education	72,987 (4)	100,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	65,632	758,200	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	65,632	50,000	"
County Clerk	Section 8-24-102, TCA	65,632	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	65,632	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	65,632 (5)	60,000	Auto-Owners Insurance Company
Register of Deeds	Section 8-24-102, TCA	65,632	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	72,195 (6)	25,000	"
Employee Bonds:				
Employee Blanket Bond - General County Government Board of Education			150,000	Local Government Property and Casualty Fund
			150,000	Tennessee Risk Management Trust

- (1) Includes a purchasing agent salary of \$10,000.
- (2) Includes four highway commissioners' salaries at \$35,907 each.
- (3) Includes four highway commissioners' bonds at \$5,000 each.
- (4) Includes a chief executive officer training supplement of \$1,000.
- (5) Does not include special commissioner fees of \$14,922.
- (6) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Carroll County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2014

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		
						General Debt	Service	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 4,087,531	\$ 349,360	\$ 0	\$ 0	\$ 314,440	\$ 489,096	\$ 5,240,427	
Trustee's Collections - Prior Year	126,708	10,860	0	0	9,859	15,001	162,428	
Trustee's Collections - Bankruptcy	135	13	0	0	14	11	173	
Circuit/Clerk and Master Collections - Prior Years	72,248	7,355	0	0	6,427	6,983	93,013	
Interest and Penalty	26,818	2,297	0	0	1,942	3,191	34,248	
Payments in-Lieu-of Taxes - T.V.A.	12	0	0	0	0	0	12	
Payments in-Lieu-of Taxes - Local Utilities	15,543	931	0	0	753	1,302	18,529	
Payments in-Lieu-of Taxes - Other	88,920	7,600	0	0	6,840	10,640	114,000	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	178,719	0	0	0	0	0	178,719	
Wheel Tax	827,546	0	0	0	465,494	0	1,293,040	
Litigation Tax - General	63,103	0	0	0	0	0	63,103	
Litigation Tax - Special Purpose	74,325	0	0	0	0	0	74,325	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	106,330	106,330	
Business Tax	157,828	0	0	0	0	0	157,828	
Mineral Severance Tax	0	0	0	0	36,207	0	36,207	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	131,675	0	0	0	0	0	131,675	
Wholesale Beer Tax	59,209	0	0	0	0	0	59,209	
Interstate Telecommunications Tax	1,616	0	0	0	0	0	1,616	
Total Local Taxes	\$ 5,911,936	\$ 378,416	\$ 0	\$ 0	\$ 841,976	\$ 632,554	\$ 7,764,882	
<u>Licenses and Permits</u>								
<u>Permits</u>								
Beer Permits	\$ 1,277	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,277	

(Continued)

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>Licenses and Permits (Cont.)</u>							
Permits (Cont.)							
Building Permits	45	0	0	0	0	0	45
Other Permits	450	0	0	0	0	0	450
Total Licenses and Permits	\$ 1,772	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,772
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	1,548	0	0	0	0	0	1,548
Officers Costs	2,972	0	0	0	0	0	2,972
Drug Control Fines	8,662	0	8,129	0	0	0	16,791
Drug Court Fees	3,040	0	0	0	0	0	3,040
Jail Fees	1,686	0	0	0	0	0	1,686
DUI Treatment Fines	285	0	0	0	0	0	285
Data Entry Fee - Circuit Court	472	0	0	0	0	0	472
Victims Assistance Assessments	3,450	0	0	0	0	0	3,450
<u>General Sessions Court</u>							
Fines	21,326	0	0	0	0	0	21,326
Officers Costs	51,109	0	0	0	0	0	51,109
Game and Fish Fines	613	0	0	0	0	0	613
Drug Control Fines	8,901	0	5,707	0	0	0	14,608
Drug Court Fees	3,153	0	0	0	0	0	3,153
Jail Fees	5,650	0	0	0	0	0	5,650
Judicial Commissioner Fees	1,170	0	0	0	0	0	1,170
DUI Treatment Fines	5,160	0	0	0	0	0	5,160
Data Entry Fee - General Sessions Court	6,627	0	0	0	0	0	6,627
Courtroom Security Fee	163	0	0	0	0	0	163
Victims Assistance Assessments	2,443	0	0	0	0	0	2,443

(Continued)

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

	Special Revenue Funds					Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Officers Costs	459 \$	0 \$	0 \$	0 \$	0 \$	459
Data Entry Fee - Juvenile Court	1,190	0	0	0	0	1,190
<u>Chancery Court</u>						
Officers Costs	1,378	0	0	0	0	1,378
Data Entry Fee - Chancery Court	3,778	0	0	0	0	3,778
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	7,364	0	0	7,364
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	2,700	0	1,900	0	0	4,600
Total Fines, Forfeitures, and Penalties	\$ 137,935 \$	0 \$	23,100 \$	0 \$	0 \$	\$ 161,035
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Residential Waste Collection Charge	0 \$	1,158,080 \$	0 \$	0 \$	0 \$	0 \$ 1,158,080
Solid Waste Disposal Fee	0	374	0	0	0	374
Other General Service Charges	1,508	0	0	0	0	1,508
<u>Fees</u>						
Copy Fees	167	0	0	0	0	167
Archives and Records Management Fee - County Clerk	9,304	0	0	0	0	9,304
Greenbelt Late Application Fee	450	0	0	0	0	450
Telephone Commissions	46,981	0	0	0	0	46,981
Vending Machine Collections	314	0	0	0	79	393
Constitutional Officers' Fees and Commissions	0	0	0	83,255	0	83,255
Data Processing Fee - Register	8,374	0	0	0	0	8,374
Data Processing Fee - Sheriff	4,570	0	0	0	0	4,570

(Continued)

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Sexual Offender Registration Fee - Sheriff	\$ 4,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,950
Data Processing Fee - County Clerk	2,147	0	0	0	0	0	2,147
Education Charges							
Contract for Instructional Services with Other LEAs	191,832	0	0	0	0	0	191,832
Total Charges for Current Services	\$ 270,897	\$ 1,158,454	\$ 0	\$ 83,255	\$ 79	\$ 0	\$ 1,512,385
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 38,132	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,132
Lease/Rentals	44,090	0	0	0	0	0	44,090
Sale of Materials and Supplies	0	0	0	0	855	0	855
Commissary Sales	23,992	0	0	0	0	0	23,992
Sale of Gasoline	148,710	0	0	0	0	0	148,710
Sale of Recycled Materials	0	83,136	0	0	0	0	83,136
Miscellaneous Refunds	48,549	1,589	0	0	1,689	0	51,827
<u>Nonrecurring Items</u>							
Sale of Equipment	11,133	0	0	0	2,630	0	13,763
Sale of Property	1,051	0	0	0	0	0	1,051
Damages Recovered from Individuals	200	0	0	0	0	0	200
Contributions and Gifts	9,381	0	0	0	0	0	9,381
<u>Other Local Revenues</u>							
Other Local Revenues	85,516	0	0	0	0	0	85,516
Total Other Local Revenues	\$ 410,754	\$ 84,725	\$ 0	\$ 0	\$ 5,174	\$ 0	\$ 500,653

