

ANNUAL FINANCIAL REPORT
CARROLL COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND HIGHWAY COMMISSION

- ◆ A transfer approved by the County Commission from the General Fund to the Highway/Public Works Fund is of questionable legality.

OFFICE OF CLERK AND MASTER

- ◆ The docket trial balance was not reconciled with cash control records.
- ◆ Special commissioner fees exceeded the percentage authorized by state statute.

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

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Carroll County Officials
June 30, 2015

Officials

Kenny McBride, County Mayor
John McAdams, Director of Schools
Paula Bolen, 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
John Austin
William Barger
Johnny Blount
Manuel Crossno
Joey Darnall
Hal Eason
Willie Huffman
Wayne Kirk
Randy Long

John Mann
Jimmy McClure
Ronnie Murphy
Ronnie Owen
Steve Parker
Will Radford
Gerald Scarbrough
Larry Spencer
Gaylon Sydnor
Joel Washburn
Paula Watkins

Highway Commission

Kenny McBride, County Mayor, Chairman
Scotty Bailey
Ricky Scott

Audit Committee

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 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 23 percent, 63 percent, and 4 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 14 percent, 15 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Emphasis of Matter

We draw attention to Notes I.D.8. and VIII.B.3. to the financial statements, which describe restatements decreasing the beginning Governmental Activities net position by \$557,715, decreasing the discretely presented Carroll County School Department's net position by \$497,726, and increasing the discretely presented Carroll County Emergency Communications District's net position by \$19,650 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedule of funding progress – other postemployment benefit plans on pages 104 - 111 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, 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.

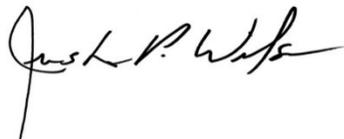
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Carroll County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility 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, 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 February 9, 2016, 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

February 9, 2016

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Carroll County School Department	Emergency Communications District
	Activities	Activities			
<u>ASSETS</u>					
Cash	\$ 19,718	\$ 3,686,826	\$ 3,706,544	\$ 0	\$ 1,034,073
Equity in Pooled Cash and Investments	5,613,215	0	5,613,215	6,886,256	0
Inventories	0	525,606	525,606	0	0
Investments	0	5,704,508	5,704,508	0	0
Accounts Receivable	63,067	3,060,049	3,123,116	0	0
Due from Other Governments	836,537	0	836,537	86,079	0
Property Taxes Receivable	5,710,883	0	5,710,883	592,615	0
Allowance for Uncollectible Property Taxes	(254,886)	0	(254,886)	(25,993)	0
Prepaid Items and Other Current Assets	0	247,897	247,897	0	4,451
Accrued Interest Receivable	0	0	0	0	10,240
Other Restricted Assets	0	442,460	442,460	0	50
Net Pension Asset - Agent Plan	645,415	0	645,415	232,701	46,677
Net Pension Asset - Cost-sharing Plan	0	0	0	3,652	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,747,068	284,070	2,031,138	176,489	0
Construction in Progress	705,395	135,250	840,645	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	13,924,457	0	13,924,457	967,537	201,345
Infrastructure	6,140,212	0	6,140,212	0	0
Other Capital Assets	1,462,742	20,013,541	21,476,283	2,459,420	498,692
Total Assets	\$ 36,613,823	\$ 34,100,207	\$ 70,714,030	\$ 11,378,756	\$ 1,795,528
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Pension Changes in Experience	\$ 2,047	\$ 0	\$ 2,047	\$ 8,866	\$ 0
Pension Contributions After Measurement Date	467,360	0	467,360	167,240	7,279
Total Deferred Outflows of Resources	\$ 469,407	\$ 0	\$ 469,407	\$ 176,106	\$ 7,279
<u>LIABILITIES</u>					
Accounts Payable	\$ 7,659	\$ 3,141,431	\$ 3,149,090	\$ 548	\$ 995
Accrued Payroll	0	0	0	1,325	0
Payroll Deductions Payable	104,859	0	104,859	50,677	2,698
Accrued Leave	0	296,240	296,240	0	0
Contracts Payable	200,347	0	200,347	0	0
Retainage Payable	13,514	0	13,514	0	0
Accrued Interest Payable	58,041	1,385	59,426	0	0
Other Current Liabilities	0	787,745	787,745	0	0
Customer Deposits Payable	0	908,341	908,341	0	0
Noncurrent Liabilities:					
Due Within One Year	444,983	171,703	616,686	0	0
Due in More Than One Year	8,657,845	941,041	9,598,886	47,702	0
Total Liabilities	\$ 9,487,248	\$ 6,247,886	\$ 15,735,134	\$ 100,252	\$ 3,693

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Carroll County School Department	Emergency Communications District
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 5,179,920	\$ 0	\$ 5,179,920	\$ 539,014	\$ 0
Pension Changes in Experience	280,915	0	280,915	101,282	1,576
Pension Changes in Investment Earnings	870,438	0	870,438	612,435	16,842
Pension Other Deferrals	0	0	0	6,549	0
Total Deferred Inflows of Resources	<u>\$ 6,331,273</u>	<u>\$ 0</u>	<u>\$ 6,331,273</u>	<u>\$ 1,259,280</u>	<u>\$ 18,418</u>
NET POSITION					
Net Investment in Capital Assets	\$ 15,182,874	\$ 20,261,158	\$ 35,444,032	\$ 3,603,446	\$ 700,037
Restricted for:					
General Government	79,313	0	79,313	0	0
Administration of Justice	22,923	0	22,923	0	0
Public Safety	169,449	0	169,449	0	0
Public Health and Welfare	159,387	0	159,387	0	0
Highways/Public Works	143,628	0	143,628	0	0
Education	0	0	0	236,353	0
Instruction	0	0	0	10,231	0
Support Services	0	0	0	25,404	0
Operation of Non-instructional Services	0	0	0	6,387	0
Debt Service	1,086,039	441,075	1,527,114	0	0
Other Purposes	645,415	0	645,415	0	46,677
Unrestricted	<u>3,775,681</u>	<u>7,150,088</u>	<u>10,925,769</u>	<u>6,313,509</u>	<u>1,033,982</u>
Total Net Position	<u>\$ 21,264,709</u>	<u>\$ 27,852,321</u>	<u>\$ 49,117,030</u>	<u>\$ 10,195,330</u>	<u>\$ 1,780,696</u>

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

Exhibit B

Carroll County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues				Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	Carroll County School Department	Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 1,430,982	\$ 268,140	\$ 28,516	\$ 0	\$ (1,134,326)	\$ 0	\$ (1,134,326)	\$ 0	\$ 0	\$ 0
Finance	772,569	623,252	0	0	(149,317)	0	(149,317)	0	0	0
Administration of Justice	1,009,529	605,564	0	0	(403,965)	0	(403,965)	0	0	0
Public Safety	5,958,320	1,083,425	1,268,735	77,042	(3,529,118)	0	(3,529,118)	0	0	0
Public Health and Welfare	1,878,091	1,221,921	449,087	0	(207,083)	0	(207,083)	0	0	0
Social, Cultural, and Recreational Services	584,913	63,684	49,981	4,000	(467,248)	0	(467,248)	0	0	0
Agriculture and Natural Resources	160,455	0	0	0	(160,455)	0	(160,455)	0	0	0
Highways/Public Works	3,443,395	6,102	2,179,422	603,277	(654,594)	0	(654,594)	0	0	0
Interest on Long-term Debt	193,311	0	0	0	(193,311)	0	(193,311)	0	0	0
Total Governmental Activities	\$ 15,431,565	\$ 3,872,088	\$ 3,975,741	\$ 684,319	\$ (6,899,417)	\$ 0	\$ (6,899,417)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Public Utility	\$ 35,560,050	\$ 36,317,639	\$ 0	\$ 0	\$ 0	\$ 757,589	\$ 757,589	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 35,560,050	\$ 36,317,639	\$ 0	\$ 0	\$ 0	\$ 757,589	\$ 757,589	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 50,991,615	\$ 40,189,727	\$ 3,975,741	\$ 684,319	\$ (6,899,417)	\$ 757,589	\$ (6,141,828)	\$ 0	\$ 0	\$ 0
Component Units:										
Carroll County School Department	\$ 3,778,758	\$ 766,074	\$ 129,213	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,883,471)	\$ 0	\$ 0
Emergency Communications District	778,652	268,259	71,430	0	0	0	0	0	(438,963)	0
Total Component Units	\$ 4,557,410	\$ 1,034,333	\$ 200,643	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,883,471)	\$ (438,963)	\$ 0

(Continued)

Exhibit B

Carroll County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						Component Units	
		Program Revenues			Primary Government			Carroll County School Department	Emergency Communications District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business- type Activities	Total		
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 5,162,426	\$ 0	\$ 5,162,426	\$ 569,818	\$ 0
Property Taxes Levied for Debt Service					531,256	0	531,256	0	0
Local Option Sales Taxes					185,378	0	185,378	66,225	0
Wheel Tax					1,285,282	0	1,285,282	0	0
Litigation Taxes					242,310	0	242,310	0	0
Business Tax					171,481	0	171,481	0	0
Wholesale Beer Tax					63,826	0	63,826	0	0
Other Local Taxes					59,467	0	59,467	112	0
Grants and Contributions Not Restricted to Specific Programs					418,034	0	418,034	2,805,621	62,053
Unrestricted Investment Income					37,767	39,656	77,423	0	14,397
Miscellaneous					21,767	0	21,767	51,596	0
Special Items					12,063	0	12,063	0	0
Pension Income					51,187	0	51,187	22,679	8,609
Total General Revenues					\$ 8,242,244	\$ 39,656	\$ 8,281,900	\$ 3,516,051	\$ 85,059
Transfers					\$ 410,901	\$ (410,901)	\$ 0	\$ 0	\$ 0
Change in Net Position					\$ 1,753,728	\$ 386,344	\$ 2,140,072	\$ 632,580	\$ (353,904)
Net Position, July 1, 2014					20,068,696	27,465,977	47,534,673	10,060,476	2,114,950
Restatement - Pension Liability (see Note I.D.8)					(557,715)	0	(557,715)	(497,726)	0
Restatement - Pension Liability (see Note VIII.B.3)					0	0	0	0	19,650
Net Position, June 30, 2015					\$ 21,264,709	\$ 27,852,321	\$ 49,117,030	\$ 10,195,330	\$ 1,780,696

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, 2015

	Major Funds		Nonmajor Funds	Total
	General	Highway / Public Works	Other Govern- mental Funds	Governmental Funds
<u>ASSETS</u>				
Cash	\$ 250	\$ 0	\$ 19,468	\$ 19,718
Equity in Pooled Cash and Investments	3,274,768	557,208	1,781,239	5,613,215
Accounts Receivable	54,901	3,597	4,569	63,067
Due from Other Governments	273,510	546,689	16,338	836,537
Due from Other Funds	5,417	0	0	5,417
Property Taxes Receivable	4,478,098	339,798	892,987	5,710,883
Allowance for Uncollectible Property Taxes	(199,365)	(15,226)	(40,295)	(254,886)
Total Assets	<u>\$ 7,887,579</u>	<u>\$ 1,432,066</u>	<u>\$ 2,674,306</u>	<u>\$ 11,993,951</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 7,659	\$ 0	\$ 0	\$ 7,659
Payroll Deductions Payable	99,318	0	5,541	104,859
Contracts Payable	0	200,347	0	200,347
Retainage Payable	13,514	0	0	13,514
Due to Other Funds	0	0	5,417	5,417
Total Liabilities	<u>\$ 120,491</u>	<u>\$ 200,347</u>	<u>\$ 10,958</u>	<u>\$ 331,796</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,063,392	\$ 308,008	\$ 808,520	\$ 5,179,920
Deferred Delinquent Property Taxes	198,147	15,242	40,645	254,034
Other Deferred/Unavailable Revenue	43,865	181,492	0	225,357
Total Deferred Inflows of Resources	<u>\$ 4,305,404</u>	<u>\$ 504,742</u>	<u>\$ 849,165</u>	<u>\$ 5,659,311</u>

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Funds Other Govern- mental Funds	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 46,937	\$ 0	\$ 0	\$ 46,937
Restricted for Administration of Justice	22,923	0	0	22,923
Restricted for Public Safety	127,671	0	41,778	169,449
Restricted for Public Health and Welfare	142,452	0	0	142,452
Restricted for Debt Service	0	0	1,119,672	1,119,672
Restricted for Other Purposes	26,870	0	0	26,870
Committed:				
Committed for Administration of Justice	0	0	18,120	18,120
Committed for Public Safety	408,704	0	0	408,704
Committed for Public Health and Welfare	0	0	423,267	423,267
Committed for Social, Cultural, and Recreational Services	128,613	0	0	128,613
Committed for Highways/Public Works	0	726,977	0	726,977
Committed for Debt Service	0	0	211,346	211,346
Unassigned	2,557,514	0	0	2,557,514
Total Fund Balances	<u>\$ 3,461,684</u>	<u>\$ 726,977</u>	<u>\$ 1,814,183</u>	<u>\$ 6,002,844</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,887,579</u>	<u>\$ 1,432,066</u>	<u>\$ 2,674,306</u>	<u>\$ 11,993,951</u>

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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 6,002,844
(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	705,395	
Add: buildings and improvements net of accumulated depreciation	13,924,457	
Add: infrastructure net of accumulated depreciation	6,140,212	
Add: other capital assets net of accumulated depreciation	<u>1,462,742</u>	23,979,874
(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	\$ (167,000)	
Less: other loans payable	(8,630,000)	
Less: accrued interest on notes and other loans	(58,041)	
Less: compensated absences payable	(299,689)	
Less: net pension liability - Carroll County Commissioners agent plan	<u>(6,139)</u>	(9,160,869)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 469,407	
Less: deferred inflows of resources related to pensions	<u>(1,151,353)</u>	(681,946)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - Carroll County agent plan		645,415
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>479,391</u>
Net position of governmental activities (Exhibit A)		<u>\$ 21,264,709</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, 2015

	Major Funds		Nonmajor	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 6,041,241	\$ 866,933	\$ 1,022,515	\$ 7,930,689
Licenses and Permits	1,420	0	0	1,420
Fines, Forfeitures, and Penalties	144,719	0	29,808	174,527
Charges for Current Services	294,846	67	1,267,904	1,562,817
Other Local Revenues	410,301	8,254	70,313	488,868
Fees Received From County Officials	970,504	0	0	970,504
State of Tennessee	2,058,444	2,509,349	63,802	4,631,595
Federal Government	212,196	264,558	0	476,754
Other Governments and Citizens Groups	527,591	0	0	527,591
Total Revenues	\$ 10,661,262	\$ 3,649,161	\$ 2,454,342	\$ 16,764,765
<u>Expenditures</u>				
Current:				
General Government	\$ 1,959,084	\$ 0	\$ 0	\$ 1,959,084
Finance	662,079	0	0	662,079
Administration of Justice	882,598	0	105,170	987,768
Public Safety	5,617,542	0	95,700	5,713,242
Public Health and Welfare	314,414	0	1,524,318	1,838,732
Social, Cultural, and Recreational Services	534,090	0	0	534,090
Agriculture and Natural Resources	88,095	0	0	88,095
Other Operations	754,178	0	0	754,178
Highways	0	3,351,292	39,157	3,390,449
Debt Service:				
Principal on Debt	0	81,000	390,000	471,000
Interest on Debt	0	4,956	180,754	185,710
Other Debt Service	0	0	21,913	21,913
Total Expenditures	\$ 10,812,080	\$ 3,437,248	\$ 2,357,012	\$ 16,606,340
Excess (Deficiency) of Revenues Over Expenditures	\$ (150,818)	\$ 211,913	\$ 97,330	\$ 158,425
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 80,379	\$ 0	\$ 0	\$ 80,379
Transfers In	320,503	124,654	65,744	510,901
Transfers Out	(100,000)	0	0	(100,000)
Total Other Financing Sources (Uses)	\$ 300,882	\$ 124,654	\$ 65,744	\$ 491,280
Net Change in Fund Balances	\$ 150,064	\$ 336,567	\$ 163,074	\$ 649,705
Fund Balance, July 1, 2014	3,311,620	390,410	1,651,109	5,353,139
Fund Balance, June 30, 2015	\$ 3,461,684	\$ 726,977	\$ 1,814,183	\$ 6,002,844

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, 2015

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 649,705
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,505,265	
Less: current-year depreciation expense	<u>(1,341,771)</u>	163,494
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 77,042	
Less: book value of capital assets disposed	<u>(7,421)</u>	69,621
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 479,391	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(597,993)</u>	(118,602)
(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.		
Add: principal payments on notes	\$ 81,000	
Add: principal payments on other loans	<u>390,000</u>	471,000
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 2,221	
Change in compensated absences payable	1,244	
Change in net pension asset - Carroll County agent plan	1,196,174	
Change in net pension liability - Carroll County Commissioners agent plan	817	
Change in deferred outflows related to pensions	469,407	
Change in deferred inflows related to pensions	<u>(1,151,353)</u>	<u>518,510</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,753,728</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,041,241	\$ 0	\$ 0	\$ 6,041,241	\$ 6,290,715	\$ 5,972,712	\$ 68,529
Licenses and Permits	1,420	0	0	1,420	1,500	1,500	(80)
Fines, Forfeitures, and Penalties	144,719	0	0	144,719	157,300	157,300	(12,581)
Charges for Current Services	294,846	0	0	294,846	287,032	287,032	7,814
Other Local Revenues	410,301	0	0	410,301	396,200	396,200	14,101
Fees Received From County Officials	970,504	0	0	970,504	975,000	975,000	(4,496)
State of Tennessee	2,058,444	0	0	2,058,444	2,362,364	2,400,936	(342,492)
Federal Government	212,196	0	0	212,196	47,000	116,938	95,258
Other Governments and Citizens Groups	527,591	0	0	527,591	40,000	527,501	90
Total Revenues	\$ 10,661,262	\$ 0	\$ 0	\$ 10,661,262	\$ 10,557,111	\$ 10,835,119	\$ (173,857)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 59,736	\$ 0	\$ 0	\$ 59,736	\$ 70,620	\$ 70,620	\$ 10,884
Board of Equalization	13,828	0	0	13,828	14,746	14,746	918
Beer Board	0	0	0	0	500	500	500
Other Boards and Committees	236	0	0	236	1,845	1,845	1,609
County Mayor/Executive	231,576	0	0	231,576	235,364	240,364	8,788
County Attorney	5,650	0	0	5,650	15,000	15,000	9,350
Election Commission	184,952	0	0	184,952	196,007	196,007	11,055
Register of Deeds	186,220	0	0	186,220	197,196	200,046	13,826
County Buildings	1,276,886	0	0	1,276,886	715,140	1,402,579	125,693
<u>Finance</u>							
Property Assessor's Office	217,173	0	0	217,173	235,050	235,050	17,877
Reappraisal Program	2,750	0	0	2,750	23,850	23,850	21,100
County Trustee's Office	211,268	0	0	211,268	201,870	214,099	2,831
County Clerk's Office	230,888	0	0	230,888	246,085	246,085	15,197
<u>Administration of Justice</u>							
Circuit Court	355,269	0	0	355,269	378,841	378,841	23,572
General Sessions Judge	135,973	0	0	135,973	137,243	137,243	1,270

