
ANNUAL FINANCIAL REPORT CARTER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT
CARTER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012**

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

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

***BRYAN BURKLIN, CPA, CGFM
Audit Manager***

***MARK TREECE, CPA, CGFM
Auditor 4***

***MARIE TIDWELL, CPA
ROBERT ANDERSON
GREG BRUSH
State Auditors***

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

CARTER COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Carter County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Carter County as of and for the year ended June 30, 2012.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a deficit unassigned fund balance.
- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
- ◆ Expenditures exceeded appropriations.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The accounting records did not adequately reflect the financial activity of the office.
- ◆ The office software did not have adequate application controls.
- ◆ The office did not review its software audit logs.
- ◆ Employees shared usernames and passwords.

CARTER COUNTY

- ◆ Carter County has a material recurring audit finding.

INTRODUCTORY SECTION

Carter County Officials
June 30, 2012

Officials

Leon Humphrey, County Mayor
Jack Perkins, Road Superintendent
Shirley Ellis, Director of Schools
Randal Lewis, Trustee
Ronnie Taylor, Assessor of Property
Mary Gouge, County Clerk
John Paul Mathes, Circuit and General Sessions Courts Clerk
Melissa Moreland, Clerk and Master
Edrie Bristol, Register
Chris Mathes, Sheriff
Ingrid Deloach, Finance Director

Board of County Commissioners

Thomas Bowers, Chairman
William Armstrong
Kenneth Arney
Roscoe Bayless
Jo Ann Blankenship
Nancy Brown
Steve Chambers
Sonya Culler
Robert Gobble
Pat Hicks
Lawrence Hodge
Russell Kyte

John Lewis
Steve Lowrance
Buford Peters
Richard Renfro
Ernest Richie
Scott Sams
Harry Sisk
Joel Street
Louis Tester
Ronnie Trivett
Charles Von Cannon
Richard Winters

Board of Education

Kelly Crain, Chairman
Bobby Blevins
David Buck
Keith Church

Daniel Holder
Donald Julian
Ronnie McAmis
Jerry McMahan

Financial Management Committee

Jo Ann Blankenship, Chairperson
Thomas Bowers
Pat Hicks
Russell Kyte

Leon Humphrey, County Mayor
Jack Perkins, Road Superintendent
Shirley Ellis, Director of Schools

Carter County Officials (Cont.)

Audit Committee

Dave Wortman, Chairman
Travis Holly

Margaret Moses
Margaret Pate

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

December 14, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Carter County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carter County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carter County Emergency Communications District, which represent 2.6 percent and 1.9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carter County Emergency Communications District, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, on our consideration of Carter County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

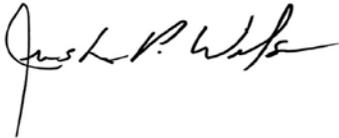
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 budgetary comparison, pension, and other postemployment benefits information on pages 69 through 77 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carter County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Carter County, Tennessee
Statement of Net Assets
June 30, 2012

| | Primary Government Governmental Activities | Component Units | |
|--|---|--|--|
| | | Carter County School Department | Emergency Communica- tions District |
| <u>ASSETS</u> | | | |
| Cash | \$ 27,549 | \$ 1,571,807 | \$ 739,438 |
| Equity in Pooled Cash and Investments | 14,559,468 | 4,958,464 | 0 |
| Accounts Receivable | 252,088 | 2,603 | 91,076 |
| Due from Other Governments | 851,858 | 1,626,940 | 0 |
| Due from Primary Government | 0 | 121,751 | 0 |
| Property Taxes Receivable | 9,719,772 | 6,310,458 | 0 |
| Allowance for Uncollectible Property Taxes | (290,585) | (180,149) | 0 |
| Prepaid Items | 0 | 0 | 5,321 |
| Deferred Charges - Debt Issuance Cost | 243,758 | 0 | 0 |
| Capital Assets: | | | |
| Assets Not Depreciated: | | | |
| Land | 2,002,236 | 838,418 | 0 |
| Construction in Progress | 0 | 748,959 | 0 |
| Assets Net of Accumulated Depreciation: | | | |
| Buildings and Improvements | 29,833,157 | 19,075,550 | 0 |
| Other Capital Assets | 1,174,655 | 2,804,747 | 169,363 |
| Infrastructure | 14,120,748 | 0 | 0 |
| Total Assets | <u>\$ 72,494,704</u> | <u>\$ 37,879,548</u> | <u>\$ 1,005,198</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 605,264 | \$ 242,304 | \$ 0 |
| Accrued Payroll | 159,044 | 628 | 13,193 |
| Accrued Interest Payable | 129,878 | 0 | 0 |
| Payroll Deductions Payable | 5,371 | 13,199 | 4,353 |
| Due to Component Units | 121,751 | 0 | 0 |
| Due to State of Tennessee | 14,184 | 0 | 0 |
| Deferred Compensation Payable | 0 | 231 | 0 |
| Other Current Liabilities | 9,217 | 1,561,352 | 0 |
| Deferred Revenue - Current Property Taxes | 9,095,677 | 5,933,922 | 0 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 2,479,659 | 565,894 | 40,929 |
| Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt) | 31,036,721 | 8,312,374 | 78,435 |
| Total Liabilities | <u>\$ 43,656,766</u> | <u>\$ 16,629,904</u> | <u>\$ 136,910</u> |

(Continued)

Exhibit A

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

| | Primary Government <u>Governmental Activities</u> | <u>Component Units</u> | |
|---|---|--|--|
| | | <u>Carter County School Department</u> | <u>Emergency Communica- tions District</u> |
| <u>NET ASSETS</u> | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 23,150,090 | \$ 22,003,561 | \$ 0 |
| Invested in Capital Assets | 0 | 0 | 169,363 |
| Restricted for: | | | |
| General Government | 57,673 | 0 | 0 |
| Finance | 6,859 | 0 | 0 |
| Administration of Justice | 104,284 | 0 | 0 |
| Public Safety | 671,279 | 0 | 0 |
| Highways | 2,105,633 | 0 | 0 |
| Debt Service | 6,513,668 | 0 | 0 |
| Education | 0 | 2,462,893 | 0 |
| Capital Projects | 137,249 | 299,127 | 0 |
| Unrestricted | <u>(3,908,797)</u> | <u>(3,515,937)</u> | <u>698,925</u> |
| Total Net Assets | <u>\$ 28,837,938</u> | <u>\$ 21,249,644</u> | <u>\$ 868,288</u> |

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

Exhibit B

Carter County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

| Functions/Programs | Net (Expense) Revenue and Changes in Net Assets | | | | | | |
|---|---|----------------------|------------------------------------|----------------------------------|-------------------------|-----------------------------------|------------------|
| | Primary Government | | | Component Units | | Emergency Communications District | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 1,860,632 | \$ 630,293 | \$ 15,164 | \$ 43,636 | \$ (1,171,539) | \$ 0 | \$ 0 |
| Finance | 1,540,419 | 1,267,659 | 0 | 0 | (272,760) | 0 | 0 |
| Administration of Justice | 1,212,547 | 1,132,002 | 12,000 | 0 | (68,545) | 0 | 0 |
| Public Safety | 6,989,433 | 223,080 | 205,288 | 0 | (6,561,065) | 0 | 0 |
| Public Health and Welfare | 1,615,846 | 773,930 | 352,270 | 43,975 | (445,671) | 0 | 0 |
| Social, Cultural, and Recreational Services | 111,277 | 1,886 | 0 | 0 | (109,391) | 0 | 0 |
| Agriculture and Natural Resources | 115,617 | 0 | 0 | 0 | (115,617) | 0 | 0 |
| Other Operations | 1,268,886 | 0 | 0 | 605,045 | (663,841) | 0 | 0 |
| Highways | 3,007,666 | 227,979 | 1,812,104 | 101,854 | (865,729) | 0 | 0 |
| Interest on Long-term Debt | 845,369 | 0 | 0 | 0 | (845,369) | 0 | 0 |
| Debt Service | 45,498 | 0 | 0 | 0 | (45,498) | 0 | 0 |
| Total Primary Government | \$ 18,613,190 | \$ 4,256,829 | \$ 2,396,826 | \$ 794,510 | \$ (11,165,025) | \$ 0 | \$ 0 |
| Component Units: | | | | | | | |
| Carter County School Department | \$ 50,096,295 | \$ 1,093,240 | \$ 8,645,945 | \$ 0 | \$ 0 | \$ (40,357,110) | \$ 0 |
| Emergency Communications District | 937,324 | 757,894 | 204,451 | 0 | 0 | 0 | 25,021 |
| Total Component Units | \$ 51,033,619 | \$ 1,851,134 | \$ 8,850,396 | \$ 0 | \$ 0 | \$ (40,357,110) | \$ 25,021 |

(Continued)

Exhibit B

Carter County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Net (Expense) Revenue and Changes in Net Assets | | | | | |
|--|---|---------------|------------------------------------|----------------------------------|---------------------------------|-----------------------------------|
| | Primary Government | | Component Units | | | |
| | Charges for Services | Expenses | Operating Grants and Contributions | Capital Grants and Contributions | Carter County School Department | Emergency Communications District |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes Levied for General Purposes | | \$ 7,880,505 | | | \$ 5,692,392 | \$ 0 |
| Property Taxes Levied for Highway/Public Works | | 1,074,378 | | | 0 | 0 |
| Property Taxes Levied for Debt Service | | 768,795 | | | 0 | 0 |
| Local Option Sales Taxes | | 820,686 | | | 3,932,157 | 0 |
| Franchise Taxes | | 308,784 | | | 0 | 0 |
| Litigation Tax - General | | 197,250 | | | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | | 93,856 | | | 0 | 0 |
| Litigation Tax - Special | | 10,205 | | | 0 | 0 |
| Litigation Tax - Courtroom Security | | 71,700 | | | 0 | 0 |
| Hotel/Motel Tax | | 89,384 | | | 0 | 0 |
| Business Tax | | 311,746 | | | 0 | 0 |
| Mineral Severance Tax | | 71,257 | | | 0 | 0 |
| Wholesale Beer Tax | | 203,662 | | | 0 | 0 |
| Other Local Taxes | | 2,315 | | | 2,313 | 0 |
| Grants and Contributions Not Restricted to Specific Programs | | 403,341 | | | 30,198,471 | 0 |
| Unrestricted Investment Income | | 66,797 | | | 7,242 | 1,443 |
| Miscellaneous | | 134,784 | | | 63,466 | 10,145 |
| Total General Revenues | | \$ 12,509,445 | | | \$ 39,896,041 | \$ 11,588 |
| Change in Net Assets | | \$ 1,344,420 | | | \$ (461,069) | \$ 36,609 |
| Net Assets, July 1, 2011 | | 27,493,518 | | | 21,710,713 | 831,679 |
| Net Assets, June 30, 2012 | | \$ 28,837,938 | | | \$ 21,249,644 | \$ 868,288 |

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

Exhibit C-1

Carter County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

| | Major Funds | | | Nonmajor Funds | Total Governmen- tal Funds |
|---|----------------------|------------------------------|----------------------------|-------------------------------------|-------------------------------------|
| | General | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| ASSETS | | | | | |
| Cash | \$ 6,143 | \$ 0 | \$ 0 | \$ 21,406 | \$ 27,549 |
| Equity in Pooled Cash and Investments | 5,017,674 | 2,248,357 | 7,013,855 | 279,582 | 14,559,468 |
| Accounts Receivable | 131,258 | 7,924 | 1,126 | 111,780 | 252,088 |
| Due from Other Governments | 529,677 | 322,181 | 0 | 0 | 851,858 |
| Due from Other Funds | 26,636 | 19,612 | 0 | 81,122 | 127,370 |
| Property Taxes Receivable | 7,591,539 | 1,135,623 | 992,610 | 0 | 9,719,772 |
| Allowance for Uncollectible Property Taxes | (231,717) | (33,193) | (25,675) | 0 | (290,585) |
| Total Assets | \$ 13,071,210 | \$ 3,700,504 | \$ 7,981,916 | \$ 493,890 | \$ 25,247,520 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 445,450 | \$ 115,341 | \$ 0 | \$ 40,389 | \$ 601,180 |
| Accrued Payroll | 124,862 | 19,679 | 0 | 14,503 | 159,044 |
| Payroll Deductions Payable | 2,501 | 0 | 0 | 2,870 | 5,371 |
| Due to Other Funds | 101,056 | 0 | 0 | 30,398 | 131,454 |
| Due to Component Units | 121,751 | 0 | 0 | 0 | 121,751 |
| Due to State of Tennessee | 14,184 | 0 | 0 | 0 | 14,184 |
| Other Current Liabilities | 6,043 | 0 | 0 | 3,174 | 9,217 |
| Deferred Revenue - Current Property Taxes | 7,088,073 | 1,065,259 | 942,345 | 0 | 9,095,677 |
| Deferred Revenue - Delinquent Property Taxes | 236,091 | 32,294 | 21,363 | 0 | 289,748 |
| Other Deferred Revenues | 130,610 | 165,429 | 0 | 0 | 296,039 |
| Total Liabilities | \$ 8,270,621 | \$ 1,398,002 | \$ 963,708 | \$ 91,334 | \$ 10,723,665 |
| Fund Balances | | | | | |
| Restricted: | | | | | |
| Restricted for General Government | \$ 57,673 | \$ 0 | \$ 0 | \$ 0 | \$ 57,673 |
| Restricted for Finance | 6,859 | 0 | 0 | 0 | 6,859 |
| Restricted for Administration of Justice | 91,986 | 0 | 0 | 12,298 | 104,284 |
| Restricted for Public Safety | 504,530 | 0 | 0 | 166,749 | 671,279 |
| Restricted for Highways/Public Works | 0 | 2,006,074 | 0 | 0 | 2,006,074 |
| Restricted for Debt Service | 0 | 0 | 6,622,183 | 0 | 6,622,183 |
| Restricted for Capital Projects | 62,249 | 0 | 0 | 75,000 | 137,249 |
| Committed: | | | | | |
| Committed for Public Safety | 19,148 | 0 | 0 | 0 | 19,148 |
| Committed for Public Health and Welfare | 0 | 0 | 0 | 114,637 | 114,637 |
| Committed for Social, Cultural, and Recreational Services | 0 | 0 | 0 | 14,323 | 14,323 |
| Committed for Highways/Public Works | 0 | 296,428 | 0 | 0 | 296,428 |
| Committed for Debt Service | 0 | 0 | 396,025 | 0 | 396,025 |
| Committed for Capital Projects | 0 | 0 | 0 | 19,549 | 19,549 |
| Assigned: | | | | | |
| Assigned for General Government | 1,379,527 | 0 | 0 | 0 | 1,379,527 |
| Assigned for Public Safety | 119,983 | 0 | 0 | 0 | 119,983 |
| Assigned for Other Operations | 114,547 | 0 | 0 | 0 | 114,547 |
| Unassigned | \$ 2,444,087 | \$ 0 | \$ 0 | \$ 0 | \$ 2,444,087 |
| Total Fund Balances | \$ 4,800,589 | \$ 2,302,502 | \$ 7,018,208 | \$ 402,556 | \$ 14,523,855 |
| Total Liabilities and Fund Balances | \$ 13,071,210 | \$ 3,700,504 | \$ 7,981,916 | \$ 493,890 | \$ 25,247,520 |

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

Exhibit C-2

Carter County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

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

| | | | |
|---|----|------------------|--------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit C-1) | | \$ | 14,523,855 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 2,002,236 | |
| Add: infrastructure net of accumulated depreciation | | 14,120,748 | |
| Add: buildings and improvements net of accumulated depreciation | | 29,833,157 | |
| Add: other capital assets net of accumulated depreciation | | <u>1,174,655</u> | 47,130,796 |
| (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 | \$ | (902,808) | |
| Less: other loans payable | | (5,623,041) | |
| Less: bonds payable | | (23,440,000) | |
| Add: deferred amount on refunding | | 453,176 | |
| Add: deferred charges - debt issuance costs | | 243,758 | |
| Less: compensated absences payable | | (536,777) | |
| Less: landfill closure/postclosure care costs | | (2,925,399) | |
| Less: other postemployment benefits liability | | (825) | |
| Less: accrued interest on bonds, notes, and other loans payable | | (129,878) | |
| Less: other deferred revenue - premium on debt | | <u>(540,706)</u> | (33,402,500) |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>585,787</u> |
| Net assets of governmental activities (Exhibit A) | | \$ | <u><u>28,837,938</u></u> |

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

Exhibit C-3

Carter County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|--|----------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>Revenues</u> | | | | | |
| Local Taxes | \$ 9,901,030 | \$ 1,201,566 | \$ 910,975 | \$ 190,486 | \$ 12,204,057 |
| Licenses and Permits | 383,426 | 0 | 0 | 0 | 383,426 |
| Fines, Forfeitures, and Penalties | 256,321 | 0 | 0 | 57,623 | 313,944 |
| Charges for Current Services | 61,115 | 2 | 0 | 742,248 | 803,365 |
| Other Local Revenues | 175,441 | 229,300 | 69,424 | 280,049 | 754,214 |
| Fees Received from County Officials | 1,988,097 | 0 | 0 | 0 | 1,988,097 |
| State of Tennessee | 792,050 | 1,919,517 | 33,208 | 321,321 | 3,066,096 |
| Federal Government | 497,548 | 36,759 | 0 | 0 | 534,307 |
| Other Governments and Citizens Groups | 335,294 | 8,249 | 0 | 90 | 343,633 |
| Total Revenues | \$ 14,390,322 | \$ 3,395,393 | \$ 1,013,607 | \$ 1,591,817 | \$ 20,391,139 |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| General Government | \$ 1,775,897 | \$ 0 | \$ 0 | \$ 58,676 | \$ 1,834,573 |
| Finance | 1,553,874 | 0 | 0 | 0 | 1,553,874 |
| Administration of Justice | 1,207,402 | 0 | 0 | 4,620 | 1,212,022 |
| Public Safety | 7,036,181 | 0 | 0 | 58,247 | 7,094,428 |
| Public Health and Welfare | 198,598 | 0 | 0 | 1,367,099 | 1,565,697 |
| Social, Cultural, and Recreational Services | 95,328 | 0 | 0 | 15,949 | 111,277 |
| Agriculture and Natural Resources | 115,617 | 0 | 0 | 0 | 115,617 |
| Other Operations | 1,044,259 | 0 | 0 | 8,604 | 1,052,863 |
| Highways | 50,356 | 3,325,737 | 0 | 0 | 3,376,093 |
| Debt Service: | | | | | |
| Principal on Debt | 0 | 0 | 1,996,011 | 0 | 1,996,011 |
| Interest on Debt | 0 | 0 | 827,846 | 0 | 827,846 |
| Other Debt Service | 0 | 0 | 45,498 | 0 | 45,498 |
| Capital Projects | 272,783 | 0 | 0 | 179,067 | 451,850 |
| Total Expenditures | \$ 13,350,295 | \$ 3,325,737 | \$ 2,869,355 | \$ 1,692,262 | \$ 21,237,649 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 1,040,027 | \$ 69,656 | \$ (1,855,748) | \$ (100,445) | \$ (846,510) |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Insurance Recovery | \$ 39,458 | \$ 0 | \$ 0 | \$ 0 | \$ 39,458 |
| Transfers In | 100,000 | 0 | 0 | 0 | 100,000 |
| Transfers Out | 0 | 0 | 0 | (100,000) | (100,000) |
| Total Other Financing Sources (Uses) | \$ 139,458 | \$ 0 | \$ 0 | \$ (100,000) | \$ 39,458 |
| Net Change in Fund Balances | \$ 1,179,485 | \$ 69,656 | \$ (1,855,748) | \$ (200,445) | \$ (807,052) |
| Fund Balance, July 1, 2011 | 3,621,104 | 2,232,846 | 8,873,956 | 603,001 | 15,330,907 |
| Fund Balance, June 30, 2012 | \$ 4,800,589 | \$ 2,302,502 | \$ 7,018,208 | \$ 402,556 | \$ 14,523,855 |

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

Exhibit C-4

Carter County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2012

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) | | \$ (807,052) |
| <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 | \$ 1,300,735 | |
| Less: current-year depreciation expense | <u>(975,508)</u> | 325,227 |
| <p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p> | | |
| Less: book value of assets disposed | | (20,558) |
| <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, 2012 | \$ 585,787 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2011 | <u>(844,316)</u> | (258,529) |
| <p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items:</p> | | |
| Add: change in premium on debt issuances | \$ 23,612 | |
| Less: change in deferred debt issuance costs | (6,867) | |
| Add: principal payments on bonds | 700,000 | |
| Add: principal payments on notes | 159,011 | |
| Add: principal payments on other loans | 1,137,000 | |
| Less: change in deferred amount on refunding | <u>(37,402)</u> | 1,975,354 |
| <p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p> | | |
| Change in accrued interest payable | \$ 3,134 | |
| Change in compensated absences payable | 141,963 | |
| Change in other postemployment benefits liability | (10,624) | |
| Change in landfill closure/postclosure care costs | <u>(4,495)</u> | 129,978 |
| Change in net assets of governmental activities (Exhibit B) | | <u>\$ 1,344,420</u> |

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

Exhibit D

Carter County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

| | <u>Agency Funds</u> |
|--|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 2,848,940 |
| Equity in Pooled Cash and Investments | 121,979 |
| Accounts Receivable | 13,245 |
| Due from Other Governments | 1,045,716 |
| Due from Other Funds | 4,084 |
| Property Taxes Receivable | 2,752,386 |
| Allowance for Uncollectible Property Taxes | <u>(78,574)</u> |
| Total Assets | <u>\$ 6,707,776</u> |
| <u>LIABILITIES</u> | |
| Due to Other Taxing Units | \$ 3,841,507 |
| Due to Litigants, Heirs, and Others | <u>2,866,269</u> |
| Total Liabilities | <u>\$ 6,707,776</u> |

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

CARTER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Carter County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Carter County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Carter County School Department operates the public school system in the county, and the voters of Carter County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Carter County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Carter County, and the Carter County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

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

Administrative Office:

Carter County Emergency Communications District
116 Holston Avenue
Elizabethton, TN 37644

B. Government-wide and Fund Financial Statements

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

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

Carter County issues all debt for the discretely presented Carter County School Department. There were no debt issues contributed by the county to the School Department and the Elizabethton City School System during the year ended June 30, 2012.

Separate financial statements are provided for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Carter County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Carter County has no proprietary funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Carter County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not

measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Carter County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Additionally, Carter County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund accounts for financial resources to be used in the acquisition or construction of capital facilities or other capital assets.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Carter County, and the city school system’s share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Carter County School Department reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Central Cafeteria Fund – This special revenue fund is used to account for cafeteria operations in each of the schools. Service charges and federal grants are the foundational revenues of this fund.

Additionally, the Carter County School Department reports the following fund type:

Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations, as well as acquisition of other capital assets, for the School Department.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Carter County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Carter County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. 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. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices

if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.54 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 deferred revenue 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 with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. Other Current Liabilities reflected in the General Fund represent contractor's deposits relating to the HOME Investment Partnerships Program Grant. Other Current Liabilities reflected in the Drug Control Fund represent asset seizures that have not been awarded to the county as of June 30, 2012.

The balance in the account Other Current Liabilities totaling \$1,561,352 on the Statement of Net Assets for the School Department represents the remaining balance in the teachers' insurance clearing account.

3. Capital Assets

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

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

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

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

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

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

4. Compensated Absences

Primary Government

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid

accumulated sick leave since Carter County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented School Department

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

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

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized 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 notes 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 landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2012, Carter County had \$6,358,149 in outstanding debt for capital purposes for the discretely presented Carter County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Elizabethton School System) based on an average daily attendance proration. This debt is a liability of Carter County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Elizabethton School System. Carter County also has \$167,700 in outstanding debt that was issued and the proceeds contributed to another entity for the construction of an animal shelter building. Therefore, Carter County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund primarily includes encumbrances of \$119,983 and \$1,379,527 in fund balance appropriated for use in the 2012-2013 budget. Assigned fund balance in the School Department's General Purpose School Fund consists of amounts assigned for encumbrances (\$525,234), an energy savings program (\$344,065), and the extended school program (\$44,966).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

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 Assets.