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
Clerk and Master	\$ 15,752	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,752
<u>Fees in-Lieu-of Salary</u>							
County Clerk	257,720	0	0	0	0	0	257,720
Circuit Court Clerk	70,764	0	0	0	0	0	70,764
General Sessions Court Clerk	142,411	0	0	0	0	0	142,411
Juvenile Court Clerk	29,095	0	0	0	0	0	29,095
Register	91,838	0	0	0	0	0	91,838
Sheriff	9,923	0	0	0	0	0	9,923
Trustee	355,384	0	0	0	0	0	355,384
Total Fees Received from County Officials	\$ 972,887	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 972,887

<u>State of Tennessee</u>	
<u>General Government Grants</u>	
Juvenile Services Program	\$ 9,000
Airport Maintenance Program	5,372
Aging Programs	48,086
Alternative School Program	660,284
Solid Waste Grants	0
Public Safety Grants	32,147
Law Enforcement Training Programs	13,800
Other Public Safety Grants	8,164
<u>Health and Welfare Grants</u>	
Health Department Programs	253,775
<u>Public Works Grants</u>	
Bridge Program	0
	6,120
	13,800
	8,164
	253,775
	6,120
	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants (Cont.)</u>							
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 257,740	\$ 0	\$ 257,740
Litter Program	0	34,835	0	0	0	0	34,835
<u>Other State Revenues</u>							
Income Tax	15,215	0	0	0	0	0	15,215
Beer Tax	17,806	0	0	0	0	0	17,806
Vehicle Certificate of Title Fees	396	0	0	0	0	0	396
Alcoholic Beverage Tax	63,849	0	0	0	0	0	63,849
Mixed Drink Tax	2,377	0	0	0	0	0	2,377
Contracted Prisoner Boarding	752,025	0	0	0	0	0	752,025
Gasoline and Motor Fuel Tax	0	0	0	0	1,861,326	0	1,861,326
Petroleum Special Tax	0	0	0	0	20,580	0	20,580
Registrar's Salary Supplement	15,164	0	0	0	0	0	15,164
Other State Grants	89,888	0	0	0	0	0	89,888
Other State Revenues	146,768	0	0	0	0	0	146,768
Total State of Tennessee	\$ 2,101,969	\$ 66,982	\$ 0	\$ 0	\$ 2,145,766	\$ 0	\$ 4,314,717
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 240,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 240,850
Civil Defense Reimbursement	42,000	0	0	0	0	0	42,000
Homeland Security Grants	11,964	0	0	0	0	0	11,964
Other Federal through State	185,074	0	0	0	0	0	185,074
Total Federal Government	\$ 479,888	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 479,888

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 9,695	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,695
Paving and Maintenance	0	0	0	0	220	0	220
<u>Citizens Groups</u>							
Donations	6,997	0	0	0	0	0	6,997
<u>Other</u>							
Other	15,810	0	0	0	0	0	15,810
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 32,502</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 220</u>	<u>\$ 0</u>	<u>\$ 32,722</u>
<u>Total</u>	<u>\$ 10,320,240</u>	<u>\$ 1,688,577</u>	<u>\$ 23,100</u>	<u>\$ 83,255</u>	<u>\$ 2,993,215</u>	<u>\$ 632,554</u>	<u>\$ 15,740,941</u>

Exhibit K-6

Carroll County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Fund School Transpor - tation	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 524,031	\$ 524,031
Trustee's Collections - Prior Year	0	16,430	16,430
Trustee's Collections - Bankruptcy	0	24	24
Circuit/Clerk and Master Collections - Prior Years	0	12,526	12,526
Interest and Penalty	0	3,098	3,098
Payments in-Lieu-of Taxes - Local Utilities	0	43,345	43,345
Payments in-Lieu-of Taxes - Other	0	11,400	11,400
<u>County Local Option Taxes</u>			
Local Option Sales Tax	66,201	0	66,201
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	77	0	77
Total Local Taxes	\$ 66,278	\$ 610,854	\$ 677,132
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 43	\$ 0	\$ 43
Total Licenses and Permits	\$ 43	\$ 0	\$ 43
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Other	\$ 2,154	\$ 0	\$ 2,154
Lunch Payments - Children	1,478	0	1,478
Lunch Payments - Adults	1,309	0	1,309
Transportation - Other State Systems	47,709	0	47,709
Contract for Instructional Services with Other LEAs	612,201	0	612,201
<u>Other Charges for Services</u>			
Other Charges for Services	65,452	0	65,452
Total Charges for Current Services	\$ 730,303	\$ 0	\$ 730,303
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 11	\$ 0	\$ 11
Lease/Rentals	50	0	50
Sale of Materials and Supplies	557	0	557
Miscellaneous Refunds	23,958	0	23,958
<u>Nonrecurring Items</u>			
Sale of Equipment	12,225	0	12,225
Damages Recovered from Individuals	44	0	44
Contributions and Gifts	14,918	0	14,918
Total Other Local Revenues	\$ 51,763	\$ 0	\$ 51,763

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Fund School Transpor- tation	Total
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-behalf Contributions for OPEB	\$ 6,737	\$ 0	\$ 6,737
<u>State Education Funds</u>			
Basic Education Program	1,903,000	0	1,903,000
School Food Service	174	0	174
Driver Education	5,500	0	5,500
Other State Education Funds	181,065	0	181,065
Career Ladder Program	13,291	0	13,291
<u>Other State Revenues</u>			
Mixed Drink Tax	62	0	62
State Revenue Sharing - T.V.A.	0	754,741	754,741
Total State of Tennessee	<u>\$ 2,109,829</u>	<u>\$ 754,741</u>	<u>\$ 2,864,570</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 10,238	\$ 0	\$ 10,238
USDA - Commodities	1,069	0	1,069
Total Federal Government	<u>\$ 11,307</u>	<u>\$ 0</u>	<u>\$ 11,307</u>
Total	<u>\$ 2,969,523</u>	<u>\$ 1,365,595</u>	<u>\$ 4,335,118</u>

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	29,150	
Social Security		1,769	
State Retirement		8,593	
Employer Medicare		414	
Audit Services		8,557	
Dues and Memberships		3,284	
Legal Notices, Recording, and Court Costs		168	
Periodicals		1,062	
Other Charges		799	
Total County Commission			\$ 53,796