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Drug Court	\$ 4,812	\$ 0	\$ 0	\$ 4,812	\$ 7,500	\$ 7,500	\$ 2,688
Chancery Court	185,527	0	0	185,527	203,111	203,111	17,584
Juvenile Court	182,339	0	0	182,339	185,230	185,230	2,891
Judicial Commissioners	5,167	0	0	5,167	5,236	5,236	69
Victim Assistance Programs	13,511	0	0	13,511	7,500	13,515	4
<u>Public Safety</u>							
Sheriff's Department	1,858,019	0	0	1,858,019	1,927,865	1,927,865	69,846
Administration of the Sexual Offender Registry	850	0	0	850	5,500	5,500	4,650
Jail	2,344,142	0	0	2,344,142	2,427,148	2,427,148	83,006
Juvenile Services	990,129	0	0	990,129	951,526	1,006,107	15,978
Fire Prevention and Control	302,541	0	0	302,541	206,540	313,901	11,360
Civil Defense	85,939	0	0	85,939	101,402	101,402	15,463
County Coroner/Medical Examiner	35,922	0	0	35,922	28,675	36,453	531
Other Public Safety	0	0	0	0	2,606	2,606	2,606
<u>Public Health and Welfare</u>							
Local Health Center	284,644	0	0	284,644	324,862	365,227	80,583
Rabies and Animal Control	15,442	0	0	15,442	20,268	20,268	4,826
General Welfare Assistance	900	0	0	900	2,400	2,400	1,500
Other Local Welfare Services	13,428	0	0	13,428	11,406	13,429	1
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	77,984	0	0	77,984	98,145	98,145	20,161
Libraries	84,481	0	0	84,481	74,927	85,634	1,153
Parks and Fair Boards	127,421	0	0	127,421	138,048	138,048	10,627
Other Social, Cultural, and Recreational	244,204	0	0	244,204	260,000	260,000	15,796
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	50,396	0	0	50,396	58,877	58,877	8,481
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	27,449	0	0	27,449	27,529	27,529	80
Flood Control	8,250	0	0	8,250	16,500	16,500	8,250

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Industrial Development	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Other Economic and Community Development	17,000	0	0	17,000	37,000	37,000	20,000
Airport	377,239	(137,841)	18,663	258,061	312,102	312,102	54,041
Veterans' Services	24,278	0	0	24,278	24,607	24,607	329
Other Charges	285,211	0	0	285,211	303,795	303,795	18,584
Contributions to Other Agencies	40,450	0	0	40,450	40,650	40,650	200
Total Expenditures	\$ 10,812,080	\$ (137,841)	\$ 18,663	\$ 10,692,902	\$ 10,492,312	\$ 11,428,660	\$ 735,758
Excess (Deficiency) of Revenues Over Expenditures	\$ (150,818)	\$ 137,841	\$ (18,663)	\$ (31,640)	\$ 64,799	\$ (593,541)	\$ 561,901
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 80,379	\$ 0	\$ 0	\$ 80,379	\$ 0	\$ 0	\$ 80,379
Transfers In	320,503	0	0	320,503	0	320,503	0
Transfers Out	(100,000)	0	0	(100,000)	0	(100,000)	0
Total Other Financing Sources	\$ 300,882	\$ 0	\$ 0	\$ 300,882	\$ 0	\$ 220,503	\$ 80,379
Net Change in Fund Balance	\$ 150,064	\$ 137,841	\$ (18,663)	\$ 269,242	\$ 64,799	\$ (373,038)	\$ 642,280
Fund Balance, July 1, 2014	3,311,620	(137,841)	0	3,173,779	2,932,763	2,932,763	241,016
Fund Balance, June 30, 2015	\$ 3,461,684	\$ 0	\$ (18,663)	\$ 3,443,021	\$ 2,997,562	\$ 2,559,725	\$ 883,296

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
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 866,933	\$ 871,300	\$ 846,646	\$ 20,287
Charges for Current Services	67	75	75	(8)
Other Local Revenues	8,254	2,500	2,500	5,754
State of Tennessee	2,509,349	2,434,000	2,434,000	75,349
Federal Government	264,558	0	231,915	32,643
Other Governments and Citizens Groups	0	1,000	1,000	(1,000)
Total Revenues	<u>\$ 3,649,161</u>	<u>\$ 3,308,875</u>	<u>\$ 3,516,136</u>	<u>\$ 133,025</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 217,748	\$ 209,404	\$ 221,034	\$ 3,286
Highway and Bridge Maintenance	696,256	762,500	718,870	22,614
Operation and Maintenance of Equipment	455,285	482,900	486,400	31,115
Other Charges	123,976	128,000	131,500	7,524
Employee Benefits	490,652	553,000	553,000	62,348
Capital Outlay	1,367,375	1,361,030	1,406,030	38,655
<u>Principal on Debt</u>				
Highways and Streets	81,000	81,000	81,000	0
<u>Interest on Debt</u>				
Highways and Streets	4,956	4,956	4,956	0
Total Expenditures	<u>\$ 3,437,248</u>	<u>\$ 3,582,790</u>	<u>\$ 3,602,790</u>	<u>\$ 165,542</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 211,913</u>	<u>\$ (273,915)</u>	<u>\$ (86,654)</u>	<u>\$ 298,567</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 124,654	\$ 0	\$ 124,654	\$ 0
Total Other Financing Sources	<u>\$ 124,654</u>	<u>\$ 0</u>	<u>\$ 124,654</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 336,567	\$ (273,915)	\$ 38,000	\$ 298,567
Fund Balance, July 1, 2014	<u>390,410</u>	<u>576,100</u>	<u>576,100</u>	<u>(185,690)</u>
Fund Balance, June 30, 2015	<u>\$ 726,977</u>	<u>\$ 302,185</u>	<u>\$ 614,100</u>	<u>\$ 112,877</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, 2015

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 3,686,826
Inventories	525,606
Investments	5,704,508
Accounts Receivable	3,060,049
Prepaid Items and Other Current Assets	247,897
Total Current Assets	<u>\$ 13,224,886</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 442,460
Capital Assets:	
Assets Not Depreciated:	
Land	284,070
Construction in Progress	135,250
Assets Net of Accumulated Depreciation:	
Other Capital Assets	20,013,541
Total Noncurrent Assets	<u>\$ 20,875,321</u>
Total Assets	<u>\$ 34,100,207</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 3,141,431
Accrued Leave - Current	296,240
Other Current Liabilities	787,745
Accrued Interest Payable	1,385
Current Maturities of Long-term Debt	171,703
Customer Deposits Payable	908,341
Total Current Liabilities	<u>\$ 5,306,845</u>
Noncurrent Liabilities:	
Accrued Leave - Long-term	\$ 843,146
Other Postemployment Benefits Obligation	97,895
Total Noncurrent Liabilities	<u>\$ 941,041</u>
Total Liabilities	<u>\$ 6,247,886</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 20,261,158
Restricted for Debt Service	441,075
Unrestricted	7,150,088
Total Net Position	<u>\$ 27,852,321</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, 2015

	Business-type Activities
	<u>Major Fund</u>
	Public Utility
<u>Operating Revenues</u>	
Charges for Sales and Services	\$ 35,566,820
Other Electric Revenue	750,819
Total Operating Revenues	<u>\$ 36,317,639</u>
<u>Operating Expenses</u>	
Cost of Sales and Services	\$ 29,283,790
Operations Expense	2,407,342
Maintenance Expense	1,019,256
Administrative Expense	1,377,201
Depreciation and Amortization	1,102,499
Other Taxes	349,828
Total Operating Expenses	<u>\$ 35,539,916</u>
Operating Income (Loss)	<u>\$ 777,723</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 39,656
Interest Expense	(15,042)
Amortization of Debt Expense	(5,092)
Total Nonoperating Revenues (Expenses)	<u>\$ 19,522</u>
Income Before Transfers	\$ 797,245
Transfers In (Out)	(410,901)
Change in Net Position	<u>\$ 386,344</u>
Net Position, July 1, 2014	<u>27,465,977</u>
Net Position, June 30, 2015	<u><u>\$ 27,852,321</u></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, 2015

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 36,603,682
Payments to Employees	(3,247,820)
Payments to Suppliers	(30,777,851)
Customer Deposits Received	347,960
Customer Deposits Refunded	(264,603)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,661,368</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (995,056)
Plant Removal Cost	(119,843)
Materials Salvaged from Retirements	107,773
Principal Paid on Bonds	(170,000)
Interest Paid on Bonds	(16,388)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,193,514)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (410,901)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (410,901)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (15,065,542)
Proceeds from Sale of Investments	14,870,766
Interest Earned	39,656
Net Cash Provided By (Used In) Investing Activities	<u>\$ (155,120)</u>
Net Increase (Decrease) in Cash	\$ 901,833
Cash, July 1, 2014	<u>2,968,269</u>
Cash, June 30, 2015	<u>\$ 3,870,102</u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 777,723
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation Expense	1,102,499
(Increase) Decrease in Accounts Receivable	286,044

(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	\$ (4,890)
(Increase) Decrease in Prepaid Items and Other Current Assets	478,862
(Increase) Decrease in Customer Deposits	83,356
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>(62,226)</u>
Net Cash Provided By Operating Activities	<u>\$ 2,661,368</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 3,686,826
Add: Restricted Cash Included as a Part of Other Restricted Assets	<u>183,276</u>
Cash, June 30, 2015	<u>\$ 3,870,102</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, 2015

	<u>Other Trust Funds</u>		<u>Total</u>	
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>	<u>Agency</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Trust</u>	<u>Funds</u>
			<u>Funds</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 253,677	\$ 253,677	\$ 1,304,224
Equity in Pooled Cash and Investments	83,003	0	83,003	318,139
Investments	0	2,962,564	2,962,564	0
Due from Other Governments	0	0	0	838,607
Taxes Receivable	0	0	0	5,928,435
Allowance for Uncollectible Taxes	0	0	0	(253,522)
Prepaid Items	0	844	844	0
Accrued Interest Receivable	52	9,587	9,639	0
Total Assets	<u>\$ 83,055</u>	<u>\$ 3,226,672</u>	<u>\$ 3,309,727</u>	<u>\$ 8,135,883</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 23,127	\$ 23,127	\$ 0
Payroll Deductions Payable	0	0	0	223
Due to Other Taxing Units	0	0	0	6,812,632
Due to Litigants, Heirs, and Others	0	0	0	1,323,028
Total Liabilities	<u>\$ 0</u>	<u>\$ 23,127</u>	<u>\$ 23,127</u>	<u>\$ 8,135,883</u>
<u>NET POSITION</u>				
Held in Trust for Underprivileged Children	\$ 83,055	\$ 0	\$ 83,055	
Held in Trust for Indigent Care	0	3,203,545	3,203,545	
Total Net Position	<u>\$ 83,055</u>	<u>\$ 3,203,545</u>	<u>\$ 3,286,600</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, 2015

	<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	\$ 422	\$ 124,035	\$ 124,457
Net Increase (Decrease) in Fair Value of Investments	0	(12,822)	(12,822)
Net Investment Income	\$ 422	\$ 111,213	\$ 111,635
Total Additions	\$ 422	\$ 111,213	\$ 111,635
<u>DEDUCTIONS</u>			
Donations	\$ 4,695	\$ 0	\$ 4,695
Payments for Indigent Care	0	96,866	96,866
Safekeeping Fees and Service Charges	0	124	124
Audit Fees	0	2,675	2,675
Insurance	0	372	372
Total Deductions	\$ 4,695	\$ 100,037	\$ 104,732
Change in Net Position	\$ (4,273)	\$ 11,176	\$ 6,903
Net Position, July 1, 2014	87,328	3,192,369	3,279,697
Net Position, June 30, 2015	\$ 83,055	\$ 3,203,545	\$ 3,286,600

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, 2015

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
101 Dillahunty Lane
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, 2015.

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.

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.

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:

Debt Service Fund – The General Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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 2.35 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. Deferred

outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience and investment earnings, pension changes in proportionate share of contributions, 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.

8. Restatements

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Carroll County's beginning net position by \$557,715 has been recognized on the Statement of Activities for liabilities of the Carroll County agent plan (\$550,759) and the Carroll County Commissioners agent plan (\$6,956). In addition, a restatement decreasing the Carroll County School Department's beginning net position by \$497,726 has been recognized on the Statement of Activities for liabilities of the Carroll County agent plan (\$198,573) and the pension cost-sharing plan (\$299,153).

E. Pension Plans

Primary Government

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

Discretely Presented Carroll County School Department

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

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 I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the changes in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Carroll County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. 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, Other Boards and Committees, County Mayor/Executive, 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, 2015, the Carroll County School Department reported significant encumbrances of \$417,775 in the General Purpose School Fund for buses.

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, 2015.

B. Capital Assets

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

Primary Government - Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 1,747,068	\$ 0	\$ 0	\$ 1,747,068
Construction in Progress	9,486,951	531,166	(9,312,722)	705,395
Total Capital Assets Not Depreciated	<u>\$ 11,234,019</u>	<u>\$ 531,166</u>	<u>\$ (9,312,722)</u>	<u>\$ 2,452,463</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,993,708	\$ 9,437,555	\$ 0	\$ 19,431,263
Infrastructure	14,627,200	253,951	0	14,881,151
Other Capital Assets	7,448,740	672,357	(311,151)	7,809,946
Total Capital Assets Depreciated	<u>\$ 32,069,648</u>	<u>\$ 10,363,863</u>	<u>\$ (311,151)</u>	<u>\$ 42,122,360</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,062,404	\$ 444,402	\$ 0	\$ 5,506,806
Infrastructure	8,211,713	529,226	0	8,740,939
Other Capital Assets	6,282,791	368,143	(303,730)	6,347,204
Total Accumulated Depreciation	<u>\$ 19,556,908</u>	<u>\$ 1,341,771</u>	<u>\$ (303,730)</u>	<u>\$ 20,594,949</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,512,740</u>	<u>\$ 9,022,092</u>	<u>\$ (7,421)</u>	<u>\$ 21,527,411</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,746,759</u>	<u>\$ 9,553,258</u>	<u>\$ (9,320,143)</u>	<u>\$ 23,979,874</u>

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

Governmental Activities:

General Government	\$ 255,104
Finance	9,314
Administration of Justice	56,877
Public Safety	412,040
Public Health and Welfare	89,904
Social, Cultural, and Recreational Services	57,173
Agriculture and Natural Resources	5,197
Highway/Public Works	<u>456,162</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,341,771</u></u>

**Discretely Presented Carroll County School Department -
Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
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	\$ 2,951,926	\$ 0	\$ 0	\$ 2,951,926
Other Capital Assets	4,601,608	417,130	(429,029)	4,589,709
Total Capital Assets Depreciated	<u>\$ 7,553,534</u>	<u>\$ 417,130</u>	<u>\$ (429,029)</u>	<u>\$ 7,541,635</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,872,238	\$ 112,151	\$ 0	\$ 1,984,389
Other Capital Assets	2,238,881	313,306	(421,898)	2,130,289
Total Accumulated Depreciation	<u>\$ 4,111,119</u>	<u>\$ 425,457</u>	<u>\$ (421,898)</u>	<u>\$ 4,114,678</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,442,415</u>	<u>\$ (8,327)</u>	<u>\$ (7,131)</u>	<u>\$ 3,426,957</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 3,618,904</u></u>	<u><u>\$ (8,327)</u></u>	<u><u>\$ (7,131)</u></u>	<u><u>\$ 3,603,446</u></u>

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

Governmental Activities:

Instruction	\$ 94,473
Support Services	319,031
Operation of Non-instructional Services	<u>11,953</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 425,457</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 5,417

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, 2015, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>			
	General Fund	Solid Waste/ Sanitation Fund	Highway/ Public Works Fund	General Debt Service Fund
General	\$ 0	\$ 0	\$ 100,000	\$ 0
Public Utility	320,503	27,393	24,654	38,351

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.

D. 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, 2015, will be retired from the Highway/Public Works and General Debt Service funds.