Discretely Presented Carter County School Department

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

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

Primary Government

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

Discretely Presented Carter County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances

may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2012, Carter County and the Carter County School Department reported the following significant encumbrances:

| Fund | Purpose | Amount |
|------------------------|------------------------|-----------|
| Primary Government: | | |
| General | Vehicles | \$ 88,583 |
| School Department: | | |
| General Purpose School | School Renovations | 387,210 |
| " | Food Service Equipment | 96,577 |

B. Fund Deficit

The School Federal Projects Fund (special revenue fund) of the discretely presented Carter County School Department had a negative unassigned fund balance of \$185,752 at June 30, 2012. This negative unassigned fund balance resulted from expenditures exceeding restricted and assigned balances. The negative unassigned fund balance was liquidated when revenues were recognized after June 30, 2012.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations by the County Commission in several major appropriation categories (the legal level of control) in the following funds:

Discretely Presented School Department

General Purpose School Fund:

| | | |
|------------------------------|----|--------|
| Vocational Education Program | \$ | 726 |
| Board of Education | | 22,060 |
| Director of Schools | | 2,747 |
| Fiscal Services | | 925 |

School Federal Projects Fund:

| | | |
|-------------------|--|-------|
| Central and Other | | 3,117 |
|-------------------|--|-------|

Other Education Special Revenue Fund:

| | | |
|--------------------|--|-------|
| Operation of Plant | | 1,903 |
|--------------------|--|-------|

Also, expenditures exceeded the total appropriations approved by the County Commission in the Sports and Recreation Fund by \$37.

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|---------------------------------|-------------------|-----------|-----------------|--------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 2,002,236 | \$ 0 | \$ 0 | 2,002,236 |
| Construction in Progress | 25,995,329 | 61,030 | (26,056,359) | 0 |
| Total Capital Assets | | | | |
| Not Depreciated | \$ 27,997,565 | \$ 61,030 | \$ (26,056,359) | \$ 2,002,236 |

Governmental Activities (Cont.):

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|--|----------------------|----------------------|------------------------|----------------------|
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 7,294,058 | \$ 26,126,225 | \$ 0 | \$ 33,420,283 |
| Infrastructure | 19,760,028 | 843,620 | 0 | 20,603,648 |
| Other Capital Assets | 3,815,577 | 326,219 | (21,640) | 4,120,156 |
| Total Capital Assets Depreciated | \$ 30,869,663 | \$ 27,296,064 | \$ (21,640) | \$ 58,144,087 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 3,350,945 | \$ 236,181 | \$ 0 | \$ 3,587,126 |
| Infrastructure | 5,976,307 | 506,593 | 0 | 6,482,900 |
| Other Capital Assets | 2,713,849 | 232,734 | (1,082) | 2,945,501 |
| Total Accumulated Depreciation | \$ 12,041,101 | \$ 975,508 | \$ (1,082) | \$ 13,015,527 |
| Total Capital Assets Depreciated, Net | \$ 18,828,562 | \$ 26,320,556 | \$ (20,558) | \$ 45,128,560 |
| Governmental Activities Capital Assets, Net | \$ 46,826,127 | \$ 26,381,586 | \$ (26,076,917) | \$ 47,130,796 |

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

Governmental Activities:

| | |
|---|-------------------|
| General Government | \$ 42,005 |
| Public Safety | 194,567 |
| Public Health and Welfare | 88,781 |
| Highways | 650,155 |
| Total Depreciation Expense - Governmental Activities | \$ 975,508 |

Discretely Presented Carter County School Department

Governmental Activities:

| | Balance | | | | Balance |
|---|---------------|--------------|--------------|--|---------------|
| | 7-1-11 | Increases | Decreases | | 6-30-12 |
| | <hr/> | | | | |
| Capital Assets Not Depreciated: | | | | | |
| Land | \$ 838,418 | \$ 0 | \$ 0 | | \$ 838,418 |
| Construction in Progress | 81,542 | 1,532,471 | (865,054) | | 748,959 |
| Total Capital Assets Not Depreciated | <hr/> | | | | <hr/> |
| | \$ 919,960 | \$ 1,532,471 | \$ (865,054) | | \$ 1,587,377 |
| Capital Assets Depreciated: | | | | | |
| Buildings and Improvements | \$ 41,737,114 | \$ 865,054 | \$ 0 | | \$ 42,602,168 |
| Other Capital Assets | 5,938,499 | 511,979 | (30,507) | | 6,419,971 |
| Total Capital Assets Depreciated | <hr/> | | | | <hr/> |
| | \$ 47,675,613 | \$ 1,377,033 | \$ (30,507) | | \$ 49,022,139 |
| Less Accumulated Depreciation For: | | | | | |
| Buildings and Improvements | \$ 22,788,554 | \$ 738,064 | \$ 0 | | \$ 23,526,618 |
| Other Capital Assets | 3,195,204 | 450,527 | (30,507) | | 3,615,224 |
| Total Accumulated Depreciation | <hr/> | | | | <hr/> |
| | \$ 25,983,758 | \$ 1,188,591 | \$ (30,507) | | \$ 27,141,842 |
| Total Capital Assets Depreciated, Net | <hr/> | | | | <hr/> |
| | \$ 21,691,855 | \$ 188,442 | \$ 0 | | \$ 21,880,297 |
| Governmental Activities Capital Assets, Net | <hr/> | | | | <hr/> |
| | \$ 22,611,815 | \$ 1,720,913 | \$ (865,054) | | \$ 23,467,674 |

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

Governmental Activities:

| | |
|--|--------------|
| Instruction | \$ 753,116 |
| Support Services | 365,422 |
| Operation of Non-Instructional Services | <hr/> |
| | 70,053 |
| Total Depreciation Expense - Governmental Activities | <hr/> |
| | \$ 1,188,591 |

C. Construction Commitments

At June 30, 2012, the discretely presented Carter County School Department had uncompleted construction contracts of \$400,672 in the General Purpose School Fund. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|-----------------------|---------------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 26,636 |
| Highway/Public Works | General | 15,850 |
| " | Nonmajor governmental | 3,762 |
| Nonmajor governmental | General | 81,122 |
| Agency | " | 4,084 |
| Discretely Presented School Department: | | |
| General Purpose School | Central Cafeteria | 56,099 |
| " | Nonmajor governmental | 537,773 |

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

Due to/from Primary Government and Component Unit:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--|--------------------------------|---------------|
| School Department: General Purpose School | Primary Government: General | \$ 121,751 |

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amount:

Primary Government

| <u>Transfer Out</u> | <u>Transfer In General Fund</u> |
|-----------------------|---|
| Nonmajor governmental | \$ 100,000 |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Lease

Discretely Presented Carter County School Department

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

The assets acquired through capital leases are as follows:

| <u>Asset</u> | <u>Governmental Activities</u> |
|--------------------------------|------------------------------------|
| Buildings and Improvements | \$ 3,200,000 |
| Less: Accumulated Depreciation | <u>(686,342)</u> |
| Total Book Value | <u>\$ 2,513,658</u> |

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

| Year Ending June 30 | Governmental Funds |
|--|-------------------------|
| 2013 | \$ 334,330 |
| 2014 | 334,331 |
| 2015 | 334,331 |
| 2016 | 334,331 |
| 2017 | 334,330 |
| 2018 | <u>23,091</u> |
| Total Minimum Lease Payments | \$ 1,694,744 |
| Less: Amount Representing Interest | <u>(230,631)</u> |
| Present Value of Minimum Lease Payments | <u>\$ 1,464,113</u> |

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 25 years for bonds, up to 12 years for notes, and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

| Type | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-12 |
|----------------------------|------------------|-------------------|--------------------------------|--------------------|
| General Obligation Bonds - | | | | |
| Refunding | 3.29% | 5-1-35 | \$ 24,800,000 | \$ 23,440,000 |
| Capital Outlay Notes | 1.25 to 3.49 | 5-22-20 | 1,274,700 | 902,808 |
| Other Loans | Variable | 5-25-29 | 17,050,000 | 5,623,041 |

In prior years, Carter County entered into loan agreements with the Montgomery County Public Building Authority (PBA). The loan agreements provide for the PBA to make funds available for loan to Carter County on an as-needed basis for various renovation and construction projects for the discretely presented Carter County School Department. The loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, administrator, and debt remarketing) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2012.

| Description | Original Amount of Loan Agreement | Outstanding Principal 6-30-12 | Interest Type | Interest | | Other Fees 6-30-12 |
|--|--|-------------------------------------|------------------|---------------------------|---|--------------------------|
| | | | | Rates as of 6-30-12 | % | |
| <u>Montgomery County Public Building Authority</u> | | | | | | |
| Montgomery County PBA Loan Program | \$ 9,000,000 | \$ 1,599,000 | Variable | .32 | % | .53 % |
| Montgomery County PBA Loan Program | 3,500,000 | 1,199,000 | Variable | .27 | | .54 |
| Montgomery County PBA Loan Program | 4,550,000 | (1) 2,825,041 | Variable | .34 | | .61 |
| Total | | <u>\$ 5,623,041</u> | | | | |

(1) \$1,019,959 remains available for draws under this loan agreement; however, the county has determined that this balance will not be drawn.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables. The amount for the loans does not include the \$1,019,959, which has not yet been drawn by the county.

| Year Ending June 30 | Bonds | | |
|------------------------|------------|------------|--------------|
| | Principal | Interest | Total |
| 2013 | \$ 725,000 | \$ 756,531 | \$ 1,481,531 |
| 2014 | 755,000 | 742,032 | 1,497,032 |
| 2015 | 800,000 | 726,931 | 1,526,931 |
| 2016 | 825,000 | 710,931 | 1,535,931 |
| 2017 | 875,000 | 694,432 | 1,569,432 |
| 2018-2022 | 5,025,000 | 3,093,156 | 8,118,156 |
| 2023-2027 | 5,825,000 | 2,261,406 | 8,086,406 |

| Year Ending June 30 | Bonds (Cont.) | | |
|------------------------|----------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2028-2032 | \$ 5,610,000 | \$ 1,236,800 | \$ 6,846,800 |
| 2033-2035 | 3,000,000 | 240,000 | 3,240,000 |
| Total | <u>\$ 23,440,000</u> | <u>\$ 10,462,219</u> | <u>\$ 33,902,219</u> |

| Year Ending June 30 | Notes | | |
|------------------------|-------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2013 | \$ 163,109 | \$ 27,531 | \$ 190,640 |
| 2014 | 167,342 | 23,678 | 191,020 |
| 2015 | 86,290 | 19,715 | 106,005 |
| 2016 | 89,741 | 16,704 | 106,445 |
| 2017 | 93,331 | 13,588 | 106,919 |
| 2018-2020 | 302,995 | 20,965 | 323,960 |
| Total | <u>\$ 902,808</u> | <u>\$ 122,181</u> | <u>\$ 1,024,989</u> |

| Year Ending June 30 | Other Loans | | | |
|------------------------|---------------------|-------------------|-------------------|---------------------|
| | Principal | Interest | Other Fees | Total |
| 2013 | \$ 1,190,000 | \$ 17,959 | \$ 31,976 | \$ 1,239,935 |
| 2014 | 1,245,000 | 14,264 | 25,581 | 1,284,845 |
| 2015 | 447,000 | 10,399 | 18,892 | 476,291 |
| 2016 | 466,000 | 9,094 | 16,386 | 491,480 |
| 2017 | 149,000 | 7,735 | 13,775 | 170,510 |
| 2018-2022 | 818,000 | 30,761 | 54,779 | 903,540 |
| 2023-2027 | 959,000 | 15,919 | 28,350 | 1,003,269 |
| 2028-2029 | 349,041 | 1,656 | 2,949 | 353,646 |
| Total | <u>\$ 5,623,041</u> | <u>\$ 107,787</u> | <u>\$ 192,688</u> | <u>\$ 5,923,516</u> |

There is \$7,018,208 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$408, based on the 2010 federal census. Debt per capita, including bonds, notes and other loans, totaled \$522, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

| | Bonds | Notes | Other Loans |
|-----------------------------|---------------|--------------|----------------|
| Balance, July 1, 2011 | \$ 24,140,000 | \$ 1,061,819 | \$ 6,760,041 |
| Reductions | (700,000) | (159,011) | (1,137,000) |
| Balance, June 30, 2012 | \$ 23,440,000 | \$ 902,808 | \$ 5,623,041 |
| Balance Due Within One Year | \$ 725,000 | \$ 163,109 | \$ 1,190,000 |

| | Compensated Absences | Landfill Closure/ Postclosure Care Costs | Other Postemployment Benefits |
|-----------------------------|-------------------------|---|-------------------------------------|
| Balance, July 1, 2011 | \$ 678,740 | \$ 2,920,904 | \$ (9,799) |
| Additions | 523,674 | 68,564 | 126,099 |
| Reductions | (665,637) | (64,069) | (115,475) |
| Balance, June 30, 2012 | \$ 536,777 | \$ 2,925,399 | \$ 825 |
| Balance Due Within One Year | \$ 261,413 | \$ 140,137 | \$ 0 |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|--------------------|
| Total Noncurrent Liabilities, June 30, 2012 | \$ 33,428,850 |
| Add: Unamortized Premium on Debt | 540,706 |
| Less: Deferred Amount on Refunding | (453,176) |
| Less: Balance Due Within One Year | <u>(2,479,659)</u> |

| | |
|---|----------------------|
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 31,036,721</u> |
|---|----------------------|

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

Discretely Presented Carter County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Carter County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

| | Capital Lease | Compensated Absences |
|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Balance, July 1, 2011 | \$ 1,705,607 | \$ 939,697 |
| Additions | 0 | 1,059,984 |
| Reductions | <u>(241,494)</u> | <u>(887,818)</u> |
| Balance, June 30, 2012 | <u>\$ 1,464,113</u> | <u>\$ 1,111,863</u> |
| Balance Due Within One Year | <u>\$ 255,876</u> | <u>\$ 310,018</u> |

| | Other Postemployment Benefits |
|-----------------------------|-------------------------------------|
| | <u> </u> |
| Balance, July 1, 2011 | \$ 4,839,962 |
| Additions | 2,505,211 |
| Reductions | <u>(1,042,881)</u> |
| Balance, June 30, 2012 | <u>\$ 6,302,292</u> |
| Balance Due Within One Year | <u>\$ 0</u> |

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2012 | \$ 8,878,268 |
| Less: Balance Due Within One Year | <u>(565,894)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 8,312,374</u> |

G. On-Behalf Payments

Discretely Presented Carter County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carter County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$356,146 and \$55,720, respectively. The School

Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Carter County joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. Carter County pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The county continues to carry commercial insurance for employee health and accident. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Discretely Presented Carter County School Department

The Carter County School Department has purchased commercial insurance for the risks of general liability, property, casualty, and workers' compensation losses. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Contingent Liabilities

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

C. Change in Administration

On June 30, 2012, Shirley Ellis left the Office of Director of Schools and was succeeded by Kevin Ward.

D. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Carter County closed its sanitary landfill in 2000. The \$2,925,399 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Carter County bills the City of Elizabethton for one-half of the postclosure expenditures in accordance with a written agreement with the city.

E. Joint Ventures

The First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the First Judicial District; Carter, Johnson, and Washington counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carter County contributed \$5,000 to the DTF for the year ended June 30, 2012.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Carter County and the counties of Greene, Hawkins, Johnson, Sullivan, Unicoi, and Washington for the operation of a program to divert youth from commitment to the Department of Correction's facilities. This program is governed by a Board of Directors designated by the counties. The Board of Directors has contracted with Universal Health Services, Inc., to manage this program. Operation costs to the counties are allocated according to percentages based on population. Carter County's participation is 12.3 percent. The county also pays a daily fee for each individual from the county using the facility.

Carter County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the DTF and the Upper East Tennessee Juvenile Detention Center can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
First Judicial District Drug Task Force
P.O. Box 38
Jonesborough, TN 37659

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

F. Jointly Governed Organizations

Primary Government

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

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

Discretely Presented Carter County School Department

The Upper East Tennessee Educational Cooperative (UETEC) was reported as a jointly governed organization in prior years, but was dissolved during the 2010-2011 year. The cooperative had been established through a contractual agreement between the boards of education of Carter County and various other counties and cities in the upper East Tennessee area. UETEC entered into an agreement to establish and operate the Northeast Tennessee Cooperative (NETCO) to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each of the members' school food service systems. NETCO continues to operate after the dissolution of UETEC. NETCO has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. Carter County School Department, along with certain other former member districts of UETEC, is also a member of NETCO. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice-chair, secretary, treasurer, and a member-at-large from the representative committee.

G. Retirement Commitments

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury

Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Carter County had previously adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. As of January 1, 2010, the county elected to discontinue the non-contributory provision for all future hires. This will require all new hires to contribute five percent of their earnable compensation. Employees who were employed prior to January 1, 2010, will continue to be eligible for the noncontributory provision.

The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 14.28 of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the county's annual pension cost of \$1,581,673 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 16 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| 6-30-12 | \$1,581,673 | 100% | \$0 |
| 6-30-11 | 1,391,942 | 100 | 0 |
| 6-30-10 | 1,585,315 | 100 | 0 |

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.62 percent funded. The actuarial accrued liability for benefits was \$36.67 million, and the actuarial value of assets was \$33.59 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.07 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.84 million, and the ratio of the UAAL to the covered payroll was 28.35 percent.

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

SCHOOL TEACHERS

Plan Description

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

Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$1,953,231, \$1,975,793, and \$1,381,907 respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

Carter County participates in a commercial postemployment benefits plan administered by United Healthcare Plan of the River Valley, Inc., for medical benefits for retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the County Commission.

Funding Policy

The plan is purchased commercially and financed on a pay-as-you-go basis. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligibility is determined based upon the employee's hire date. For those employees hired on or prior to December 31, 2007, to be eligible for benefits, retirees must be age 55 with at least 20 years of service, or have ten years of service and be over the age of 60. For those employees hired subsequent to December 31, 2007, to be eligible for benefits, retirees must be age 55 with at least 20 years of service. Benefits are paid until the retirees reach age 65, provided they are not covered under another health insurance plan. Carter County pays 100 percent of the costs

for single coverage. Family coverage is not provided under the plan, other than COBRA. During the year ended June 30, 2012, Carter County contributed \$115,475 for postemployment healthcare benefits.

Annual OPEB Cost and Net OPEB Obligation

| | |
|------------------------------|----------------------|
| ARC | \$ 125,946 |
| Interest on the NPO | (392) |
| Adjustment to the ARC | 545 |
| Annual OPEB cost | <u>\$ 126,099</u> |
| Amount of contribution | (115,475) |
| Increase/decrease in NPO | <u>\$ 10,624</u> |
| Net OPEB obligation, 7-1-11 | <u>(9,799)</u> |
| Net OPEB obligation, 6-30-12 | <u><u>\$ 825</u></u> |

| Fiscal Year Ended | Plan | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------|----------------------|------------------|--|---------------------------------|
| 6-30-10 | Commercial Insurance | \$ 120,760 | 113% | \$ (28,857) |
| 6-30-11 | " | 125,574 | 85 | (9,799) |
| 6-30-12 | " | 126,099 | 92 | 825 |

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

| | |
|---|--------------|
| Actuarial valuation date | 7-1-10 |
| Actuarial accrued liability (AAL) | \$ 1,573,700 |
| Actuarial value of plan assets | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 1,573,700 |
| Actuarial value of assets as a % of the AAL | 0% |
| Covered payroll (active plan members) | \$ 6,534,410 |
| UAAL as a % of covered payroll | 24% |

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

Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of seven percent initially, reduced by decrements to an ultimate rate of 4.5 percent after three years. The unfunded actuarial accrued liability is being amortized over a 30-year period beginning with July 1, 2008.

Discretely Presented Carter County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are 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>.

The School Department also provides termination benefits for retirees as well as commercial postemployment benefits for dental and life insurance. For accounting purposes, this plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the Board of Education. Termination benefits are further discussed in Note V.J. Life and dental benefits are provided to all certified teachers who upon retirement are (a) at least 55 years of age or have at least 25 years of service and (b) have been employed with the Carter County School System for at least 15 years total with the last five years preceding retirement having been in the Carter County School System. The benefits are also provided to paraprofessionals who retire from the School Department. To be eligible for benefits, the employee must meet one of the following criteria. The employee may be of any age but have at least 30 years of service, or age 60 with at least 15 years of service, or age 55 with at least 17 years of service. Benefits are paid until the retirees reach age 65.

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department pays the full premium for single coverage, with retirees being responsible for the extra cost of family coverage. During the year ended June 30, 2012, the discretely presented School Department contributed \$890,733 for postemployment healthcare benefits.

The Dental, Life, and Termination Benefits Plan is financed on a pay-as-you-go basis. The School Department pays 100 percent of the costs for single coverage. Family coverage of dental insurance is not provided. Family coverage of life insurance is available, but the retiree must pay the full premium. During the year ended June 30, 2012, Carter County contributed \$152,148 for termination benefits and postemployment dental and life insurance benefits.

Annual OPEB Cost and Net OPEB Obligation

| | Local Education Group Plan | Dental, Life, and Termination Benefits Plan |
|------------------------------|-------------------------------------|--|
| ARC | \$ 2,281,000 | \$ 238,098 |
| Interest on the NPO | 187,560 | 6,038 |
| Adjustment to the ARC | (199,091) | (8,394) |
| Annual OPEB cost | \$ 2,269,469 | \$ 235,742 |
| Amount of contribution | (890,733) | (152,148) |
| Increase/decrease in NPO | \$ 1,378,736 | \$ 83,594 |
| Net OPEB obligation, 7-1-11 | 4,688,999 | 150,963 |
| Net OPEB obligation, 6-30-12 | \$ 6,067,735 | \$ 234,557 |

| Fiscal Year Ended | Plans | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------|------------------------------------|------------------|--|---------------------------------|
| 6-30-10 | Local Education Group | \$ 2,130,162 | 41 % | \$ 3,438,301 |
| 6-30-11 | " | 2,147,170 | 42 | 4,688,999 |
| 6-30-12 | " | 2,269,469 | 39 | 6,067,735 |
| 6-30-10 | Dental, Life, and Termination Plan | 207,828 | 52 | 116,866 |
| 6-30-11 | " | 235,376 | 86 | 150,963 |
| 6-30-12 | " | 235,742 | 65 | 234,557 |

Funded Status and Funding Progress

The funded status of the OPEB plans as of July 1, 2011, was as follows:

| | Local Education Group Plan | Dental, Life, and Termination Benefits Plan |
|---|----------------------------|---|
| Actuarial valuation date | 7-1-11 | 7-1-11 |
| Actuarial accrued liability (AAL) | \$ 19,879,000 | \$ 3,578,200 |
| Actuarial value of plan assets | \$ 0 | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 19,879,000 | \$ 3,578,200 |
| Actuarial value of assets as a % of the AAL | 0% | 0% |
| Covered payroll (active plan members) | \$ 26,941,346 | \$ 27,512,170 |
| UAAL as a % of covered payroll | 74% | 13% |

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

Actuarial Methods and Assumptions

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

are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, 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 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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 June 30, 2008.

In the July 1, 2011, actuarial valuation for the Dental, Life, and Termination Benefits Plan, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual dental care cost trend rate of seven percent initially, reduced by decrements to an ultimate rate of 4.5 percent after three years. The life insurance and the termination benefits are assumed to remain at current levels. The unfunded actuarial accrued liability is being amortized over a 30-year period beginning with July 1, 2008.

I. Termination Benefits

The discretely presented Carter County School Department has entered into a retirement bonus payment plan, in accordance with contract provisions. This plan is available to all certified teachers who are (a) at least 55 years of age or have at least 25 years of service and (b) have been employed with the Carter County School System for at least 15 years total with the last five years preceding retirement having been in the Carter County School System. The plan gives teachers who have met the above requirements and are between the ages of 62 to 65, a one-time bonus, of \$5,000 when the employee retires. As discussed in Note V.I., termination benefits are included in the Carter County School Department's OPEB obligations.