Board of Equalization

Board and Committee Members Fees	\$	1,010	
Data Processing Services		11,446	
Total Board of Equalization			12,456

Beer Board

Legal Notices, Recording, and Court Costs	\$	88	
Total Beer Board			88

Other Boards and Committees

Board and Committee Members Fees	\$	250	
Legal Notices, Recording, and Court Costs		230	
Total Other Boards and Committees			480

County Mayor/Executive

County Official/Administrative Officer	\$	75,804	
Assistant(s)		37,691	
Purchasing Personnel		10,000	
Secretary(ies)		27,731	
Part-time Personnel		6,501	
Social Security		9,104	
State Retirement		11,705	
Employee and Dependent Insurance		17,341	
Unemployment Compensation		281	
Employer Medicare		2,129	
Communication		1,944	
Dues and Memberships		1,700	
Maintenance Agreements		4,414	
Postal Charges		2,890	
Printing, Stationery, and Forms		1,635	
Travel		2,666	
Office Supplies		3,121	
Office Equipment		900	
Total County Mayor/Executive			217,557

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Consultants	\$	3,000	
Legal Services		901	
Total County Attorney			\$ 3,901

Election Commission

County Official/Administrative Officer	\$	59,068	
Deputy(ies)		27,300	
Election Commission		2,380	
Election Workers		300	
Social Security		5,198	
State Retirement		6,685	
Employee and Dependent Insurance		5,265	
Unemployment Compensation		108	
Employer Medicare		1,216	
Communication		568	
Legal Notices, Recording, and Court Costs		932	
Maintenance Agreements		14,157	
Maintenance and Repair Services - Equipment		270	
Postal Charges		1,694	
Printing, Stationery, and Forms		296	
Travel		3,615	
Office Supplies		516	
Office Equipment		3,676	
Total Election Commission			133,244

Register of Deeds

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		53,688	
Part-time Personnel		3,121	
Social Security		6,782	
State Retirement		9,235	
Employee and Dependent Insurance		31,272	
Unemployment Compensation		246	
Employer Medicare		1,586	
Communication		2,292	
Data Processing Services		6,900	
Dues and Memberships		603	
Maintenance Agreements		2,761	
Postal Charges		760	
Travel		1,259	
Other Contracted Services		2,375	
Office Supplies		1,953	
Office Equipment		9,936	
Total Register of Deeds			200,401

County Buildings

Custodial Personnel	\$	20,613	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance Personnel	\$	29,782	
Part-time Personnel		8,500	
Social Security		3,389	
State Retirement		4,558	
Employee and Dependent Insurance		11,119	
Unemployment Compensation		314	
Employer Medicare		793	
Communication		910	
Maintenance Agreements		3,008	
Maintenance and Repair Services - Buildings		79,963	
Maintenance and Repair Services - Equipment		3,641	
Maintenance and Repair Services - Vehicles		1,539	
Permits		635	
Custodial Supplies		9,204	
Electricity		76,728	
Gasoline		3,199	
Natural Gas		20,701	
Water and Sewer		6,920	
Other Supplies and Materials		1,029	
Building and Contents Insurance		59,574	
Liability Insurance		109,135	
Refunds		22,834	
Other Charges		41,955	
Building Construction		266,897	
Building Improvements		286,428	
Data Processing Equipment		15,405	
Total County Buildings			\$ 1,088,773

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		79,163	
In-service Training		125	
Social Security		7,700	
State Retirement		11,207	
Employee and Dependent Insurance		39,615	
Unemployment Compensation		324	
Employer Medicare		1,801	
Communication		1,035	
Contracts with Private Agencies		10,660	
Dues and Memberships		1,700	
Maintenance Agreements		1,947	
Postal Charges		989	
Travel		300	
Gasoline		71	
Office Supplies		2,012	
Total Property Assessor's Office			224,281

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Deputy(ies)	\$	16,490	
Data Processing Services		4,710	
Total Reappraisal Program			\$ 21,200

County Trustee's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		53,688	
Part-time Personnel		2,882	
Social Security		6,670	
State Retirement		9,235	
Employee and Dependent Insurance		27,732	
Unemployment Compensation		242	
Employer Medicare		1,560	
Communication		738	
Data Processing Services		6,555	
Dues and Memberships		703	
Legal Notices, Recording, and Court Costs		217	
Maintenance Agreements		1,125	
Postal Charges		5,619	
Gasoline		71	
Office Supplies		2,673	
Office Equipment		110	
Total County Trustee's Office			185,452

County Clerk's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		100,148	
Social Security		9,684	
State Retirement		12,767	
Employee and Dependent Insurance		18,584	
Unemployment Compensation		515	
Employer Medicare		2,265	
Communication		434	
Data Processing Services		3,000	
Dues and Memberships		150	
Maintenance Agreements		742	
Maintenance and Repair Services - Office Equipment		150	
Office Supplies		2,278	
Office Equipment		6,995	
Total County Clerk's Office			223,344

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		155,128	
Part-time Personnel		102	
Board and Committee Members Fees		150	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Jury and Witness Expense	\$	10,845	
Social Security		12,421	
State Retirement		17,087	
Employee and Dependent Insurance		42,590	
Unemployment Compensation		649	
Employer Medicare		2,905	
Communication		3,402	
Data Processing Services		21,312	
Dues and Memberships		838	
Legal Notices, Recording, and Court Costs		1,098	
Maintenance Agreements		5,830	
Postal Charges		2,051	
Travel		1,876	
Office Supplies		10,480	
Other Charges		215	
Data Processing Equipment		76,001	
Office Equipment		2,866	
Total Circuit Court			\$ 433,478

General Sessions Judge

Judge(s)	\$	105,597	
Social Security		6,281	
State Retirement		8,173	
Employee and Dependent Insurance		10,416	
Employer Medicare		1,469	
Dues and Memberships		70	
Travel		1,225	
Office Supplies		91	
Total General Sessions Judge			133,322

Drug Court

Other Per Diem and Fees	\$	6,194	
Total Drug Court			6,194

Chancery Court

Deputy(ies)	\$	105,602	
Social Security		5,560	
State Retirement		12,830	
Employee and Dependent Insurance		49,433	
Unemployment Compensation		432	
Employer Medicare		1,300	
Communication		2,259	
Data Processing Services		7,800	
Dues and Memberships		573	
Maintenance Agreements		2,743	
Postal Charges		2,060	
Office Supplies		2,205	
Data Processing Equipment		4,363	
Total Chancery Court			197,160