Capital outlay notes and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
Capital Outlay Notes	2 to 2.65	% 12-1-16	\$ 341,000	\$ 167,000
Other Loans	variable to 2.32	3-1-37	10,364,130	8,630,000

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, 2015, the variable interest rate was .26 percent based on the LIBOR rate and other fees totaled .65 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, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 82,000	\$ 3,011	\$ 85,011
2017	85,000	1,016	86,016
Total	<u>\$ 167,000</u>	<u>\$ 4,027</u>	<u>\$ 171,027</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 348,000	\$ 175,187	\$ 6,087	\$ 529,274
2017	357,000	169,109	5,712	531,820
2018	366,000	162,891	5,323	534,214
2019	376,000	156,534	4,921	537,455
2020	385,000	150,015	4,505	539,520
2021-2025	2,079,000	646,951	16,613	2,742,564
2026-2030	1,942,000	450,389	3,765	2,396,154
2031-2035	1,937,000	234,343	0	2,171,343
2036-2037	840,000	29,348	0	869,348
Total	<u>\$ 8,630,000</u>	<u>\$ 2,174,767</u>	<u>\$ 46,926</u>	<u>\$ 10,851,693</u>

There is \$1,331,018 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes and other loans totaled \$308, 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, 2015, was as follows:

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2014	\$ 248,000	\$ 9,020,000
Reductions	(81,000)	(390,000)
Balance, June 30, 2015	<u>\$ 167,000</u>	<u>\$ 8,630,000</u>
Balance Due Within One Year	<u>\$ 82,000</u>	<u>\$ 348,000</u>

	Compensated Absences	*Restated Net Pension Liability
Balance, July 1, 2014	\$ 300,933	\$ 6,956
Additions	252,047	14,360
Reductions	(253,291)	(15,177)
Balance, June 30, 2015	<u>\$ 299,689</u>	<u>\$ 6,139</u>
Balance Due Within One Year	<u>\$ 14,983</u>	<u>\$ 0</u>

* See Note I.D.8 for restatement of the Carroll County Commissioners agent plan. The restatement in Note I.D.8 is comprised of an amount for the beginning net pension liability of (\$15,549) and an amount for employer contributions made during the year ended June 30, 2014, of \$8,593.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 9,102,828
Less: Balance Due Within One Year	<u>(444,983)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,657,845</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, 2015, was as follows:

Governmental Activities:	Other Postemployment Benefits
Balance, July 1, 2014	\$ 51,338
Additions	11,053
Reductions	<u>(14,689)</u>
Balance, June 30, 2015	<u>\$ 47,702</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.

E. 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, 2015, were \$2,400. 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

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

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

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

C. Contingent Liabilities

The county and School Department are involved in several pending lawsuits. Any potential claims against the county not covered by insurance resulting from such litigation should not materially affect the county's financial statements.

D. Changes in Administration

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.

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, 2015, 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

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Most employees of Carroll County and non-certified employees of the discretely presented Carroll County School Department are provided a defined benefit pension plan (Carroll County Plan) through the Public Employee Retirement Plan administered by the TCRS, an agent multiple-employer pension plan. The primary government employees comprise 73.5 percent and the non-certified employees of the discretely presented School

Department comprise 26.5 percent of the plan based on census data. In addition, certain county commissioners are provided a defined benefit pension plan (Carroll County Commissioners Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 100 percent of the Carroll County Commissioners Plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

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

Carroll County:

Inactive Employees or Beneficiaries Currently Receiving Benefits	104
Inactive Employees Entitled to But Not Yet Receiving Benefits	163
Active Employees	<u>234</u>
Total	<u><u>501</u></u>

Carroll County Commissioners:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	2
Active Employees	<u>9</u>
Total	<u><u>12</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Carroll County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions were \$561,043 based on a rate of 7.74 percent of pensionable payroll for the Carroll County Plan and were \$9,486 based on a rate of 66.61 percent of pensionable payroll for the Carroll County Commissioners Plan. By law, employer contributions are required to be paid. The TCRS may intercept Carroll County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Carroll County			
Balance, July 1, 2013	\$ 17,300,661	\$ 16,027,355	\$ 1,273,306
Changes for the Year:			
Service Cost	\$ 526,862	\$ 0	\$ 526,862
Interest	1,312,980	0	1,312,980
Differences Between Expected and Actual Experience	(458,637)	0	(458,637)
Contributions-Employer	0	523,974	(523,974)
Contributions-Employees	0	338,543	(338,543)
Net Investment Income	0	2,679,471	(2,679,471)
Benefit Payments, Including Refunds of Employee Contributions	(642,255)	(642,255)	0
Administrative Expense	0	(9,361)	9,361
Net Changes	\$ 738,950	\$ 2,890,372	\$ (2,151,422)
Balance, June 30, 2014	\$ 18,039,611	\$ 18,917,727	\$ (878,116)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Carroll County Commissioners			
Balance, July 1, 2013	\$ 98,999	\$ 83,450	\$ 15,549
Changes for the Year:			
Service Cost	\$ 3,649	\$ 0	\$ 3,649
Interest	7,679	0	7,679
Differences Between Expected and Actual Experience	2,729	0	2,729
Contributions-Employer	0	8,593	(8,593)
Contributions-Employees	0	645	(645)
Net Investment Income	0	14,532	(14,532)
Benefit Payments, Including Refunds of Employee Contributions	(521)	(521)	0
Administrative Expense	0	(303)	303
Net Changes	\$ 13,536	\$ 22,946	\$ (9,410)
Balance, June 30, 2014	\$ 112,535	\$ 106,396	\$ 6,139

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<u>Carroll County</u>				
Primary Government	73.50%	\$ 13,259,114	\$ 13,904,529	\$ (645,415)
School Department	26.50%	4,780,497	5,013,198	(232,701)
Total		<u>\$ 18,039,611</u>	<u>\$ 18,917,727</u>	<u>\$ (878,116)</u>

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<u>Carroll County Commissioners</u>				
Primary Government	100.00%	\$ 112,535	\$ 106,396	\$ 6,139

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

	1% Decrease	Current Discount Rate	1% Increase
<u>Carroll County</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>

Net Pension Liability (Asset) \$ 1,458,654 \$ (878,116) \$ (2,829,911)

	1% Decrease	Current Discount Rate	1% Increase
<u>Carroll County Commissioners</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>

Net Pension Liability (Asset) \$ 16,658 \$ 6,139 \$ (3,697)

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

Pension Income. For the year ended June 30, 2015, the Carroll County Plan recognized pension income of \$69,642.

Pension Expense. For the year ended June 30, 2015, the Carroll County Commissioners Plan recognized pension expense of \$3,502.

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

Carroll County	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 382,197
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,175,609
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	\$ 561,043	N/A
Total	\$ 561,043	\$ 1,557,806
	Deferred Outflows of Resources	Deferred Inflows of Resources
Carroll County Commissioners	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,047	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,366
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	\$ 9,486	N/A
Total	\$ 11,533	\$ 6,366

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

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

<u>Carroll County</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 457,874	\$ 1,144,987
School Department	103,169	412,819
Total	\$ 561,043	\$ 1,557,806

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

<u>Carroll County Commissioners</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 11,533	\$ 6,366

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

Carroll County

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ (370,342)
2017	(370,342)
2018	(370,342)
2019	(370,342)
2020	(76,438)
Thereafter	0

Carroll County Commissioners

Year Ending		
June 30		Amount
2016	\$	(910)
2017		(910)
2018		(910)
2019		(1,589)
2020		0
Thereafter		0

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

Discretely Presented Carroll County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, most employees of Carroll County and non-certified employees of the discretely presented Carroll County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 73.5 percent and the non-certified employees of the discretely presented School Department comprise 26.5 percent of the plan based on census data.

Certified Employees

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Carroll County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Carroll County School Department did not have any employees participating in the Teacher Retirement Plan as of June 30, 2015. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The

TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Carroll County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$64,071, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Carroll County School Department reported an asset of \$3,652 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Carroll County School Department's proportion of the net pension asset was based on the Carroll County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Carroll County School Department's proportion was .022474 percent. The proportion measured as of June 30, 2013, was .022939 percent.

Pension Income. For the year ended June 30, 2015, the Carroll County School Department recognized a pension income of \$4,224.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,866	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	300,898
Changes in Proportion of Net Pension Liability	0	6,549
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>64,071</u>	<u>N/A</u>
Total	<u>\$ 72,937</u>	<u>\$ 307,447</u>

The Carroll County School Department employer contributions of \$64,071 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension assets in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (74,838)
2017	(74,838)
2018	(74,838)
2019	(74,838)
2020	386
Thereafter	385

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

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

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

Mortality rates were based on actual experience from the June 30, 2012, actuarial valuation, which included adjustment for expected future improvement.

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

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

return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability	\$	615,943	\$	(3,652)	\$	(516,609)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

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 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, 2015, the Carroll County School Department contributed \$14,689 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 11,000
Interest on the NOPEBO	2,054
Adjustment to the ARC	(2,001)
Annual OPEB cost	<hr/> \$ 11,053
Less: Amount of contribution	(14,689)
Increase/decrease in NOPEBO	\$ (3,636)
Net OPEB obligation, 7-1-14	<hr/> 51,338
Net OPEB obligation, 6-30-15	<hr/> <hr/> \$ 47,702

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-13	Local Education Group	\$ 19,883	51 %	\$ 57,438
6-30-14	"	11,060	155	51,338
6-30-15	"	11,053	133	47,702

Funding Status and Funding Progress

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

	Local Education Group Plan
	<hr/>
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 seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

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*. 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 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, 2015.

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, 2015, all bank deposits were fully collateralized or insured.

2. Receivables

Receivables as of June 30, 2015, consisted of the following:

Billed services for utility customers	\$ 2,943,815
Other receivables for utility service	141,234
Allowance for doubtful accounts	<u>(25,000)</u>
 Total	 <u><u>\$ 3,060,049</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, 2015

Restricted assets consist of the following:

2001 Electric Plant Revenue Bond Fund:

Interest and Sinking Fund	<u>\$ 183,276</u>
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Certificates of deposit and savings accounts totaled	<u>\$ 259,184</u>
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4. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 284,070	\$ 0	\$ 0	\$ 284,070
Construction in Progress	43,972	91,278	0	<u>135,250</u>
Total Capital Assets Not Depreciated	<u>\$ 328,042</u>	<u>\$ 91,278</u>	<u>\$ 0</u>	<u>\$ 419,320</u>
Capital Assets Depreciated:				
Other Capital Assets Depreciated	<u>\$ 38,842,703</u>	<u>\$ 1,042,013</u>	<u>\$ (340,025)</u>	<u>\$ 39,544,691</u>
Total Capital Assets Depreciated	<u>\$ 38,842,703</u>	<u>\$ 1,042,013</u>	<u>\$ (340,025)</u>	<u>\$ 39,544,691</u>

Capital Assets (Cont.)	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Less Accumulated Depreciation For:				
Other Capital Assets	\$ 18,642,511	\$ 1,240,736	\$ (352,097)	\$ 19,531,150
Total Accumulated Depreciation	<u>\$ 18,642,511</u>	<u>\$ 1,240,736</u>	<u>\$ (352,097)</u>	<u>\$ 19,531,150</u>
Total Capital Assets Depreciated, Net	<u>\$ 20,200,192</u>	<u>\$ (198,723)</u>	<u>\$ 12,072</u>	<u>\$ 20,013,541</u>
Capital Assets, Net	<u><u>\$ 20,528,234</u></u>	<u><u>\$ (107,445)</u></u>	<u><u>\$ 12,072</u></u>	<u><u>\$ 20,432,861</u></u>

Depreciation expense charged to operations amounted to \$1,102,499 for the fiscal year ended June 30, 2015.

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>\$ 175,000</u>
Total Revenue Bonds	<u><u>\$ 175,000</u></u>
Total Current Portion of Revenue Bonds	<u><u>\$ 175,000</u></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, 2015.

	Balance 7-1-14	Retirements	Balance 6-30-15	Due Within One Year
Revenue Bonds				
Payable	\$ 345,000	\$ 170,000	\$ 175,000	\$ 175,000
Discount	(6,378)	(3,081)	(3,297)	0
Total Bonds				
Payable	<u>\$ 338,622</u>	<u>\$ 166,919</u>	<u>\$ 171,703</u>	<u>\$ 175,000</u>

The scheduled annual requirements for long-term debt at June 30, 2015, are as follows:

Year Ending June 30	Principal	Interest	Total
2016	<u>\$ 175,000</u>	<u>\$ 8,313</u>	<u>\$ 183,313</u>
Total	<u>\$ 175,000</u>	<u>\$ 8,313</u>	<u>\$ 183,313</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	\$ 20,432,861
Unamortized discount	3,297
Less: debt	<u>(175,000)</u>
Total invested in capital assets, net of related liabilities	<u>\$ 20,261,158</u>

Restricted for debt service:	
Restricted cash and cash equivalents	\$ 183,276
Restricted investments	259,184
Less: accrued interest payable from restricted assets	<u>(1,385)</u>
Total restricted for debt service	<u>\$ 441,075</u>
Unrestricted	<u>\$ 7,150,088</u>
Total Net Position	<u><u>\$ 27,852,321</u></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 lease agreement began in October 2014 and will expire in October 2019 with a monthly payment of \$284. Lease expense for the year ended June 30, 2015, was \$3,192.

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, 2015, total employer contributions were \$308,823 based on total covered wages of \$2,573,525.

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, 2015, 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	\$ 30,094
Interest on the Net OPEB Obligation	4,407
Adjustment to the Annual Required Contribution	(4,997)
Annual OPEB Cost (Expense)	<u>\$ 29,504</u>
Less: Contributions and Subsidy	<u>(29,543)</u>
Increase/decrease in Net Obligation	\$ (39)
Net OPEB Obligation, 7-1-14	<u>97,934</u>
 Net OPEB Obligation, 6-30-15	 <u><u>\$ 97,895</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 2015, 2014, and 2013, were as follows:

Fiscal Year Ended	Annual OPEB OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation At Year End
6-30-13	\$ 22,245	0 %	\$ 82,424
6-30-14	21,826	28.90	97,934
6-30-15	29,504	100.10	97,895

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$386,554 and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$386,554. The covered payroll (annual payroll of active employees covered by the plan) was \$2,594,925, and the ratio of the UAAL to the covered payroll was 14.9 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, 2014, 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 30-year period.

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 \$253,677, 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, 2015, 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, 2015, was \$2,919,255, and the total market value was \$2,962,564. As mentioned, these investments are valued at fair value. At June 30, 2015, market values exceeded book value by \$43,309.

Securities at market value consist of:

FHLMC Securities	\$ 1,226,016
FNMA Securities	776,079
GNMA Securities	705,034
Stripped Adjustable Mortgage Securities	26,658
Various Mortgage-Backed Securities	<u>228,777</u>
Total	<u>\$ 2,962,564</u>

2. Equity

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

3. Indigent Accounts

At July 1, 2014, approved indigent care accounts totaling \$3,291,792 were available for payment. During the year, new claims totaling \$503,022 were approved, and \$102,056 was paid during the year, bringing the unpaid balance at June 30, 2015, to \$3,692,758. 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 2015 earnings, have been accrued as a liability entitled accrued indigent payments of \$23,127 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, 2015, were \$2,962,564 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, 2015.

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Investments	\$ 0	\$ 2,962,564	\$ 0	2,962,564

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 2014. 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. General Information

Carroll County Emergency Communications District provides 911 emergency assistance to persons living in Carroll County. The district is a component unit of Carroll County. Accordingly, this financial data is incorporated into the county’s financial statements. The district is governed by a nine-member Board of Directors who are appointed by the county mayor and confirmed by the Carroll County Commission. The district owns the operating headquarters and maintains all of the repairs and furnishings. The district receives no operational or capital funding from Carroll County.

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The accounts of the district are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as

appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Fund:

Enterprise Fund – The Carroll County Emergency Communications District Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis can be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

2. Measurement Focus and Basis of Accounting

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 district’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Cash and Cash Equivalents

Cash and cash equivalents, as used in the Statement of Cash Flows, include demand deposit accounts and certificates of deposit with maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Balances reported at year-end consists of accrued interest on investments.

Capital Assets

All capital assets of the district are recorded at original cost, except for donated equipment which is recorded at fair market value. Expenses which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred. It is the policy of the district to maintain a capitalization threshold of \$5,000.

Gains and losses from the sale of capital assets are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

Compensated Absences

The district allows two weeks of vacation to each full-time employee per year with accrual limited to 30 days for one to five years of service. For full-time employees with six to ten years of service, 12 days of vacation are received and accrual is limited to 30 days. Full-time employees with more than ten years of service receive three weeks of vacation with accrual limited to 30 days. At the end of each year, employees may carry over any unused vacation leave to the next year, not to exceed 30 days. Full-time employees receive full reimbursement for unused vacation upon leaving the employment of the district. Accumulated vacation leave is immaterial at year-end. Therefore, no accrual was recorded in the financial statements.

Full-time employees accrue sick leave at a rate of one day per month worked and are limited to 60 days. At the end of each year, employees may carry over any unused sick leave, not to exceed 60 days. Upon leaving employment of the district, employees forfeit all unused sick days.

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 district has items that qualify for reporting in this category. Accordingly, the items are reported in the enterprise fund balance sheet. These items are for employer contributions made to the pension plan after the measurement date.

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 district has items that qualify for reporting in this category. Accordingly, the items are reported in the enterprise fund balance sheet. These items are for pension changes in experience and investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the district will fund outlays for a particular purpose from both restricted (e. g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the district's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Net Position

In the district's financial statements, equity is classified as net position and displayed in three components:

- a. Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of 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.

Restatement

In prior years, the district was not required to recognize a liability for its defined benefit pension plan. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement of the district's beginning net position has been recognized in the Statement of Activities totaling \$19,650.