J. Office of Central Accounting, Budgeting, and Purchasing

Office of Director of Finance

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

K. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Carter County. Purchases exceeding \$10,000 are required to be competitively bid.

VI. OTHER NOTES – DISCRETELY PRESENTED CARTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTE 1 – GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Carter County Emergency Communications District (CCECD) is an emergency communications district under *Tennessee Code Annotated*, Section 7-86-120. CCECD has established the number 911 as a primary emergency telephone number to provide emergency service quickly and efficiently.

The financial statements of CCECD have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

CCECD is a discretely presented component unit of Carter County, Tennessee. CCECD is a separate legal entity and is not fiscally dependent upon Carter County. However, the CCECD Board of Directors is appointed by the County Commission, and Carter County has the ability to significantly influence the programs, projects, activities and level of services provided by CCECD.

CCECD began operations in 1991 and operates as an Enterprise Fund. The Board of Directors authorized the Century Link-United Telephone Company to begin charging the 911 surcharge to all customers in the service area. The surcharge is \$1.50 per residential subscriber and \$3.00 per line for commercial subscribers up to a maximum 100 lines. The lines actually belong to the phone company and are leased annually by 911.

Program revenue includes service charges, alarm, tape and other revenues, contributions, and state and local insurance reimbursements. Nonoperating revenues are identified in accordance with the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*.

When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, CCECD considers restricted funds to have been spent first.

Basis of Accounting

CCECD utilizes the full accrual basis of accounting. Revenue is recognized in the period in which it is earned and measurable; likewise, expenses are recognized when incurred, if measurable.

Cash and Deposits

Cash and cash equivalents on the Statements of Net Assets and Statement of Cash Flows include petty cash, cash on hand, demand deposits, and certificates of deposit with an original maturity of three months or less. The certificate of deposit: Long-term has an original maturity of greater than three months. There are no investments at June 30, 2012.

Cash and Certificates of Deposit: Long-term are all covered by Federal Deposit Insurance Corporation (FDIC) insurance or by the State of Tennessee collateral pool.

CCECD is exposed to concentration of credit risk by placing its deposits in financial institutions. The CCECD has mitigated the risks because the bank balance in excess of the FDIC limit is collateralized by the State of Tennessee bank collateral pool.

Compensated Absences

Each full-time employee will be granted 24 hours of personnel time each calendar year. Full time employees also received sick leave of eight hours per month. There is no limit to the amount of accumulated sick time. At the time of retirement, any accumulated sick leave will be credited toward service time for retirement.

Compensatory time may be earned at 1½ times the regular rate of pay for time worked over 40 hours per week.

Accounts Receivable

Accounts receivable at June 30, 2012, consist of various surcharges totaling \$37,472 and a total of \$53,604 due from the Tennessee Emergency Communications Board. CCECD considers accounts receivable to be fully collectible; therefore, no allowance for uncollectibles has been recorded.

Estimates

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.

NOTE 2 – BUDGET

In accordance with *Tennessee Code Annotated*, 7-86-120, an annual budget is adopted by the district. The budget is approved by the Board and is also submitted to the primary government, Carter County, Tennessee. Expenses are presented at the legal level of control, which in accordance with the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts, is the line-item level.

NOTE 3 – DEPOSITS AND INVESTMENTS

DEPOSITS – All deposits with financial institutions must be collateralized in an amount equal to 105 percent of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the organization. The district does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

INVESTMENTS – Investments are allowed for the district in accordance with *Tennessee Code Annotated*, Section 5-8-301, which includes the provision that counties are authorized to make direct investments in bonds, notes or treasury bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The district may make investments with longer maturities if various restrictions set out in the state law are followed. The district is also authorized to make investments in the State Pooled Investment Fund 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 market value of the securities on the day of purchase.

As of June 30, 2012, the district held no investments.

NOTE 4 – CAPITAL ASSETS

Capital assets are stated at cost. Depreciation is computed using the straight-line method and a life of ten years for renovations, seven years for the furniture, five to seven years for the equipment, and five years for the vehicles.

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|--|---------------------|--------------------|-------------|---------------------|
| Capital Assets, Being Depreciated: | | | | |
| Furniture and Fixtures | \$ 19,352 | \$ 1,930 | \$ 0 | \$ 21,282 |
| Office Equipment | 26,142 | 1,692 | 0 | 27,834 |
| Communication Equipment | 688,656 | 0 | 0 | 688,656 |
| Vehicles | 41,316 | 0 | 0 | 41,316 |
| Leasehold Improvements | 62,167 | 0 | 0 | 62,167 |
| Other Capital Assets | 139,034 | 0 | 0 | 139,034 |
| Total Capital Assets Being Depreciated | <u>\$ 976,667</u> | <u>\$ 3,622</u> | <u>\$ 0</u> | <u>\$ 980,289</u> |
| Less Accumulated Depreciation For: | | | | |
| Furniture and Fixtures | \$ (16,058) | \$ (1,168) | \$ 0 | \$ (17,226) |
| Office Equipment | (23,336) | (935) | 0 | (24,271) |
| Communication Equipment | (499,674) | (54,677) | 0 | (554,351) |
| Vehicles | (22,019) | (4,135) | 0 | (26,154) |
| Leasehold Improvements | (53,143) | (2,597) | 0 | (55,740) |
| Other Capital Assets | (129,284) | (3,900) | 0 | (133,184) |
| Total Accumulated Depreciation | <u>\$ (743,514)</u> | <u>\$ (67,412)</u> | <u>\$ 0</u> | <u>\$ (810,926)</u> |
| Total Capital Assets, Net | <u>\$ 233,153</u> | <u>\$ (63,790)</u> | <u>\$ 0</u> | <u>\$ 169,363</u> |

NOTE 5 – PENSION PLAN

Plan Description

Employees of the Carter County 911 are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining the system prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Carter County 911 participate in the TCRS as individual entities and are liable for all costs associated

with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Carter County 911 has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. Carter County 911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 11.95 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Carter County 911 is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, Carter County 911's annual pension cost of \$53,130 to TCRS was equal to Carter County 911's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually; (b) projected three percent annual rate of inflation; (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten year period. Carter County 911's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 14 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-12 | \$ 53,130 | 100% | \$ 0 |
| 6-30-11 | 54,289 | 100 | 0 |
| 6-30-10 | 56,829 | 100 | 0 |

As of July 1, 2011, the most recent actuarial valuation date, the plan was 92.38 percent funded. The actuarial accrued liability for benefits was \$.63 million, and the actuarial value of assets was \$.58 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.05 million, the covered payroll (annual payroll of active employees covered by the plan) was \$.39 million, and the ratio of the UAAL to the covered payroll was 12.31 percent.

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

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS

Plan Types:

The district has adopted a plan that provides postemployment medical benefits for retirees. Upon retirement, individuals are eligible to continue to receive coverage under the employer provided group medical plan. As of June 30, 2012, there are two retirees under the plan.

The district offers postemployment benefits for full-time regular employees retiring under the Tennessee Consolidated Retirement System (TCRS) guidelines. The district will pay 100 percent of the cost of single coverage. The benefit applies to those full-time employees retiring under TCRS guidelines and have 30 years of continuous service with no minimum age being required or 25 years of service and age 60. The district will pay 100 percent of the premium until the retiree reaches age 65. As of the effective date of the actuarial valuation, there was a total of 15 active participants. During the prior fiscal year, the Board voted to modify the retiree policy and an updated valuation was performed.

Funding Policy:

The contribution requirements of plan members are based on pay-as-you go financing requirements.

Annual OPEB Cost and Net OPEB Obligation:

The district's other postemployment (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 (of funding excess) over a period not to exceed 30 years. During the fiscal year ending June 30, 2011, the district voted to modify the retirement benefits and an updated calculation was obtained. The ARC and actuarially accrued liability were significantly reduced. The district had previously recorded the ARC and the related liability at \$90,799. Since the district had funded the plan for the past two years based upon the original plan and actuary study, the current Net OPEB Obligation

only reflects current-year contributions for the participating employees. The following table shows the components of the district's costs for the year, the amount actually contributed to the plan, and changes in the OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation

| | |
|---|-------------------------|
| Annual Required Contribution (ARC) | \$ 11,328 |
| Interest on net OPEB Obligation | 0 |
| Adjustment to ARC | (11,328) |
| Annual OPEB Cost (Expense) | <u>\$ 0</u> |
| Contribution Made (assumed end of year) | (7,728) |
| Increase(Decrease) in Net OPEB Obligation | <u>\$ (7,728)</u> |
| Net OPEB obligation, Beginning of Year | 86,163 |
| Net OPEB obligation, End of Year | <u><u>\$ 78,435</u></u> |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012, 2011, and 2010 were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|--|---------------------------|
| 6-30-12 | \$ 11,328 | 68% | \$ 78,435 |
| 6-30-11 | 11,328 | 41 | 86,163 |
| 6-30-10 | 45,930 | 0 | 90,799 |

Funding Status and Funding Progress:

The funded status of the plan as of July 1, 2010, the date of the actuarial valuation was as follows:

| | |
|---|------------|
| Actuarial Valuation Date | 7-1-10 |
| Actuarial Accrued Liability (AAL) | \$ 79,395 |
| Actuarial Value of Plan Assets | \$ 0 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 79,395 |
| Actuarial Value of Assets as a % of the AAL | 0% |
| Covered Payroll | \$ 786,000 |
| UAAL as a Percentage of Covered Payroll | 10% |

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 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:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the 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. The following methods and assumptions were used.

The valuation date is July 1, 2008, and was updated with a calculation performed for July 1, 2010, based upon district approved changes to the benefit policy. A discount rate of four percent was used to discount expected liabilities to the valuation dates. This is the approximate rate of return available on investments. Future salaries are expected to increase at an annual rate of three percent. Average health care trend costs rates are assumed to decrease by five percent for year two, increase five percent (year three), 9.55 percent (years four and five), nine percent (years six and seven), 8.5 percent (years eight and nine), eight percent (years ten and 11), 7.5 percent (years 12 and 13), seven percent (years 14 and 15), 6.5 percent (years 16 and 17), six percent (years 18 and 19), and 5.5 percent for years 20 and subsequent. The Projected Unit Credit Accrual cost method was used to allocate the value of benefits to valuation years. The ARC was calculated using the level percent of payroll amortization method, amortizing costs over 30 years on an open basis.

NOTE 7 – CONTRACT

CCECD has a contract for telephone access lines from CenturyLink-United Telephone Southeast. The billing is reviewed annually based on the number of access lines in-service at calendar year end. The monthly base rate is influenced by various additional charges including database, switching fees, transfers, and other services.

NOTE 8 – RISK MANAGEMENT ACTIVITIES

The CCECD carries insurance coverage for property, auto liability, workman's compensation, general liability, and contents. There have been no significant changes from the previous year in the types of coverage. There have been no claims in the past three years, which were not covered by insurance.

NOTE 9 – DONATED USE OF SPACE

Use of facilities is provided by Carter County at a cost of \$1 per year. Fair market

value of the donated space and related occupancy expenses are reflected on the Statement of Revenues, Expenses, and Changes in Net Assets based upon the estimated rental value per square foot of \$2.03 and the total square feet occupied, which is 4,997 feet. The annual rental is equivalent is estimated at \$10,145.

NOTE 10 – RENTAL INCOME

An agreement made between the district and the Carter County Red Cross stipulates that a portion of the building can be used by the Red Cross at a rate of \$300 per month. These funds assist in off-setting utility expenses.

NOTE 11 – CONCENTRATION

The district depends upon financial resources flowing from, or associated with, both the State of Tennessee and local governments. Because of this dependency, the district is subject to changes in specific flows of intergovernmental revenues based on modifications to state laws and state and local appropriations.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent to year-end, the local governments have increased their funding or began to fund for the dispatching services they are receiving. The City of Elizabethton has increased its funding to \$130,394, and Carter County has increased its funding to \$173,858 for the 2012-2013 budget year. The City of Watauga is funding for its dispatching services for \$750. There have also been arrangements made with the Carter County Emergency and Rescue Squad for its dispatching services for \$57,953.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 9,901,030 | \$ 0 | \$ 0 | \$ 9,901,030 | \$ 9,980,181 | \$ 9,832,530 | \$ 68,500 |
| Licenses and Permits | 383,426 | 0 | 0 | 383,426 | 345,900 | 374,235 | 9,191 |
| Fines, Forfeitures, and Penalties | 256,321 | 0 | 0 | 256,321 | 284,100 | 284,100 | (27,779) |
| Charges for Current Services | 61,115 | 0 | 0 | 61,115 | 79,000 | 80,000 | (18,885) |
| Other Local Revenues | 175,441 | 0 | 0 | 175,441 | 55,000 | 84,517 | 90,924 |
| Fees Received from County Officials | 1,988,097 | 0 | 0 | 1,988,097 | 1,907,000 | 1,907,000 | 81,097 |
| State of Tennessee | 792,050 | 0 | 0 | 792,050 | 542,235 | 876,913 | (84,863) |
| Federal Government | 497,548 | 0 | 0 | 497,548 | 133,499 | 706,110 | (208,562) |
| Other Governments and Citizens Groups | 335,294 | 0 | 0 | 335,294 | 213,400 | 214,100 | 121,194 |
| Total Revenues | \$ 14,390,322 | \$ 0 | \$ 0 | \$ 14,390,322 | \$ 13,540,315 | \$ 14,359,505 | \$ 30,817 |
| <u>Expenditures</u> | | | | | | | |
| <u>General Government</u> | | | | | | | |
| County Commission | \$ 94,753 | \$ 0 | \$ 0 | \$ 94,753 | \$ 80,800 | \$ 108,200 | \$ 13,447 |
| Board of Equalization | 4,502 | 0 | 0 | 4,502 | 5,925 | 5,925 | 1,423 |
| County Mayor/Executive | 208,361 | 0 | 0 | 208,361 | 193,927 | 226,558 | 18,197 |
| County Attorney | 64,344 | 0 | 0 | 64,344 | 50,738 | 65,238 | 894 |
| Election Commission | 322,743 | 0 | 0 | 322,743 | 285,949 | 328,700 | 5,957 |
| Register of Deeds | 244,475 | 0 | 0 | 244,475 | 261,728 | 270,353 | 25,878 |
| Planning | 228,892 | 0 | 0 | 228,892 | 273,228 | 273,494 | 44,602 |
| County Buildings | 607,810 | (38,027) | 0 | 569,783 | 728,502 | 728,502 | 158,719 |
| Other General Administration | 17 | 0 | 0 | 17 | 500 | 500 | 483 |
| <u>Finance</u> | | | | | | | |
| Accounting and Budgeting | 383,253 | (6,900) | 0 | 376,353 | 414,926 | 414,926 | 38,573 |
| Property Assessor's Office | 361,271 | 0 | 0 | 361,271 | 431,517 | 427,881 | 66,610 |

(Continued)

Exhibit E-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Finance (Cont.)</u> | | | | | | | |
| Reappraisal Program | \$ 98,317 | \$ 0 | \$ 0 | \$ 98,317 | \$ 112,038 | \$ 115,672 | \$ 17,355 |
| County Trustee's Office | 297,237 | 0 | 0 | 297,237 | 315,398 | 315,398 | 18,161 |
| County Clerk's Office | 413,796 | 0 | 0 | 413,796 | 449,403 | 464,403 | 50,607 |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court | 631,807 | 0 | 0 | 631,807 | 716,912 | 716,912 | 85,105 |
| General Sessions Court | 229,805 | 0 | 0 | 229,805 | 232,821 | 232,821 | 3,016 |
| Drug Court | 14,184 | 0 | 0 | 14,184 | 0 | 16,078 | 1,894 |
| Chancery Court | 281,151 | 0 | 0 | 281,151 | 328,893 | 328,893 | 47,742 |
| Judicial Commissioners | 41,618 | 0 | 0 | 41,618 | 41,035 | 41,903 | 285 |
| Other Administration of Justice | 8,837 | 0 | 0 | 8,837 | 14,900 | 15,844 | 7,007 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 3,432,006 | 0 | 119,983 | 3,551,989 | 3,192,228 | 3,713,249 | 161,260 |
| Jail | 2,660,246 | 0 | 0 | 2,660,246 | 3,441,350 | 3,233,103 | 572,857 |
| Juvenile Services | 163,760 | 0 | 0 | 163,760 | 161,510 | 167,519 | 3,759 |
| Fire Prevention and Control | 314,946 | 0 | 0 | 314,946 | 330,000 | 330,000 | 15,054 |
| Rescue Squad | 205,500 | 0 | 0 | 205,500 | 205,500 | 205,500 | 0 |
| Other Emergency Management | 248,943 | 0 | 0 | 248,943 | 91,285 | 255,498 | 6,555 |
| Inspection and Regulation | 3,665 | 0 | 0 | 3,665 | 4,170 | 4,170 | 505 |
| County Coroner/Medical Examiner | 6,165 | 0 | 0 | 6,165 | 6,280 | 7,280 | 1,115 |
| Other Public Safety | 950 | 0 | 0 | 950 | 950 | 1,550 | 600 |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 0 | 0 | 0 | 0 | 169,000 | 0 | 0 |
| Rabies and Animal Control | 70,406 | 0 | 0 | 70,406 | 72,547 | 80,128 | 9,722 |
| Ambulance/Emergency Medical Services | 100,940 | 0 | 0 | 100,940 | 76,712 | 100,940 | 0 |

(Continued)

Exhibit E-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|-----------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Public Health and Welfare (Cont.)</u> | | | | | | | |
| Crippled Children Services | \$ 20,727 | \$ 0 | \$ 0 | \$ 20,727 | \$ 20,727 | \$ 20,727 | \$ 0 |
| Aid to Dependent Children | 1,500 | 0 | 0 | 1,500 | 1,500 | 1,500 | 0 |
| Other Local Welfare Services | 3,600 | 0 | 0 | 3,600 | 1,600 | 3,600 | 0 |
| Other Public Health and Welfare | 1,425 | 0 | 0 | 1,425 | 1,425 | 1,425 | 0 |
| <u>Social, Cultural, and Recreational Services</u> | | | | | | | |
| Senior Citizens Assistance | 46,010 | 0 | 0 | 46,010 | 46,010 | 46,010 | 0 |
| Libraries | 36,588 | 0 | 0 | 36,588 | 36,588 | 36,588 | 0 |
| Parks and Fair Boards | 11,281 | 0 | 0 | 11,281 | 22,562 | 11,281 | 0 |
| Other Social, Cultural, and Recreational | 1,449 | 0 | 0 | 1,449 | 6,765 | 6,765 | 5,316 |
| <u>Agriculture and Natural Resources</u> | | | | | | | |
| Agriculture Extension Service | 93,817 | 0 | 0 | 93,817 | 95,670 | 95,670 | 1,853 |
| Flood Control | 1,946 | 0 | 0 | 1,946 | 3,850 | 3,850 | 1,904 |
| Other Agriculture and Natural Resources | 19,854 | 0 | 0 | 19,854 | 19,855 | 19,855 | 1 |
| <u>Other Operations</u> | | | | | | | |
| Tourism | 87,646 | 0 | 0 | 87,646 | 81,109 | 88,609 | 963 |
| Industrial Development | 0 | 0 | 0 | 0 | 3,875 | 3,875 | 3,875 |
| Housing and Urban Development | 407,923 | 0 | 0 | 407,923 | 0 | 407,923 | 0 |
| Other Economic and Community Development | 76,606 | 0 | 0 | 76,606 | 37,835 | 77,545 | 939 |
| Veterans' Services | 36,729 | 0 | 0 | 36,729 | 38,099 | 38,099 | 1,370 |
| Other Charges | 9,487 | 0 | 0 | 9,487 | 2,000 | 11,487 | 2,000 |
| Contributions to Other Agencies | 49,500 | 0 | 0 | 49,500 | 49,500 | 49,500 | 0 |
| Employee Benefits | 0 | 0 | 0 | 0 | 18,729 | 18,729 | 18,729 |
| Miscellaneous | 376,368 | (9,369) | 0 | 366,999 | 238,222 | 444,259 | 77,260 |

(Continued)

Exhibit E-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Highways</u> | | | | | | | |
| Litter and Trash Collection | \$ 50,356 | \$ (5,248) | 0 | \$ 45,108 | \$ 49,203 | \$ 49,203 | \$ 4,095 |
| <u>Capital Projects</u> | | | | | | | |
| Public Safety Projects | 56,963 | (56,963) | 0 | 0 | 0 | 0 | 0 |
| Other General Government Projects | 215,820 | (21,753) | 0 | 194,067 | 15,000 | 215,820 | 21,753 |
| Total Expenditures | \$ 13,350,295 | \$ (138,260) | \$ 119,983 | \$ 13,332,018 | \$ 13,480,796 | \$ 14,849,458 | \$ 1,517,440 |
| <u>Excess (Deficiency) of Revenues Over Expenditures</u> | \$ 1,040,027 | \$ 138,260 | \$ (119,983) | \$ 1,058,304 | \$ 59,519 | \$ (489,953) | \$ 1,548,257 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Insurance Recovery | \$ 39,458 | 0 | 0 | \$ 39,458 | 0 | \$ 40,091 | \$ (633) |
| Transfers In | 100,000 | 0 | 0 | 100,000 | 0 | 0 | 100,000 |
| Total Other Financing Sources (Uses) | \$ 139,458 | 0 | 0 | \$ 139,458 | 0 | \$ 40,091 | \$ 99,367 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 1,179,485 | \$ 138,260 | \$ (119,983) | \$ 1,197,762 | \$ 59,519 | \$ (449,862) | \$ 1,647,624 |
| | 3,621,104 | (138,260) | 0 | 3,482,844 | 2,589,490 | 2,605,568 | 877,276 |
| Fund Balance, June 30, 2012 | \$ 4,800,589 | 0 | \$ (119,983) | \$ 4,680,606 | \$ 2,649,009 | \$ 2,155,706 | \$ 2,524,900 |

Exhibit E-2

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 1,201,566 | \$ 0 | \$ 1,201,566 | \$ 1,132,689 | \$ 1,132,689 | \$ 68,877 |
| Charges for Current Services | 2 | 0 | 2 | 0 | 0 | 2 |
| Other Local Revenues | 229,300 | 0 | 229,300 | 201,000 | 201,000 | 28,300 |
| State of Tennessee | 1,919,517 | 0 | 1,919,517 | 1,995,669 | 1,995,669 | (76,152) |
| Federal Government | 36,759 | 0 | 36,759 | 12,500 | 12,500 | 24,259 |
| Other Governments and Citizens Groups | 8,249 | 0 | 8,249 | 13,000 | 13,000 | (4,751) |
| Total Revenues | \$ 3,395,393 | \$ 0 | \$ 3,395,393 | \$ 3,354,858 | \$ 3,354,858 | \$ 40,535 |
| <u>Expenditures</u> | | | | | | |
| <u>Highways</u> | | | | | | |
| Administration | \$ 306,177 | \$ 0 | \$ 306,177 | \$ 329,314 | \$ 329,314 | \$ 23,137 |
| Highway and Bridge Maintenance | 1,818,945 | 0 | 1,818,945 | 2,166,160 | 2,160,160 | 341,215 |
| Operation and Maintenance of Equipment | 691,914 | 0 | 691,914 | 957,346 | 963,346 | 271,432 |
| Other Charges | 88,878 | 0 | 88,878 | 93,550 | 93,550 | 4,672 |
| Employee Benefits | 43,292 | 0 | 43,292 | 84,000 | 84,000 | 40,708 |
| Capital Outlay | 376,531 | (77,675) | 298,856 | 383,000 | 383,000 | 84,144 |
| Total Expenditures | \$ 3,325,737 | \$ (77,675) | \$ 3,248,062 | \$ 4,013,370 | \$ 4,013,370 | \$ 765,308 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 69,656 | \$ 77,675 | \$ 147,331 | \$ (658,512) | \$ (658,512) | \$ 805,843 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 2,232,846 | (77,675) | 2,155,171 | 1,889,621 | 1,889,621 | 265,550 |
| Fund Balance, June 30, 2012 | \$ 2,302,502 | \$ 0 | \$ 2,302,502 | \$ 1,231,109 | \$ 1,231,109 | \$ 1,071,393 |

Exhibit E-3

Carter County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Carter County School Department
June 30, 2012

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-11 | \$ 33,594 | \$ 36,668 | 3,073 | 91.62 % | \$ 10,840 | 28.35 % |
| 7-1-09 | 28,092 | 29,057 | 966 | 96.68 | 10,120 | 9.54 |
| 7-1-07 | 26,789 | 27,814 | 1,025 | 96.31 | 9,726 | 10.54 |

Exhibit E-4

Carter County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Carter County Emergency Communications District
June 30, 2012

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-11 | \$ 582 | \$ 630 | \$ 48 | 92.38 % | \$ 390 | 12.31 % |
| 7-1-09 | 404 | 457 | 53 | 88.47 | 349 | 15.11 |
| 7-1-07 | 305 | 361 | 56 | 84.49 | 265 | 21.13 |

Exhibit E-5

Carter County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Carter County School Department
June 30, 2012

(Dollar amounts in thousands)

| Plans | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--------------------------|-------------------------------|---------------------------------------|-----------------------------|--------------------|---------------------|---|
| <u>PRIMARY GOVERNMENT</u> | | | | | | | |
| Commercial | 7-1-08 | \$ 0 | \$ 1,461 | \$ 1,461 | 0% | \$ 5,836 | 25% |
| " | 7-1-10 | 0 | 1,595 | 1,595 | 0 | 6,724 | 24 |
| " | 7-1-11 | 0 | 1,574 | 1,574 | 0 | 6,534 | 24 |
| <u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u> | | | | | | | |
| Local Education Group | 7-1-09 | 0 | 18,782 | 18,782 | 0 | 26,421 | 71 |
| " | 7-1-10 | 0 | 18,822 | 18,822 | 0 | 25,662 | 73 |
| " | 7-1-11 | 0 | 19,879 | 19,879 | 0 | 26,941 | 74 |
| School Department - Dental, Life, and Termination | 7-1-08 | 0 | 3,104 | 3,104 | 0 | 26,378 | 12 |
| " | 7-1-10 | 0 | 3,554 | 3,554 | 0 | 27,761 | 13 |
| " | 7-1-11 | 0 | 3,578 | 3,578 | 0 | 27,512 | 13 |

CARTER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

BUDGETARY INFORMATION

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 Carter County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Carter 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 generally accepted accounting principles (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, 2012, Carter County reported the following significant encumbrance for in the General Fund:

| <u>Description</u> | <u>Amount</u> |
|--------------------|---------------|
| Vehicles | \$ 88,583 |

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements and maintenance on the courthouse and jail.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Carter County’s transfer station, convenience centers, and class IV landfill operations.