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Supervisor/Director	\$	50,632	
Youth Service Officer(s)		35,955	
Guidance Personnel		34,679	
In-service Training		80	
Social Security		6,762	
State Retirement		9,386	
Employee and Dependent Insurance		35,300	
Unemployment Compensation		264	
Employer Medicare		1,581	
Communication		1,975	
Maintenance Agreements		189	
Postal Charges		100	
Travel		115	
Office Supplies		1,264	
Total Juvenile Court	\$		178,282

Judicial Commissioners

Board and Committee Members Fees	\$	4,800	
Social Security		298	
Employer Medicare		70	
Total Judicial Commissioners			5,168

Victim Assistance Programs

Remittance of Revenue Collected	\$	5,836	
Total Victim Assistance Programs			5,836

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	72,195	
Deputy(ies)		805,871	
Detective(s)		14,442	
Investigator(s)		78,361	
Salary Supplements		13,200	
Part-time Personnel		3,270	
Overtime Pay		36,336	
Other Salaries and Wages		21,325	
In-service Training		18,764	
Social Security		60,544	
State Retirement		76,834	
Employee and Dependent Insurance		183,459	
Unemployment Compensation		2,914	
Employer Medicare		14,159	
Communication		15,453	
Contracts with Other Public Agencies		5,180	
Dues and Memberships		2,200	
Maintenance Agreements		14,108	
Maintenance and Repair Services - Equipment		7,940	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$	42,087	
Postal Charges		2,032	
Travel		9,921	
Electricity		14,208	
Gasoline		126,057	
Law Enforcement Supplies		2,455	
Natural Gas		1,109	
Office Supplies		8,054	
Uniforms		9,989	
Water and Sewer		1,439	
Other Supplies and Materials		657	
Other Charges		1,958	
Data Processing Equipment		4,576	
Motor Vehicles		106,232	
Other Equipment		29,966	
Total Sheriff's Department	\$		1,807,295

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	1,650	
Data Processing Supplies		42	
Data Processing Equipment		1,001	
Total Administration of the Sexual Offender Registry			2,693

Jail

Dispatchers/Radio Operators	\$	185,863	
Guards		894,180	
Clerical Personnel		30,173	
Cafeteria Personnel		47,869	
Part-time Personnel		40,775	
Overtime Pay		21,512	
In-service Training		833	
Social Security		69,255	
State Retirement		91,330	
Employee and Dependent Insurance		197,198	
Unemployment Compensation		5,561	
Employer Medicare		16,197	
Communication		10,157	
Maintenance Agreements		14,384	
Maintenance and Repair Services - Equipment		1,644	
Medical and Dental Services		220,002	
Travel		2,948	
Custodial Supplies		24,501	
Electricity		59,713	
Food Supplies		183,394	
Library Books/Media		713	
Natural Gas		18,203	
Prisoners Clothing		981	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Uniforms	\$	11,619	
Water and Sewer		32,563	
Other Supplies and Materials		7,683	
Other Equipment		5,507	
Total Jail			\$ 2,194,758

Juvenile Services

Educational Assistants	\$	558,076	
In-service Training		115	
Social Security		32,899	
State Retirement		40,477	
Employee and Dependent Insurance		67,916	
Unemployment Compensation		2,087	
Employer Medicare		7,694	
Communication		2,594	
Dues and Memberships		775	
Licenses		990	
Maintenance Agreements		5,115	
Maintenance and Repair Services - Equipment		430	
Maintenance and Repair Services - Vehicles		4,845	
Medical and Dental Services		4,807	
Postal Charges		322	
Travel		1,070	
Other Contracted Services		12,415	
Custodial Supplies		5,717	
Food Supplies		30,294	
Gasoline		25,722	
Instructional Supplies and Materials		3,836	
Office Supplies		6,328	
Other Supplies and Materials		12,797	
Building and Contents Insurance		1,688	
Liability Insurance		12,169	
Workers' Compensation Insurance		3,500	
Other Charges		4,569	
Motor Vehicles		50,200	
Office Equipment		130	
Other Equipment		9,269	
Total Juvenile Services			908,846

Fire Prevention and Control

Supervisor/Director	\$	33,899	
Other Salaries and Wages		16,000	
In-service Training		1,923	
Social Security		2,837	
State Retirement		2,624	
Employee and Dependent Insurance		11,564	
Unemployment Compensation		209	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Employer Medicare	\$	663	
Communication		1,581	
Dues and Memberships		515	
Maintenance and Repair Services - Equipment		11,528	
Maintenance and Repair Services - Vehicles		21,516	
Postal Charges		118	
Travel		2,033	
Gasoline		15,579	
Office Supplies		3,944	
Other Supplies and Materials		779	
Liability Insurance		7,488	
Other Charges		301	
Communication Equipment		5,655	
Other Equipment		62,702	
Total Fire Prevention and Control	\$		203,458

Civil Defense

Supervisor/Director	\$	38,678	
In-service Training		375	
Social Security		2,119	
State Retirement		2,994	
Employee and Dependent Insurance		10,332	
Unemployment Compensation		108	
Employer Medicare		496	
Communication		3,781	
Dues and Memberships		309	
Maintenance Agreements		2,007	
Maintenance and Repair Services - Equipment		2,428	
Maintenance and Repair Services - Vehicles		748	
Postal Charges		98	
Travel		51	
Gasoline		4,759	
Office Supplies		5,609	
Other Supplies and Materials		12,048	
Other Charges		5,922	
Other Equipment		2,976	
Total Civil Defense			95,838

County Coroner/Medical Examiner

Medical Personnel	\$	12,122	
Other Per Diem and Fees		4,800	
Contracts with Government Agencies		9,085	
Transportation - Other than Students		1,100	
Travel		1,567	
Total County Coroner/Medical Examiner			28,674

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Law Enforcement Equipment	\$ 3,005	
Total Other Public Safety		\$ 3,005

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 53,849	
Clerical Personnel	84,502	
Social Security	7,607	
State Retirement	6,017	
Employee and Dependent Insurance	38,096	
Unemployment Compensation	636	
Employer Medicare	1,779	
Communication	3,931	
Contracts with Government Agencies	23,066	
Dues and Memberships	200	
Janitorial Services	8,625	
Maintenance and Repair Services - Buildings	10,062	
Maintenance and Repair Services - Office Equipment	459	
Matching Share	1,873	
Travel	9,271	
Other Contracted Services	3,947	
Custodial Supplies	2,711	
Drugs and Medical Supplies	861	
Office Supplies	2,059	
Utilities	11,383	
Other Supplies and Materials	7,653	
Office Equipment	2,200	
Total Local Health Center		280,787

Rabies and Animal Control

Social Security	\$ 723	
State Retirement	929	
Employee and Dependent Insurance	1,110	
Unemployment Compensation	24	
Employer Medicare	169	
Communication	454	
Maintenance and Repair Services - Vehicles	226	
Pest Control	12,000	
Veterinary Services	1,490	
Animal Food and Supplies	421	
Gasoline	1,947	
Total Rabies and Animal Control		19,493