C. Pension Plans

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

D. Revenues

Revenues are derived from telephone customers in the area served by the district. Through December 2014, the telephone company collected the fees on the monthly telephone bills and remitted them to the district. Beginning January 2015, the telephone companies remitted these fees to the State of Tennessee. The State of Tennessee then remits a base amount to the district. Revenues are also derived from wireless charges from cellular phone fees. Through December 2014, the State of Tennessee collected these fees and remitted them to the district bimonthly. Beginning January 2015, the State of Tennessee remitted a base amount to the district, which included these fees in their calculation

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

E. Risk Management

It is the policy of the district to purchase commercial insurance for the risk of losses to which it is exposed. These risks include general liability, property damage, and theft. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. It is also insured against possible loss related to acts of district key officers or directors by official statutory bonds

carried by the district. The district has had no insurance settlements in excess of insurance coverage during the past three years.

F. Unemployment Taxes

The district agreed 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 election. Thus far, there have not been any claims filed.

G. Capital Assets

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

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Depreciated:				
Buildings and Improvements	\$ 289,517	\$ 0	\$ (352)	\$ 289,165
Office Equipment	73,885	0	(649)	73,236
Communications Equipment	1,003,000	44,546	(35)	1,047,511
Vehicles	21,185	0	0	21,185
Total Capital Assets				
Depreciated	<u>\$ 1,387,587</u>	<u>\$ 44,546</u>	<u>\$ (1,036)</u>	<u>\$ 1,431,097</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$ 75,720	\$ 12,100	\$ 0	\$ 87,820
Office Equipment	35,237	5,660	(161)	40,736
Communications Equipment	494,228	91,837	(4,746)	581,319
Vehicles	21,185	0	0	21,185
Total Accumulated Depreciation	<u>\$ 626,370</u>	<u>\$ 109,597</u>	<u>\$ (4,907)</u>	<u>\$ 731,060</u>
Capital Assets, Net	<u>\$ 761,217</u>	<u>\$ (65,051)</u>	<u>\$ 3,871</u>	<u>\$ 700,037</u>

Depreciation expense of \$109,597 was recorded by the district.

H. Stewardship, Compliance And Accountability

By its nature as a local government unit, the district is subject to various federal, state, and local laws and contractual regulations. An analysis of the district's compliance with significant laws and regulations and demonstration of its stewardship over the district resources follows:

1. **Deposits and Investments**

The district's investment policies are governed by state statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. At June 30, 2015, investments consisted entirely of certificates of deposit with original maturities greater than three months at a local bank. Investments are carried at cost, which approximates fair value.

For deposits and investments, custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. The district's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the state's bank collateral pool).

2. **Budget Appropriations**

In accordance with state law, the board of the district must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level. The district's expenses were within appropriations at the line-item level (accrual basis), except for one line-item expense.

I. **Estimates and Assumptions**

The 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.

J. Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	2
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees	<u>2</u>
Total	<u><u>4</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The district makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the district were \$7,279 based on a rate of 10.51 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept the district's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

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

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

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 222,563	\$ 234,077	\$ (11,514)
Changes for the Year:			
Service Cost	\$ 546	\$ 0	\$ 546
Interest	16,138	0	16,138
Differences Between Expected and Actual Experience	(1,891)	0	(1,891)
Contributions-Employer	0	8,136	(8,136)
Contributions-Employees	0	3,459	(3,459)
Net Investment Income	0	38,444	(38,444)
Benefit Payments, Including Refunds of Employee Contributions	(15,882)	(15,882)	0
Administrative Expense	0	(83)	83
Net Changes	\$ (1,089)	\$ 34,074	\$ (35,163)
Balance, June 30, 2014	\$ 221,474	\$ 268,151	\$ (46,677)

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

	1%	Current Discount Rate	1%
Emergency Communications District	Decrease 6.5%	7.5%	Increase 8.5%
Net Pension Liability	\$ (19,738)	\$ (46,677)	\$ (68,466)

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

Pension Expense. For the year ended June 30, 2015, the district recognized pension income of \$8,609.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 1,576
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	16,842
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>\$ 7,279</u>	<u>N/A</u>
Total	<u>\$ 7,279</u>	<u>\$ 18,418</u>

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

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

Year Ending June 30	Amount
2016	\$ (4,525)
2017	(4,525)
2018	(4,525)
2019	(4,525)
2020	(318)
Thereafter	0

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

Payable to the Pension Plan

At June 30, 2015, the district reported a payable of \$904 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

K. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68* became effective for the year ended June 30, 2015.

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 526,862
Interest	1,312,980
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(458,637)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(642,255)</u>
Net Change in Total Pension Liability (Asset)	\$ 738,950
Total Pension Liability (Asset), Beginning	<u>17,300,661</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 18,039,611</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 523,974
Contributions - Employee	338,543
Net Investment Income	2,679,471
Benefit Payments, Including Refunds of Employee Contributions	(642,255)
Administrative Expense	<u>(9,361)</u>
Net Change in Plan Fiduciary Net Position	\$ 2,890,372
Plan Fiduciary Net Position, Beginning	<u>16,027,355</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 18,917,727</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (878,116)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.87%
Covered Employee Payroll	\$ 6,769,680
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	12.97%

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

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

Exhibit F-2

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

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 3,649
Interest	7,679
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	2,729
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(521)
Net Change in Total Pension Liability (Asset)	\$ 13,536
Total Pension Liability (Asset), Beginning	<u>98,999</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 112,535</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 8,593
Contributions - Employee	645
Net Investment Income	14,532
Benefit Payments, Including Refunds of Employee Contributions	(521)
Administrative Expense	(303)
Net Change in Plan Fiduciary Net Position	\$ 22,946
Plan Fiduciary Net Position, Beginning	<u>83,450</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 106,396</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ 6,139</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.54%
Covered Employee Payroll	\$ 12,900
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	47.59%

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

Exhibit F-3

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 523,974	\$ 561,043
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(523,974)</u>	<u>(561,043)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 6,769,680	\$ 7,311,877
Contributions as a Percentage of Covered Employee Payroll	7.74%	7.67%

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

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

Exhibit F-4

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 8,593	\$ 9,486
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(8,593)</u>	<u>(9,486)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 12,900	\$ 14,150
Contributions as a Percentage of Covered Employee Payroll	66.61%	67.04%

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

Exhibit F-5

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 78,331	\$ 64,071
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(78,331)</u>	<u>(64,071)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 882,110	\$ 722,166
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.87%

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

Exhibit F-6

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.022474%
School Department's Proportionate Share of the Net Pension Asset	\$ 3,652
Covered Employee Payroll	\$ 882,110
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit F-7

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, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) 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	7-1-12	0	218	218	0	2,543	9
"	7-1-13	0	218	218	0	2,763	8
"	7-1-14	0	387	387	0	2,595	15

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Carroll County’s garbage collection and recycling operations.

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.

Debt Service Fund

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principle and interest.

General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

Exhibit G-1

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

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Debt Service Fund	
<u>ASSETS</u>						
Cash	\$ 500	\$ 0	\$ 18,968	\$ 19,468	\$ 0	\$ 19,468
Equity in Pooled Cash and Investments	410,500	41,778	0	452,278	1,328,961	1,781,239
Accounts Receivable	0	0	4,569	4,569	0	4,569
Due from Other Governments	16,338	0	0	16,338	0	16,338
Property Taxes Receivable	381,935	0	0	381,935	511,052	892,987
Allowance for Uncollectible Property Taxes	(17,021)	0	0	(17,021)	(23,274)	(40,295)
Total Assets	<u>\$ 792,252</u>	<u>\$ 41,778</u>	<u>\$ 23,537</u>	<u>\$ 857,567</u>	<u>\$ 1,816,739</u>	<u>\$ 2,674,306</u>
<u>LIABILITIES</u>						
Payroll Deductions Payable	\$ 5,541	\$ 0	\$ 0	\$ 5,541	\$ 0	\$ 5,541
Due to Other Funds	0	0	5,417	5,417	0	5,417
Total Liabilities	<u>\$ 5,541</u>	<u>\$ 0</u>	<u>\$ 5,417</u>	<u>\$ 10,958</u>	<u>\$ 0</u>	<u>\$ 10,958</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 346,509	\$ 0	\$ 0	\$ 346,509	\$ 462,011	\$ 808,520
Deferred Delinquent Property Taxes	16,935	0	0	16,935	23,710	40,645
Total Deferred Inflows of Resources	<u>\$ 363,444</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 363,444</u>	<u>\$ 485,721</u>	<u>\$ 849,165</u>

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Debt Service	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 41,778	\$ 0	\$ 41,778	\$ 0	\$ 41,778
Restricted for Debt Service	0	0	0	0	1,119,672	1,119,672
Committed:						
Committed for Administration of Justice	0	0	18,120	18,120	0	18,120
Committed for Public Health and Welfare	423,267	0	0	423,267	0	423,267
Committed for Debt Service	0	0	0	0	211,346	211,346
Total Fund Balances	<u>\$ 423,267</u>	<u>\$ 41,778</u>	<u>\$ 18,120</u>	<u>\$ 483,165</u>	<u>\$ 1,331,018</u>	<u>\$ 1,814,183</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 792,252</u>	<u>\$ 41,778</u>	<u>\$ 23,537</u>	<u>\$ 857,567</u>	<u>\$ 1,816,739</u>	<u>\$ 2,674,306</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, 2015

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Debt Service	
<u>Revenues</u>						
Local Taxes	\$ 384,359	\$ 0	\$ 0	\$ 384,359	\$ 638,156	\$ 1,022,515
Fines, Forfeitures, and Penalties	0	29,808	0	29,808	0	29,808
Charges for Current Services	1,165,300	0	102,604	1,267,904	0	1,267,904
Other Local Revenues	70,313	0	0	70,313	0	70,313
State of Tennessee	63,802	0	0	63,802	0	63,802
Total Revenues	<u>\$ 1,683,774</u>	<u>\$ 29,808</u>	<u>\$ 102,604</u>	<u>\$ 1,816,186</u>	<u>\$ 638,156</u>	<u>\$ 2,454,342</u>
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 105,170	\$ 105,170	\$ 0	\$ 105,170
Public Safety	0	95,700	0	95,700	0	95,700
Public Health and Welfare	1,524,318	0	0	1,524,318	0	1,524,318
Highways	39,157	0	0	39,157	0	39,157
Debt Service:						
Principal on Debt	0	0	0	0	390,000	390,000
Interest on Debt	0	0	0	0	180,754	180,754
Other Debt Service	0	0	0	0	21,913	21,913
Total Expenditures	<u>\$ 1,563,475</u>	<u>\$ 95,700</u>	<u>\$ 105,170</u>	<u>\$ 1,764,345</u>	<u>\$ 592,667</u>	<u>\$ 2,357,012</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 120,299</u>	<u>\$ (65,892)</u>	<u>\$ (2,566)</u>	<u>\$ 51,841</u>	<u>\$ 45,489</u>	<u>\$ 97,330</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 27,393	\$ 0	\$ 0	\$ 27,393	\$ 38,351	\$ 65,744
Total Other Financing Sources (Uses)	<u>\$ 27,393</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,393</u>	<u>\$ 38,351</u>	<u>\$ 65,744</u>
Net Change in Fund Balances	\$ 147,692	\$ (65,892)	\$ (2,566)	\$ 79,234	\$ 83,840	\$ 163,074
Fund Balance, July 1, 2014	<u>275,575</u>	<u>107,670</u>	<u>20,686</u>	<u>403,931</u>	<u>1,247,178</u>	<u>1,651,109</u>
Fund Balance, June 30, 2015	<u>\$ 423,267</u>	<u>\$ 41,778</u>	<u>\$ 18,120</u>	<u>\$ 483,165</u>	<u>\$ 1,331,018</u>	<u>\$ 1,814,183</u>

Exhibit G-3

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 384,359	\$ 401,550	\$ 374,157	\$ 10,202
Charges for Current Services	1,165,300	1,231,550	1,231,550	(66,250)
Other Local Revenues	70,313	81,500	81,500	(11,187)
State of Tennessee	63,802	74,600	74,600	(10,798)
Total Revenues	\$ 1,683,774	\$ 1,789,200	\$ 1,761,807	\$ (78,033)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,057,310	\$ 1,072,918	\$ 1,072,918	\$ 15,608
Recycling Center	467,008	490,830	490,830	23,822
<u>Highways</u>				
Litter and Trash Collection	39,157	41,100	41,100	1,943
Total Expenditures	\$ 1,563,475	\$ 1,604,848	\$ 1,604,848	\$ 41,373
Excess (Deficiency) of Revenues Over Expenditures	\$ 120,299	\$ 184,352	\$ 156,959	\$ (36,660)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 27,393	\$ 0	\$ 27,393	\$ 0
Total Other Financing Sources	\$ 27,393	\$ 0	\$ 27,393	\$ 0
Net Change in Fund Balance	\$ 147,692	\$ 184,352	\$ 184,352	\$ (36,660)
Fund Balance, July 1, 2014	275,575	224,096	224,096	51,479
Fund Balance, June 30, 2015	\$ 423,267	\$ 408,448	\$ 408,448	\$ 14,819

Exhibit G-4

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 29,808	\$ 40,000	\$ 40,000	\$ (10,192)
Other Local Revenues	0	100	100	(100)
Total Revenues	<u>\$ 29,808</u>	<u>\$ 40,100</u>	<u>\$ 40,100</u>	<u>\$ (10,292)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 95,700	\$ 107,595	\$ 132,273	\$ 36,573
Total Expenditures	<u>\$ 95,700</u>	<u>\$ 107,595</u>	<u>\$ 132,273</u>	<u>\$ 36,573</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (65,892)</u>	<u>\$ (67,495)</u>	<u>\$ (92,173)</u>	<u>\$ 26,281</u>
Net Change in Fund Balance	\$ (65,892)	\$ (67,495)	\$ (92,173)	\$ 26,281
Fund Balance, July 1, 2014	<u>107,670</u>	<u>113,320</u>	<u>113,320</u>	<u>(5,650)</u>
Fund Balance, June 30, 2015	<u>\$ 41,778</u>	<u>\$ 45,825</u>	<u>\$ 21,147</u>	<u>\$ 20,631</u>

Exhibit G-5

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 638,156	\$ 664,707	\$ 626,356	\$ 11,800
Total Revenues	\$ 638,156	\$ 664,707	\$ 626,356	\$ 11,800
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 390,000	\$ 390,000	\$ 389,992	\$ (8)
<u>Interest on Debt</u>				
General Government	180,754	210,583	210,583	29,829
<u>Other Debt Service</u>				
General Government	21,913	23,000	23,000	1,087
Total Expenditures	\$ 592,667	\$ 623,583	\$ 623,575	\$ 30,908
Excess (Deficiency) of Revenues Over Expenditures	\$ 45,489	\$ 41,124	\$ 2,781	\$ 42,708
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 38,351	\$ 0	\$ 38,351	\$ 0
Total Other Financing Sources	\$ 38,351	\$ 0	\$ 38,351	\$ 0
Net Change in Fund Balance	\$ 83,840	\$ 41,124	\$ 41,132	\$ 42,708
Fund Balance, July 1, 2014	1,247,178	1,228,899	1,228,899	18,279
Fund Balance, June 30, 2015	\$ 1,331,018	\$ 1,270,023	\$ 1,270,031	\$ 60,987

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 H-1

Carroll County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	Agency Funds					Total
	Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	District Attorney General		
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 1,304,224	0	\$ 1,304,224	
Equity in Pooled Cash and Investments	0	300,948	0	17,191	318,139	
Due from Other Governments	401,956	434,815	0	1,836	838,607	
Taxes Receivable	0	5,928,435	0	0	5,928,435	
Allowance for Uncollectible Taxes	0	(253,522)	0	0	(253,522)	
Total Assets	<u>\$ 401,956</u>	<u>\$ 6,410,676</u>	<u>\$ 1,304,224</u>	<u>19,027</u>	<u>\$ 8,135,883</u>	
<u>LIABILITIES</u>						
Payroll Deductions Payable	\$ 0	\$ 0	\$ 0	223	\$ 223	
Due to Other Taxing Units	401,956	6,410,676	0	0	6,812,632	
Due to Litigants, Heirs, and Others	0	0	1,304,224	18,804	1,323,028	
Total Liabilities	<u>\$ 401,956</u>	<u>\$ 6,410,676</u>	<u>\$ 1,304,224</u>	<u>19,027</u>	<u>\$ 8,135,883</u>	

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,421,114	\$ 2,421,114	\$ 0
Due from Other Governments	392,712	401,956	392,712	401,956
Total Assets	<u>\$ 392,712</u>	<u>\$ 2,823,070</u>	<u>\$ 2,813,826</u>	<u>\$ 401,956</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 392,712	\$ 2,823,070	\$ 2,813,826	\$ 401,956
Total Liabilities	<u>\$ 392,712</u>	<u>\$ 2,823,070</u>	<u>\$ 2,813,826</u>	<u>\$ 401,956</u>
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 251,253	\$ 8,120,877	\$ 8,071,182	\$ 300,948
Due from Other Governments	410,771	434,815	410,771	434,815
Taxes Receivable	5,522,422	5,928,435	5,522,422	5,928,435
Allowance for Uncollectible Taxes	(238,626)	(253,522)	(238,626)	(253,522)
Total Assets	<u>\$ 5,945,820</u>	<u>\$ 14,230,605</u>	<u>\$ 13,765,749</u>	<u>\$ 6,410,676</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,945,820	\$ 14,230,605	\$ 13,765,749	\$ 6,410,676
Total Liabilities	<u>\$ 5,945,820</u>	<u>\$ 14,230,605</u>	<u>\$ 13,765,749</u>	<u>\$ 6,410,676</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,259,325	\$ 6,297,938	\$ 6,253,039	\$ 1,304,224
Total Assets	<u>\$ 1,259,325</u>	<u>\$ 6,297,938</u>	<u>\$ 6,253,039</u>	<u>\$ 1,304,224</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,259,325	\$ 6,297,938	\$ 6,253,039	\$ 1,304,224
Total Liabilities	<u>\$ 1,259,325</u>	<u>\$ 6,297,938</u>	<u>\$ 6,253,039</u>	<u>\$ 1,304,224</u>