Health Department Fund – The Health Department Fund is used to account for transactions of the Carter County Health Department.

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

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions of the Carter County Parks and Recreation Board.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit F-1

Carter County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

ASSETS

| | Special Revenue Funds | | | | | | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|---------------------------------------|---------------------------------------|--------------------------------|----------------------|-----------------|--------------------------|---|------------|-----------------------------|--|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Health Department | Drug Control | Sports and Recreation | Constitu- tional Officers - Fees | Total | | |
| Cash | \$ 0 | \$ 4,990 | \$ 0 | \$ 0 | \$ 0 | \$ 16,416 | \$ 21,406 | \$ 0 | \$ 21,406 |
| Equity in Pooled Cash and Investments | 12,689 | 62,448 | 242 | 170,283 | 14,371 | 0 | 260,033 | 19,549 | 279,582 |
| Accounts Receivable | 0 | 56,649 | 54,889 | 0 | 0 | 242 | 111,780 | 0 | 111,780 |
| Due from Other Funds | 0 | 0 | 0 | 0 | 0 | 6,122 | 6,122 | 75,000 | 81,122 |
| Total Assets | \$ 12,689 | \$ 124,087 | \$ 55,131 | \$ 170,283 | \$ 14,371 | \$ 22,780 | \$ 399,341 | \$ 94,549 | \$ 493,890 |

LIABILITIES AND FUND BALANCES

| Liabilities | | | | | | | | | |
|----------------------------|--------|-----------|-----------|----------|-------|-----------|-----------|------|-----------|
| Accounts Payable | \$ 391 | \$ 33,903 | \$ 5,687 | \$ 360 | \$ 48 | \$ 0 | \$ 40,389 | \$ 0 | \$ 40,389 |
| Accrued Payroll | 0 | 9,224 | 5,279 | 0 | 0 | 0 | 14,503 | 0 | 14,503 |
| Payroll Deductions Payable | 0 | 107 | 2,763 | 0 | 0 | 0 | 2,870 | 0 | 2,870 |
| Due to Other Funds | 0 | 5,820 | 1,798 | 0 | 0 | 22,780 | 30,398 | 0 | 30,398 |
| Other Current Liabilities | 0 | 0 | 0 | 3,174 | 0 | 0 | 3,174 | 0 | 3,174 |
| Total Liabilities | \$ 391 | \$ 49,054 | \$ 15,527 | \$ 3,534 | \$ 48 | \$ 22,780 | \$ 91,334 | \$ 0 | \$ 91,334 |

Fund Balances

| | | | | | | | | | |
|---|-----------|------------|-----------|------------|-----------|-----------|------------|-----------|------------|
| Restricted: | \$ 12,298 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 12,298 | \$ 0 | \$ 12,298 |
| Restricted for Administration of Justice | 0 | 0 | 0 | 166,749 | 0 | 0 | 166,749 | 0 | 166,749 |
| Restricted for Public Safety | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 75,000 | 75,000 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Committed: | 0 | 75,083 | 39,604 | 0 | 0 | 0 | 114,637 | 0 | 114,637 |
| Committed for Public Health and Welfare | 0 | 0 | 0 | 0 | 14,323 | 0 | 14,323 | 0 | 14,323 |
| Committed for Social, Cultural, and Recreational Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,549 | 19,549 |
| Committed for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Balances | \$ 12,298 | \$ 75,083 | \$ 39,604 | \$ 166,749 | \$ 14,323 | \$ 0 | \$ 308,007 | \$ 94,549 | \$ 402,556 |
| Total Liabilities and Fund Balances | \$ 12,689 | \$ 124,087 | \$ 55,131 | \$ 170,283 | \$ 14,371 | \$ 22,780 | \$ 399,341 | \$ 94,549 | \$ 493,890 |

Exhibit F-2

Carter County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

| | Special Revenue Funds | | | | | | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|---------------------------------|--------------------------|-------------------|--------------|-----------------------|--------------------------------|--------------|-----------------------|-----------------------------------|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Health Department | Drug Control | Sports and Recreation | Constitutional Officers - Fees | Total | | |
| <u>Revenues</u> | | | | | | | | | |
| Local Taxes | \$ 10,205 | \$ 0 | \$ 169,000 | \$ 0 | \$ 11,281 | \$ 0 | \$ 190,486 | \$ 190,486 | |
| Fines, Forfeitures, and Penalties Charges for Current Services | 0 | 0 | 0 | 57,623 | 0 | 0 | 57,623 | 57,623 | |
| Other Local Revenues | 0 | 707,531 | 0 | 0 | 1,886 | 32,831 | 742,248 | 742,248 | |
| State of Tennessee | 0 | 104,849 | 200 | 0 | 0 | 0 | 105,049 | 280,049 | |
| Other Governments and Citizens Groups | 0 | 0 | 321,321 | 0 | 0 | 0 | 321,321 | 321,321 | |
| Total Revenues | \$ 10,205 | \$ 812,380 | \$ 490,611 | \$ 57,623 | \$ 13,167 | \$ 32,831 | \$ 1,416,817 | \$ 1,591,817 | |
| <u>Expenditures</u> | | | | | | | | | |
| Current: | | | | | | | | | |
| General Government | \$ 25,845 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 32,831 | \$ 58,676 | \$ 58,676 | |
| Administration of Justice | 4,620 | 0 | 0 | 0 | 0 | 0 | 4,620 | 4,620 | |
| Public Safety | 0 | 0 | 0 | 58,247 | 0 | 0 | 58,247 | 58,247 | |
| Public Health and Welfare | 0 | 845,082 | 522,017 | 0 | 0 | 0 | 1,367,099 | 1,367,099 | |
| Social, Cultural, and Recreational Services | 0 | 0 | 0 | 0 | 15,949 | 0 | 15,949 | 15,949 | |
| Other Operations | 102 | 8,012 | 1 | 489 | 0 | 0 | 8,604 | 8,604 | |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 179,067 | 179,067 | |
| Total Expenditures | \$ 30,567 | \$ 853,094 | \$ 522,018 | \$ 58,736 | \$ 15,949 | \$ 32,831 | \$ 1,513,195 | \$ 1,692,262 | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (20,362) | \$ (40,714) | \$ (31,407) | \$ (1,113) | \$ (2,782) | \$ 0 | \$ (96,378) | \$ (100,445) | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | | | |
| Transfers Out | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (100,000) | |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (100,000) | |
| Net Change in Fund Balances Fund Balance, July 1, 2011 | \$ (20,362) | \$ (40,714) | \$ (31,407) | \$ (1,113) | \$ (2,782) | \$ 0 | \$ (96,378) | \$ (200,445) | |
| Fund Balance, June 30, 2012 | 32,660 | 115,747 | 71,011 | 167,862 | 17,105 | 0 | 404,385 | 603,001 | |
| | \$ 12,298 | \$ 75,033 | \$ 39,604 | \$ 166,749 | \$ 14,323 | \$ 0 | \$ 308,007 | \$ 402,556 | |

Exhibit F-3

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------|------------------|-------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 10,205 | \$ 10,500 | \$ 10,500 | \$ (295) |
| Total Revenues | \$ 10,205 | \$ 10,500 | \$ 10,500 | \$ (295) |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Buildings | \$ 25,845 | \$ 5,600 | \$ 27,543 | \$ 1,698 |
| <u>Administration of Justice</u> | | | | |
| Other Administration of Justice | 4,620 | 4,800 | 4,800 | 180 |
| <u>Other Operations</u> | | | | |
| Miscellaneous | 102 | 100 | 102 | 0 |
| Total Expenditures | \$ 30,567 | \$ 10,500 | \$ 32,445 | \$ 1,878 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (20,362) | \$ 0 | \$ (21,945) | \$ 1,583 |
| Net Change in Fund Balance | \$ (20,362) | \$ 0 | \$ (21,945) | \$ 1,583 |
| Fund Balance, July 1, 2011 | 32,660 | 0 | 21,945 | 10,715 |
| Fund Balance, June 30, 2012 | \$ 12,298 | \$ 0 | \$ 0 | \$ 12,298 |

Exhibit F-4

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|--------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Charges for Current Services | \$ 707,531 | \$ 707,000 | \$ 707,000 | \$ 531 |
| Other Local Revenues | 104,849 | 55,000 | 60,686 | 44,163 |
| Total Revenues | <u>\$ 812,380</u> | <u>\$ 762,000</u> | <u>\$ 767,686</u> | <u>\$ 44,694</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Health and Welfare</u> | | | | |
| Convenience Centers | \$ 42,310 | \$ 44,840 | \$ 44,840 | \$ 2,530 |
| Recycling Center | 42,941 | 49,197 | 49,197 | 6,256 |
| Landfill Operation and Maintenance | 759,831 | 756,251 | 763,065 | 3,234 |
| <u>Other Operations</u> | | | | |
| Miscellaneous | 8,012 | 10,000 | 10,000 | 1,988 |
| Total Expenditures | <u>\$ 853,094</u> | <u>\$ 860,288</u> | <u>\$ 867,102</u> | <u>\$ 14,008</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (40,714)</u> | <u>\$ (98,288)</u> | <u>\$ (99,416)</u> | <u>\$ 58,702</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 0 | \$ 0 | \$ 1,128 | \$ (1,128) |
| Transfers In | 0 | 79,200 | 79,200 | (79,200) |
| Total Other Financing Sources (Uses) | <u>\$ 0</u> | <u>\$ 79,200</u> | <u>\$ 80,328</u> | <u>\$ (80,328)</u> |
| Net Change in Fund Balance | \$ (40,714) | \$ (19,088) | \$ (19,088) | \$ (21,626) |
| Fund Balance, July 1, 2011 | 115,747 | 19,088 | 19,088 | 96,659 |
| Fund Balance, June 30, 2012 | <u>\$ 75,033</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 75,033</u> |

Exhibit F-5

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Health Department Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|--------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 169,000 | \$ 0 | \$ 169,000 | \$ 0 |
| Other Local Revenues | 200 | 1,500 | 1,500 | (1,300) |
| State of Tennessee | 321,321 | 169,000 | 318,992 | 2,329 |
| Other Governments and Citizens Groups | 90 | 0 | 0 | 90 |
| Total Revenues | <u>\$ 490,611</u> | <u>\$ 170,500</u> | <u>\$ 489,492</u> | <u>\$ 1,119</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Health and Welfare</u> | | | | |
| Local Health Center | \$ 522,017 | \$ 169,000 | \$ 540,406 | \$ 18,389 |
| <u>Other Operations</u> | | | | |
| Miscellaneous | 1 | 0 | 1 | 0 |
| Total Expenditures | <u>\$ 522,018</u> | <u>\$ 169,000</u> | <u>\$ 540,407</u> | <u>\$ 18,389</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (31,407)</u> | <u>\$ 1,500</u> | <u>\$ (50,915)</u> | <u>\$ 19,508</u> |
| Net Change in Fund Balance | \$ (31,407) | \$ 1,500 | \$ (50,915) | \$ 19,508 |
| Fund Balance, July 1, 2011 | <u>71,011</u> | <u>0</u> | <u>52,415</u> | <u>18,596</u> |
| Fund Balance, June 30, 2012 | <u>\$ 39,604</u> | <u>\$ 1,500</u> | <u>\$ 1,500</u> | <u>\$ 38,104</u> |

Exhibit F-6

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------------|--------------------|--------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Fines, Forfeitures, and Penalties | \$ 57,623 | \$ 55,000 | \$ 74,187 | \$ (16,564) |
| Other Local Revenues | 0 | 19,000 | 0 | 0 |
| State of Tennessee | 0 | 5,000 | 5,000 | (5,000) |
| Total Revenues | <u>\$ 57,623</u> | <u>\$ 79,000</u> | <u>\$ 79,187</u> | <u>\$ (21,564)</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Safety</u> | | | | |
| Sheriff's Department | \$ 58,247 | \$ 110,000 | \$ 110,187 | \$ 51,940 |
| <u>Other Operations</u> | | | | |
| Miscellaneous | 489 | 800 | 800 | 311 |
| Total Expenditures | <u>\$ 58,736</u> | <u>\$ 110,800</u> | <u>\$ 110,987</u> | <u>\$ 52,251</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (1,113)</u> | <u>\$ (31,800)</u> | <u>\$ (31,800)</u> | <u>\$ 30,687</u> |
| Net Change in Fund Balance | \$ (1,113) | \$ (31,800) | \$ (31,800) | \$ 30,687 |
| Fund Balance, July 1, 2011 | <u>167,862</u> | <u>31,800</u> | <u>31,800</u> | <u>136,062</u> |
| Fund Balance, June 30, 2012 | <u>\$ 166,749</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 166,749</u> |

Exhibit F-7

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Sports and Recreation Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|--------------------|--------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 11,281 | \$ 0 | \$ 0 | \$ 11,281 |
| Charges for Current Services | 1,886 | 0 | 0 | 1,886 |
| Total Revenues | <u>\$ 13,167</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 13,167</u> |
| <u>Expenditures</u> | | | | |
| <u>Social, Cultural, and Recreational Services</u> | | | | |
| Parks and Fair Boards | \$ 15,949 | \$ 0 | \$ 15,912 | \$ (37) |
| Total Expenditures | <u>\$ 15,949</u> | <u>\$ 0</u> | <u>\$ 15,912</u> | <u>\$ (37)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (2,782)</u> | <u>\$ 0</u> | <u>\$ (15,912)</u> | <u>\$ 13,130</u> |
| Net Change in Fund Balance | \$ (2,782) | \$ 0 | \$ (15,912) | \$ 13,130 |
| Fund Balance, July 1, 2011 | <u>17,105</u> | <u>0</u> | <u>15,912</u> | <u>1,193</u> |
| Fund Balance, June 30, 2012 | <u><u>\$ 14,323</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 14,323</u></u> |

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-----------------------|-----------------------|-----------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 910,975 | \$ 823,416 | \$ 823,416 | \$ 87,559 |
| Other Local Revenues | 69,424 | 150,000 | 150,000 | (80,576) |
| State of Tennessee | 33,208 | 128,000 | 128,000 | (94,792) |
| Total Revenues | <u>\$ 1,013,607</u> | <u>\$ 1,101,416</u> | <u>\$ 1,101,416</u> | <u>\$ (87,809)</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| General Government | \$ 782,300 | \$ 782,300 | \$ 782,300 | \$ 0 |
| Education | 1,213,711 | 1,214,827 | 1,214,827 | 1,116 |
| <u>Interest on Debt</u> | | | | |
| General Government | 773,656 | 773,656 | 773,656 | 0 |
| Education | 54,190 | 360,293 | 360,293 | 306,103 |
| <u>Other Debt Service</u> | | | | |
| General Government | 18,070 | 66,000 | 66,000 | 47,930 |
| Education | 27,428 | 61,700 | 61,700 | 34,272 |
| Total Expenditures | <u>\$ 2,869,355</u> | <u>\$ 3,258,776</u> | <u>\$ 3,258,776</u> | <u>\$ 389,421</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (1,855,748)</u> | <u>\$ (2,157,360)</u> | <u>\$ (2,157,360)</u> | <u>\$ 301,612</u> |
| Net Change in Fund Balance | \$ (1,855,748) | \$ (2,157,360) | \$ (2,157,360) | \$ 301,612 |
| Fund Balance, July 1, 2011 | <u>8,873,956</u> | <u>8,583,808</u> | <u>8,583,808</u> | <u>290,148</u> |
| Fund Balance, June 30, 2012 | <u>\$ 7,018,208</u> | <u>\$ 6,426,448</u> | <u>\$ 6,426,448</u> | <u>\$ 591,760</u> |

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated areas of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

City School ADA - Elizabethton Fund – The City School ADA - Elizabethton Fund is used to account for the city school system’s share of education revenues collected by the county, which must be apportioned to the system on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due to the state, cities, other county funds, litigants, heirs, and others.

Carter County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

| | Agency Funds | | | | Total |
|----|--------------------------|---|---|----|--------------|
| | Cities - Sales Tax | City School ADA - Elizabethton | Consti- tional Officers - Agency | | |
| \$ | 0 | 0 | 2,848,940 | \$ | 2,848,940 |
| | 0 | 121,979 | 0 | | 121,979 |
| | 0 | 0 | 13,245 | | 13,245 |
| | 751,918 | 293,798 | 0 | | 1,045,716 |
| | 0 | 0 | 4,084 | | 4,084 |
| | 0 | 2,752,386 | 0 | | 2,752,386 |
| | 0 | (78,574) | 0 | | (78,574) |
| | \$ 751,918 | \$ 3,089,589 | \$ 2,866,269 | | \$ 6,707,776 |

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Due from Other Funds
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Due to Other Taxing Units
Due to Litigants, Heirs, and Others

Total Liabilities

| | | | | | | | |
|----|------------|----|--------------|----|--------------|----|--------------|
| \$ | 751,918 | \$ | 3,089,589 | \$ | 0 | \$ | 3,841,507 |
| | 0 | | 0 | | 2,866,269 | | 2,866,269 |
| | \$ 751,918 | | \$ 3,089,589 | | \$ 2,866,269 | | \$ 6,707,776 |

Exhibit H-2

Carter County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|---------------------|---------------------|---------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 4,375,279 | \$ 4,375,279 | \$ 0 |
| Due from Other Governments | 724,166 | 751,918 | 724,166 | 751,918 |
| Total Assets | \$ 724,166 | \$ 5,127,197 | \$ 5,099,445 | \$ 751,918 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 724,166 | \$ 5,127,197 | \$ 5,099,445 | \$ 751,918 |
| Total Liabilities | \$ 724,166 | \$ 5,127,197 | \$ 5,099,445 | \$ 751,918 |
| <u>City School ADA - Elizabethton Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 144,842 | \$ 4,318,459 | \$ 4,341,322 | \$ 121,979 |
| Due from Other Governments | 260,160 | 293,798 | 260,160 | 293,798 |
| Due from Other Funds | 50,191 | 0 | 50,191 | 0 |
| Property Taxes Receivable | 2,514,596 | 2,752,386 | 2,514,596 | 2,752,386 |
| Allowance for Uncollectible Property Taxes | (72,123) | (78,574) | (72,123) | (78,574) |
| Total Assets | \$ 2,897,666 | \$ 7,286,069 | \$ 7,094,146 | \$ 3,089,589 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 2,897,666 | \$ 7,286,069 | \$ 7,094,146 | \$ 3,089,589 |
| Total Liabilities | \$ 2,897,666 | \$ 7,286,069 | \$ 7,094,146 | \$ 3,089,589 |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 2,962,267 | \$ 9,005,902 | \$ 9,119,229 | \$ 2,848,940 |
| Accounts Receivable | 12,281 | 13,245 | 12,281 | 13,245 |
| Due from Other Funds | 4,084 | 0 | 0 | 4,084 |
| Total Assets | \$ 2,978,632 | \$ 9,019,147 | \$ 9,131,510 | \$ 2,866,269 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 2,978,632 | \$ 9,019,147 | \$ 9,131,510 | \$ 2,866,269 |
| Total Liabilities | \$ 2,978,632 | \$ 9,019,147 | \$ 9,131,510 | \$ 2,866,269 |

(Continued)

Exhibit H-2

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

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|---------------|---------------|-------------------|
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 2,962,267 | \$ 9,005,902 | \$ 9,119,229 | \$ 2,848,940 |
| Equity in Pooled Cash and Investments | 144,842 | 8,693,738 | 8,716,601 | 121,979 |
| Accounts Receivable | 12,281 | 13,245 | 12,281 | 13,245 |
| Due from Other Governments | 984,326 | 1,045,716 | 984,326 | 1,045,716 |
| Due from Other Funds | 54,275 | 0 | 50,191 | 4,084 |
| Property Taxes Receivable | 2,514,596 | 2,752,386 | 2,514,596 | 2,752,386 |
| Allowance for Uncollectible Property Taxes | (72,123) | (78,574) | (72,123) | (78,574) |
| Total Assets | \$ 6,600,464 | \$ 21,432,413 | \$ 21,325,101 | \$ 6,707,776 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 3,621,832 | \$ 12,413,266 | \$ 12,193,591 | \$ 3,841,507 |
| Due to Litigants, Heirs, and Others | 2,978,632 | 9,019,147 | 9,131,510 | 2,866,269 |
| Total Liabilities | \$ 6,600,464 | \$ 21,432,413 | \$ 21,325,101 | \$ 6,707,776 |

Carter County School Department

This section presents combining and individual fund financial statements for the Carter County School Department, a discretely presented component unit. The School Department uses a General Fund, three Special Revenue Funds, and one Capital Projects Fund.