General Welfare Assistance

Contributions	\$ 100	
Pauper Burials	100	
Other Charges	800	
Total General Welfare Assistance		1,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services

Dues and Memberships	\$ 11,272	
Total Other Local Welfare Services		\$ 11,272

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 20,400	
Social Workers	15,486	
Other Salaries and Wages	11,256	
Social Security	2,785	
State Retirement	2,778	
Employee and Dependent Insurance	5,324	
Unemployment Compensation	308	
Employer Medicare	651	
Communication	1,712	
Contracts with Other Public Agencies	3,450	
Contracts with Private Agencies	1,820	
Licenses	810	
Maintenance Agreements	190	
Printing, Stationery, and Forms	3,214	
Travel	1,618	
Food Supplies	2,771	
Gasoline	2,039	
Office Supplies	663	
Other Charges	2,675	
Total Senior Citizens Assistance		79,950

Libraries

Assistant(s)	\$ 14,772	
Librarians	21,261	
Other Salaries and Wages	12,590	
Social Security	3,015	
State Retirement	2,789	
Unemployment Compensation	327	
Employer Medicare	705	
Communication	2,821	
Dues and Memberships	370	
Maintenance and Repair Services - Equipment	56	
Travel	400	
Library Books/Media	13,532	
Office Supplies	4,927	
Periodicals	561	
Office Equipment	5,461	
Total Libraries		83,587

Parks and Fair Boards

Supervisor/Director	\$ 43,561
Part-time Personnel	7,587

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Social Security	\$	2,980	
State Retirement		3,372	
Employee and Dependent Insurance		10,449	
Unemployment Compensation		203	
Employer Medicare		697	
Communication		961	
Maintenance Agreements		207	
Maintenance and Repair Services - Buildings		8,868	
Maintenance and Repair Services - Equipment		353	
Remittance of Revenue Collected		4,581	
Other Contracted Services		775	
Custodial Supplies		4,473	
Office Supplies		501	
Utilities		33,049	
Furniture and Fixtures		6,364	
Total Parks and Fair Boards			\$ 128,981

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	245,678	
Total Other Social, Cultural, and Recreational			245,678

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	35,331	
Secretary(ies)		6,111	
Other Fringe Benefits		10,150	
Communication		1,767	
Travel		1,000	
Office Equipment		1,498	
Total Agricultural Extension Service			55,857

Forest Service

Dues and Memberships	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	23,297	
Social Security		1,444	
State Retirement		1,803	
Unemployment Compensation		108	
Employer Medicare		338	
Total Soil Conservation			26,990

Flood Control

Dues and Memberships	\$	10,406	
Total Flood Control			10,406

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations

Industrial Development

Dues and Memberships	\$ 10,000	
Total Industrial Development		\$ 10,000

Other Economic and Community Development

Dues and Memberships	\$ 12,750	
Other Charges	4,250	
Total Other Economic and Community Development		17,000

Airport

Supervisor/Director	\$ 32,480	
Part-time Personnel	11,896	
Social Security	2,492	
State Retirement	2,514	
Employee and Dependent Insurance	11,473	
Unemployment Compensation	247	
Employer Medicare	583	
Communication	2,503	
Maintenance and Repair Services - Buildings	6,622	
Maintenance and Repair Services - Equipment	3,957	
Custodial Supplies	413	
Gasoline	138,509	
Office Supplies	188	
Utilities	16,918	
Liability Insurance	3,250	
Airport Improvement	205,266	
Total Airport		439,311

Veterans' Services

Supervisor/Director	\$ 20,000	
Social Security	1,240	
Unemployment Compensation	142	
Employer Medicare	290	
Communication	461	
Maintenance Agreements	189	
Postal Charges	196	
Travel	799	
Office Supplies	533	
Total Veterans' Services		23,850

Other Charges

Handling Charges and Administrative Costs	\$ 120	
Contributions	4,000	
Rentals	4,000	
Library Books/Media	8,000	
Road Signs	5,499	
Premiums on Corporate Surety Bonds	825	
Trustee's Commission	114,069	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Workers' Compensation Insurance	\$	89,298	
Liability Claims		39,612	
Total Other Charges			\$ 265,423

Contributions to Other Agencies

Contributions	\$	40,450	
Total Contributions to Other Agencies			40,450

Total General Fund \$ 10,311,015

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$	25,957	
Social Security		1,479	
State Retirement		2,009	
Employee and Dependent Insurance		3,658	
Unemployment Compensation		26	
Employer Medicare		346	
Communication		536	
Contracts with Private Agencies		1,017,555	
Legal Notices, Recording, and Court Costs		112	
Postal Charges		948	
Maintenance and Repair Services - Records		67,273	
Office Supplies		1,247	
Other Charges		1,474	
Office Equipment		2,130	
Total Waste Pickup			\$ 1,124,750

Recycling Center

Supervisor/Director	\$	49,322	
Clerical Personnel		25,957	
Part-time Personnel		743	
Other Salaries and Wages		140,266	
Social Security		12,415	
State Retirement		16,683	
Employee and Dependent Insurance		61,720	
Unemployment Compensation		894	
Employer Medicare		2,848	
Communication		1,129	
Contracts with Private Agencies		19,474	
Freight Expenses		7,141	
Legal Notices, Recording, and Court Costs		128	
Maintenance and Repair Services - Buildings		7,811	
Maintenance and Repair Services - Equipment		2,717	
Maintenance and Repair Services - Vehicles		5,460	
Transportation - Other than Students		344	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Travel	\$	139	
Brokerage Fees - Recyclables		4	
Custodial Supplies		139	
Gasoline		29,185	
Office Supplies		235	
Utilities		6,955	
Other Supplies and Materials		2,092	
Building and Contents Insurance		2,573	
Liability Insurance		4,399	
Trustee's Commission		19,297	
Workers' Compensation Insurance		10,000	
Other Charges		1,892	
Motor Vehicles		29,990	
Other Equipment		8,095	
Total Recycling Center			\$ 470,047

Highways

Litter and Trash Collection

Truck Drivers	\$	18,140	
Social Security		1,125	
Unemployment Compensation		128	
Employer Medicare		263	
Contracts with Government Agencies		288	
Maintenance and Repair Services - Vehicles		456	
Gasoline		3,323	
Other Supplies and Materials		839	
Other Charges		9,972	
Total Litter and Trash Collection			34,534