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 39,058	\$ 29,503	\$ 51,370	\$ 17,191
Due from Other Governments	1,615	1,836	1,615	1,836
Total Assets	\$ 40,673	\$ 31,339	\$ 52,985	\$ 19,027
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 0	\$ 223	\$ 0	\$ 223
Due to Litigants, Heirs and Others	40,673	31,116	52,985	18,804
Total Liabilities	\$ 40,673	\$ 31,339	\$ 52,985	\$ 19,027
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,259,325	\$ 6,297,938	\$ 6,253,039	\$ 1,304,224
Equity in Pooled Cash and Investments	290,311	10,571,494	10,543,666	318,139
Due from Other Governments	805,098	838,607	805,098	838,607
Taxes Receivable	5,522,422	5,928,435	5,522,422	5,928,435
Allowance for Uncollectible Taxes	(238,626)	(253,522)	(238,626)	(253,522)
Total Assets	\$ 7,638,530	\$ 23,382,952	\$ 22,885,599	\$ 8,135,883
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 0	\$ 223	\$ 0	\$ 223
Due to Other Taxing Units	6,338,532	17,053,675	16,579,575	6,812,632
Due to Litigants, Heirs, and Others	1,299,998	6,329,054	6,306,024	1,323,028
Total Liabilities	\$ 7,638,530	\$ 23,382,952	\$ 22,885,599	\$ 8,135,883

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 I-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 1,068,920	\$ 713,937	\$ 17,521	\$ (337,462)
Support Services	2,666,408	47,892	98,549	(2,519,967)
Operation of Non-instructional Services	43,430	4,245	13,143	(26,042)
Total Governmental Activities	<u>\$ 3,778,758</u>	<u>\$ 766,074</u>	<u>\$ 129,213</u>	<u>\$ (2,883,471)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 569,818
Local Option Sales Taxes				66,225
Other Local Taxes				112
Grants and Contributions Not Restricted to Specific Programs				2,805,621
Miscellaneous				51,596
Pension Income				22,679
Total General Revenues				<u>\$ 3,516,051</u>
Change in Net Position				\$ 632,580
Net Position, July 1, 2014				10,060,476
Restatement - Pension Liability (See Note I.D.8)				<u>(497,726)</u>
Net Position, June 30, 2015				<u>\$ 10,195,330</u>

Exhibit I-2

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

	Major Funds		Total Governmental Funds
	General Purpose School	School Transpor - tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,988,055	\$ 1,898,201	\$ 6,886,256
Due from Other Governments	86,079	0	86,079
Property Taxes Receivable	0	592,615	592,615
Allowance for Uncollectible Property Taxes	0	(25,993)	(25,993)
Total Assets	<u>\$ 5,074,134</u>	<u>\$ 2,464,823</u>	<u>\$ 7,538,957</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 548	\$ 0	\$ 548
Accrued Payroll	1,325	0	1,325
Payroll Deductions Payable	44,888	5,789	50,677
Total Liabilities	<u>\$ 46,761</u>	<u>\$ 5,789</u>	<u>\$ 52,550</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 539,014	\$ 539,014
Deferred Delinquent Property Taxes	0	25,404	25,404
Other Deferred/Unavailable Revenue	5,006	0	5,006
Total Deferred Inflows of Resources	<u>\$ 5,006</u>	<u>\$ 564,418</u>	<u>\$ 569,424</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Instruction	\$ 10,231	\$ 0	\$ 10,231
Restricted for Operation of Non-instructional Services	6,387	0	6,387
Committed:			
Committed for Support Services	0	1,894,616	1,894,616
Assigned:			
Assigned for Education	420,725	0	420,725
Unassigned	4,585,024	0	4,585,024
Total Fund Balances	<u>\$ 5,022,367</u>	<u>\$ 1,894,616</u>	<u>\$ 6,916,983</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,074,134</u>	<u>\$ 2,464,823</u>	<u>\$ 7,538,957</u>

Exhibit I-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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	6,916,983
(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		967,537	
Add: other capital assets net of accumulated depreciation		<u>2,459,420</u>	3,603,446
(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			(47,702)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as a component of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	176,106	
Less: deferred inflows of resources related to pensions		<u>(720,266)</u>	(544,160)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	232,701	
Add: net pension asset - cost-sharing plan		<u>3,652</u>	236,353
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>30,410</u>
Net position of governmental activities (Exhibit A)			<u>\$ 10,195,330</u>

Exhibit I-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, 2015

	Major Funds		Total Governmental Funds
	General Purpose School	School Transpor - tation	
<u>Revenues</u>			
Local Taxes	\$ 66,842	\$ 618,075	\$ 684,917
Licenses and Permits	41	0	41
Charges for Current Services	765,954	0	765,954
Other Local Revenues	51,654	70	51,724
State of Tennessee	2,068,953	793,157	2,862,110
Federal Government	18,639	0	18,639
Total Revenues	<u>\$ 2,972,083</u>	<u>\$ 1,411,302</u>	<u>\$ 4,383,385</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,026,864	\$ 0	\$ 1,026,864
Support Services	1,712,765	1,160,742	2,873,507
Operation of Non-instructional Services	32,451	0	32,451
Capital Outlay	18,533	0	18,533
Total Expenditures	<u>\$ 2,790,613</u>	<u>\$ 1,160,742</u>	<u>\$ 3,951,355</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 181,470</u>	<u>\$ 250,560</u>	<u>\$ 432,030</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 8,038	\$ 9,141	\$ 17,179
Total Other Financing Sources (Uses)	<u>\$ 8,038</u>	<u>\$ 9,141</u>	<u>\$ 17,179</u>
Net Change in Fund Balances	\$ 189,508	\$ 259,701	\$ 449,209
Fund Balance, July 1, 2014	4,832,859	1,634,915	6,467,774
Fund Balance, June 30, 2015	<u>\$ 5,022,367</u>	<u>\$ 1,894,616</u>	<u>\$ 6,916,983</u>

Exhibit I-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, 2015

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 449,209
<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	\$ 417,130	
Less: current-year depreciation expense	<u>(425,457)</u>	(8,327)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: book value of capital assets disposed		(7,131)
<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, 2015	\$ 30,410	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(25,136)</u>	5,274
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability	\$ 3,636	
Change in net pension asset - agent plan	431,274	
Change in net pension asset - cost-sharing plan	302,805	
Change in deferred outflows related to pensions	176,106	
Change in deferred inflows related to pensions	<u>(720,266)</u>	<u>193,555</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 632,580</u>

Exhibit I-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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 66,842	\$ 0	\$ 0	\$ 66,842	\$ 56,060	\$ 56,110	\$ 10,732
Licenses and Permits	41	0	0	41	30	30	11
Charges for Current Services	765,954	0	0	765,954	772,000	775,000	(9,046)
Other Local Revenues	51,654	0	0	51,654	8,600	8,610	43,044
State of Tennessee	2,068,953	0	0	2,068,953	2,062,186	2,064,686	4,267
Federal Government	18,639	0	0	18,639	0	10,600	8,039
Total Revenues	\$ 2,972,083	\$ 0	\$ 0	\$ 2,972,083	\$ 2,898,876	\$ 2,915,036	\$ 57,047
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,554	\$ 0	\$ 0	\$ 7,554	\$ 28,507	\$ 28,507	\$ 20,953
Alternative Instruction Program	73,457	0	0	73,457	75,164	75,164	1,707
Special Education Program	438,244	0	0	438,244	454,944	454,944	16,700
Vocational Education Program	507,609	0	2,950	510,559	584,064	584,064	73,505
Adult Education Program	0	0	0	0	209	209	209
<u>Support Services</u>							
Attendance	41,454	0	0	41,454	43,044	43,044	1,590
Health Services	126,067	0	0	126,067	130,282	130,282	4,215
Other Student Support	61,323	(270)	0	61,053	67,297	67,297	6,244
Special Education Program	86,520	0	0	86,520	94,316	94,316	7,796
Vocational Education Program	45,005	0	0	45,005	46,418	46,418	1,413
Adult Programs	1,618	0	0	1,618	5,500	5,500	3,882
Other Programs	2,400	0	0	2,400	5,000	7,400	5,000
Board of Education	172,879	0	0	172,879	188,052	188,052	15,173
Director of Schools	126,552	0	0	126,552	133,087	133,087	6,535
Office of the Principal	91,175	0	0	91,175	93,690	93,690	2,515
Fiscal Services	128,114	0	0	128,114	132,769	132,769	4,655
Operation of Plant	135,078	0	0	135,078	162,000	162,000	26,922
Maintenance of Plant	90,292	0	0	90,292	127,740	127,740	37,448

(Continued)

Exhibit I-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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 495,988	\$ (417,130)	\$ 417,775	\$ 496,633	\$ 577,893	\$ 577,893	\$ 81,260
Central and Other	108,300	0	0	108,300	110,267	110,267	1,967
<u>Operation of Non-instructional Services</u>							
Food Service	32,451	0	0	32,451	17,070	38,217	5,766
<u>Capital Outlay</u>							
Regular Capital Outlay	18,533	0	0	18,533	250,000	250,000	231,467
Total Expenditures	\$ 2,790,613	\$ (417,400)	\$ 420,725	\$ 2,793,938	\$ 3,327,313	\$ 3,350,860	\$ 556,922
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 181,470	\$ 417,400	\$ (420,725)	\$ 178,145	\$ (428,437)	\$ (435,824)	\$ 613,969
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 8,038	\$ 0	\$ 0	\$ 8,038	\$ 10,000	\$ 10,000	\$ (1,962)
Total Other Financing Sources	\$ 8,038	\$ 0	\$ 0	\$ 8,038	\$ 10,000	\$ 10,000	\$ (1,962)
Net Change in Fund Balance							
Fund Balance, July 1, 2014	\$ 4,832,859	\$ (417,400)	\$ 0	\$ 4,415,459	\$ 4,262,655	\$ 4,262,655	\$ 152,804
Fund Balance, June 30, 2015	\$ 5,022,367	\$ 0	\$ (420,725)	\$ 4,601,642	\$ 3,844,218	\$ 3,836,831	\$ 764,811

Exhibit I-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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 618,075	\$ 604,036	\$ 604,036	\$ 14,039
Other Local Revenues	70	0	0	70
State of Tennessee	793,157	750,000	750,000	43,157
Total Revenues	<u>\$ 1,411,302</u>	<u>\$ 1,354,036</u>	<u>\$ 1,354,036</u>	<u>\$ 57,266</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 20,272	\$ 21,400	\$ 21,400	\$ 1,128
Transportation	1,140,470	1,402,408	1,402,408	261,938
Total Expenditures	<u>\$ 1,160,742</u>	<u>\$ 1,423,808</u>	<u>\$ 1,423,808</u>	<u>\$ 263,066</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 250,560</u>	<u>\$ (69,772)</u>	<u>\$ (69,772)</u>	<u>\$ 320,332</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,141	\$ 0	\$ 0	\$ 9,141
Total Other Financing Sources	<u>\$ 9,141</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,141</u>
Net Change in Fund Balance	\$ 259,701	\$ (69,772)	\$ (69,772)	\$ 329,473
Fund Balance, July 1, 2014	<u>1,634,915</u>	<u>1,492,607</u>	<u>1,492,607</u>	<u>142,308</u>
Fund Balance, June 30, 2015	<u>\$ 1,894,616</u>	<u>\$ 1,422,835</u>	<u>\$ 1,422,835</u>	<u>\$ 471,781</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Carroll County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<u>NOTES PAYABLE</u>							
<u>Payable through Highway/Public Works Fund</u>							
Dump Trucks	\$ 241,000	2.65 %	12-14-11	12-1-16	\$ 148,000	\$ 48,000	\$ 100,000
Road Improvements	100,000	2	9-30-13	9-1-16	100,000	33,000	67,000
Total Notes Payable					<u>\$ 248,000</u>	<u>\$ 81,000</u>	<u>\$ 167,000</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Courthouse and Jail Renovation	2,200,000	Variable	1-15-04	5-25-28	\$ 1,349,000	\$ 134,000	\$ 1,215,000
Jail Renovation	8,164,130	2.32	2-22-12	3-1-37	7,671,000	256,000	7,415,000
Total Other Loans Payable					<u>\$ 9,020,000</u>	<u>\$ 390,000</u>	<u>\$ 8,630,000</u>

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 82,000	\$ 3,011	\$ 85,011
2017	85,000	1,016	86,016
Total	<u>\$ 167,000</u>	<u>\$ 4,027</u>	<u>\$ 171,027</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2016	\$ 348,000	\$ 175,187	\$ 6,087	\$ 529,274
2017	357,000	169,109	5,712	531,820
2018	366,000	162,891	5,323	534,214
2019	376,000	156,534	4,921	537,455
2020	385,000	150,015	4,505	539,520
2021	395,000	143,357	4,077	542,434
2022	405,000	136,536	3,712	545,248
2023	416,000	129,553	3,336	548,888
2024	426,000	122,407	2,945	551,352
2025	437,000	115,099	2,543	554,642
2026	448,000	107,629	2,118	557,747
2027	435,000	99,973	1,646	536,619
2028	345,000	88,995	0	433,995
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>\$ 8,630,000</u>	<u>\$ 2,174,767</u>	<u>\$ 46,926</u>	<u>\$ 10,851,693</u>

Exhibit J-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Highway/Public Works	Operations	\$ 100,000
Public Utility	General	Payment in-lieu-of taxes	320,503
"	Solid Waste/Sanitation	"	27,393
"	Highway/Public Works	"	24,654
"	General Debt Service	"	<u>38,351</u>
Total Transfers			<u>\$ 510,901</u>

Exhibit J-4

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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i> , and County Commission	\$ 93,358 (1)	\$ 100,000	RLI Insurance Company
Highway Commissioners	Section 8-24-102, <i>TCA</i> , and County Commission	117,914 (2)	200,000 (3)	"
Director of Schools	State Board of Education and Carroll County Board of Education	83,497 (4)	100,000	"
Trustee:				
Patricia Rich (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	11,307	758,200	"
Paula Bolen (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	56,536	774,472	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	67,843 (5)	60,000	Auto-Owners Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	67,843	100,000	RLI Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	74,628 (6)	100,000	"
Employee Bonds:				
Employee Blanket Bond - General County Government			150,000	Local Government Property and Casualty Fund
Board of Education			150,000	Tennessee Risk Management Trust

- (1) Includes a purchasing agent salary of \$15,000.
(2) Includes two highway commissioners' salaries at \$6,206 each for two months, and two highway commissioners' salaries at \$52,751 each for 12 months.
(3) Includes two highway commissioners' bonds at \$100,000 each.
(4) Includes a chief executive officer training supplement of \$1,000.
(5) Does not include special commissioner fees of \$47,815.
(6) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,103,390	\$ 350,715	\$ 0	\$ 0	\$ 315,659
Trustee's Collections - Prior Year	143,954	12,319	0	0	11,137
Trustee's Collections - Bankruptcy	615	54	0	0	49
Circuit Clerk/Clerk and Master Collections - Prior Years	118,170	10,100	0	0	9,090
Interest and Penalty	29,724	2,540	0	0	2,510
Payments in-Lieu-of Taxes - T.V.A.	12	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	13,259	1,002	0	0	901
Payments in-Lieu-of Taxes - Other	89,266	7,629	0	0	6,867
<u>County Local Option Taxes</u>					
Local Option Sales Tax	182,408	0	0	0	0
Wheel Tax	822,580	0	0	0	462,702
Litigation Tax - General	54,965	0	0	0	0
Litigation Tax - Special Purpose	87,134	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	168,250	0	0	0	0
Mixed Drink Tax	1,637	0	0	0	0
Mineral Severance Tax	0	0	0	0	58,018
<u>Statutory Local Taxes</u>					
Bank Excise Tax	160,589	0	0	0	0
Wholesale Beer Tax	63,826	0	0	0	0
Interstate Telecommunications Tax	1,462	0	0	0	0
Total Local Taxes	\$ 6,041,241	\$ 384,359	\$ 0	\$ 0	\$ 866,933