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

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for the Head Start Program.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit I-1

Carter County, Tennessee
Statement of Activities
Discretely Presented Carter County School Department
For the Year Ended June 30, 2012

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|---|------------------|----------------------|------------------------------------|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities: | | | | |
| Instruction | \$ 30,212,400 | \$ 0 | \$ 5,388,777 | \$ (24,823,623) |
| Support Services | 14,860,417 | 223,534 | 782,321 | (13,854,562) |
| Operation of Non-Instructional Services | 4,930,641 | 869,706 | 2,474,847 | (1,586,088) |
| Interest on Long-term Debt | 92,837 | 0 | 0 | (92,837) |
| Total Governmental Activities | \$ 50,096,295 | \$ 1,093,240 | \$ 8,645,945 | \$ (40,357,110) |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes Levied for General Purposes | | | | \$ 5,692,392 |
| Local Option Sales Taxes | | | | 3,932,157 |
| Other Local Taxes | | | | 2,313 |
| Grants and Contributions Not Restricted for Specific Programs | | | | 30,198,471 |
| Unrestricted Investment Income | | | | 7,242 |
| Miscellaneous | | | | 63,466 |
| Total General Revenues | | | | \$ 39,896,041 |
| Change in Net Assets | | | | \$ (461,069) |
| Net Assets, July 1, 2011 | | | | 21,710,713 |
| Net Assets, June 30, 2012 | | | | \$ 21,249,644 |

Exhibit I-2

Carter County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Carter County School Department
June 30, 2012

| | <u>Major Funds</u> | | <u>Nonmajor</u> | <u>Total</u> |
|--|----------------------|---------------------|---------------------|----------------------|
| | <u>General</u> | <u>Central</u> | <u>Funds</u> | |
| | | | <u>Other</u> | |
| | <u>Purpose</u> | <u>Cafeteria</u> | <u>Governmental</u> | <u>Governmental</u> |
| | <u>School</u> | | <u>Funds</u> | <u>Funds</u> |
| <u>ASSETS</u> | | | | |
| Cash | \$ 1,316,350 | \$ 75,976 | \$ 179,481 | \$ 1,571,807 |
| Equity in Pooled Cash and Investments | 2,546,871 | 2,264,848 | 146,745 | 4,958,464 |
| Accounts Receivable | 890 | 0 | 1,713 | 2,603 |
| Due from Other Governments | 977,303 | 69,907 | 579,730 | 1,626,940 |
| Due from Other Funds | 593,872 | 0 | 0 | 593,872 |
| Due from Primary Government | 121,751 | 0 | 0 | 121,751 |
| Property Taxes Receivable | 6,310,458 | 0 | 0 | 6,310,458 |
| Allowance for Uncollectible Property Taxes | (180,149) | 0 | 0 | (180,149) |
| Total Assets | \$ 11,687,346 | \$ 2,410,731 | \$ 907,669 | \$ 15,005,746 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 187,469 | \$ 28,950 | \$ 25,885 | \$ 242,304 |
| Accrued Payroll | 628 | 0 | 0 | 628 |
| Payroll Deductions Payable | 13,199 | 0 | 0 | 13,199 |
| Deferred Compensation Payable | 231 | 0 | 0 | 231 |
| Due to Other Funds | 0 | 56,099 | 537,773 | 593,872 |
| Other Current Liabilities | 1,316,350 | 65,521 | 179,481 | 1,561,352 |
| Deferred Revenue - Current Property Taxes | 5,933,922 | 0 | 0 | 5,933,922 |
| Deferred Revenue - Delinquent Property Taxes | 170,618 | 0 | 0 | 170,618 |
| Other Deferred Revenues | 450,586 | 0 | 118,726 | 569,312 |
| Total Liabilities | \$ 8,073,003 | \$ 150,570 | \$ 861,865 | \$ 9,085,438 |
| <u>Fund Balances</u> | | | | |
| Restricted: | | | | |
| Restricted for Education | \$ 171,175 | \$ 2,260,161 | \$ 31,557 | \$ 2,462,893 |
| Restricted for Capital Projects | 299,127 | 0 | 0 | 299,127 |
| Committed: | | | | |
| Committed for Education | 1,225,274 | 0 | 199,999 | 1,425,273 |
| Assigned: | | | | |
| Assigned for Education | 389,031 | 0 | 0 | 389,031 |
| Assigned for Capital Projects | 525,234 | 0 | 0 | 525,234 |
| Unassigned | 1,004,502 | 0 | (185,752) | 818,750 |
| Total Fund Balances | \$ 3,614,343 | \$ 2,260,161 | \$ 45,804 | \$ 5,920,308 |
| Total Liabilities and Fund Balances | \$ 11,687,346 | \$ 2,410,731 | \$ 907,669 | \$ 15,005,746 |

Exhibit I-3

Carter County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Carter County School Department
June 30, 2012

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

| | | | |
|---|----|--------------------|--------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit I-2) | | \$ | 5,920,308 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 838,418 | |
| Add: construction in progress | | 748,959 | |
| Add: building and improvements net of accumulated depreciation | | 19,075,550 | |
| Add: other capital assets net of accumulated depreciation | | <u>2,804,747</u> | 23,467,674 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: capital leases payable | \$ | (1,464,113) | |
| Less: compensated absences payable | | (1,111,863) | |
| Less: other postemployment benefits liability | | <u>(6,302,292)</u> | (8,878,268) |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>739,930</u> |
| Net assets of governmental activities (Exhibit A) | | \$ | <u><u>21,249,644</u></u> |

Exhibit I-4

Carter County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Carter County School Department
For the Year Ended June 30, 2012

| | Major Funds | | Nonmajor Funds | Total Governmental Funds |
|--|------------------------------|----------------------|-------------------------------------|--------------------------------|
| | General Purpose School | Central Cafeteria | Other Govern- mental Funds | |
| | | | | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 9,934,288 | \$ 0 | \$ 0 | \$ 9,934,288 |
| Licenses and Permits | 1,376 | 0 | 0 | 1,376 |
| Charges for Current Services | 236,390 | 856,850 | 0 | 1,093,240 |
| Other Local Revenues | 134,056 | 5,905 | 0 | 139,961 |
| State of Tennessee | 30,021,770 | 29,503 | 0 | 30,051,273 |
| Federal Government | 864,550 | 2,212,025 | 4,541,461 | 7,618,036 |
| Other Governments and Citizens Groups | 281 | 0 | 903,379 | 903,660 |
| Total Revenues | <u>\$ 41,192,711</u> | <u>\$ 3,104,283</u> | <u>\$ 5,444,840</u> | <u>\$ 49,741,834</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 24,340,649 | \$ 0 | \$ 3,499,015 | \$ 27,839,664 |
| Support Services | 13,902,797 | 0 | 1,033,005 | 14,935,802 |
| Operation of Non-Instructional Services | 972,114 | 2,897,704 | 1,012,085 | 4,881,903 |
| Capital Outlay | 1,578,923 | 0 | 0 | 1,578,923 |
| Debt Service: | | | | |
| Principal on Debt | 241,494 | 0 | 0 | 241,494 |
| Interest on Debt | 92,837 | 0 | 0 | 92,837 |
| Total Expenditures | <u>\$ 41,128,814</u> | <u>\$ 2,897,704</u> | <u>\$ 5,544,105</u> | <u>\$ 49,570,623</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 63,897</u> | <u>\$ 206,579</u> | <u>\$ (99,265)</u> | <u>\$ 171,211</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 11,471 | \$ 0 | \$ 0 | \$ 11,471 |
| Total Other Financing Sources (Uses) | <u>\$ 11,471</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 11,471</u> |
| Net Change in Fund Balances | \$ 75,368 | \$ 206,579 | \$ (99,265) | \$ 182,682 |
| Fund Balance, July 1, 2011 | 3,538,975 | 2,053,582 | 145,069 | 5,737,626 |
| Fund Balance, June 30, 2012 | <u>\$ 3,614,343</u> | <u>\$ 2,260,161</u> | <u>\$ 45,804</u> | <u>\$ 5,920,308</u> |

Exhibit I-5

Carter County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Carter County School Department
For the Year Ended June 30, 2012

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) | | \$ | 182,682 |
| (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 | \$ | 2,044,450 | |
| Less: current-year depreciation expense | | <u>(1,188,591)</u> | 855,859 |
| (2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2012 | \$ | 739,930 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2011 | | <u>(846,538)</u> | (106,608) |
| (3) The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. | | | |
| Add: principal payments on capital leases | | | 241,494 |
| (4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | | |
| Change in compensated absences payable | \$ | (172,165) | |
| Change in other postemployment benefits liability | | <u>(1,462,331)</u> | <u>(1,634,496)</u> |
| Change in net assets of governmental activities (Exhibit B) | | | <u>\$ (461,069)</u> |

Carter County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Carter County School Department
June 30, 2012

| | Special Revenue Funds | | | Total | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|----|-------------------------|---------------------------|------------|-----------|----------------------------|------------|-----------------------------------|
| | School Federal Projects | Other | | | Education Capital Projects | | |
| | | Education Special Revenue | | | | | |
| \$ | 144,733 | \$ 34,748 | \$ 179,481 | \$ 0 | \$ 0 | \$ 179,481 | |
| | 114,842 | 8,392 | 123,234 | 23,511 | | 146,745 | |
| | 1,713 | 0 | 1,713 | 0 | | 1,713 | |
| | 579,730 | 0 | 579,730 | 0 | | 579,730 | |
| \$ | 841,018 | \$ 43,140 | \$ 884,158 | \$ 23,511 | \$ 0 | \$ 907,669 | |

ASSETS

| | |
|---------------------------------------|--|
| Cash | |
| Equity in Pooled Cash and Investments | |
| Accounts Receivable | |
| Due from Other Governments | |
| Total Assets | |

LIABILITIES AND FUND BALANCES

| | | | | | |
|-------------------------------------|------------|-----------|------------|-----------|------------|
| <u>Liabilities</u> | | | | | |
| Accounts Payable | \$ 25,539 | \$ 346 | \$ 25,885 | \$ 0 | \$ 25,885 |
| Due to Other Funds | 537,773 | 0 | 537,773 | 0 | 537,773 |
| Other Current Liabilities | 144,733 | 34,748 | 179,481 | 0 | 179,481 |
| Other Deferred Revenues | 118,726 | 0 | 118,726 | 0 | 118,726 |
| Total Liabilities | \$ 826,771 | \$ 35,094 | \$ 861,865 | \$ 0 | \$ 861,865 |
| <u>Fund Balances</u> | | | | | |
| Restricted: | | | | | |
| Restricted for Education | \$ 0 | \$ 8,046 | \$ 8,046 | \$ 23,511 | \$ 31,557 |
| Committed: | | | | | |
| Committed for Education | 199,999 | 0 | 199,999 | 0 | 199,999 |
| Unassigned | (185,752) | 0 | (185,752) | 0 | (185,752) |
| Total Fund Balances | \$ 14,247 | \$ 8,046 | \$ 22,293 | \$ 23,511 | \$ 45,804 |
| Total Liabilities and Fund Balances | \$ 841,018 | \$ 43,140 | \$ 884,158 | \$ 23,511 | \$ 907,669 |

Exhibit I-7

Carter County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Carter County School Department
For the Year Ended June 30, 2012

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|---|-------------------------------|---------------------------------|--------------|----------------------------------|--|
| | Other | | | Education Capital Projects | |
| | School Federal Projects | Education Special Revenue | Total | | |
| <u>Revenues</u> | | | | | |
| Federal Government | \$ 4,440,165 | \$ 101,296 | \$ 4,541,461 | \$ 0 | \$ 4,541,461 |
| Other Governments and Citizens Groups | 0 | 903,379 | 903,379 | 0 | 903,379 |
| Total Revenues | \$ 4,440,165 | \$ 1,004,675 | \$ 5,444,840 | \$ 0 | \$ 5,444,840 |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Instruction | \$ 3,499,015 | 0 | \$ 3,499,015 | \$ 0 | \$ 3,499,015 |
| Support Services | 1,031,102 | 1,903 | 1,033,005 | 0 | 1,033,005 |
| Operation of Non-Instructional Services | 0 | 1,012,085 | 1,012,085 | 0 | 1,012,085 |
| Total Expenditures | \$ 4,530,117 | \$ 1,013,988 | \$ 5,544,105 | \$ 0 | \$ 5,544,105 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (89,952) | \$ (9,313) | \$ (99,265) | \$ 0 | \$ (99,265) |
| Net Change in Fund Balances Fund Balance, July 1, 2011 | \$ (89,952) | \$ (9,313) | \$ (99,265) | \$ 0 | \$ (99,265) |
| | 104,199 | 17,359 | 121,558 | 23,511 | 145,069 |
| Fund Balance, June 30, 2012 | \$ 14,247 | \$ 8,046 | \$ 22,293 | \$ 23,511 | \$ 45,804 |

Exhibit I-8

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Carter County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

| | Actual (GAAP Basis) | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 9,934,288 | \$ 0 | \$ 9,934,288 | \$ 9,792,650 | \$ 9,792,650 | \$ 141,638 |
| Licenses and Permits | 1,376 | 0 | 1,376 | 1,500 | 1,500 | (124) |
| Charges for Current Services | 236,390 | 0 | 236,390 | 309,428 | 309,428 | (73,038) |
| Other Local Revenues | 134,056 | 0 | 134,056 | 105,200 | 105,200 | 28,856 |
| State of Tennessee | 30,021,770 | 0 | 30,021,770 | 28,728,701 | 29,832,589 | 189,181 |
| Federal Government | 864,550 | 0 | 864,550 | 223,555 | 834,889 | 29,661 |
| Other Governments and Citizens Groups | 281 | 0 | 281 | 0 | 0 | 281 |
| Total Revenues | \$ 41,192,711 | \$ 0 | \$ 41,192,711 | \$ 39,161,034 | \$ 40,876,256 | \$ 316,455 |
| <u>Expenditures</u> | | | | | | |
| <u>Instruction</u> | | | | | | |
| Regular Instruction Program | \$ 19,630,193 | \$ 0 | \$ 19,630,193 | \$ 20,462,017 | \$ 20,431,166 | \$ 800,973 |
| Alternative Instruction Program | 118,693 | 0 | 118,693 | 121,019 | 121,019 | 2,326 |
| Special Education Program | 3,015,804 | 0 | 3,015,804 | 3,035,324 | 3,038,316 | 22,512 |
| Vocational Education Program | 1,540,630 | 0 | 1,540,630 | 1,433,893 | 1,544,415 | 3,785 |
| Adult Education Program | 35,329 | 0 | 35,329 | 25,237 | 42,838 | 7,509 |
| <u>Support Services</u> | | | | | | |
| Health Services | 402,126 | 0 | 402,126 | 297,635 | 403,633 | 1,507 |
| Other Student Support | 788,480 | 0 | 788,480 | 807,248 | 833,673 | 45,193 |
| Regular Instruction Program | 1,863,526 | 0 | 1,863,526 | 1,554,502 | 1,900,166 | 36,640 |
| Alternative Instruction Program | 109,711 | 0 | 109,711 | 116,771 | 116,771 | 7,060 |
| Special Education Program | 356,689 | 0 | 356,689 | 357,331 | 383,621 | 26,932 |
| Vocational Education Program | 162,560 | 0 | 162,560 | 152,554 | 161,834 | (726) |
| Adult Programs | 96,713 | 0 | 96,713 | 96,595 | 99,283 | 2,570 |

(Continued)

Exhibit I-8

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

| | Actual (GAAP Basis) | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | |
| <u>Support Services (Cont.)</u> | | | | | | |
| Other Programs | \$ 411,867 | \$ 0 | \$ 411,867 | \$ 0 | \$ 411,867 | \$ 0 |
| Board of Education | 680,060 | 0 | 680,060 | 658,000 | 658,000 | (22,060) |
| Director of Schools | 469,400 | 0 | 469,400 | 448,565 | 466,653 | (2,747) |
| Office of the Principal | 2,337,270 | 0 | 2,337,270 | 2,314,637 | 2,342,387 | 5,117 |
| Fiscal Services | 153,925 | 0 | 153,925 | 153,000 | 153,000 | (925) |
| Operation of Plant | 2,689,538 | 0 | 2,689,538 | 2,961,828 | 2,965,958 | 276,420 |
| Maintenance of Plant | 738,101 | 0 | 738,101 | 746,243 | 743,693 | 5,592 |
| Transportation | 2,314,768 | 0 | 2,314,768 | 2,451,369 | 2,451,369 | 136,601 |
| Central and Other | 328,063 | 0 | 328,063 | 322,568 | 328,218 | 155 |
| <u>Operation of Non-Instructional Services</u> | | | | | | |
| Community Services | 677,210 | 0 | 677,210 | 194,428 | 688,572 | 11,362 |
| Early Childhood Education | 294,904 | 0 | 294,904 | 0 | 295,888 | 984 |
| <u>Capital Outlay</u> | | | | | | |
| Regular Capital Outlay | 1,578,923 | 525,234 | 2,104,157 | 480,000 | 2,356,045 | 251,888 |
| Principal on Debt | | | | | | |
| Education | 241,494 | 0 | 241,494 | 230,000 | 242,116 | 622 |
| <u>Interest on Debt</u> | | | | | | |
| Education | 92,837 | 0 | 92,837 | 105,000 | 92,884 | 47 |
| Total Expenditures | \$ 41,128,814 | \$ 525,234 | \$ 41,654,048 | \$ 39,525,764 | \$ 43,273,385 | \$ 1,619,337 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 63,897 | \$ (525,234) | \$ (461,337) | \$ (364,730) | \$ (2,397,129) | \$ 1,935,792 |

(Continued)

Exhibit I-8

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

| | Actual (GAAP Basis) | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | Original | Final | |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Insurance Recovery | \$ 11,471 | 0 \$ | 11,471 \$ | 0 \$ | 0 \$ | 11,471 |
| Total Other Financing Sources (Uses) | \$ 11,471 | 0 \$ | 11,471 \$ | 0 \$ | 0 \$ | 11,471 |
| Net Change in Fund Balance | \$ 75,368 | (525,234) \$ | (449,866) \$ | (364,730) \$ | (2,397,129) \$ | 1,947,263 |
| Fund Balance, July 1, 2011 | 3,538,975 | 0 | 3,538,975 | 2,970,876 | 2,970,876 | 568,099 |
| Fund Balance, June 30, 2012 | \$ 3,614,343 | (525,234) \$ | 3,089,109 \$ | 2,606,146 \$ | 573,747 \$ | 2,515,362 |

Exhibit I-9

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carter County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Federal Government | \$ 4,440,165 | \$ 2,084,898 | \$ 5,070,489 | \$ (630,324) |
| Total Revenues | \$ 4,440,165 | \$ 2,084,898 | \$ 5,070,489 | \$ (630,324) |
| <u>Expenditures</u> | | | | |
| <u>Instruction</u> | | | | |
| Regular Instruction Program | \$ 2,265,069 | \$ 134,333 | \$ 2,495,330 | \$ 230,261 |
| Alternative Instruction Program | 7,000 | 7,000 | 7,000 | 0 |
| Special Education Program | 1,153,274 | 1,283,469 | 1,284,292 | 131,018 |
| Vocational Education Program | 73,672 | 0 | 74,858 | 1,186 |
| <u>Support Services</u> | | | | |
| Attendance | 25,836 | 25,838 | 30,675 | 4,839 |
| Other Student Support | 187,827 | 62,440 | 234,484 | 46,657 |
| Regular Instruction Program | 391,395 | 207,137 | 480,082 | 88,687 |
| Special Education Program | 304,263 | 259,283 | 343,948 | 39,685 |
| Vocational Education Program | 895 | 0 | 1,000 | 105 |
| Office of the Principal | 41,570 | 30,000 | 42,100 | 530 |
| Transportation | 76,199 | 75,398 | 76,720 | 521 |
| Central and Other | 3,117 | 0 | 0 | (3,117) |
| Total Expenditures | \$ 4,530,117 | \$ 2,084,898 | \$ 5,070,489 | \$ 540,372 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (89,952) | \$ 0 | \$ 0 | \$ (89,952) |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 0 | \$ 0 | \$ 80,000 | \$ (80,000) |
| Transfers Out | 0 | 0 | (80,000) | 80,000 |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Net Change in Fund Balance | \$ (89,952) | \$ 0 | \$ 0 | \$ (89,952) |
| Fund Balance, July 1, 2011 | 104,199 | 0 | 0 | 104,199 |
| Fund Balance, June 30, 2012 | \$ 14,247 | \$ 0 | \$ 0 | \$ 14,247 |

Exhibit I-10

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carter County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Charges for Current Services | \$ 856,850 | \$ 892,500 | \$ 892,500 | \$ (35,650) |
| Other Local Revenues | 5,905 | 8,000 | 8,000 | (2,095) |
| State of Tennessee | 29,503 | 25,000 | 25,000 | 4,503 |
| Federal Government | 2,212,025 | 1,845,000 | 1,994,234 | 217,791 |
| Total Revenues | <u>\$ 3,104,283</u> | <u>\$ 2,770,500</u> | <u>\$ 2,919,734</u> | <u>\$ 184,549</u> |
| <u>Expenditures</u> | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Food Service | \$ 2,897,704 | \$ 2,897,460 | \$ 3,046,694 | \$ 148,990 |
| Total Expenditures | <u>\$ 2,897,704</u> | <u>\$ 2,897,460</u> | <u>\$ 3,046,694</u> | <u>\$ 148,990</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 206,579</u> | <u>\$ (126,960)</u> | <u>\$ (126,960)</u> | <u>\$ 333,539</u> |
| Net Change in Fund Balance | \$ 206,579 | \$ (126,960) | \$ (126,960) | \$ 333,539 |
| Fund Balance, July 1, 2011 | <u>2,053,582</u> | <u>126,960</u> | <u>126,960</u> | <u>1,926,622</u> |
| Fund Balance, June 30, 2012 | <u>\$ 2,260,161</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,260,161</u> |

Exhibit I-11

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carter County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Federal Government | \$ 101,296 | \$ 1,028,000 | \$ 92,000 | \$ 9,296 |
| Other Governments and Citizens Groups | 903,379 | 0 | 936,000 | (32,621) |
| Total Revenues | <u>\$ 1,004,675</u> | <u>\$ 1,028,000</u> | <u>\$ 1,028,000</u> | <u>\$ (23,325)</u> |
| <u>Expenditures</u> | | | | |
| <u>Support Services</u> | | | | |
| Operation of Plant | \$ 1,903 | \$ 0 | \$ 0 | \$ (1,903) |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Early Childhood Education | 1,012,085 | 1,027,134 | 1,027,134 | 15,049 |
| Total Expenditures | <u>\$ 1,013,988</u> | <u>\$ 1,027,134</u> | <u>\$ 1,027,134</u> | <u>\$ 13,146</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (9,313)</u> | <u>\$ 866</u> | <u>\$ 866</u> | <u>\$ (10,179)</u> |
| Net Change in Fund Balance | \$ (9,313) | \$ 866 | \$ 866 | \$ (10,179) |
| Fund Balance, July 1, 2011 | <u>17,359</u> | <u>0</u> | <u>0</u> | <u>17,359</u> |
| Fund Balance, June 30, 2012 | <u>\$ 8,046</u> | <u>\$ 866</u> | <u>\$ 866</u> | <u>\$ 7,180</u> |

MISCELLANEOUS SCHEDULES

Exhibit J-1

Carter County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Lease
Primary Government and Discretely Presented Carter County School Department
For the Year Ended June 30, 2012

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-11 | Paid and/or Matured During Period | Outstanding 6-30-12 |
|--|--------------------------|---------------|---------------|--------------------|--------------------|-----------------------------------|---------------------|
| <u>PRIMARY GOVERNMENT</u> | | | | | | | |
| <u>NOTES PAYABLE</u> | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | |
| School Renovations | \$ 1,024,700 | 3.49 % | 5-22-08 | 5-22-20 | \$ 811,819 | \$ 76,711 | \$ 735,108 |
| Animal Shelter | 250,000 | 1.25 | 12-20-10 | 12-20-13 | 250,000 | 82,300 | 167,700 |
| Total Notes Payable | | | | | \$ 1,061,819 | \$ 159,011 | \$ 902,808 |
| <u>OTHER LOANS PAYABLE</u> | | | | | | | |
| <u>Public Building Authority Loan Agreements</u> | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | |
| County and School Renovation and Construction | 9,000,000 | Variable | 7-20-1999 | 5-25-14 | \$ 2,344,000 | \$ 745,000 | \$ 1,599,000 |
| County and School Renovation and Construction | 3,500,000 | Variable | 6-14-01 | 5-25-16 | 1,464,000 | 265,000 | 1,199,000 |
| County and School Renovation and Construction | (1) | Variable | 11-21-05 | 5-25-29 | 2,952,041 | 127,000 | 2,825,041 |
| Total Other Loans Payable | | | | | \$ 6,760,041 | \$ 1,137,000 | \$ 5,623,041 |
| <u>BONDS PAYABLE</u> | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | |
| General Obligation Refunding Bonds, Series 2010 | 24,800,000 | 3.2898 | 10-7-10 | 5-1-35 | \$ 24,140,000 | \$ 700,000 | \$ 23,440,000 |
| Total Bonds Payable | | | | | \$ 24,140,000 | \$ 700,000 | \$ 23,440,000 |

(Continued)

Exhibit J-1

Carter County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Lease
Primary Government and Discretely Presented Carter County School Department (Cont.)