Total Solid Waste/Sanitation Fund \$ 1,629,331

Drug Control Fund

Public Safety

Drug Enforcement

Bank Charges	\$	30	
Communication		545	
Dues and Memberships		385	
Maintenance and Repair Services - Vehicles		784	
Travel		106	
Veterinary Services		1,010	
Other Contracted Services		400	
Animal Food and Supplies		514	
Trustee's Commission		244	
Law Enforcement Equipment		5,954	
Special Education Equipment		2,308	
Other Equipment		7,075	
Total Drug Enforcement			\$ 19,355

Total Drug Control Fund 19,355

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 93,870	
Total Chancery Court		\$ 93,870

Total Constitutional Officers - Fees Fund \$ 93,870

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 143,628	
Accountants/Bookkeepers	27,732	
Secretary(ies)	25,957	
Communication	4,530	
Contracts with Other Public Agencies	5,265	
Data Processing Services	6,524	
Dues and Memberships	3,165	
Evaluation and Testing	759	
Postal Charges	149	
Printing, Stationery, and Forms	128	
Travel	1,547	
Tuition	405	
Data Processing Supplies	578	
Drugs and Medical Supplies	506	
Electricity	4,912	
Natural Gas	1,971	
Office Supplies	523	
Utilities	1,107	
Water and Sewer	1,201	
Building and Contents Insurance	7,500	
Data Processing Equipment	500	
Other Equipment	1,000	
Total Administration		\$ 239,587

Highway and Bridge Maintenance

Equipment Operators	\$ 313,255	
Truck Drivers	117,584	
Laborers	151,622	
Contracts with Private Agencies	10,575	
Engineering Services	13,500	
Asphalt - Liquid	41,000	
Crushed Stone	17,906	
Ice	675	
Pipe - Metal	21,380	
Road Signs	7,082	
Wood Products	8,496	
Chemicals	464	
Other Supplies and Materials	1,320	
Total Highway and Bridge Maintenance		704,859

(Continued)

Exhibit K-7

Carroll 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)	\$	114,819	
Maintenance and Repair Services - Equipment		9,945	
Maintenance and Repair Services - Vehicles		10,962	
Diesel Fuel		140,954	
Equipment and Machinery Parts		170,440	
Garage Supplies		5,142	
Gasoline		49,172	
Lubricants		9,452	
Tires and Tubes		40,098	
Other Supplies and Materials		368	
Other Charges		888	
Total Operation and Maintenance of Equipment			\$ 552,240

Other Charges

Liability Insurance	\$	20,251	
Trustee's Commission		30,699	
Workers' Compensation Insurance		72,164	
Liability Claims		1,530	
Total Other Charges			124,644

Employee Benefits

Social Security	\$	60,017	
State Retirement		69,092	
Medical Insurance		381,208	
Unemployment Compensation		8,868	
Total Employee Benefits			519,185

Capital Outlay

Bridge Construction	\$	11,626	
Communication Equipment		230	
Highway Construction		710,753	
Motor Vehicles		19,973	
State Aid Projects		257,740	
Other Equipment		23,869	
Other Construction		129,328	
Other Capital Outlay		10,880	
Total Capital Outlay			1,164,399

Principal on Debt

Highways and Streets

Principal on Notes	\$	47,000	
Total Highways and Streets			47,000

Interest on Debt

Highways and Streets

Interest on Notes	\$	5,384	
Total Highways and Streets			5,384

Total Highway/Public Works Fund \$ 3,357,298

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Other Loans	\$ 381,000	
Total General Government		\$ 381,000
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Other Loans	\$ 187,685	
Total General Government		187,685
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 11,805	
Other Debt Service	10,351	
Total General Government		<u>22,156</u>
 Total General Debt Service Fund		 \$ 590,841
<u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Architects	\$ 48,723	
Building Construction	1,966,021	
Total General Administration Projects		<u>\$ 2,014,744</u>
 Total Other Capital Projects Fund		 <u>2,014,744</u>
 Total Governmental Funds - Primary Government		 <u>\$ 18,016,454</u>

Exhibit K-8

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2014

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$	23,642	
Career Ladder Program		1,500	
Employer Medicare		365	
Instructional Supplies and Materials		2,000	
Total Regular Instruction Program	\$		27,507

Alternative Instruction Program

Teachers	\$	35,475	
Educational Assistants		15,182	
Non-certified Substitute Teachers		557	
Social Security		3,093	
State Retirement		4,342	
Medical Insurance		11,370	
Employer Medicare		723	
Instructional Supplies and Materials		2,000	
Regular Instruction Equipment		464	
Total Alternative Instruction Program			73,206

Special Education Program

Teachers	\$	244,967	
Career Ladder Program		3,000	
Educational Assistants		64,283	
Certified Substitute Teachers		1,135	
Non-certified Substitute Teachers		1,889	
Social Security		18,273	
State Retirement		26,822	
Medical Insurance		28,773	
Employer Medicare		4,274	
Maintenance and Repair Services - Equipment		1,932	
Travel		242	
Other Contracted Services		9,872	
Instructional Supplies and Materials		5,244	
Other Supplies and Materials		59	
Other Charges		2,542	
Special Education Equipment		3,320	
Total Special Education Program			416,627

Vocational Education Program

Teachers	\$	395,411	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,511	
Certified Substitute Teachers		955	
Non-certified Substitute Teachers		4,220	
Social Security		22,891	
State Retirement		35,782	
Medical Insurance		52,939	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Employer Medicare	\$	5,353	
Travel		206	
Instructional Supplies and Materials		22,150	
Textbooks		2,950	
Other Charges		195	
Vocational Instruction Equipment		12,646	
Total Vocational Education Program			\$ 560,209

Adult Education Program

Educational Assistants	\$	27	
Social Security		2	
Other Charges		484	
Total Adult Education Program			513

Support Services

Attendance

Clerical Personnel	\$	24,280	
Social Security		1,466	
State Retirement		1,879	
Medical Insurance		5,224	
Employer Medicare		343	
Other Contracted Services		19	
In Service/Staff Development		961	
Total Attendance			34,172

Health Services

Medical Personnel	\$	25,221	
Other Salaries and Wages		67,429	
Social Security		5,485	
State Retirement		7,090	
Employer Medicare		1,283	
Communication		712	
Printing, Stationery, and Forms		400	
Travel		2,256	
Other Contracted Services		1,000	
Drugs and Medical Supplies		916	
Other Supplies and Materials		7,779	
In Service/Staff Development		2,513	
Other Charges		289	
Health Equipment		2,728	
Total Health Services			125,101

Other Student Support

Secretary(ies)	\$	24,280	
Other Salaries and Wages		1,214	
Social Security		1,541	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

State Retirement	\$	1,973	
Medical Insurance		5,685	
Employer Medicare		360	
Communication		7,817	
Evaluation and Testing		5,723	
Operating Lease Payments		6,780	
Travel		6,924	
Other Supplies and Materials		1,254	
Other Charges		1,061	
Total Other Student Support			\$ 64,612