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>					
<u>Permits</u>					
Beer Permits	\$ 1,105	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	90	0	0	0	0
Other Permits	225	0	0	0	0
Total Licenses and Permits	\$ 1,420	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 1,592	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,640	0	0	0	0
Drug Control Fines	5,230	0	2,271	0	0
Drug Court Fees	1,418	0	0	0	0
Jail Fees	2,446	0	0	0	0
DUI Treatment Fines	377	0	0	0	0
Data Entry Fee - Circuit Court	774	0	0	0	0
Courtroom Security Fee	2	0	0	0	0
Victims Assistance Assessments	3,465	0	0	0	0
<u>General Sessions Court</u>					
Fines	21,945	0	0	0	0
Officers Costs	48,746	0	0	0	0
Game and Fish Fines	644	0	0	0	0
Drug Control Fines	8,610	0	9,894	0	0
Drug Court Fees	3,394	0	0	0	0
Jail Fees	9,071	0	0	0	0
Judicial Commissioner Fees	561	0	0	0	0
DUI Treatment Fines	4,088	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Data Entry Fee - General Sessions Court	\$ 6,971	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	110	0	0	0	0
Victims Assistance Assessments	11,186	0	0	0	0
<u>Juvenile Court</u>					
Officers Costs	329	0	0	0	0
Data Entry Fee - Juvenile Court	1,324	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,731	0	0	0	0
Data Entry Fee - Chancery Court	4,222	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	15,411	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	3,843	0	2,232	0	0
Total Fines, Forfeitures, and Penalties	\$ 144,719	\$ 0	\$ 29,808	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Residential Waste Collection Charge	\$ 0	\$ 1,152,427	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fee	0	753	0	0	0
Surcharge - Waste Tire Disposal	0	12,120	0	0	0
Other General Service Charges	1,558	0	0	0	0
<u>Fees</u>					
Copy Fees	127	0	0	0	0
Archives and Records Management Fee	9,576	0	0	0	0
Greenbelt Late Application Fee	600	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	\$ 34,954	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	243	0	0	0	67
Constitutional Officers' Fees and Commissions	0	0	0	102,604	0
Data Processing Fee - Register	8,076	0	0	0	0
Data Processing Fee - Sheriff	4,435	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,200	0	0	0	0
Data Processing Fee - County Clerk	4,245	0	0	0	0
<u>Education Charges</u>					
Contract for Instructional Services with Other LEA's	226,832	0	0	0	0
Total Charges for Current Services	\$ 294,846	\$ 1,165,300	\$ 0	\$ 102,604	\$ 67
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 37,304	\$ 463	\$ 0	\$ 0	\$ 0
Lease/Rentals	52,371	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	1,227
Commissary Sales	27,110	0	0	0	0
Sale of Gasoline	170,141	0	0	0	0
Sale of Recycled Materials	268	68,473	0	0	0
Miscellaneous Refunds	16,443	1,377	0	0	2,219
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	4,808
Sale of Property	16,599	0	0	0	0
Contributions and Gifts	6,810	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 83,255	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 410,301	\$ 70,313	\$ 0	\$ 0	\$ 8,254
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
Clerk and Master	\$ 25,897	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>					
County Clerk	253,916	0	0	0	0
Circuit Court Clerk	64,544	0	0	0	0
General Sessions Court Clerk	136,670	0	0	0	0
Juvenile Court Clerk	28,321	0	0	0	0
Register	88,260	0	0	0	0
Sheriff	9,274	0	0	0	0
Trustee	363,622	0	0	0	0
Total Fees Received From County Officials	\$ 970,504	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	128,888	0	0	0	0
Aging Programs	45,168	0	0	0	0
Alternative School Program	649,884	0	0	0	0
Solid Waste Grants	0	24,445	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	13,800	0	0	0	0
Other Public Safety Grants	8,274	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Health and Welfare Grants</u>					
Health Department Programs	\$ 180,637	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	384,357
State Aid Program	0	0	0	0	218,920
Litter Program	0	39,357	0	0	0
<u>Other State Revenues</u>					
Income Tax	19,591	0	0	0	0
Beer Tax	18,055	0	0	0	0
Vehicle Certificate of Title Fees	2,314	0	0	0	0
Alcoholic Beverage Tax	66,983	0	0	0	0
Emergency Hospital - Prisoners	40,242	0	0	0	0
Contracted Prisoner Boarding	841,841	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,885,492
Petroleum Special Tax	0	0	0	0	20,580
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	771	0	0	0	0
Other State Revenues	22,332	0	0	0	0
Total State of Tennessee	\$ 2,058,444	\$ 63,802	\$ 0	\$ 0	\$ 2,509,349
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 170,196	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	42,000	0	0	0	0
Disaster Relief	0	0	0	0	257,684

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue</u>					
Forest Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,874
Total Federal Government	<u>\$ 212,196</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 264,558</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 20,069	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	487,501	0	0	0	0
<u>Citizens Groups</u>					
Donations	4,042	0	0	0	0
<u>Other</u>					
Other	15,979	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 527,591</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 10,661,262</u>	<u>\$ 1,683,774</u>	<u>\$ 29,808</u>	<u>\$ 102,604</u>	<u>\$ 3,649,161</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 490,994	\$ 5,260,758
Trustee's Collections - Prior Year	17,101	184,511
Trustee's Collections - Bankruptcy	72	790
Circuit Clerk/Clerk and Master Collections - Prior Years	14,140	151,500
Interest and Penalty	3,555	38,329
Payments in-Lieu-of Taxes - T.V.A.	0	12
Payments in-Lieu-of Taxes - Local Utilities	1,402	16,564
Payments in-Lieu-of Taxes - Other	10,681	114,443
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	182,408
Wheel Tax	0	1,285,282
Litigation Tax - General	0	54,965
Litigation Tax - Special Purpose	0	87,134
Litigation Tax - Jail, Workhouse, or Courthouse	100,211	100,211
Business Tax	0	168,250
Mixed Drink Tax	0	1,637
Mineral Severance Tax	0	58,018
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	160,589
Wholesale Beer Tax	0	63,826
Interstate Telecommunications Tax	0	1,462
Total Local Taxes	<u>\$ 638,156</u>	<u>\$ 7,930,689</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Licenses and Permits</u>				
<u>Permits</u>				
Beer Permits	\$	0	\$	1,105
Building Permits		0		90
Other Permits		0		225
Total Licenses and Permits	\$	0	\$	1,420
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$	0	\$	1,592
Officers Costs		0		2,640
Drug Control Fines		0		7,501
Drug Court Fees		0		1,418
Jail Fees		0		2,446
DUI Treatment Fines		0		377
Data Entry Fee - Circuit Court		0		774
Courtroom Security Fee		0		2
Victims Assistance Assessments		0		3,465
<u>General Sessions Court</u>				
Fines		0		21,945
Officers Costs		0		48,746
Game and Fish Fines		0		644
Drug Control Fines		0		18,504
Drug Court Fees		0		3,394
Jail Fees		0		9,071
Judicial Commissioner Fees		0		561
DUI Treatment Fines		0		4,088

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>General Sessions Court (Cont.)</u>		
Data Entry Fee - General Sessions Court	\$ 0	\$ 6,971
Courtroom Security Fee	0	110
Victims Assistance Assessments	0	11,186
<u>Juvenile Court</u>		
Officers Costs	0	329
Data Entry Fee - Juvenile Court	0	1,324
<u>Chancery Court</u>		
Officers Costs	0	1,731
Data Entry Fee - Chancery Court	0	4,222
<u>Judicial District Drug Program</u>		
Drug Task Force Forfeitures and Seizures	0	15,411
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	6,075
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 174,527</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Residential Waste Collection Charge	\$ 0	\$ 1,152,427
Solid Waste Disposal Fee	0	753
Surcharge - Waste Tire Disposal	0	12,120
Other General Service Charges	0	1,558
<u>Fees</u>		
Copy Fees	0	127
Archives and Records Management Fee	0	9,576
Greenbelt Late Application Fee	0	600

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Charges for Current Services (Cont.)</u>				
<u>Fees (Cont.)</u>				
Telephone Commissions	\$	0	\$	34,954
Vending Machine Collections		0		310
Constitutional Officers' Fees and Commissions		0		102,604
Data Processing Fee - Register		0		8,076
Data Processing Fee - Sheriff		0		4,435
Sexual Offender Registration Fee - Sheriff		0		4,200
Data Processing Fee - County Clerk		0		4,245
<u>Education Charges</u>				
Contract for Instructional Services with Other LEA's		0		226,832
Total Charges for Current Services	\$	0	\$	1,562,817
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$	0	\$	37,767
Lease/Rentals		0		52,371
Sale of Materials and Supplies		0		1,227
Commissary Sales		0		27,110
Sale of Gasoline		0		170,141
Sale of Recycled Materials		0		68,741
Miscellaneous Refunds		0		20,039
<u>Nonrecurring Items</u>				
Sale of Equipment		0		4,808
Sale of Property		0		16,599
Contributions and Gifts		0		6,810

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Other Local Revenues (Cont.)</u>				
<u>Other Local Revenues</u>				
Other Local Revenues	\$	0	\$	83,255
Total Other Local Revenues	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>488,868</u>
<u>Fees Received From County Officials</u>				
<u>Excess Fees</u>				
Clerk and Master	\$	0	\$	25,897
<u>Fees In-Lieu-of Salary</u>				
County Clerk		0		253,916
Circuit Court Clerk		0		64,544
General Sessions Court Clerk		0		136,670
Juvenile Court Clerk		0		28,321
Register		0		88,260
Sheriff		0		9,274
Trustee		0		363,622
Total Fees Received From County Officials	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>970,504</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$	0	\$	4,500
Airport Maintenance Program		0		128,888
Aging Programs		0		45,168
Alternative School Program		0		649,884
Solid Waste Grants		0		24,445
<u>Public Safety Grants</u>				
Law Enforcement Training Programs		0		13,800
Other Public Safety Grants		0		8,274

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		General Debt Service	Total
<u>State of Tennessee (Cont.)</u>				
<u>Health and Welfare Grants</u>				
Health Department Programs	\$	0	\$	180,637
<u>Public Works Grants</u>				
Bridge Program		0		384,357
State Aid Program		0		218,920
Litter Program		0		39,357
<u>Other State Revenues</u>				
Income Tax		0		19,591
Beer Tax		0		18,055
Vehicle Certificate of Title Fees		0		2,314
Alcoholic Beverage Tax		0		66,983
Emergency Hospital - Prisoners		0		40,242
Contracted Prisoner Boarding		0		841,841
Gasoline and Motor Fuel Tax		0		1,885,492
Petroleum Special Tax		0		20,580
Registrar's Salary Supplement		0		15,164
Other State Grants		0		771
Other State Revenues		0		22,332
Total State of Tennessee	\$	0	\$	4,631,595
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$	0	\$	170,196
Civil Defense Reimbursement		0		42,000
Disaster Relief		0		257,684

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Forest Service	\$	0	\$	6,874
Total Federal Government	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>476,754</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$	0	\$	20,069
Contributions		0		487,501
<u>Citizens Groups</u>				
Donations		0		4,042
<u>Other</u>				
Other		0		15,979
Total Other Governments and Citizens Groups	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>527,591</u>
Total	<u>\$</u>	<u>638,156</u>	<u>\$</u>	<u>16,764,765</u>

Exhibit J-6

Carroll County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Fund School Transpor - tation	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 526,064	\$ 526,064
Trustee's Collections - Prior Year	0	18,560	18,560
Trustee's Collections - Bankruptcy	0	81	81
Circuit Clerk/Clerk and Master Collections - Prior Years	0	15,150	15,150
Interest and Penalty	0	4,183	4,183
Payments in-Lieu-of Taxes - Local Utilities	0	42,593	42,593
Payments in-Lieu-of Taxes - Other	0	11,444	11,444
<u>County Local Option Taxes</u>			
Local Option Sales Tax	66,729	0	66,729
Mixed Drink Tax	42	0	42
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	71	0	71
Total Local Taxes	\$ 66,842	\$ 618,075	\$ 684,917
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 41	\$ 0	\$ 41
Total Licenses and Permits	\$ 41	\$ 0	\$ 41
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Other	\$ 474	\$ 0	\$ 474
Lunch Payments - Children	1,898	0	1,898
Lunch Payments - Adults	1,629	0	1,629
Transportation - Other State Systems	47,772	0	47,772
Contract for Instructional Services with Other LEA's	647,186	0	647,186
Receipts from Individual Schools	718	0	718
Other Charges for Services	66,277	0	66,277
Total Charges for Current Services	\$ 765,954	\$ 0	\$ 765,954
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 8	\$ 0	\$ 8
Sale of Materials and Supplies	120	0	120
Retirees' Insurance Payments	25	0	25
Miscellaneous Refunds	26,363	70	26,433
<u>Nonrecurring Items</u>			
Sale of Equipment	20,367	0	20,367
Damages Recovered from Individuals	89	0	89

(Continued)

Exhibit J-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>Other Local Revenues (Cont.)</u>			
<u>Nonrecurring Items (Cont.)</u>			
Contributions and Gifts	\$ 4,682	\$ 0	\$ 4,682
Total Other Local Revenues	\$ 51,654	\$ 70	\$ 51,724
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-behalf Contributions for OPEB	\$ 2,400	\$ 0	\$ 2,400
<u>State Education Funds</u>			
Basic Education Program	1,951,513	0	1,951,513
School Food Service	187	0	187
Driver Education	846	0	846
Other State Education Funds	99,620	0	99,620
Career Ladder Program	11,092	0	11,092
Career Ladder - Extended Contract	3,295	0	3,295
<u>Other State Revenues</u>			
State Revenue Sharing - T.V.A.	0	793,157	793,157
Total State of Tennessee	\$ 2,068,953	\$ 793,157	\$ 2,862,110
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 10,929	\$ 0	\$ 10,929
USDA - Commodities	836	0	836
<u>Direct Federal Revenue</u>			
Forest Service	6,874	0	6,874
Total Federal Government	\$ 18,639	\$ 0	\$ 18,639
Total	\$ 2,972,083	\$ 1,411,302	\$ 4,383,385

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	31,700	
Social Security		1,940	
State Retirement		9,492	
Unemployment Compensation		40	
Employer Medicare		454	
Audit Services		8,557	
Dues and Memberships		3,852	
Legal Notices, Recording, and Court Costs		2,054	
Periodicals		391	
Other Charges		1,256	
Total County Commission	\$		59,736

Board of Equalization

Board and Committee Members Fees	\$	2,371	
Data Processing Services		11,457	
Total Board of Equalization			13,828

Other Boards and Committees

Board and Committee Members Fees	\$	100	
Legal Notices, Recording, and Court Costs		136	
Total Other Boards and Committees			236

County Mayor/Executive

County Official/Administrative Officer	\$	78,358	
Assistant(s)		38,257	
Purchasing Personnel		15,000	
Secretary(ies)		28,147	
Part-time Personnel		7,612	
Social Security		9,705	
State Retirement		12,957	
Employee and Dependent Insurance		18,800	
Unemployment Compensation		204	
Employer Medicare		2,270	
Communication		2,149	
Data Processing Services		369	
Dues and Memberships		1,700	
Maintenance Agreements		4,472	
Postal Charges		2,936	
Printing, Stationery, and Forms		1,402	
Travel		4,314	
Office Supplies		2,434	
Office Equipment		490	
Total County Mayor/Executive			231,576

County Attorney

Consultants	\$	3,000	
Legal Services		2,650	
Total County Attorney			5,650

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	61,059	
Deputy(ies)		28,147	
Part-time Personnel		7,058	
Election Commission		3,920	
Election Workers		23,166	
Social Security		5,805	
State Retirement		7,235	
Employee and Dependent Insurance		5,577	
Unemployment Compensation		142	
Employer Medicare		1,358	
Communication		1,339	
Legal Notices, Recording, and Court Costs		5,347	
Maintenance Agreements		15,748	
Maintenance and Repair Services - Equipment		472	
Postal Charges		4,535	
Printing, Stationery, and Forms		4,393	
Travel		3,432	
Office Supplies		1,031	
Other Charges		3,128	
Office Equipment		2,060	
Total Election Commission	\$		184,952

Register of Deeds

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		50,556	
Part-time Personnel		1,102	
Social Security		6,675	
State Retirement		9,602	
Employee and Dependent Insurance		28,789	
Unemployment Compensation		158	
Employer Medicare		1,561	
Communication		2,516	
Data Processing Services		6,960	
Dues and Memberships		688	
Maintenance Agreements		2,867	
Postal Charges		726	
Travel		1,362	
Other Contracted Services		2,375	
Office Supplies		2,014	
Data Processing Equipment		426	
Total Register of Deeds			186,220

County Buildings

Custodial Personnel	\$	20,923	
Maintenance Personnel		24,360	
Social Security		2,599	
State Retirement		3,672	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Employee and Dependent Insurance	\$	9,057	
Unemployment Compensation		144	
Employer Medicare		608	
Communication		972	
Maintenance Agreements		4,263	
Maintenance and Repair Services - Buildings		60,447	
Maintenance and Repair Services - Equipment		3,348	
Maintenance and Repair Services - Vehicles		718	
Permits		470	
Custodial Supplies		8,129	
Electricity		71,817	
Gasoline		2,929	
Natural Gas		20,501	
Water and Sewer		6,973	
Other Supplies and Materials		479	
Building and Contents Insurance		62,076	
Liability Insurance		132,793	
Other Charges		28,915	
Building Improvements		396,581	
Communication Equipment		394,457	
Data Processing Equipment		19,655	
Total County Buildings			\$ 1,276,886

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		69,019	
In-service Training		125	
Social Security		7,528	
State Retirement		10,990	
Employee and Dependent Insurance		30,195	
Unemployment Compensation		144	
Employer Medicare		1,761	
Communication		1,306	
Contracts with Private Agencies		21,812	
Dues and Memberships		1,700	
Maintenance Agreements		2,166	
Postal Charges		245	
Travel		309	
Gasoline		53	
Office Supplies		1,977	
Total Property Assessor's Office			217,173

Reappraisal Program

Deputy(ies)	\$	2,750	
Total Reappraisal Program			2,750

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		54,493	
Part-time Personnel		2,563	
Social Security		6,982	
State Retirement		9,993	
Employee and Dependent Insurance		28,576	
Unemployment Compensation		164	
Employer Medicare		1,633	
Communication		1,126	
Data Processing Services		7,090	
Dues and Memberships		1,153	
Legal Notices, Recording, and Court Costs		230	
Maintenance Agreements		1,489	
Postal Charges		9,506	
Travel		1,712	
Office Supplies		2,580	
Office Equipment		14,135	
Total County Trustee's Office			\$ 211,268

County Clerk's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		103,048	
Social Security		10,034	
State Retirement		13,859	
Employee and Dependent Insurance		19,151	
Unemployment Compensation		288	
Employer Medicare		2,347	
Communication		659	
Data Processing Services		3,000	
Dues and Memberships		628	
Legal Notices, Recording, and Court Costs		54	
Maintenance Agreements		1,797	
Maintenance and Repair Services - Office Equipment		3,090	
Travel		156	
Office Supplies		2,079	
Office Equipment		2,855	
Total County Clerk's Office			230,888

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,843
Deputy(ies)		159,877
Part-time Personnel		51
Board and Committee Members Fees		200
Jury and Witness Expense		9,096
Social Security		12,724
State Retirement		18,468