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-11 | Paid and/or Matured During Period | Outstanding 6-30-12 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------|--|------------------------|
| <u>DISCRETELY PRESENTED CARTER</u> | | | | | | | |
| <u>COUNTY SCHOOL DEPARTMENT</u> | | | | | | | |
| <u>CAPITAL LEASE PAYABLE</u> | | | | | | | |
| <u>Payable through General Purpose School Fund</u> | | | | | | | |
| Energy Lighting and Control Equipment | \$ 3,200,000 | 5.8 % | 11-25-02 | 7-15-17 | \$ 1,705,607 | \$ 241,494 | \$ 1,464,113 |
| Total Capital Lease Payable | | | | | <u>\$ 1,705,607</u> | <u>\$ 241,494</u> | <u>\$ 1,464,113</u> |

(1) The total amount approved was \$4,550,000, of which \$1,019,959 remains available for draws as of June 30, 2012.
 However, the county does not intend to draw down any of the remaining balance.

Exhibit J-2

Carter County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Carter County School Department

PRIMARY GOVERNMENT

| Year Ending June 30 | Notes | | Total |
|---------------------------|------------|------------|--------------|
| | Principal | Interest | |
| 2013 | \$ 163,109 | \$ 27,531 | \$ 190,640 |
| 2014 | 167,342 | 23,678 | 191,020 |
| 2015 | 86,290 | 19,715 | 106,005 |
| 2016 | 89,741 | 16,704 | 106,445 |
| 2017 | 93,331 | 13,588 | 106,919 |
| 2018 | 97,064 | 10,364 | 107,428 |
| 2019 | 100,947 | 7,027 | 107,974 |
| 2020 | 104,984 | 3,574 | 108,558 |
| Total | \$ 902,808 | \$ 122,181 | \$ 1,024,989 |

| Year Ending June 30 | Other Loans | | | Total |
|---------------------------|--------------|------------|------------|--------------|
| | Principal | Interest | Other Fees | |
| 2013 | \$ 1,190,000 | \$ 17,959 | \$ 31,976 | \$ 1,239,935 |
| 2014 | 1,245,000 | 14,264 | 25,581 | 1,284,845 |
| 2015 | 447,000 | 10,399 | 18,892 | 476,291 |
| 2016 | 466,000 | 9,094 | 16,386 | 491,480 |
| 2017 | 149,000 | 7,735 | 13,775 | 170,510 |
| 2018 | 153,000 | 7,229 | 12,873 | 173,102 |
| 2019 | 158,000 | 6,708 | 11,946 | 176,654 |
| 2020 | 164,000 | 6,171 | 10,990 | 181,161 |
| 2021 | 169,000 | 5,614 | 9,997 | 184,611 |
| 2022 | 174,000 | 5,039 | 8,973 | 188,012 |
| 2023 | 180,000 | 4,447 | 7,920 | 192,367 |
| 2024 | 186,000 | 3,835 | 6,830 | 196,665 |
| 2025 | 191,000 | 3,203 | 5,704 | 199,907 |
| 2026 | 198,000 | 2,554 | 4,547 | 205,101 |
| 2027 | 204,000 | 1,880 | 3,349 | 209,229 |
| 2028 | 211,000 | 1,187 | 2,113 | 214,300 |
| 2029 | 138,041 | 469 | 836 | 139,346 |
| Total | \$ 5,623,041 | \$ 107,787 | \$ 192,688 | \$ 5,923,516 |

(Continued)

Exhibit J-2

Carter County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Carter County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

| Year Ending June 30 | Bonds | | Total |
|---------------------------|---------------|---------------|---------------|
| | Principal | Interest | |
| 2013 | \$ 725,000 | \$ 756,531 | \$ 1,481,531 |
| 2014 | 755,000 | 742,032 | 1,497,032 |
| 2015 | 800,000 | 726,931 | 1,526,931 |
| 2016 | 825,000 | 710,931 | 1,535,931 |
| 2017 | 875,000 | 694,432 | 1,569,432 |
| 2018 | 900,000 | 676,931 | 1,576,931 |
| 2019 | 1,000,000 | 654,431 | 1,654,431 |
| 2020 | 1,000,000 | 624,431 | 1,624,431 |
| 2021 | 1,050,000 | 584,432 | 1,634,432 |
| 2022 | 1,075,000 | 552,931 | 1,627,931 |
| 2023 | 1,150,000 | 520,681 | 1,670,681 |
| 2024 | 1,100,000 | 486,182 | 1,586,182 |
| 2025 | 1,150,000 | 453,181 | 1,603,181 |
| 2026 | 1,200,000 | 418,681 | 1,618,681 |
| 2027 | 1,225,000 | 382,681 | 1,607,681 |
| 2028 | 1,300,000 | 344,400 | 1,644,400 |
| 2029 | 1,310,000 | 292,400 | 1,602,400 |
| 2030 | 1,000,000 | 240,000 | 1,240,000 |
| 2031 | 1,000,000 | 200,000 | 1,200,000 |
| 2032 | 1,000,000 | 160,000 | 1,160,000 |
| 2033 | 1,000,000 | 120,000 | 1,120,000 |
| 2034 | 1,000,000 | 80,000 | 1,080,000 |
| 2035 | 1,000,000 | 40,000 | 1,040,000 |
| Total | \$ 23,440,000 | \$ 10,462,219 | \$ 33,902,219 |

DISCRETELY PRESENTED CARTER
COUNTY SCHOOL DEPARTMENT

| Year Ending June 30 | Capital Lease | | Total |
|---------------------------|---------------|------------|--------------|
| | Principal | Interest | |
| 2013 | \$ 255,876 | \$ 78,454 | \$ 334,330 |
| 2014 | 271,118 | 63,213 | 334,331 |
| 2015 | 287,268 | 47,063 | 334,331 |
| 2016 | 304,382 | 29,949 | 334,331 |
| 2017 | 322,510 | 11,820 | 334,330 |
| 2018 | 22,959 | 132 | 23,091 |
| Total | \$ 1,464,113 | \$ 230,631 | \$ 1,694,744 |

Exhibit J-3

Carter County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2012

| From Fund | To Fund | Purpose | Amount |
|--------------------------|---------|---------------------|-------------------|
| General Capital Projects | General | Transfer idle funds | \$ 100,000 |
| Total Transfers | | | <u>\$ 100,000</u> |

Carter County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Carter County School Department
For the Year Ended June 30, 2012

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|---|--|---------------------------|-----------|---------------------------------|
| County Mayor | Section 8-24-102, TCA | \$ 86,530 | \$ 50,000 | RLI Insurance Company |
| Director of Schools | State Board of Education and County Board of Education | 94,733 | 50,000 | Western Surety Company |
| Road Superintendent | Section 8-24-102, TCA | 76,407 | 100,000 | RLI Insurance Company |
| Trustee | Section 8-24-102, TCA | 69,461 | 1,207,774 | " |
| Assessor of Property | Section 8-24-102, TCA | 69,461 | 10,000 | " |
| Finance Director | County Commission | 54,881 | 50,000 | Western Surety Company |
| County Clerk | Section 8-24-102, TCA | 69,461 | 50,000 | RLI Insurance Company |
| Circuit and General Sessions Courts Clerk | Section 8-24-102, TCA | 69,461 | 50,000 | " |
| Clerk and Master | Section 8-24-102, TCA, and Chancery Court Judge | 69,461 (1) | 70,000 | " |
| Register | Section 8-24-102, TCA | 69,461 | 25,000 | " |
| Sheriff | Section 8-24-102, TCA, and County Commission | 82,407 (2) | 25,000 | " |
| Employee Blanket Bonds: | | | | |
| Public Employee Dishonesty - County Departments | | | 150,000 | Tennessee Risk Management Trust |
| Public Employee Dishonesty - School Department | | | 150,000 | " |

(1) Does not include special commissioner fees of \$32,275.

(2) Includes a county workhouse supplement of \$6,000.

Carter County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

| | Special Revenue Funds | | | | | |
|---|-----------------------|---------------------------------------|-------------------------------|----------------------|-----------------|----------|
| | General | Courthouse and Jail Maintenance | Solid Waste/ Sanitation | Health Department | Drug Control | |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 7,472,193 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Trustee's Collections - Prior Year | 281,259 | 0 | 0 | 0 | 0 | 0 |
| Trustee's Collections - Bankruptcy | 145 | 0 | 0 | 0 | 0 | 0 |
| Circuit/Clerk & Master Collections - Prior Years | 66,649 | 0 | 0 | 0 | 0 | 0 |
| Interest and Penalty | 80,865 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - T.V.A. | 12,236 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Local Utilities | 275,922 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Other | 1,815 | 0 | 0 | 0 | 0 | 0 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 648,242 | 0 | 0 | 169,000 | 0 | 0 |
| Hotel/Motel Tax | 99,384 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - General | 197,250 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Special Purpose | 0 | 10,205 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 93,856 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courtroom Security | 71,700 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 311,746 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Bank Excise Tax | 62,791 | 0 | 0 | 0 | 0 | 0 |
| Wholesale Beer Tax | 222,662 | 0 | 0 | 0 | 0 | 0 |
| Interstate Telecommunications Tax | 2,315 | 0 | 0 | 0 | 0 | 0 |
| Total Local Taxes | \$ 9,901,030 | \$ 10,205 | \$ 0 | \$ 169,000 | \$ 0 | 0 |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Marriage Licenses | \$ 2,014 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Cable TV Franchise | 308,784 | 0 | 0 | 0 | 0 | 0 |
| <u>Permits</u> | | | | | | |
| Beer Permits | 1,000 | 0 | 0 | 0 | 0 | 0 |
| Building Permits | 6,755 | 0 | 0 | 0 | 0 | 0 |

(Continued)

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

| | General | Special Revenue Funds | | | | | |
|--|------------|---------------------------------------|-------------------------------|----------------------|-----------------|------|-------|
| | | Courthouse and Jail Maintenance | Solid Waste/ Sanitation | Health Department | Drug Control | | |
| <u>Licenses and Permits (Cont.)</u> | | | | | | | |
| <u>Permits (Cont.)</u> | | | | | | | |
| Electrical Permits | \$ 31,245 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Other Permits | 33,628 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Licenses and Permits | \$ 383,426 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | | |
| <u>Circuit Court</u> | | | | | | | |
| Fines | \$ 5,209 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 0 | 2,967 |
| Drug Court Fees | 3,736 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 3,396 | 0 | 0 | 0 | 0 | 0 | 0 |
| Judicial Commissioner Fees | 1,364 | 0 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 1,616 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Circuit Court | 1,129 | 0 | 0 | 0 | 0 | 0 | 0 |
| Courtroom Security Fee | 6,072 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Criminal Court</u> | | | | | | | |
| Fines | \$ 54,346 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>General Sessions Court</u> | | | | | | | |
| Fines | \$ 59,926 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Officers Costs | 47,933 | 0 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 270 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 0 | 8,175 |
| Drug Court Fees | 9,040 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 15,066 | 0 | 0 | 0 | 0 | 0 | 0 |
| Judicial Commissioner Fees | 2,362 | 0 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 10,555 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - General Sessions Court | 4,570 | 0 | 0 | 0 | 0 | 0 | 0 |
| Courtroom Security Fee | 5,219 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | | |
| Fines | \$ 12,086 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Officers Costs | 1,464 | 0 | 0 | 0 | 0 | 0 | 0 |

(Continued)

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

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------------------------|-------------------------------|----------------------|-----------------|
| | General | Courthouse and Jail Maintenance | Solid Waste/ Sanitation | Health Department | Drug Control |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | |
| <u>Juvenile Court (Cont.)</u> | | | | | |
| Drug Court Fees | \$ 1,408 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Jail Fees | 6,222 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Juvenile Court Chancery Court | 930 | 0 | 0 | 0 | 0 |
| Officers Costs | 1,500 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Chancery Court | 830 | 0 | 0 | 0 | 0 |
| Courtroom Security Fee | 72 | 0 | 0 | 0 | 0 |
| <u>Judicial District Drug Program</u> | | | | | |
| Drug Task Force Forfeitures and Seizures | 0 | 0 | 0 | 0 | 25,515 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 20,966 |
| Total Fines, Forfeitures, and Penalties | \$ 256,321 | \$ 0 | \$ 0 | \$ 0 | \$ 57,823 |
| <u>Charges for Current Services</u> | | | | | |
| <u>General Service Charges</u> | | | | | |
| Transfer Waste Stations Collection Charge | \$ 0 | \$ 0 | \$ 654,602 | \$ 0 | \$ 0 |
| Tipping Fees | 0 | 0 | 52,929 | 0 | 0 |
| Work Release Charges for Board | 21,658 | 0 | 0 | 0 | 0 |
| Other General Service Charges | 5,267 | 0 | 0 | 0 | 0 |
| <u>Fees</u> | | | | | |
| Recreation Fees | 0 | 0 | 0 | 0 | 0 |
| Copy Fees | 6,228 | 0 | 0 | 0 | 0 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 0 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Register | 15,628 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Sheriff | 6,526 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fees - Sheriff | 5,250 | 0 | 0 | 0 | 0 |
| Data Processing Fee - County Clerk | 558 | 0 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 61,115 | \$ 0 | \$ 707,531 | \$ 0 | \$ 0 |

(Continued)

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|---------------------------------------|-------------------------------|----------------------|-----------------|---|
| | General | Courthouse and Jail Maintenance | Solid Waste/ Sanitation | Health Department | Drug Control | |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Lease/Rentals | 55,873 | 0 | 121 | 0 | 0 | 0 |
| Sale of Gasoline | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Maps | 300 | 0 | 0 | 0 | 0 | 0 |
| Sale of Recycled Materials | 0 | 0 | 66,278 | 0 | 0 | 0 |
| Miscellaneous Refunds | 95,841 | 0 | 32,764 | 100 | 0 | 0 |
| <u>Nonrecurring Items</u> | | | | | | |
| Sale of Equipment | 19,457 | 0 | 0 | 0 | 0 | 0 |
| Sale of Property | 3,910 | 0 | 5,686 | 0 | 0 | 0 |
| Damages Recovered from Individuals | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions and Gifts | 0 | 0 | 0 | 100 | 0 | 0 |
| <u>Other Local Revenues</u> | | | | | | |
| Other Local Revenues | 60 | 0 | 0 | 0 | 0 | 0 |
| Total Other Local Revenues | \$ 175,441 | \$ 0 | \$ 104,849 | \$ 200 | \$ 0 | 0 |
| <u>Fees Received from County Officials</u> | | | | | | |
| <u>Fees in-Lieu-of Salary</u> | | | | | | |
| County Clerk | \$ 448,016 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Circuit Court Clerk | 181,665 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 378,052 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 154,758 | 0 | 0 | 0 | 0 | 0 |
| Register | 185,917 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 17,137 | 0 | 0 | 0 | 0 | 0 |
| Trustee | 622,552 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received from County Officials | \$ 1,988,097 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>State of Tennessee</u> | | | | | | |
| General Government Grants | \$ 12,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Juvenile Services Program | | | | | | |

(Continued)

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

| | Special Revenue Funds | | | | | |
|---|-----------------------|---------------------------------------|-------------------------------|----------------------|-----------------|------|
| | General | Courthouse and Jail Maintenance | Solid Waste/ Sanitation | Health Department | Drug Control | |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Public Safety Grants</u> | | | | | | |
| Law Enforcement Training Programs | \$ 22,200 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Health and Welfare Grants</u> | | | | | | |
| Health Department Programs | 0 | 0 | 0 | 321,321 | 0 | 0 |
| <u>Public Works Grants</u> | | | | | | |
| State Aid Program | 39,710 | 0 | 0 | 0 | 0 | 0 |
| Litter Program | 30,759 | 0 | 0 | 0 | 0 | 0 |
| Tennessee Industrial Infrastructure Program | 198,380 | 0 | 0 | 0 | 0 | 0 |
| <u>Other State Revenues</u> | | | | | | |
| Income Tax | 68,520 | 0 | 0 | 0 | 0 | 0 |
| Beer Tax | 20,170 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 74,874 | 0 | 0 | 0 | 0 | 0 |
| Mixed Drink Tax | 4,272 | 0 | 0 | 0 | 0 | 0 |
| State Revenue Sharing - T.V.A. | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 215,740 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 0 |
| Registrar's Salary Supplement | 15,164 | 0 | 0 | 0 | 0 | 0 |
| State Shared Sales Tax - Cities | 3,650 | 0 | 0 | 0 | 0 | 0 |
| Other State Grants | 42,636 | 0 | 0 | 0 | 0 | 0 |
| Other State Revenues | 43,975 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 792,050 | \$ 0 | \$ 0 | \$ 321,321 | \$ 0 | \$ 0 |
| <u>Federal Government</u> | | | | | | |
| <u>Direct Federal Revenue</u> | | | | | | |
| Police Service (Lake Area) | \$ 7,736 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Energy Grant | 1,000 | 0 | 0 | 0 | 0 | 0 |
| FHA Grant | 406,665 | 0 | 0 | 0 | 0 | 0 |
| Forest Service | 58,919 | 0 | 0 | 0 | 0 | 0 |
| Other Direct Federal Revenue | 23,228 | 0 | 0 | 0 | 0 | 0 |
| Total Federal Government | \$ 497,548 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

(Continued)

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

| | Special Revenue Funds | | | | | |
|---|-----------------------|---------------------------------------|-------------------------------|----------------------|-----------------|---|
| | General | Courthouse and Jail Maintenance | Solid Waste/ Sanitation | Health Department | Drug Control | |
| Other Governments and Citizens Groups | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Contributions | \$ 62,286 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Contracted Services | 271,112 | 0 | 0 | 0 | 0 | 0 |
| <u>Citizens Groups</u> | | | | | | |
| Donations | 1,896 | 0 | 0 | 90 | 0 | 0 |
| Total Other Governments and Citizens Groups | \$ 335,294 | \$ 0 | \$ 0 | \$ 90 | \$ 0 | 0 |
| Total | \$ 14,390,322 | \$ 10,205 | \$ 812,380 | \$ 490,611 | \$ 57,623 | 0 |

(Continued)

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

| | Special Revenue Funds | | | | | | Total |
|--|--------------------------|--------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-------|
| | Constituti- onal | | | Highway / Public | | Capital Projects Fund | |
| | Sports and Recreation | Officers - Fees | General Debt Service | General Debt Service | Capital Projects Fund | | |
| \$ | 0 | 0 | 667,702 | 1,022,079 | 0 | 9,161,974 | |
| County Property Taxes | 0 | 0 | 148,032 | 35,951 | 0 | 465,242 | |
| Current Property Tax | 0 | 0 | 76 | 19 | 0 | 240 | |
| Trustee's Collections - Prior Year | 0 | 0 | 35,224 | 8,576 | 0 | 110,449 | |
| Trustee's Collections - Bankruptcy | 0 | 0 | 37,101 | 10,463 | 0 | 128,429 | |
| Circuit/Clerk & Master Collections - Prior Years | 0 | 0 | 1,498 | 1,781 | 0 | 15,515 | |
| Interest and Penalty | 0 | 0 | 15,496 | 36,803 | 0 | 328,221 | |
| Payments in-Lieu-of Taxes - T.V.A. | 0 | 0 | 164 | 248 | 0 | 2,227 | |
| Payments in-Lieu-of Taxes - Local Utilities | 0 | 0 | 0 | 0 | 0 | 0 | |
| Payments in-Lieu-of Taxes - Other | 0 | 0 | 0 | 0 | 0 | 0 | |
| County Local Option Taxes | 11,281 | 0 | 0 | 0 | 0 | 828,523 | |
| Local Option Sales Tax | 0 | 0 | 0 | 0 | 0 | 99,384 | |
| Hotel/Motel Tax | 0 | 0 | 0 | 0 | 0 | 197,250 | |
| Litigation Tax - General | 0 | 0 | 0 | 0 | 0 | 10,205 | |
| Litigation Tax - Special Purpose | 0 | 0 | 0 | 0 | 0 | 93,856 | |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 0 | 0 | 0 | 0 | 71,700 | |
| Litigation Tax - Courtroom Security | 0 | 0 | 0 | 0 | 0 | 311,746 | |
| Business Tax | 0 | 0 | 0 | 0 | 0 | 77,057 | |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 0 | |
| Statutory Local Taxes | 0 | 0 | 5,682 | 8,589 | 0 | 77,062 | |
| Bank Excise Tax | 0 | 0 | 0 | 0 | 0 | 222,662 | |
| Wholesale Beer Tax | 0 | 0 | 0 | 0 | 0 | 2,315 | |
| Interstate Telecommunications Tax | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Local Taxes | \$ 11,281 | \$ 0 | \$ 910,975 | \$ 1,201,566 | \$ 0 | \$ 12,204,057 | |
| Licenses and Permits | 0 | 0 | 0 | 0 | 0 | 0 | |
| Licenses | 0 | 0 | 0 | 0 | 0 | 2,014 | |
| Marriage Licenses | 0 | 0 | 0 | 0 | 0 | 308,784 | |
| Cable TV Franchise | 0 | 0 | 0 | 0 | 0 | 0 | |
| Permits | 0 | 0 | 0 | 0 | 0 | 1,000 | |
| Beer Permits | 0 | 0 | 0 | 0 | 0 | 6,755 | |
| Building Permits | 0 | 0 | 0 | 0 | 0 | 0 | |

(Continued)

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

| | Special Revenue Funds | | | | | Total |
|--|--------------------------|--------------------|------------------------------|-------------------------|--|-------------------|
| | Constititu- tional | | Highway / Public Works | Capital Projects | | |
| | Sports and Recreation | Officers - Fees | | Debt Service Fund | General Capital Projects Fund | |
| <u>Licenses and Permits (Cont.)</u> | | | | | | |
| <u>Permits (Cont.)</u> | | | | | | |
| Electrical Permits | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 31,245 |
| Other Permits | 0 | 0 | 0 | 0 | 0 | 33,628 |
| Total Licenses and Permits | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 383,426 |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 5,209 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 2,967 |
| Drug Court Fees | 0 | 0 | 0 | 0 | 0 | 3,736 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 3,396 |
| Judicial Commissioner Fees | 0 | 0 | 0 | 0 | 0 | 1,364 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 1,616 |
| Data Entry Fee - Circuit Court | 0 | 0 | 0 | 0 | 0 | 1,129 |
| Courtroom Security Fee | 0 | 0 | 0 | 0 | 0 | 6,072 |
| <u>Criminal Court</u> | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 54,346 |
| <u>General Sessions Court</u> | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 59,926 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 47,933 |
| Game and Fish Fines | 0 | 0 | 0 | 0 | 0 | 270 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 8,175 |
| Drug Court Fees | 0 | 0 | 0 | 0 | 0 | 9,040 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 15,066 |
| Judicial Commissioner Fees | 0 | 0 | 0 | 0 | 0 | 2,362 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 10,555 |
| Data Entry Fee - General Sessions Court | 0 | 0 | 0 | 0 | 0 | 4,570 |
| Courtroom Security Fee | 0 | 0 | 0 | 0 | 0 | 5,219 |
| <u>Juvenile Court</u> | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 12,086 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 1,464 |

(Continued)