Special Education Program

Supervisor/Director	\$	60,780	
Career Ladder Program		3,000	
Social Security		3,651	
State Retirement		5,664	
Medical Insurance		5,901	
Employer Medicare		854	
Travel		556	
Other Supplies and Materials		417	
In Service/Staff Development		6,515	
Other Charges		289	
Total Special Education Program			87,627

Vocational Education Program

Secretary(ies)	\$	24,280	
Social Security		1,233	
State Retirement		1,879	
Medical Insurance		4,276	
Employer Medicare		288	
In Service/Staff Development		9,120	
Other Charges		780	
Total Vocational Education Program			41,856

Adult Programs

Communication	\$	2,859	
Total Adult Programs			2,859

Other Programs

On-behalf Payments to OPEB	\$	6,737	
Total Other Programs			6,737

Board of Education

Board and Committee Members Fees	\$	6,600	
Social Security		409	
Unemployment Compensation		5,649	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Employer Medicare	\$	96	
Other Fringe Benefits		283	
Audit Services		2,850	
Dues and Memberships		1,705	
Liability Insurance		62,987	
Trustee's Commission		5,310	
Workers' Compensation Insurance		70,214	
In Service/Staff Development		6,551	
Criminal Investigation of Applicants - TBI		845	
Other Charges		2,571	
Total Board of Education	\$		166,070

Director of Schools

County Official/Administrative Officer	\$	71,987	
Career Ladder Program		1,000	
Social Security		4,415	
State Retirement		6,481	
Medical Insurance		19,972	
Employer Medicare		1,033	
Communication		1,112	
Dues and Memberships		1,530	
Postal Charges		2,227	
Travel		737	
Other Supplies and Materials		191	
In Service/Staff Development		3,972	
Other Charges		31	
Total Director of Schools			114,688

Office of the Principal

Principals	\$	63,000	
Social Security		3,841	
State Retirement		5,594	
Medical Insurance		5,685	
Employer Medicare		898	
Communication		7,724	
Postal Charges		460	
Travel		478	
In Service/Staff Development		1,421	
Administration Equipment		752	
Total Office of the Principal			89,853

Fiscal Services

Accountants/Bookkeepers	\$	45,885	
Clerical Personnel		41,208	
Other Salaries and Wages		4,355	
Social Security		5,098	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

State Retirement	\$	7,078	
Medical Insurance		11,879	
Employer Medicare		1,192	
Data Processing Services		6,525	
Data Processing Supplies		1,600	
Office Supplies		1,491	
In Service/Staff Development		151	
Total Fiscal Services			\$ 126,462

Operation of Plant

Janitorial Services	\$	35,714	
Disposal Fees		3,326	
Other Contracted Services		2,348	
Custodial Supplies		9,860	
Electricity		54,780	
Natural Gas		21,127	
Water and Sewer		3,709	
Total Operation of Plant			130,864

Maintenance of Plant

Maintenance Personnel	\$	53,245	
Other Salaries and Wages		218	
Social Security		2,884	
State Retirement		4,121	
Medical Insurance		12,858	
Employer Medicare		674	
Maintenance and Repair Services - Buildings		9,412	
Maintenance and Repair Services - Equipment		11,260	
Travel		237	
Other Contracted Services		4,609	
Other Supplies and Materials		6,090	
Other Charges		350	
Maintenance Equipment		2,206	
Total Maintenance of Plant			108,164

Transportation

Assistant(s)	\$	212	
Bus Drivers		45,962	
Other Salaries and Wages		19,909	
Social Security		4,097	
State Retirement		4,745	
Employer Medicare		958	
Communication		4,302	
Other Charges		105	
Transportation Equipment		517,500	
Total Transportation			597,790

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Other Salaries and Wages	\$	37,555	
Social Security		2,264	
State Retirement		2,907	
Medical Insurance		5,685	
Employer Medicare		530	
Communication		12,646	
Travel		150	
Other Contracted Services		12,788	
Other Supplies and Materials		1,814	
In Service/Staff Development		1,519	
Other Charges		3,593	
Administration Equipment		1,812	
Other Equipment		10,058	
Total Central and Other	\$		93,321

Operation of Non-instructional Services

Food Service

Cafeteria Personnel	\$	11,786	
Social Security		731	
State Retirement		912	
Employer Medicare		171	
Maintenance and Repair Services - Equipment		403	
Food Supplies		9,813	
USDA - Commodities		1,069	
Other Supplies and Materials		396	
In Service/Staff Development		20	
Other Charges		470	
Food Service Equipment		2,013	
Total Food Service			27,784

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	31,248	
Other Capital Outlay		67,427	
Total Regular Capital Outlay			98,675

Total General Purpose School Fund \$ 2,994,697

School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$	405	
Trustee's Commission		19,144	
Total Board of Education	\$		19,549

(Continued)

Exhibit K-8

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	39,480	
Mechanic(s)		88,917	
Bus Drivers		470,225	
Clerical Personnel		24,972	
Other Salaries and Wages		24,932	
In-service Training		200	
Social Security		38,849	
State Retirement		48,482	
Medical Insurance		26,088	
Employer Medicare		9,217	
Laundry Service		4,635	
Maintenance and Repair Services - Equipment		4,454	
Maintenance and Repair Services - Vehicles		14,435	
Medical and Dental Services		8,370	
Travel		62	
Other Contracted Services		2,982	
Diesel Fuel		296,712	
Garage Supplies		2,583	
Gasoline		2,823	
Lubricants		8,651	
Small Tools		935	
Tires and Tubes		10,314	
Vehicle Parts		53,965	
Gravel and Chert		1,021	
Other Supplies and Materials		2,714	
In Service/Staff Development		2,252	
Other Charges		2,671	
Other Equipment		3,666	
Total Transportation		<u>3,666</u>	\$ <u>1,194,607</u>
Total School Transportation Fund			\$ <u>1,214,156</u>
Total Governmental Funds - Carroll County School Department			\$ <u>4,208,853</u>

Exhibit K-9

Carroll County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2014

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 218	\$ 218
Circuit/Clerk & Master Collections - Prior Years	0	122,559	122,559
Local Option Sales Tax	2,351,975	2,461,749	4,813,724
Interstate Telecommunications Tax	0	2,806	2,806
City/School District Property Taxes:			
Current Property Tax	0	4,862,546	4,862,546
Prior Year's Property Tax	0	164,635	164,635
Interest and Penalty	0	31,428	31,428
Payments in-Lieu-of Taxes	0	268,551	268,551
Marriage Licenses	0	1,564	1,564
Mixed Drink Tax	0	2,349	2,349
Total Cash Receipts	<u>\$ 2,351,975</u>	<u>\$ 7,918,405</u>	<u>\$ 10,270,380</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,328,455	\$ 7,834,264	\$ 10,162,719
Trustee's Commission	23,520	131,055	154,575
Total Cash Disbursements	<u>\$ 2,351,975</u>	<u>\$ 7,965,319</u>	<u>\$ 10,317,294</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ (46,914)	\$ (46,914)
Cash Balance, July 1, 2013	0	298,167	298,167
Cash Balance, June 30, 2014	<u>\$ 0</u>	<u>\$ 251,253</u>	<u>\$ 251,253</u>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

Carroll County Mayor and
Board of County Commissioners
Carroll 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Carroll County's basic financial statements, and have issued our report thereon dated December 4, 2014. Our report includes a reference to other auditors who audited the financial statements of the Carroll County Board of Public Utilities, the Carroll County Indigent Care Board, and the discretely presented Carroll County Emergency Communications District as described in our report on Carroll County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2014-001 and 2014-005.