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Employee and Dependent Insurance	\$	44,469	
Unemployment Compensation		432	
Employer Medicare		2,976	
Communication		3,703	
Data Processing Services		11,366	
Dues and Memberships		873	
Legal Notices, Recording, and Court Costs		1,083	
Maintenance Agreements		6,135	
Postal Charges		3,815	
Travel		2,180	
Office Supplies		8,622	
Other Charges		152	
Data Processing Equipment		235	
Office Equipment		969	
Total Circuit Court			\$ 355,269

General Sessions Judge

Judge(s)	\$	107,181	
Social Security		6,364	
State Retirement		8,689	
Employee and Dependent Insurance		11,033	
Employer Medicare		1,488	
Dues and Memberships		290	
Travel		928	
Total General Sessions Judge			135,973

Drug Court

Other Per Diem and Fees	\$	4,812	
Total Drug Court			4,812

Chancery Court

Deputy(ies)	\$	107,185	
Social Security		5,715	
State Retirement		8,693	
Employee and Dependent Insurance		44,125	
Unemployment Compensation		288	
Employer Medicare		1,337	
Communication		2,378	
Data Processing Services		8,550	
Dues and Memberships		673	
Maintenance Agreements		2,867	
Postal Charges		840	
Office Supplies		2,876	
Total Chancery Court			185,527

Juvenile Court

Supervisor/Director	\$	51,394	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Youth Service Officer(s)	\$	36,500	
Guidance Personnel		35,204	
In-service Training		15	
Social Security		6,873	
State Retirement		9,983	
Employee and Dependent Insurance		36,024	
Unemployment Compensation		176	
Employer Medicare		1,607	
Communication		1,865	
Maintenance Agreements		228	
Travel		338	
Other Contracted Services		1,680	
Office Supplies		452	
Total Juvenile Court			\$ 182,339

Judicial Commissioners

Board and Committee Members Fees	\$	4,800	
Social Security		297	
Employer Medicare		70	
Total Judicial Commissioners			5,167

Victim Assistance Programs

Remittance of Revenue Collected	\$	13,511	
Total Victim Assistance Programs			13,511

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,628	
Deputy(ies)		815,191	
Detective(s)		14,078	
Investigator(s)		79,796	
Salary Supplements		13,800	
Part-time Personnel		6,525	
Overtime Pay		57,710	
Other Salaries and Wages		19,080	
In-service Training		25,751	
Social Security		62,636	
State Retirement		82,977	
Employee and Dependent Insurance		195,049	
Unemployment Compensation		2,045	
Employer Medicare		14,649	
Communication		17,107	
Contracts with Other Public Agencies		2,680	
Dues and Memberships		2,195	
Maintenance Agreements		10,947	
Maintenance and Repair Services - Equipment		6,853	
Maintenance and Repair Services - Vehicles		49,449	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Postal Charges	\$	1,970	
Travel		9,153	
Electricity		9,779	
Gasoline		97,583	
Law Enforcement Supplies		3,067	
Natural Gas		39	
Office Supplies		7,861	
Uniforms		8,545	
Water and Sewer		547	
Other Supplies and Materials		4,653	
Other Charges		2,689	
Data Processing Equipment		8,217	
Motor Vehicles		108,612	
Other Equipment		42,158	
Total Sheriff's Department			\$ 1,858,019

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	850	
Total Administration of the Sexual Offender Registry			850

Jail

Dispatchers/Radio Operators	\$	186,596
Guards		934,271
Clerical Personnel		33,044
Cafeteria Personnel		54,149
Part-time Personnel		45,238
Overtime Pay		10,830
Other Salaries and Wages		22,156
In-service Training		1,692
Social Security		73,591
State Retirement		99,153
Employee and Dependent Insurance		208,004
Unemployment Compensation		3,690
Employer Medicare		17,211
Communication		12,671
Maintenance Agreements		18,696
Maintenance and Repair Services - Equipment		7,612
Medical and Dental Services		217,168
Travel		3,967
Custodial Supplies		20,937
Electricity		66,151
Food Supplies		218,747
Library Books/Media		1,203
Natural Gas		16,834
Prisoners Clothing		12,055
Uniforms		11,019
Water and Sewer		34,807

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$	7,406	
Other Equipment		5,244	
Total Jail			\$ 2,344,142

Juvenile Services

Educational Assistants	\$	567,060	
In-service Training		130	
Social Security		34,415	
State Retirement		45,868	
Employee and Dependent Insurance		98,070	
Unemployment Compensation		1,533	
Employer Medicare		8,049	
Communication		4,162	
Dues and Memberships		660	
Licenses		990	
Maintenance Agreements		5,151	
Maintenance and Repair Services - Equipment		1,862	
Maintenance and Repair Services - Vehicles		9,076	
Medical and Dental Services		5,642	
Postal Charges		449	
Travel		1,572	
Other Contracted Services		29,220	
Custodial Supplies		3,995	
Food Supplies		36,980	
Gasoline		21,187	
Instructional Supplies and Materials		2,952	
Office Supplies		4,667	
Other Supplies and Materials		12,511	
Building and Contents Insurance		417	
Liability Insurance		14,062	
Workers' Compensation Insurance		3,500	
Other Charges		3,483	
Motor Vehicles		53,400	
Other Equipment		19,066	
Total Juvenile Services			990,129

Fire Prevention and Control

Supervisor/Director	\$	34,408	
Other Salaries and Wages		16,000	
In-service Training		3,296	
Social Security		2,867	
State Retirement		2,780	
Employee and Dependent Insurance		12,480	
Unemployment Compensation		148	
Employer Medicare		671	
Communication		2,185	
Dues and Memberships		665	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Maintenance and Repair Services - Equipment	\$	5,265	
Maintenance and Repair Services - Vehicles		40,035	
Postal Charges		245	
Travel		4,676	
Gasoline		17,323	
Office Supplies		3,165	
Other Supplies and Materials		997	
Liability Insurance		7,511	
Other Charges		9,481	
Communication Equipment		1,598	
Motor Vehicles		85,260	
Other Equipment		51,485	
Total Fire Prevention and Control			\$ 302,541

Civil Defense

Supervisor/Director	\$	39,259	
In-service Training		320	
Social Security		2,165	
State Retirement		3,172	
Employee and Dependent Insurance		11,067	
Unemployment Compensation		72	
Employer Medicare		506	
Communication		4,445	
Dues and Memberships		210	
Maintenance Agreements		4,042	
Maintenance and Repair Services - Vehicles		638	
Postal Charges		98	
Travel		433	
Gasoline		1,342	
Office Supplies		5,394	
Other Charges		4,997	
Other Equipment		7,779	
Total Civil Defense			85,939

County Coroner/Medical Examiner

Medical Personnel	\$	12,000	
Other Per Diem and Fees		4,800	
Contracts with Government Agencies		15,180	
Transportation - Other than Students		2,257	
Travel		1,685	
Total County Coroner/Medical Examiner			35,922

Public Health and Welfare

Local Health Center

Medical Personnel	\$	54,613	
Clerical Personnel		78,062	
Social Security		7,198	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

State Retirement	\$	8,790	
Employee and Dependent Insurance		42,776	
Unemployment Compensation		420	
Employer Medicare		1,683	
Communication		7,213	
Contracts with Government Agencies		25,066	
Dues and Memberships		200	
Janitorial Services		8,700	
Maintenance and Repair Services - Buildings		4,489	
Maintenance and Repair Services - Equipment		2,315	
Matching Share		1,873	
Travel		9,473	
Other Contracted Services		4,803	
Custodial Supplies		1,697	
Drugs and Medical Supplies		36	
Office Supplies		2,098	
Utilities		12,519	
Other Supplies and Materials		10,302	
Liability Insurance		56	
Office Equipment		262	
Total Local Health Center			\$ 284,644

Rabies and Animal Control

Communication	\$	501	
Maintenance and Repair Services - Vehicles		278	
Pest Control		12,000	
Veterinary Services		1,296	
Animal Food and Supplies		431	
Gasoline		936	
Total Rabies and Animal Control			15,442

General Welfare Assistance

Other Charges	\$	900	
Total General Welfare Assistance			900

Other Local Welfare Services

Dues and Memberships	\$	13,428	
Total Other Local Welfare Services			13,428

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	20,325	
Social Workers		15,722	
Other Salaries and Wages		9,474	
Social Security		2,678	
State Retirement		2,912	
Employee and Dependent Insurance		5,639	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Unemployment Compensation	\$	219	
Employer Medicare		626	
Communication		1,904	
Contracts with Other Public Agencies		3,537	
Contracts with Private Agencies		1,279	
Licenses		810	
Maintenance Agreements		228	
Printing, Stationery, and Forms		3,413	
Travel		1,240	
Food Supplies		2,550	
Gasoline		1,948	
Office Supplies		296	
Other Charges		3,184	
Total Senior Citizens Assistance	\$		77,984

Libraries

Assistant(s)	\$	14,993	
Librarians		21,045	
Other Salaries and Wages		11,310	
Social Security		2,916	
State Retirement		2,908	
Employee and Dependent Insurance		948	
Unemployment Compensation		243	
Employer Medicare		682	
Communication		3,075	
Dues and Memberships		360	
Maintenance and Repair Services - Equipment		1,260	
Postal Charges		120	
Travel		345	
Other Contracted Services		950	
Library Books/Media		12,634	
Office Supplies		4,808	
Periodicals		700	
Other Supplies and Materials		1,840	
Office Equipment		3,344	
Total Libraries			84,481

Parks and Fair Boards

Supervisor/Director	\$	44,219	
Part-time Personnel		7,958	
Social Security		3,018	
State Retirement		3,586	
Employee and Dependent Insurance		11,067	
Unemployment Compensation		147	
Employer Medicare		706	
Communication		1,034	
Maintenance Agreements		344	

(Continued)

Exhibit J-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.)

Maintenance and Repair Services - Buildings	\$	10,847	
Maintenance and Repair Services - Equipment		530	
Remittance of Revenue Collected		3,109	
Other Contracted Services		575	
Custodial Supplies		4,862	
Office Supplies		114	
Utilities		35,305	
Total Parks and Fair Boards			\$ 127,421

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	244,204	
Total Other Social, Cultural, and Recreational			244,204

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	33,057	
Secretary(ies)		6,203	
Other Fringe Benefits		9,317	
Communication		1,819	
Total Agricultural Extension Service			50,396

Forest Service

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

Soil Conservation

Secretary(ies)	\$	23,650	
Social Security		1,466	
State Retirement		1,918	
Unemployment Compensation		72	
Employer Medicare		343	
Total Soil Conservation			27,449

Flood Control

Dues and Memberships	\$	8,250	
Total Flood Control			8,250

Other Operations

Industrial Development

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

Other Economic and Community Development

Dues and Memberships	\$	17,000	
Total Other Economic and Community Development			17,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Supervisor/Director	\$	32,970	
Part-time Personnel		12,428	
Social Security		2,555	
State Retirement		2,674	
Employee and Dependent Insurance		12,577	
Unemployment Compensation		182	
Employer Medicare		597	
Communication		2,409	
Maintenance and Repair Services - Buildings		7,884	
Maintenance and Repair Services - Equipment		6,617	
Postal Charges		18	
Custodial Supplies		380	
Gasoline		136,505	
Office Supplies		131	
Utilities		17,421	
Liability Insurance		4,158	
Airport Improvement		132,738	
Motor Vehicles		4,995	
Total Airport	\$		377,239

Veterans' Services

Supervisor/Director	\$	20,300	
Social Security		1,259	
Unemployment Compensation		72	
Employer Medicare		294	
Communication		446	
Maintenance Agreements		264	
Postal Charges		294	
Travel		332	
Office Supplies		810	
Office Equipment		207	
Total Veterans' Services			24,278

Other Charges

Handling Charges and Administrative Costs	\$	120	
Contributions		4,000	
Rentals		4,000	
Library Books/Media		9,000	
Premiums on Corporate Surety Bonds		15,557	
Trustee's Commission		116,320	
Workers' Compensation Insurance		126,132	
Liability Claims		10,082	
Total Other Charges			285,211

Contributions to Other Agencies

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

Total General Fund \$ 10,812,080

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$	26,346	
Social Security		1,503	
State Retirement		2,137	
Employee and Dependent Insurance		5,522	
Unemployment Compensation		72	
Employer Medicare		351	
Communication		755	
Contracts with Private Agencies		941,512	
Postal Charges		648	
Maintenance and Repair Services - Records		73,980	
Office Supplies		1,466	
Other Charges		3,018	
Total Waste Pickup			\$ 1,057,310

Recycling Center

Supervisor/Director	\$	50,062	
Clerical Personnel		26,346	
Other Salaries and Wages		141,469	
Social Security		12,318	
State Retirement		17,670	
Employee and Dependent Insurance		53,815	
Unemployment Compensation		564	
Employer Medicare		2,881	
Communication		1,165	
Contracts with Private Agencies		23,699	
Freight Expenses		8,265	
Legal Notices, Recording, and Court Costs		41	
Maintenance and Repair Services - Buildings		1,655	
Maintenance and Repair Services - Equipment		1,047	
Maintenance and Repair Services - Vehicles		5,627	
Transportation - Other than Students		857	
Travel		208	
Custodial Supplies		101	
Gasoline		23,263	
Office Supplies		143	
Utilities		6,748	
Other Supplies and Materials		636	
Building and Contents Insurance		2,622	
Liability Insurance		4,950	
Trustee's Commission		19,456	
Workers' Compensation Insurance		10,000	
Other Charges		1,900	
Motor Vehicles		49,500	
Total Recycling Center			467,008

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways

Litter and Trash Collection

Truck Drivers	\$	21,406	
Social Security		1,327	
Unemployment Compensation		181	
Employer Medicare		310	
Contracts with Government Agencies		476	
Maintenance and Repair Services - Vehicles		1,122	
Gasoline		2,922	
Other Supplies and Materials		1,186	
Other Charges		10,227	
Total Litter and Trash Collection			\$ 39,157

Total Solid Waste/Sanitation Fund \$ 1,563,475

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	136	
Confidential Drug Enforcement Payments		1,700	
Dues and Memberships		940	
Travel		1,070	
Veterinary Services		318	
Animal Food and Supplies		781	
Trustee's Commission		291	
Law Enforcement Equipment		68	
Motor Vehicles		84,678	
Special Education Equipment		2,710	
Other Equipment		3,008	
Total Drug Enforcement			\$ 95,700

Total Drug Control Fund 95,700

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	105,170	
Total Chancery Court			\$ 105,170

Total Constitutional Officers - Fees Fund 105,170

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	117,914	
Accountants/Bookkeepers		30,052	
Secretary(ies)		25,704	
Communication		5,442	
Contracts with Other Public Agencies		5,395	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Data Processing Services	\$	7,552	
Dues and Memberships		3,021	
Evaluation and Testing		807	
Postal Charges		201	
Printing, Stationery, and Forms		488	
Travel		378	
Tuition		175	
Data Processing Supplies		1,054	
Drugs and Medical Supplies		442	
Electricity		5,448	
Natural Gas		2,224	
Office Supplies		550	
Utilities		1,261	
Water and Sewer		673	
Building and Contents Insurance		7,500	
Data Processing Equipment		484	
Other Equipment		983	
Total Administration			\$ 217,748

Highway and Bridge Maintenance

Equipment Operators	\$	497,326	
Truck Drivers		41,714	
Contracts with Private Agencies		9,514	
Engineering Services		24,898	
Asphalt - Liquid		37,258	
Concrete		52	
Crushed Stone		14,839	
General Construction Materials		251	
Ice		565	
Other Road Materials		313	
Pipe - Metal		58,952	
Road Signs		7,830	
Wood Products		677	
Chemicals		887	
Other Supplies and Materials		1,180	
Total Highway and Bridge Maintenance			696,256

Operation and Maintenance of Equipment

Mechanic(s)	\$	112,799	
Maintenance and Repair Services - Equipment		11,478	
Maintenance and Repair Services - Vehicles		1,409	
Other Contracted Services		27	
Diesel Fuel		108,085	
Equipment and Machinery Parts		142,731	
Garage Supplies		5,934	
Gasoline		34,945	
Lubricants		9,363	

(Continued)

Exhibit J-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 (Cont.)

Small Tools	\$	180	
Tires and Tubes		26,505	
Other Supplies and Materials		371	
Other Charges		1,458	
Total Operation and Maintenance of Equipment			\$ 455,285

Other Charges

Liability Insurance	\$	21,564	
Trustee's Commission		31,829	
Workers' Compensation Insurance		69,447	
Liability Claims		1,136	
Total Other Charges			123,976

Employee Benefits

Social Security	\$	55,696	
State Retirement		66,319	
Medical Insurance		359,456	
Unemployment Compensation		9,181	
Total Employee Benefits			490,652

Capital Outlay

Bridge Construction	\$	389,379	
Communication Equipment		500	
Highway Construction		658,352	
Motor Vehicles		10,000	
Office Equipment		200	
State Aid Projects		218,920	
Other Equipment		74,739	
Other Capital Outlay		15,285	
Total Capital Outlay			1,367,375

Principal on Debt

Highways and Streets

Principal on Notes	\$	81,000	
Total Highways and Streets			81,000

Interest on Debt

Highways and Streets

Interest on Notes	\$	4,956	
Total Highways and Streets			4,956

Total Highway/Public Works Fund \$ 3,437,248

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$	390,000	
Total General Government			\$ 390,000

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Other Loans

\$ 180,754

Total General Government

\$ 180,754

Other Debt Service

General Government

Trustee's Commission

\$ 12,091

Other Debt Service

9,822

Total General Government

21,913

Total General Debt Service Fund

\$ 592,667

Total Governmental Funds - Primary Government

\$ 16,606,340

Exhibit J-8

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,085	
Career Ladder Program		375	
Employer Medicare		94	
Instructional Supplies and Materials		1,000	
Total Regular Instruction Program			\$ 7,554

Alternative Instruction Program

Teachers	\$	35,515	
Educational Assistants		15,410	
Certified Substitute Teachers		118	
Non-certified Substitute Teachers		377	
Social Security		3,042	
State Retirement		4,469	
Medical Insurance		11,815	
Employer Medicare		711	
Instructional Supplies and Materials		2,000	
Total Alternative Instruction Program			73,457

Special Education Program

Teachers	\$	250,777	
Career Ladder Program		3,000	
Educational Assistants		63,092	
Bonus Payments		2,400	
Certified Substitute Teachers		1,601	
Non-certified Substitute Teachers		2,016	
Social Security		18,801	
State Retirement		28,120	
Medical Insurance		34,031	
Employer Medicare		4,397	
Maintenance and Repair Services - Equipment		1,310	
Travel		177	
Other Contracted Services		17,987	
Instructional Supplies and Materials		9,111	
Other Supplies and Materials		524	
Other Charges		210	
Special Education Equipment		690	
Total Special Education Program			438,244

Vocational Education Program

Teachers	\$	360,296
Career Ladder Program		2,000
Career Ladder Extended Contracts		1,431
Bonus Payments		1,800
Certified Substitute Teachers		5,313
Non-certified Substitute Teachers		780
Social Security		21,364

(Continued)

Exhibit J-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.)