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

| | Special Revenue Funds | | | | | Total |
|--|--------------------------|------------------------------|------------------------------|----------------------------|------------------|------------|
| | Constituti- | | Highway / Public Works | Capital | | |
| | Sports and Recreation | tional Officers - Fees | | General Debt Service | Projects Fund | |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | |
| <u>Juvenile Court (Cont.)</u> | | | | | | |
| Drug Court Fees | \$ 0 | 0 | 0 | 0 | 0 | 1,408 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 6,222 |
| Data Entry Fee - Juvenile Court | 0 | 0 | 0 | 0 | 0 | 930 |
| <u>Chancery Court</u> | | | | | | |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 1,500 |
| Data Entry Fee - Chancery Court | 0 | 0 | 0 | 0 | 0 | 830 |
| Courtroom Security Fee | 0 | 0 | 0 | 0 | 0 | 72 |
| <u>Judicial District Drug Program</u> | | | | | | |
| Drug Task Force Forfeitures and Seizures | 0 | 0 | 0 | 0 | 0 | 25,515 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 0 | 20,966 |
| <u>Total Fines, Forfeitures, and Penalties</u> | \$ 0 | 0 | 0 | 0 | 0 | \$ 313,944 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Transfer Waste Stations Collection Charge | \$ 0 | 0 | 0 | 0 | 0 | 654,602 |
| Tipping Fees | 0 | 0 | 0 | 0 | 0 | 52,929 |
| Work Release Charges for Board | 0 | 0 | 0 | 0 | 0 | 21,658 |
| Other General Service Charges | 0 | 0 | 0 | 0 | 0 | 5,267 |
| <u>Fees</u> | | | | | | |
| Recreation Fees | 1,886 | 0 | 0 | 0 | 0 | 1,886 |
| Copy Fees | 0 | 0 | 2 | 0 | 0 | 6,230 |
| Constitutional Officers' Fees and Commissions | 0 | 556 | 0 | 0 | 0 | 556 |
| Special Commissioner Fees/Special Master Fees | 0 | 32,275 | 0 | 0 | 0 | 32,275 |
| Data Processing Fee - Register | 0 | 0 | 0 | 0 | 0 | 15,628 |
| Data Processing Fee - Sheriff | 0 | 0 | 0 | 0 | 0 | 6,526 |
| Sexual Offender Registration Fees - Sheriff | 0 | 0 | 0 | 0 | 0 | 5,250 |
| Data Processing Fee - County Clerk | 0 | 0 | 0 | 0 | 0 | 558 |
| <u>Total Charges for Current Services</u> | \$ 1,886 | \$ 32,831 | \$ 2 | \$ 0 | \$ 0 | \$ 803,365 |

(Continued)

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

| | Special Revenue Funds | | | | | | Total |
|--|--------------------------|--------------------|------------|---------------------|--------------------------------|---------------------|-------|
| | Constituti- onal | | | Highway / Public | | Capital Projects | |
| | Sports and Recreation | Officers - Fees | General | Debt Service | General Capital Projects | | |
| \$ | 0 | 0 | 0 | 0 | 0 | 0 | |
| Investment Income | 0 | 0 | 66,797 | 0 | 0 | 66,797 | |
| Lease/Rentals | 0 | 0 | 0 | 0 | 0 | 55,994 | |
| Sale of Gasoline | 0 | 0 | 219,728 | 0 | 0 | 219,728 | |
| Sale of Maps | 0 | 0 | 0 | 0 | 0 | 300 | |
| Sale of Recycled Materials | 0 | 0 | 0 | 0 | 0 | 66,278 | |
| Miscellaneous Refunds | 0 | 0 | 3,452 | 2,627 | 0 | 134,784 | |
| <u>Nonrecurring Items</u> | | | | | | | |
| Sale of Equipment | 0 | 0 | 434 | 0 | 0 | 19,891 | |
| Sale of Property | 0 | 0 | 5,686 | 0 | 0 | 15,282 | |
| Damages Recovered from Individuals | 0 | 0 | 0 | 0 | 175,000 | 175,000 | |
| Contributions and Gifts | 0 | 0 | 0 | 0 | 0 | 100 | |
| <u>Other Local Revenues</u> | | | | | | | |
| Other Local Revenues | 0 | 0 | 0 | 0 | 0 | 60 | |
| Total Other Local Revenues | \$ 0 | \$ 0 | \$ 229,300 | \$ 69,424 | \$ 175,000 | \$ 754,214 | |
| <u>Fees Received from County Officials</u> | | | | | | | |
| <u>Fees in-Lieu-of Salary</u> | | | | | | | |
| County Clerk | 0 | 0 | 0 | 0 | 0 | 448,016 | |
| Circuit Court Clerk | 0 | 0 | 0 | 0 | 0 | 181,665 | |
| General Sessions Court Clerk | 0 | 0 | 0 | 0 | 0 | 378,052 | |
| Clerk and Master | 0 | 0 | 0 | 0 | 0 | 154,758 | |
| Register | 0 | 0 | 0 | 0 | 0 | 185,917 | |
| Sheriff | 0 | 0 | 0 | 0 | 0 | 17,137 | |
| Trustee | 0 | 0 | 0 | 0 | 0 | 622,552 | |
| Total Fees Received from County Officials | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,988,097 | |
| <u>State of Tennessee</u> | | | | | | | |
| <u>General Government Grants</u> | | | | | | | |
| Juvenile Services Program | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 12,000 | |

(Continued)

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

| | Special Revenue Funds | | | Debt Service Fund | Capital Projects Fund | Total |
|----|-----------------------|--------------------------------|------------------------|-------------------|-----------------------|------------|
| | Sports and Recreation | Constitutional Officers - Fees | Highway / Public Works | | | |
| \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 62,286 |
| \$ | 0 | 0 | 8,249 | 0 | 0 | 279,361 |
| \$ | 0 | 0 | 0 | 0 | 0 | 1,986 |
| \$ | 0 \$ | 0 \$ | 8,249 \$ | 0 \$ | 0 \$ | 343,633 |
| \$ | 13,167 \$ | 32,831 \$ | 3,395,393 \$ | 1,013,607 \$ | 175,000 \$ | 20,391,139 |

Other Governments and Citizens Groups
Other Governments
 Contributions
 Contracted Services
Citizens Groups
 Donations
 Total Other Governments and Citizens Groups

Total

Exhibit J-6

Carter County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Carter County School Department
For the Year Ended June 30, 2012

| | General Purpose School | School Federal Projects | Central Cafeteria | Other Education Special Revenue | Total |
|--|------------------------------|-------------------------------|----------------------|--|---------------------|
| <u>Local Taxes</u> | | | | | |
| <u>County Property Taxes</u> | | | | | |
| Current Property Tax | \$ 5,396,501 | \$ 0 | \$ 0 | \$ 0 | \$ 5,396,501 |
| Trustee's Collections - Prior Year | 235,800 | 0 | 0 | 0 | 235,800 |
| Trustee's Collections - Bankruptcy | 123 | 0 | 0 | 0 | 123 |
| Circuit/Clerk & Master Collections - Prior Years | 56,203 | 0 | 0 | 0 | 56,203 |
| Interest and Penalty | 66,432 | 0 | 0 | 0 | 66,432 |
| Payments in-Lieu-of Taxes - T.V.A. | 13,928 | 0 | 0 | 0 | 13,928 |
| Payments in-Lieu-of Taxes - Local Utilities | 211,450 | 0 | 0 | 0 | 211,450 |
| Payments in-Lieu-of Taxes - Other | 1,312 | 0 | 0 | 0 | 1,312 |
| <u>County Local Option Taxes</u> | | | | | |
| Local Option Sales Tax | 3,904,849 | 0 | 0 | 0 | 3,904,849 |
| <u>Statutory Local Taxes</u> | | | | | |
| Bank Excise Tax | 45,377 | 0 | 0 | 0 | 45,377 |
| Interstate Telecommunications Tax | 2,313 | 0 | 0 | 0 | 2,313 |
| Total Local Taxes | \$ 9,934,288 | \$ 0 | \$ 0 | \$ 0 | \$ 9,934,288 |
| <u>Licenses and Permits</u> | | | | | |
| <u>Licenses</u> | | | | | |
| Marriage Licenses | \$ 1,376 | \$ 0 | \$ 0 | \$ 0 | \$ 1,376 |
| Total Licenses and Permits | \$ 1,376 | \$ 0 | \$ 0 | \$ 0 | \$ 1,376 |
| <u>Charges for Current Services</u> | | | | | |
| <u>Education Charges</u> | | | | | |
| Lunch Payments - Children | \$ 0 | \$ 0 | \$ 346,409 | \$ 0 | \$ 346,409 |
| Lunch Payments - Adults | 0 | 0 | 78,532 | 0 | 78,532 |
| Income from Breakfast | 0 | 0 | 199,070 | 0 | 199,070 |
| Special Milk Sales | 0 | 0 | 2,167 | 0 | 2,167 |
| A la carte Sales | 0 | 0 | 98,061 | 0 | 98,061 |
| Contract for Instructional Services with Other LEAs | 18,000 | 0 | 0 | 0 | 18,000 |
| Receipts from Individual Schools | 72,923 | 0 | 0 | 0 | 72,923 |
| Community Service Fees - Children | 145,467 | 0 | 0 | 0 | 145,467 |
| <u>Other Charges for Services</u> | | | | | |
| Other Charges for Services | 0 | 0 | 132,611 | 0 | 132,611 |
| Total Charges for Current Services | \$ 236,390 | \$ 0 | \$ 856,850 | \$ 0 | \$ 1,093,240 |
| <u>Other Local Revenues</u> | | | | | |
| <u>Recurring Items</u> | | | | | |
| Investment Income | \$ 1,337 | \$ 0 | \$ 5,905 | \$ 0 | \$ 7,242 |
| Lease/Rentals | 1,200 | 0 | 0 | 0 | 1,200 |
| Refund of Telecommunication & Internet Fees (E-Rate) | 68,703 | 0 | 0 | 0 | 68,703 |
| Miscellaneous Refunds | 62,216 | 0 | 0 | 0 | 62,216 |
| <u>Nonrecurring Items</u> | | | | | |
| Damages Recovered from Individuals | 50 | 0 | 0 | 0 | 50 |
| Contributions and Gifts | 550 | 0 | 0 | 0 | 550 |
| Total Other Local Revenues | \$ 134,056 | \$ 0 | \$ 5,905 | \$ 0 | \$ 139,961 |
| <u>State of Tennessee</u> | | | | | |
| <u>General Government Grants</u> | | | | | |
| On-Behalf Contributions for OPEB | \$ 411,867 | \$ 0 | \$ 0 | \$ 0 | \$ 411,867 |

(Continued)

Exhibit J-6

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

| | General Purpose School | School Federal Projects | Central Cafeteria | Other Education Special Revenue | Total |
|--|------------------------------|-------------------------------|----------------------|--|---------------|
| <u>State of Tennessee (Cont.)</u> | | | | | |
| <u>State Education Funds</u> | | | | | |
| Basic Education Program | \$ 27,454,001 | \$ 0 | \$ 0 | \$ 0 | \$ 27,454,001 |
| Early Childhood Education | 188,747 | 0 | 0 | 0 | 188,747 |
| School Food Service | 0 | 0 | 29,503 | 0 | 29,503 |
| Energy Efficient School Initiative | 10,000 | 0 | 0 | 0 | 10,000 |
| Driver Education | 27,631 | 0 | 0 | 0 | 27,631 |
| Other State Education Funds | 692,567 | 0 | 0 | 0 | 692,567 |
| Career Ladder Program | 244,820 | 0 | 0 | 0 | 244,820 |
| Career Ladder - Extended Contract | 162,200 | 0 | 0 | 0 | 162,200 |
| Other Vocational | 11,068 | 0 | 0 | 0 | 11,068 |
| <u>Other State Revenues</u> | | | | | |
| Mixed Drink Tax | 2,886 | 0 | 0 | 0 | 2,886 |
| State Revenue Sharing - T.V.A. | 747,886 | 0 | 0 | 0 | 747,886 |
| Other State Grants | 33,397 | 0 | 0 | 0 | 33,397 |
| Safe Schools - ARRA | 34,700 | 0 | 0 | 0 | 34,700 |
| Total State of Tennessee | \$ 30,021,770 | \$ 0 | \$ 29,503 | \$ 0 | \$ 30,051,273 |
| <u>Federal Government</u> | | | | | |
| <u>Federal Through State</u> | | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 1,526,298 | \$ 0 | \$ 1,526,298 |
| USDA - Commodities | 0 | 0 | 149,234 | 0 | 149,234 |
| Breakfast | 0 | 0 | 536,493 | 0 | 536,493 |
| USDA - Other | 44,496 | 0 | 0 | 101,296 | 145,792 |
| Adult Education State Grant Program | 92,081 | 0 | 0 | 0 | 92,081 |
| Vocational Education - Basic Grants to States | 0 | 102,361 | 0 | 0 | 102,361 |
| Other Vocational | 0 | 73,602 | 0 | 0 | 73,602 |
| Title I Grants to Local Education Agencies | 0 | 1,790,673 | 0 | 0 | 1,790,673 |
| Special Education - Grants to States | 14,688 | 1,426,816 | 0 | 0 | 1,441,504 |
| Special Education Preschool Grants | 14,594 | 70,885 | 0 | 0 | 85,479 |
| Safe and Drug-free Schools - State Grants | 0 | 5,639 | 0 | 0 | 5,639 |
| Eisenhower Professional Development State Grants | 0 | 256,587 | 0 | 0 | 256,587 |
| Race-to-the-Top - ARRA | 0 | 285,929 | 0 | 0 | 285,929 |
| Other Federal through State | 276,121 | 427,673 | 0 | 0 | 703,794 |
| <u>Direct Federal Revenue</u> | | | | | |
| Forest Service | 110,277 | 0 | 0 | 0 | 110,277 |
| Other Direct Federal Revenue | 312,293 | 0 | 0 | 0 | 312,293 |
| Total Federal Government | \$ 864,550 | \$ 4,440,165 | \$ 2,212,025 | \$ 101,296 | \$ 7,618,036 |
| <u>Other Governments and Citizens Groups</u> | | | | | |
| <u>Other Governments</u> | | | | | |
| Contracted Services | \$ 0 | \$ 0 | \$ 0 | \$ 903,379 | \$ 903,379 |
| <u>Citizens Groups</u> | | | | | |
| Donations | 281 | 0 | 0 | 0 | 281 |
| Total Other Governments and Citizens Groups | \$ 281 | \$ 0 | \$ 0 | \$ 903,379 | \$ 903,660 |
| Total | \$ 41,192,711 | \$ 4,440,165 | \$ 3,104,283 | \$ 1,004,675 | \$ 49,741,834 |

Exhibit J-7

Carter County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

| | | | |
|---|----|--------|-----------|
| Board and Committee Members Fees | \$ | 57,417 | |
| Social Security | | 3,209 | |
| State Retirement | | 2,266 | |
| Employer Medicare | | 832 | |
| Audit Services | | 17,227 | |
| Dues and Memberships | | 5,832 | |
| Legal Notices, Recording, and Court Costs | | 4,773 | |
| Postal Charges | | 500 | |
| Printing, Stationery, and Forms | | 194 | |
| Travel | | 1,675 | |
| Other Supplies and Materials | | 174 | |
| Other Charges | | 654 | |
| Total County Commission | | | \$ 94,753 |

Board of Equalization

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 4,100 | |
| Social Security | | 254 | |
| Employer Medicare | | 59 | |
| Other Supplies and Materials | | 89 | |
| Total Board of Equalization | | | 4,502 |

County Mayor/Executive

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 86,530 | |
| Secretary(ies) | | 28,808 | |
| Part-time Personnel | | 4,433 | |
| Social Security | | 6,911 | |
| State Retirement | | 16,507 | |
| Life Insurance | | 72 | |
| Medical Insurance | | 21,467 | |
| Dental Insurance | | 470 | |
| Unemployment Compensation | | 201 | |
| Employer Medicare | | 1,616 | |
| Dues and Memberships | | 1,650 | |
| Postal Charges | | 617 | |
| Rentals | | 1,810 | |
| Travel | | 1,626 | |
| Library Books/Media | | 244 | |
| Office Supplies | | 1,101 | |
| Other Supplies and Materials | | 1,590 | |
| Premiums on Corporate Surety Bonds | | 98 | |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

| | | | |
|------------------------------|----|--------|------------|
| Tax Relief Program | \$ | 31,071 | |
| Other Charges | | 1,539 | |
| Total County Mayor/Executive | | | \$ 208,361 |

County Attorney

| | | | |
|--------------------------|----|--------|--------|
| Other Salaries and Wages | \$ | 550 | |
| Social Security | | 34 | |
| State Retirement | | 79 | |
| Employer Medicare | | 8 | |
| Legal Services | | 63,673 | |
| Total County Attorney | | | 64,344 |

Election Commission

| | | | |
|---|----|--------|---------|
| Supervisor/Director | \$ | 62,515 | |
| Deputy(ies) | | 27,591 | |
| Data Processing Personnel | | 22,519 | |
| Other Salaries and Wages | | 4,098 | |
| Board and Committee Members Fees | | 10,657 | |
| Election Workers | | 32,486 | |
| Social Security | | 7,420 | |
| State Retirement | | 16,073 | |
| Life Insurance | | 108 | |
| Medical Insurance | | 22,371 | |
| Dental Insurance | | 706 | |
| Unemployment Compensation | | 270 | |
| Employer Medicare | | 1,736 | |
| Legal Notices, Recording, and Court Costs | | 8,272 | |
| Maintenance Agreements | | 14,747 | |
| Postal Charges | | 12,100 | |
| Rentals | | 1,369 | |
| Travel | | 7,361 | |
| Office Supplies | | 3,746 | |
| Other Supplies and Materials | | 60,789 | |
| Data Processing Equipment | | 2,954 | |
| Office Equipment | | 2,855 | |
| Total Election Commission | | | 322,743 |

Register of Deeds

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 69,461 | |
| Deputy(ies) | | 68,802 | |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

| | | | |
|------------------------------------|----|--------|------------|
| Social Security | \$ | 8,511 | |
| State Retirement | | 19,724 | |
| Life Insurance | | 144 | |
| Medical Insurance | | 30,668 | |
| Dental Insurance | | 941 | |
| Unemployment Compensation | | 275 | |
| Employer Medicare | | 1,991 | |
| Data Processing Services | | 27,346 | |
| Dues and Memberships | | 676 | |
| Postal Charges | | 200 | |
| Rentals | | 1,696 | |
| Travel | | 922 | |
| Data Processing Supplies | | 250 | |
| Office Supplies | | 5,351 | |
| Other Supplies and Materials | | 7,392 | |
| Premiums on Corporate Surety Bonds | | 50 | |
| Office Equipment | | 75 | |
| Total Register of Deeds | | | \$ 244,475 |

Planning

| | | |
|--|----|--------|
| Supervisor/Director | \$ | 37,559 |
| Data Processing Personnel | | 19,677 |
| Foremen | | 26,949 |
| Clerical Personnel | | 9,496 |
| Other Salaries and Wages | | 19,139 |
| Board and Committee Members Fees | | 3,700 |
| Social Security | | 7,124 |
| State Retirement | | 12,156 |
| Life Insurance | | 72 |
| Medical Insurance | | 23,001 |
| Dental Insurance | | 706 |
| Unemployment Compensation | | 506 |
| Employer Medicare | | 1,670 |
| Communication | | 1,088 |
| Contracts with Government Agencies | | 12,250 |
| Maintenance and Repair Services - Vehicles | | 1,004 |
| Postal Charges | | 1,733 |
| Rentals | | 1,112 |
| Travel | | 2,755 |
| Gasoline | | 3,462 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

| | | | |
|------------------------------------|----|--------|------------|
| Office Supplies | \$ | 1,873 | |
| Premiums on Corporate Surety Bonds | | 100 | |
| Other Charges | | 41,494 | |
| Office Equipment | | 266 | |
| Total Planning | | | \$ 228,892 |

County Buildings

| | | | |
|---|----|---------|---------|
| Custodial Personnel | \$ | 54,198 | |
| Social Security | | 3,321 | |
| State Retirement | | 7,710 | |
| Life Insurance | | 108 | |
| Medical Insurance | | 22,371 | |
| Dental Insurance | | 706 | |
| Unemployment Compensation | | 266 | |
| Employer Medicare | | 777 | |
| Communication | | 34,414 | |
| Maintenance and Repair Services - Buildings | | 55,393 | |
| Maintenance and Repair Services - Equipment | | 13,751 | |
| Maintenance and Repair Services - Vehicles | | 608 | |
| Pest Control | | 2,035 | |
| Other Contracted Services | | 1,750 | |
| Custodial Supplies | | 10,463 | |
| Electricity | | 247,160 | |
| Gasoline | | 519 | |
| Utilities | | 36,020 | |
| Water and Sewer | | 45,981 | |
| Building and Contents Insurance | | 22,600 | |
| Workers' Compensation Insurance | | 12,686 | |
| Other Charges | | 1,717 | |
| Communication Equipment | | 4,835 | |
| Heating and Air Conditioning Equipment | | 28,421 | |
| Total County Buildings | | | 607,810 |

Other General Administration

| | | | |
|------------------------------------|----|----|----|
| Refunds | \$ | 17 | |
| Total Other General Administration | | | 17 |

Finance

Accounting and Budgeting

| | | | |
|---------------------|----|--------|--|
| Supervisor/Director | \$ | 54,881 | |
|---------------------|----|--------|--|

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

| | | | |
|---|----|---------|------------|
| Deputy(ies) | \$ | 37,123 | |
| Accountants/Bookkeepers | | 148,487 | |
| In-Service Training | | 50 | |
| Social Security | | 14,277 | |
| State Retirement | | 34,568 | |
| Life Insurance | | 240 | |
| Medical Insurance | | 55,197 | |
| Dental Insurance | | 1,568 | |
| Unemployment Compensation | | 721 | |
| Employer Medicare | | 3,339 | |
| Legal Notices, Recording, and Court Costs | | 4,092 | |
| Maintenance Agreements | | 8,391 | |
| Postal Charges | | 4,500 | |
| Travel | | 162 | |
| Data Processing Supplies | | 1,446 | |
| Office Supplies | | 5,006 | |
| Premiums on Corporate Surety Bonds | | 450 | |
| Other Charges | | 7,694 | |
| Office Equipment | | 1,061 | |
| Total Accounting and Budgeting | | | \$ 383,253 |

Property Assessor's Office

| | | |
|--|----|---------|
| County Official/Administrative Officer | \$ | 69,461 |
| Deputy(ies) | | 149,221 |
| Social Security | | 12,750 |
| State Retirement | | 31,189 |
| Life Insurance | | 243 |
| Medical Insurance | | 60,976 |
| Dental Insurance | | 1,588 |
| Unemployment Compensation | | 459 |
| Employer Medicare | | 2,999 |
| Communication | | 2,535 |
| Contracts with Government Agencies | | 9,181 |
| Dues and Memberships | | 1,650 |
| Maintenance Agreements | | 3,000 |
| Maintenance and Repair Services - Vehicles | | 702 |
| Postal Charges | | 1,636 |
| Printing, Stationery, and Forms | | 442 |
| Rentals | | 1,713 |
| Gasoline | | 2,155 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

| | | | |
|------------------------------------|----|-------|------------|
| Office Supplies | \$ | 1,763 | |
| Premiums on Corporate Surety Bonds | | 75 | |
| Other Charges | | 6,415 | |
| Office Equipment | | 1,118 | |
| Total Property Assessor's Office | | | \$ 361,271 |

Reappraisal Program

| | | | |
|---------------------------|----|--------|--------|
| Deputy(ies) | \$ | 58,831 | |
| In-Service Training | | 30 | |
| Social Security | | 3,535 | |
| State Retirement | | 8,428 | |
| Life Insurance | | 72 | |
| Medical Insurance | | 15,334 | |
| Dental Insurance | | 470 | |
| Unemployment Compensation | | 180 | |
| Employer Medicare | | 840 | |
| Communication | | 634 | |
| Data Processing Services | | 6,191 | |
| Postal Charges | | 250 | |
| Gasoline | | 2,097 | |
| Office Supplies | | 1,425 | |
| Total Reappraisal Program | | | 98,317 |