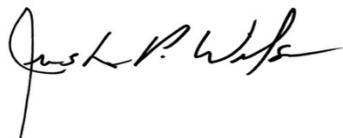
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-002 and 2014-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2014-003.

Purpose of this Report

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



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 4, 2014

JPW/kp



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Carroll County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Carroll County's major federal programs for the year ended June 30, 2014. Carroll County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Carroll County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and*

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carroll 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 Carroll County's compliance.

Opinion on Each Major Federal Program

In our opinion, Carroll 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, 2014.

Report on Internal Control Over Compliance

Management of Carroll 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 Carroll County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

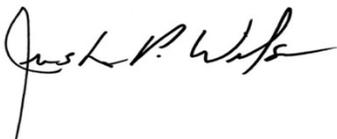
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Carroll County's basic financial statements. We issued our report thereon dated December 4, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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

December 4, 2014

JPW/kp

Carroll County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 1,069 (3)
Passed-through State Department of Education:			
National School Lunch Program	10.555	N/A	10,238 (3)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG1338938	18,810
Total U.S. Department of Agriculture			<u>\$ 30,117</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.unknown	N/A	\$ 378,956
Total U.S. Department of Defense			<u>\$ 378,956</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 240,850
Total U.S. Department of Housing and Urban Development			<u>\$ 240,850</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 3,164
Total U.S. Department of Justice			<u>\$ 3,164</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO13171	\$ 180,404
Alcohol Open Container Requirements	20.607	Z14GHS049	5,000
Total U.S. Department of Transportation			<u>\$ 185,404</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 3,244
Total U.S. Election Assistance Commission			<u>\$ 3,244</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 48,086
Passed-through State Department of Health:			
Family Planning Services	93.217	GG1338768	2,114
Medical Assistance Program	93.778	GG1338768	19,520
HIV Prevention Activities - Health Department Based	93.940	GG1338768	606
Maternal and Child Health Services Block Grant to the States	93.994	GG1338768	18,890
Total U. S. Department of Health and Human Services			<u>\$ 89,216</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 42,000
Homeland Security Grant Program	97.067	(2)	11,964
Total U.S. Department of Homeland Security			<u>\$ 53,964</u>
Total Expenditures of Federal Awards			<u>\$ 984,915</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Airport Maintenance Program - State Department of Transportation	N/A	(2)	\$ 5,372
Airport Improvement Grant - State Department of Transportation	N/A	AERO13171	9,495
Juvenile Court Improvement Grant - State Commission on Children and Youth	N/A	GG1030116	9,000
Juvenile Court Prevention Services - State Department of Children's Services	N/A	(2)	660,284
Litter Program - State Department of Transportation	N/A	(2)	34,835
Local Health Services - State Department of Health	N/A	(2)	169,022
Rural Library Computer Grant - Tennessee Secretary of State	N/A	(2)	2,147
Community Development - State Department of Environment and Conservation	N/A	35465	78,000
Help America Vote Act Requirements Payments - Tennessee Secretary of State	N/A	(2)	171
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	24,052
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)	8,095
Coordinated School Health - State Department of Education	N/A	(2)	95,000
Safe Schools - State Department of Education	N/A	(2)	<u>1,732</u>
 Total State Grants			 <u>\$ 1,097,205</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) Information not available.
- (3) Total for CFDA No. 10.555 is \$11,307.

Carroll County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Carroll County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF HIGHWAY COMMISSION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-002	151	The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation
2013-004	152	The Highway Department did not maintain a system to account for materials used on some types of road projects

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-005	152	The docket trial balance was not reconciled with cash control records

OFFICES OF HIGHWAY COMMISSION; DIRECTOR OF SCHOOLS; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-006	153	Duties were not segregated adequately

CARROLL COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-007	153	Carroll County has a material recurring audit finding

CARROLL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Carroll County is unmodified.
2. The audit of the financial statements of Carroll County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Carroll County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Section 1033 Excess Property Program (CFDA No. 12.UNKNOWN), the Community Development Block Grants - State's Program (CFDA No. 14.228), and the Airport Improvement Program (CFDA No. 20.106) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Carroll County did not qualify as a low-risk auditee.

Part II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF HIGHWAY COMMISSION

FINDING 2014-001

THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2014, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$175,690 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 2014-002

THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS

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

The Highway Department had a system to determine the use of materials, such as bridge lumber, culvert tiles, and rock, for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. This deficiency exists because management failed to correct the finding noted in prior-year audit reports. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

RECOMMENDATION

The Highway Department should develop and implement a system to account for materials used on all types of road projects.

OFFICE OF CLERK AND MASTER

FINDING 2014-003

THE DOCKET TRIAL BALANCE WAS NOT RECONCILED WITH CASH CONTROL RECORDS

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2014, the clerk and master had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, this trial balance did not reconcile with general ledger accounts by \$18,502. Therefore, we were unable to determine if the clerk and master had complied with provisions of the Unclaimed Property Act, Section 66-29-113, *TCA*. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to identify all funds placed on deposit with the court, and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The execution docket trial balance should be reconciled with general ledger accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

OFFICES OF HIGHWAY COMMISSION; DIRECTOR OF SCHOOLS; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND SHERIFF

FINDING 2014-004

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees in the Offices of Highway Commission; Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's

decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

CARROLL COUNTY

FINDING 2014-005

**CARROLL COUNTY HAS A MATERIAL RECURRING
AUDIT FINDING**

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

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

<u>Finding Numbers</u>	<u>Description</u>
2014-001, 2013-002, 12.01	The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Carroll County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Carroll County should work with its Audit Committee to correct the above-noted material weakness in internal control.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Carroll County.

CARROLL COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Carroll County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission, resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

CARROLL COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014

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