State Retirement	\$	33,119	
Medical Insurance		45,872	
Employer Medicare		4,996	
Travel		1,136	
Instructional Supplies and Materials		18,675	
Textbooks		3,175	
Other Supplies and Materials		312	
Other Charges		195	
Vocational Instruction Equipment		7,145	
Total Vocational Education Program			\$ 507,609

Support Services

Attendance

Clerical Personnel	\$	24,744	
Social Security		1,494	
State Retirement		2,007	
Medical Insurance		5,840	
Employer Medicare		349	
Other Contracted Services		5,561	
In Service/Staff Development		1,459	
Total Attendance			41,454

Health Services

Medical Personnel	\$	25,854	
Other Salaries and Wages		67,711	
Social Security		5,552	
State Retirement		7,488	
Employer Medicare		1,298	
Communication		517	
Consultants		250	
Printing, Stationery, and Forms		1,037	
Travel		1,889	
Other Contracted Services		1,300	
Drugs and Medical Supplies		44	
Other Supplies and Materials		7,972	
In Service/Staff Development		1,896	
Other Charges		526	
Health Equipment		2,611	
Other Equipment		122	
Total Health Services			126,067

Other Student Support

Secretary(ies)	\$	24,644	
Other Salaries and Wages		1,232	
Social Security		1,563	
State Retirement		2,099	

(Continued)

Exhibit J-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.)

Medical Insurance	\$	5,975	
Employer Medicare		365	
Evaluation and Testing		6,988	
Operating Lease Payments		6,467	
Travel		9,658	
Other Supplies and Materials		2,332	
Total Other Student Support			\$ 61,323

Special Education Program

Supervisor/Director	\$	60,780	
Career Ladder Program		3,000	
Social Security		3,658	
State Retirement		5,766	
Medical Insurance		6,056	
Employer Medicare		855	
Medical and Dental Services		102	
Travel		306	
Other Supplies and Materials		443	
In Service/Staff Development		4,719	
Other Charges		355	
Other Equipment		480	
Total Special Education Program			86,520

Vocational Education Program

Secretary(ies)	\$	24,644	
Social Security		1,094	
State Retirement		1,999	
Medical Insurance		5,888	
Employer Medicare		256	
In Service/Staff Development		9,979	
Other Charges		1,145	
Total Vocational Education Program			45,005

Adult Programs

Communication	\$	1,618	
Total Adult Programs			1,618

Other Programs

On-behalf Payments to OPEB	\$	2,400	
Total Other Programs			2,400

Board of Education

Board and Committee Members Fees	\$	6,600	
Social Security		409	
Unemployment Compensation		5,334	
Employer Medicare		96	

(Continued)

Exhibit J-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.)

Other Fringe Benefits	\$	275	
Audit Services		2,850	
Dues and Memberships		1,675	
Legal Services		2,560	
Liability Insurance		64,813	
Trustee's Commission		6,256	
Workers' Compensation Insurance		72,471	
In Service/Staff Development		5,572	
Criminal Investigation of Applicants - TBI		900	
Other Charges		3,068	
Total Board of Education			\$ 172,879

Director of Schools

County Official/Administrative Officer	\$	82,497	
Career Ladder Program		1,000	
Social Security		5,064	
State Retirement		7,548	
Medical Insurance		12,653	
Employer Medicare		1,184	
Communication		10,492	
Dues and Memberships		20	
Postal Charges		2,468	
Travel		572	
Other Supplies and Materials		79	
In Service/Staff Development		2,975	
Total Director of Schools			126,552

Office of the Principal

Principals	\$	63,000	
Bonus Payments		600	
Social Security		3,903	
State Retirement		5,749	
Medical Insurance		5,840	
Employer Medicare		913	
Communication		8,605	
Dues and Memberships		100	
Postal Charges		490	
Travel		475	
In Service/Staff Development		1,474	
Other Charges		26	
Total Office of the Principal			91,175

Fiscal Services

Accountants/Bookkeepers	\$	46,573	
Clerical Personnel		41,826	
Other Salaries and Wages		2,965	

(Continued)

Exhibit J-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.)

Social Security	\$	5,211	
State Retirement		7,410	
Medical Insurance		11,896	
Employer Medicare		1,219	
Data Processing Services		7,013	
Data Processing Supplies		1,194	
Office Supplies		2,455	
In Service/Staff Development		87	
Administration Equipment		265	
Total Fiscal Services			\$ 128,114

Operation of Plant

Janitorial Services	\$	36,423	
Disposal Fees		3,286	
Other Contracted Services		3,991	
Custodial Supplies		12,775	
Electricity		53,011	
Natural Gas		19,932	
Water and Sewer		3,830	
Other Charges		92	
Plant Operation Equipment		1,738	
Total Operation of Plant			135,078

Maintenance of Plant

Maintenance Personnel	\$	50,490	
Social Security		3,055	
State Retirement		4,095	
Medical Insurance		10,890	
Employer Medicare		715	
Maintenance and Repair Services - Buildings		5,876	
Maintenance and Repair Services - Equipment		11,873	
Travel		14	
Other Contracted Services		75	
Other Supplies and Materials		3,209	
Total Maintenance of Plant			90,292

Transportation

Bus Drivers	\$	47,316	
Other Salaries and Wages		17,289	
Social Security		4,005	
State Retirement		4,882	
Employer Medicare		937	
Communication		3,715	
Garage Supplies		102	
Other Charges		612	
Transportation Equipment		417,130	
Total Transportation			495,988

(Continued)

Exhibit J-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	\$	38,118	
Social Security		2,297	
State Retirement		3,091	
Medical Insurance		5,975	
Employer Medicare		537	
Communication		14,216	
Other Contracted Services		12,013	
Other Supplies and Materials		5,561	
In Service/Staff Development		798	
Other Charges		5,143	
Administration Equipment		2,190	
Other Equipment		18,361	
Total Central and Other			\$ 108,300

Operation of Non-instructional Services

Food Service

Cafeteria Personnel	\$	12,021	
Social Security		745	
State Retirement		975	
Employer Medicare		174	
Maintenance and Repair Services - Equipment		294	
Food Supplies		11,577	
USDA - Commodities		836	
Other Supplies and Materials		745	
Other Charges		518	
Food Service Equipment		4,566	
Total Food Service			32,451

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	1,646	
Other Capital Outlay		16,887	
Total Regular Capital Outlay			18,533

Total General Purpose School Fund \$ 2,790,613

School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$	371	
Trustee's Commission		19,811	
Other Charges		90	
Total Board of Education			\$ 20,272

Transportation

Supervisor/Director	\$	31,911	
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(Continued)

Exhibit J-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 (Cont.)

Mechanic(s)	\$	102,764	
Bus Drivers		457,303	
Clerical Personnel		25,164	
Other Salaries and Wages		32,614	
Social Security		38,607	
State Retirement		48,525	
Medical Insurance		26,311	
Employer Medicare		9,240	
Laundry Service		3,620	
Maintenance and Repair Services - Equipment		12,805	
Maintenance and Repair Services - Vehicles		4,904	
Medical and Dental Services		4,761	
Travel		300	
Other Contracted Services		5,779	
Diesel Fuel		232,602	
Garage Supplies		2,625	
Gasoline		3,552	
Lubricants		6,181	
Small Tools		1,761	
Tires and Tubes		17,736	
Vehicle Parts		58,936	
Gravel and Chert		2,525	
Other Supplies and Materials		4,099	
In Service/Staff Development		1,521	
Other Charges		3,725	
Other Equipment		599	
Total Transportation			<u>\$ 1,140,470</u>

Total School Transportation Fund \$ 1,160,742

Total Governmental Funds - Carroll County School Department \$ 3,951,355

Exhibit J-9

Carroll County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2015

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 680	\$ 680
Circuit/Clerk & Master Collections - Prior Years	0	143,844	143,844
Local Option Sales Tax	2,421,114	2,531,857	4,952,971
Mixed Drink Tax	0	1,653	1,653
Interstate Telecommunications Tax	0	2,661	2,661
City/School District Property Taxes:			
Current Property Tax	0	4,909,016	4,909,016
Prior Year's Property Tax	0	221,235	221,235
Interest and Penalty	0	37,038	37,038
Payments in-Lieu-of Taxes	0	271,190	271,190
Marriage Licenses	0	1,703	1,703
Total Cash Receipts	<u>\$ 2,421,114</u>	<u>\$ 8,120,877</u>	<u>\$ 10,541,991</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,396,903	\$ 7,936,865	\$ 10,333,768
Trustee's Commission	24,211	134,317	158,528
Total Cash Disbursements	<u>\$ 2,421,114</u>	<u>\$ 8,071,182</u>	<u>\$ 10,492,296</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 49,695	\$ 49,695
Cash Balance, July 1, 2014	0	251,253	251,253
Cash Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 300,948</u>	<u>\$ 300,948</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, 2015, and the related notes to the financial statements, which collectively comprise Carroll County's basic financial statements, and have issued our report thereon dated February 9, 2016. 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2015-004.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2015-001, 2015-002, and 2015-003.

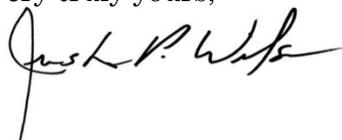
Carroll County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 9, 2016

JPW/sb



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

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.

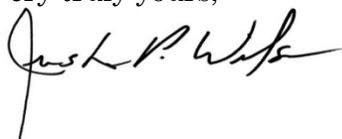
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Carroll County's basic financial statements. We issued our report thereon dated February 9, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 9, 2016

JPW/sb

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

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 836 (5)
Passed-through State Department of Education:			
National School Lunch Program	10.555	N/A	10,929 (5)
Passed-through State Department of Forestry:			
Schools and Roads - Grants to States	10.665	(2)	13,748
Total U.S. Department of Agriculture			<u>\$ 25,513</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	(2)	\$ 161,769
Total U.S. Department of Defense			<u>\$ 161,769</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	(3)	\$ 170,196
Total U.S. Department of Housing and Urban Development			<u>\$ 170,196</u>
U.S. Department of Justice:			
Passed-through State Department of Children's Services:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	35910-10173	\$ 4,500
Passed-through State Department of Finance and Administration:			
Bulletproof Vest Partnership Program	16.607	(2)	4,430
Total U.S. Department of Justice			<u>\$ 8,930</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(4)	\$ 128,888
State and Community Highway Safety	20.600	Z15GHS051	3,844
Total U.S. Department of Transportation			<u>\$ 132,732</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00315-19	\$ 771
Total U.S. Institute of Museum and Library Services			<u>\$ 771</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)	\$ 45,168
Total U.S. Department of Health and Human Services			<u>\$ 45,168</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4189-DR-TN	\$ 280,265
Emergency Management Performance Grants	97.042	34101-09515	42,000
Total U.S. Department of Homeland Security			<u>\$ 322,265</u>
Total Expenditures of Federal Awards			<u>\$ 867,344</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>			
Juvenile Court Prevention Services - State Department of Children's Services	N/A	35910-20381	\$ 649,884
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	32701-02266	24,445
Local Health Services - State Department of Health	N/A	34360-17415	180,637
Litter Program - State Department of Transportation	N/A	Z15LIT009	39,357
Coordinated School Health - State Department of Education	N/A	(2)	<u>95,000</u>
Total State Grants			<u>\$ 989,323</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) 35524: \$69,939; 33004-10914: \$100,257.
- (4) 09-555-0122-04: \$122,088; 09-555-0719-04: \$6,800.
- (5) Total for CFDA No. 10.555 is \$11,765.

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

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

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-003	166	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>
2014-004	166	Duties were not segregated adequately

CARROLL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Carroll County is unmodified.
2. The audit of the financial statements of Carroll County disclosed a significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Carroll County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The 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. The clerk and master provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF COUNTY MAYOR AND HIGHWAY COMMISSION

FINDING 2015-001 **A TRANSFER APPROVED BY THE COUNTY COMMISSION FROM THE GENERAL FUND TO THE HIGHWAY/PUBLIC WORKS FUND IS OF QUESTIONABLE LEGALITY**
(Noncompliance Under *Government Auditing Standards*)

On July 14, 2014, the County Commission adopted a resolution approving a \$100,000 transfer from the General Fund's unassigned fund balance to the Highway/Public Works Fund for repair of flood damage to county roads. Section 67-5-102(a)(1) *Tennessee Code Annotated (TCA)*, authorizes counties to levy an ad valorem tax for county general purposes. Section 67-5-102(a)(3) *TCA*, states that "...a county general purpose levy is a levy for all county purposes except roads, bridges, schools, debt service, sinking funds, and levies pursuant to special tax laws." Also, in *Kennedy vs. Montgomery County*, the court, in passing upon the legality of the use of county tax funds for a purpose other than that for which the tax was levied and collected states "...the taxpayers of every county have the right to know for what purpose they are being taxed, and also to know that taxes collected from them for any specific purpose are applied to such purpose." Therefore, we question the legality of using General Fund monies to help pay for road repairs in the Highway/Public Works Fund.

RECOMMENDATION

Road repairs should be appropriated and paid from highway funds. General Fund monies should not be used to pay highway expenditures.

OFFICE OF CLERK AND MASTER

FINDING 2015-002 **THE DOCKET TRIAL BALANCE WAS NOT RECONCILED WITH CASH CONTROL RECORDS**
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2015, 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 \$24,946. 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.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

When this office converted our software package to the Tennessee Court Information System, we had a little over \$3,000 in unidentified funds. The amount shown in this finding is for those unidentified funds plus the "county publication fee" that is charged on each parcel of delinquent taxes filed in this office. We found out last year that the publication fee was not correctly hitting the docket trial balance. I contacted the state Administrative Office of the Courts (AOC) and asked that this be corrected by having all transactions to this account flagged so they would appear on our docket trial balance. This did not occur. I will work with the AOC and the software provider to get this corrected before the next audit.

FINDING 2015-003

SPECIAL COMMISSIONER FEES EXCEEDED THE PERCENTAGE AUTHORIZED BY STATE STATUTE (Noncompliance Under *Government Auditing Standards*)

In June 2015, the clerk and master received fees exceeding the percentage authorized by state statute for serving as special commissioner on a court case involving the sale of property. Effective July 1, 2014, Section 8-21-401(i)(7), *Tennessee Code Annotated (TCA)*, provides that a clerk may receive "for selling real or personal property under decree of court, and receiving, collecting, and paying out the proceeds, a commission not to exceed three percent on the amount of sales." The property sale totaled \$15,100, which would calculate to a maximum of \$453 in special commissioner fees at three percent. The clerk and master actually received special commissioner fees of \$1,104, which resulted in an overpayment of \$651. The amount received by the clerk and master was approved by a court order signed by the chancellor. The clerk and master advised that he understood he was allowed to take more than three percent on any sale relating to cases that were filed prior to June 30, 2014.

RECOMMENDATION

Special commissioner fees should be limited to three percent of sales as required by state statute.

MANAGEMENT’S RESPONSE – CLERK AND MASTER

I was made aware of the *TCA* change at a state court clerk’s meeting where the County Technical Assistance Service (CTAS) personnel were there explaining the change. Some questions were asked, and I specifically asked how it applied to cases filed prior to July 1, 2014. The CTAS representative advised us that the change in the law did not apply to any case filed prior to July 1, 2014. I then gave the CTAS representative the details of one lawsuit explaining that it would be the largest sale this office had ever conducted. I was again advised that the case filing date was what keyed under the new statute. In the 24th Judicial District, our chancellor had set special commissioner fees at four percent plus \$500 for each tract of real and personal property sold. The first time that I was advised that this was not considered correct was on January 21, 2016, when our local auditor brought it to my attention. This situation has now been corrected and is being followed. The case involved in this finding was approved by court order with no objections of any kind. These orders are final, and the case has been closed for some time. I got clear and definitive directions from CTAS on this statute change. I consider them to be the best authority for me as a county official to find out what I should do, so I don’t know what else I could have done.

AUDITOR’S COMMENT

In the case reported, the court ordered the property sold and appointed the special commissioner on August 15, 2014, over a month after the law restricting special commissioner fees to three percent of sales had taken effect. This initial date of order of sale and appointment of the special commissioner is what we keyed on rather than the date the case was filed, the date of the actual sale, or the date of the order awarding the special commissioner fees. The Comptroller’s legal staff believes this is the proper date to use to determine compliance with the statute in question. This position allows all sales that were ordered and in which special commissioners were appointed prior to the enacting date to continue to earn fees under the old statute, while requiring compliance with the newly enacted statute for all sales ordered and special commissioners appointed after enactment.

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

FINDING 2015-004

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, disbursing and/or reconciling funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of 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.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

County Technical Assistance Service is scheduling classes this year that should allow us to prepare a plan for an office my size that will correct this finding.

**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, 2015

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