County Trustee's Office

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 69,461 | |
| Deputy(ies) | | 103,146 | |
| Clerical Personnel | | 5,581 | |
| Social Security | | 10,915 | |
| State Retirement | | 23,840 | |
| Life Insurance | | 180 | |
| Medical Insurance | | 38,335 | |
| Dental Insurance | | 1,176 | |
| Unemployment Compensation | | 431 | |
| Employer Medicare | | 2,553 | |
| Contracts with Government Agencies | | 9,181 | |
| Dues and Memberships | | 626 | |
| Legal Notices, Recording, and Court Costs | | 94 | |
| Maintenance Agreements | | 7,958 | |
| Maintenance and Repair Services - Office Equipment | | 300 | |
| Postal Charges | | 13,504 | |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

| | | | |
|------------------------------------|----|-------|------------|
| Rentals | \$ | 1,418 | |
| Travel | | 769 | |
| Office Supplies | | 2,435 | |
| Premiums on Corporate Surety Bonds | | 4,799 | |
| Other Charges | | 216 | |
| Office Equipment | | 319 | |
| Total County Trustee's Office | | | \$ 297,237 |

County Clerk's Office

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 69,461 | |
| Deputy(ies) | | 178,789 | |
| Accountants/Bookkeepers | | 8,424 | |
| Social Security | | 15,259 | |
| State Retirement | | 35,462 | |
| Life Insurance | | 285 | |
| Medical Insurance | | 64,722 | |
| Dental Insurance | | 1,862 | |
| Unemployment Compensation | | 641 | |
| Employer Medicare | | 3,569 | |
| Dues and Memberships | | 716 | |
| Maintenance Agreements | | 17,208 | |
| Postal Charges | | 10,000 | |
| Printing, Stationery, and Forms | | 765 | |
| Rentals | | 2,812 | |
| Office Supplies | | 2,756 | |
| Other Supplies and Materials | | 274 | |
| Premiums on Corporate Surety Bonds | | 98 | |
| Office Equipment | | 693 | |
| Total County Clerk's Office | | | 413,796 |

Administration of Justice

Circuit Court

| | | |
|--|----|---------|
| County Official/Administrative Officer | \$ | 69,461 |
| Clerical Personnel | | 308,084 |
| Social Security | | 22,967 |
| State Retirement | | 52,599 |
| Life Insurance | | 528 |
| Medical Insurance | | 106,579 |
| Dental Insurance | | 3,293 |
| Unemployment Compensation | | 1,480 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

| | | | |
|---|----|--------|------------|
| Employer Medicare | \$ | 5,372 | |
| Dues and Memberships | | 516 | |
| Legal Notices, Recording, and Court Costs | | 273 | |
| Maintenance Agreements | | 15,427 | |
| Postal Charges | | 9,000 | |
| Rentals | | 8,156 | |
| Travel | | 290 | |
| Other Contracted Services | | 7,900 | |
| Office Supplies | | 13,162 | |
| Other Supplies and Materials | | 2,294 | |
| Premiums on Corporate Surety Bonds | | 260 | |
| Office Equipment | | 4,166 | |
| Total Circuit Court | | | \$ 631,807 |

General Sessions Court

| | | | |
|------------------------------|----|---------|---------|
| Judge(s) | \$ | 148,474 | |
| Secretary(ies) | | 23,873 | |
| Social Security | | 8,286 | |
| State Retirement | | 24,424 | |
| Life Insurance | | 72 | |
| Medical Insurance | | 17,438 | |
| Dental Insurance | | 470 | |
| Unemployment Compensation | | 90 | |
| Employer Medicare | | 2,407 | |
| Dues and Memberships | | 315 | |
| Travel | | 2,510 | |
| Library Books/Media | | 679 | |
| Office Supplies | | 767 | |
| Total General Sessions Court | | | 229,805 |

Drug Court

| | | | |
|---------------------------------|----|--------|--------|
| Remittance of Revenue Collected | \$ | 14,184 | |
| Total Drug Court | | | 14,184 |

Chancery Court

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 69,461 | |
| Clerical Personnel | | 95,672 | |
| In-Service Training | | 200 | |
| Social Security | | 10,080 | |
| State Retirement | | 23,602 | |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

| | | | |
|------------------------------------|----|--------|------------|
| Life Insurance | \$ | 180 | |
| Medical Insurance | | 52,181 | |
| Dental Insurance | | 1,176 | |
| Unemployment Compensation | | 474 | |
| Employer Medicare | | 2,357 | |
| Dues and Memberships | | 636 | |
| Maintenance Agreements | | 12,976 | |
| Postal Charges | | 4,500 | |
| Rentals | | 2,247 | |
| Travel | | 650 | |
| Office Supplies | | 4,595 | |
| Premiums on Corporate Surety Bonds | | 164 | |
| Total Chancery Court | | | \$ 281,151 |

Judicial Commissioners

| | | | |
|------------------------------|----|--------|--------|
| Other Salaries and Wages | \$ | 35,432 | |
| Social Security | | 2,197 | |
| Employer Medicare | | 513 | |
| Travel | | 3,476 | |
| Total Judicial Commissioners | | | 41,618 |

Other Administration of Justice

| | | | |
|---------------------------------------|----|-------|-------|
| Jury and Witness Expense | \$ | 6,338 | |
| Postal Charges | | 1,000 | |
| Other Charges | | 1,499 | |
| Total Other Administration of Justice | | | 8,837 |

Public Safety

Sheriff's Department

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 82,407 | |
| Deputy(ies) | | 975,828 | |
| Investigator(s) | | 190,320 | |
| Accountants/Bookkeepers | | 25,700 | |
| Salary Supplements | | 22,200 | |
| Dispatchers/Radio Operators | | 113,194 | |
| Clerical Personnel | | 84,982 | |
| Part-time Personnel | | 54,060 | |
| School Resource Officer | | 293,639 | |
| In-Service Training | | 25,519 | |
| Social Security | | 111,786 | |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

| | | | |
|---|----|---------|--------------|
| State Retirement | \$ | 245,911 | |
| Life Insurance | | 1,832 | |
| Medical Insurance | | 404,490 | |
| Dental Insurance | | 12,087 | |
| Unemployment Compensation | | 5,832 | |
| Employer Medicare | | 26,296 | |
| Communication | | 9,235 | |
| Dues and Memberships | | 2,930 | |
| Maintenance and Repair Services - Buildings | | 31,374 | |
| Maintenance and Repair Services - Equipment | | 5,136 | |
| Maintenance and Repair Services - Vehicles | | 114,651 | |
| Medical and Dental Services | | 13,869 | |
| Postal Charges | | 3,709 | |
| Rentals | | 11,920 | |
| Tow-in Services | | 2,625 | |
| Transportation - Other than Students | | 760 | |
| Travel | | 13,378 | |
| Other Contracted Services | | 18,300 | |
| Animal Food and Supplies | | 1,062 | |
| Gasoline | | 174,466 | |
| Office Supplies | | 15,869 | |
| Tires and Tubes | | 12,461 | |
| Uniforms | | 18,949 | |
| Premiums on Corporate Surety Bonds | | 152 | |
| Vehicle and Equipment Insurance | | 124,478 | |
| Workers' Compensation Insurance | | 35,520 | |
| Other Charges | | 2,298 | |
| Law Enforcement Equipment | | 25,117 | |
| Motor Vehicles | | 112,778 | |
| Office Equipment | | 4,886 | |
| Total Sheriff's Department | | | \$ 3,432,006 |

Jail

| | | |
|-----------------------|----|-----------|
| Guards | \$ | 1,070,514 |
| Cafeteria Personnel | | 56,740 |
| Maintenance Personnel | | 28,608 |
| In-Service Training | | 4,742 |
| Social Security | | 69,988 |
| State Retirement | | 161,000 |
| Life Insurance | | 1,495 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

| | | | |
|---|----|---------|--------------|
| Medical Insurance | \$ | 284,346 | |
| Dental Insurance | | 9,924 | |
| Unemployment Compensation | | 6,545 | |
| Employer Medicare | | 16,368 | |
| Maintenance and Repair Services - Buildings | | 155,224 | |
| Maintenance and Repair Services - Equipment | | 13,048 | |
| Medical and Dental Services | | 360,183 | |
| Transportation - Other than Students | | 1,565 | |
| Custodial Supplies | | 48,473 | |
| Drugs and Medical Supplies | | 5,904 | |
| Food Supplies | | 292,673 | |
| Prisoners Clothing | | 11,831 | |
| Uniforms | | 25,022 | |
| Medical Claims | | 3,986 | |
| Workers' Compensation Insurance | | 19,733 | |
| Other Charges | | 961 | |
| Maintenance Equipment | | 11,373 | |
| Total Jail | | | \$ 2,660,246 |

Juvenile Services

| | | | |
|------------------------------------|----|--------|---------|
| Youth Service Officer(s) | \$ | 55,361 | |
| Social Security | | 3,381 | |
| State Retirement | | 7,517 | |
| Life Insurance | | 72 | |
| Medical Insurance | | 14,704 | |
| Dental Insurance | | 470 | |
| Unemployment Compensation | | 180 | |
| Employer Medicare | | 791 | |
| Contracts with Government Agencies | | 79,257 | |
| Dues and Memberships | | 100 | |
| Evaluation and Testing | | 140 | |
| Travel | | 1,308 | |
| Office Supplies | | 479 | |
| Total Juvenile Services | | | 163,760 |

Fire Prevention and Control

| | | | |
|-----------------------------------|----|---------|---------|
| Contributions | \$ | 314,946 | |
| Total Fire Prevention and Control | | | 314,946 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

| | | | |
|--------------------|----|---------|------------|
| Other Charges | \$ | 205,500 | |
| Total Rescue Squad | | | \$ 205,500 |

Other Emergency Management

| | | | |
|--|----|---------|---------|
| Supervisor/Director | \$ | 30,882 | |
| Secretary(ies) | | 22,057 | |
| Social Security | | 3,265 | |
| State Retirement | | 7,292 | |
| Life Insurance | | 33 | |
| Medical Insurance | | 6,325 | |
| Dental Insurance | | 216 | |
| Unemployment Compensation | | 264 | |
| Employer Medicare | | 764 | |
| Communication | | 1,441 | |
| Dues and Memberships | | 150 | |
| Maintenance and Repair Services - Vehicles | | 192 | |
| Postal Charges | | 225 | |
| Printing, Stationery, and Forms | | 545 | |
| Rentals | | 926 | |
| Travel | | 949 | |
| Other Contracted Services | | 6,000 | |
| Gasoline | | 1,020 | |
| Instructional Supplies and Materials | | 155 | |
| Office Supplies | | 179 | |
| Uniforms | | 420 | |
| Other Supplies and Materials | | 11,039 | |
| Other Charges | | 2,163 | |
| Communication Equipment | | 151,382 | |
| Office Equipment | | 1,059 | |
| Total Other Emergency Management | | | 248,943 |

Inspection and Regulation

| | | | |
|---------------------------------|----|-------|-------|
| Supervisor/Director | \$ | 3,000 | |
| Social Security | | 186 | |
| State Retirement | | 428 | |
| Unemployment Compensation | | 8 | |
| Employer Medicare | | 43 | |
| Total Inspection and Regulation | | | 3,665 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

| | | | |
|---------------------------------------|----|-------|----------|
| Other Per Diem and Fees | \$ | 5,500 | |
| Communication | | 365 | |
| Premiums on Corporate Surety Bonds | | 300 | |
| Total County Coroner/Medical Examiner | | | \$ 6,165 |

Other Public Safety

| | | | |
|----------------------------------|----|-----|-----|
| Board and Committee Members Fees | \$ | 950 | |
| Total Other Public Safety | | | 950 |

Public Health and Welfare

Rabies and Animal Control

| | | | |
|--|----|--------|--------|
| Supervisor/Director | \$ | 5,192 | |
| Part-time Personnel | | 10,670 | |
| Other Salaries and Wages | | 17,614 | |
| Social Security | | 2,082 | |
| State Retirement | | 3,092 | |
| Life Insurance | | 39 | |
| Medical Insurance | | 8,881 | |
| Dental Insurance | | 255 | |
| Unemployment Compensation | | 244 | |
| Employer Medicare | | 483 | |
| Communication | | 390 | |
| Maintenance and Repair Services - Vehicles | | 160 | |
| Medical and Dental Services | | 983 | |
| Other Contracted Services | | 19,351 | |
| Office Supplies | | 148 | |
| Other Charges | | 822 | |
| Total Rabies and Animal Control | | | 70,406 |

Ambulance/Emergency Medical Services

| | | | |
|--|----|---------|---------|
| Contributions | \$ | 100,940 | |
| Total Ambulance/Emergency Medical Services | | | 100,940 |

Crippled Children Services

| | | | |
|----------------------------------|----|--------|--------|
| Contributions | \$ | 20,727 | |
| Total Crippled Children Services | | | 20,727 |

Aid to Dependent Children

| | | | |
|---------------------------------|----|-------|-------|
| Contributions | \$ | 1,500 | |
| Total Aid to Dependent Children | | | 1,500 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services

| | | |
|------------------------------------|----------|----------|
| Pauper Burials | \$ 3,600 | |
| Total Other Local Welfare Services | | \$ 3,600 |

Other Public Health and Welfare

| | | |
|---------------------------------------|----------|-------|
| Contributions | \$ 1,425 | |
| Total Other Public Health and Welfare | | 1,425 |

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

| | | |
|-----------------|-----------|--------|
| Contributions | \$ 36,588 | |
| Total Libraries | | 36,588 |

Parks and Fair Boards

| | | |
|-----------------------------|-----------|--------|
| Contributions | \$ 11,281 | |
| Total Parks and Fair Boards | | 11,281 |

Other Social, Cultural, and Recreational

| | | |
|--|----------|-------|
| Contributions | \$ 1,449 | |
| Total Other Social, Cultural, and Recreational | | 1,449 |

Agriculture and Natural Resources

Agriculture Extension Service

| | | |
|-------------------------------------|-----------|--------|
| Other Salaries and Wages | \$ 73,589 | |
| Social Security | 372 | |
| Unemployment Compensation | 60 | |
| Employer Medicare | 87 | |
| Other Fringe Benefits | 8,757 | |
| Communication | 2,232 | |
| Contributions | 2,393 | |
| Travel | 1,315 | |
| Electricity | 1,902 | |
| Utilities | 1,291 | |
| Water and Sewer | 428 | |
| Other Supplies and Materials | 400 | |
| Office Equipment | 991 | |
| Total Agriculture Extension Service | | 93,817 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Flood Control

| | | | |
|------------------------------|----|--------------|----------|
| Office Supplies | \$ | 350 | |
| Other Supplies and Materials | | <u>1,596</u> | |
| Total Flood Control | | | \$ 1,946 |

Other Agriculture and Natural Resources

| | | | |
|---|----|------------|--------|
| Contracts with Government Agencies | \$ | 18,952 | |
| Contributions | | <u>902</u> | |
| Total Other Agriculture and Natural Resources | | | 19,854 |

Other Operations

Tourism

| | | | |
|---------------|----|---------------|--------|
| Contributions | \$ | <u>87,646</u> | |
| Total Tourism | | | 87,646 |

Housing and Urban Development

| | | | |
|-------------------------------------|----|----------------|---------|
| Other Supplies and Materials | \$ | 13,576 | |
| Other Charges | | 41,071 | |
| Other Construction | | <u>353,276</u> | |
| Total Housing and Urban Development | | | 407,923 |

Other Economic and Community Development

| | | | |
|--|----|---------------|--------|
| Contributions | \$ | 36,896 | |
| Other Contracted Services | | <u>39,710</u> | |
| Total Other Economic and Community Development | | | 76,606 |

Veterans' Services

| | | | |
|---------------------------|----|------------|--------|
| Supervisor/Director | \$ | 21,939 | |
| Social Security | | 1,360 | |
| State Retirement | | 2,746 | |
| Life Insurance | | 36 | |
| Medical Insurance | | 7,667 | |
| Dental Insurance | | 235 | |
| Unemployment Compensation | | 90 | |
| Employer Medicare | | 318 | |
| Rentals | | 672 | |
| Travel | | 1,485 | |
| Office Supplies | | <u>181</u> | |
| Total Veterans' Services | | | 36,729 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

| | | |
|---------------------------|----------|----------|
| Other Contracted Services | \$ 9,487 | |
| Total Other Charges | | \$ 9,487 |

Contributions to Other Agencies

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

Miscellaneous

| | | |
|---------------------------|----------|---------|
| Postal Charges | \$ 1,667 | |
| Permits | 28,335 | |
| Other Contracted Services | 25,209 | |
| Fencing | 9,369 | |
| Trustee's Commission | 203,732 | |
| Other Charges | 550 | |
| Solid Waste Equipment | 107,506 | |
| Total Miscellaneous | | 376,368 |

Highways

Litter and Trash Collection

| | | |
|---|-----------|--------|
| Guards | \$ 26,786 | |
| Social Security | 1,677 | |
| Unemployment Compensation | 259 | |
| Employer Medicare | 392 | |
| Maintenance and Repair Services - Equipment | 14 | |
| Instructional Supplies and Materials | 16,005 | |
| Other Supplies and Materials | 223 | |
| Motor Vehicles | 5,000 | |
| Total Litter and Trash Collection | | 50,356 |

Capital Projects

Public Safety Projects

| | | |
|------------------------------|-----------|--------|
| Site Development | \$ 56,963 | |
| Total Public Safety Projects | | 56,963 |

Other General Government Projects

| | | |
|---|-----------|---------|
| Other Charges | \$ 24,940 | |
| Other Construction | 190,880 | |
| Total Other General Government Projects | | 215,820 |

| | | |
|--------------------|--|---------------|
| Total General Fund | | \$ 13,350,295 |
|--------------------|--|---------------|

(Continued)

Exhibit J-7

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

| | | |
|---|-----------|-----------|
| Maintenance and Repair Services - Buildings | \$ 25,845 | |
| Total County Buildings | | \$ 25,845 |

Administration of Justice

Other Administration of Justice

| | | |
|---------------------------------------|----------|-------|
| Data Processing Equipment | \$ 4,620 | |
| Total Other Administration of Justice | | 4,620 |

Other Operations

Miscellaneous

| | | |
|----------------------|--------|------------|
| Trustee's Commission | \$ 102 | |
| Total Miscellaneous | | <u>102</u> |

| | | |
|--|--|-----------|
| Total Courthouse and Jail Maintenance Fund | | \$ 30,567 |
|--|--|-----------|

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

| | | |
|---------------------------------|--------------|-----------|
| Laborers | \$ 26,048 | |
| Social Security | 1,610 | |
| State Retirement | 2,481 | |
| Medical Insurance | 7,667 | |
| Dental Insurance | 235 | |
| Unemployment Compensation | 114 | |
| Employer Medicare | 376 | |
| Communication | 607 | |
| Printing, Stationery, and Forms | 90 | |
| Rentals | 1,230 | |
| Utilities | <u>1,852</u> | |
| Total Convenience Centers | | \$ 42,310 |

Recycling Center

| | | |
|---------------------------|-----------|--|
| Laborers | \$ 19,315 | |
| Social Security | 1,193 | |
| State Retirement | 2,747 | |
| Life Insurance | 36 | |
| Medical Insurance | 7,667 | |
| Dental Insurance | 235 | |
| Unemployment Compensation | 90 | |
| Employer Medicare | 279 | |

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

| | | | |
|---|----|--------------|-----------|
| Communication | \$ | 745 | |
| Maintenance and Repair Services - Buildings | | 44 | |
| Maintenance and Repair Services - Equipment | | 1,571 | |
| Rentals | | 630 | |
| Gasoline | | 695 | |
| Utilities | | 4,732 | |
| Other Charges | | <u>2,962</u> | |
| Total Recycling Center | | | \$ 42,941 |

Landfill Operation and Maintenance

| | | |
|---|----|---------|
| Supervisor/Director | \$ | 38,388 |
| Laborers | | 116,829 |
| Social Security | | 9,364 |
| State Retirement | | 19,169 |
| Life Insurance | | 207 |
| Medical Insurance | | 58,501 |
| Dental Insurance | | 1,117 |
| Unemployment Compensation | | 740 |
| Employer Medicare | | 2,189 |
| Communication | | 2,004 |
| Evaluation and Testing | | 18,434 |
| Maintenance and Repair Services - Buildings | | 6,558 |
| Maintenance and Repair Services - Equipment | | 51,678 |
| Postal Charges | | 430 |
| Rentals | | 269 |
| Travel | | 2,038 |
| Disposal Fees | | 318,041 |
| Crushed Stone | | 9,044 |
| Diesel Fuel | | 34,262 |
| Fuel Oil | | 1,436 |
| Garage Supplies | | 589 |
| Gasoline | | 10,186 |
| Lubricants | | 3,296 |
| Office Supplies | | 2,772 |
| Uniforms | | 4,207 |
| Utilities | | 4,904 |
| Other Supplies and Materials | | 53 |
| Premiums on Corporate Surety Bonds | | 222 |
| Workers' Compensation Insurance | | 18,418 |
| Other Charges | | 17,573 |

(Continued)

Exhibit J-7

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

| | | | |
|---|----|----------------|--------------|
| <u>Solid Waste/Sanitation Fund (Cont.)</u> | | | |
| <u>Public Health and Welfare (Cont.)</u> | | | |
| <u>Landfill Operation and Maintenance (Cont.)</u> | | | |
| Solid Waste Equipment | \$ | 6,913 | |
| Total Landfill Operation and Maintenance | | | \$ 759,831 |
| <u>Other Operations</u> | | | |
| <u>Miscellaneous</u> | | | |
| Trustee's Commission | \$ | 8,012 | |
| Total Miscellaneous | | | <u>8,012</u> |
| Total Solid Waste/Sanitation Fund | | | \$ 853,094 |
| <u>Health Department Fund</u> | | | |
| <u>Public Health and Welfare</u> | | | |
| <u>Local Health Center</u> | | | |
| Supervisor/Director | \$ | 9,179 | |
| Secretary(ies) | | 2,160 | |
| Other Salaries and Wages | | 225,779 | |
| Social Security | | 16,025 | |
| State Retirement | | 30,931 | |
| Life Insurance | | 282 | |
| Medical Insurance | | 69,903 | |
| Dental Insurance | | 2,078 | |
| Unemployment Compensation | | 979 | |
| Employer Medicare | | 3,149 | |
| Communication | | 6,183 | |
| Contracts with Government Agencies | | 53,800 | |
| Maintenance and Repair Services - Buildings | | 54,838 | |
| Pest Control | | 390 | |
| Postal Charges | | 1,573 | |
| Travel | | 3,728 | |
| Drugs and Medical Supplies | | 10 | |
| Utilities | | 27,046 | |
| Other Supplies and Materials | | 6,966 | |
| Workers' Compensation Insurance | | 3,947 | |
| Other Charges | | 3,071 | |
| Total Local Health Center | | <u>522,017</u> | \$ 522,017 |
| <u>Other Operations</u> | | | |
| <u>Miscellaneous</u> | | | |
| Trustee's Commission | \$ | 1 | |
| Total Miscellaneous | | <u>1</u> | <u>1</u> |
| Total Health Department Fund | | | 522,018 |

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Sheriff's Department

| | | | |
|--|----|--------|-----------|
| Confidential Drug Enforcement Payments | \$ | 16,000 | |
| Travel | | 3,077 | |
| Other Supplies and Materials | | 12,818 | |
| Refunds | | 187 | |
| Motor Vehicles | | 26,165 | |
| Total Sheriff's Department | | | \$ 58,247 |

Other Operations

Miscellaneous

| | | | |
|----------------------|----|-----|-----|
| Trustee's Commission | \$ | 489 | |
| Total Miscellaneous | | | 489 |

Total Drug Control Fund \$ 58,736

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

| | | | |
|-----------------------------|----|--------|-----------|
| Electricity | \$ | 474 | |
| Other Charges | | 15,475 | |
| Total Parks and Fair Boards | | | \$ 15,949 |

Total Sports and Recreation Fund 15,949

Constitutional Officers - Fees Fund

General Government

Other General Administration

| | | | |
|---|----|--------|-----------|
| Special Commissioner Fees/Special Master Fees | \$ | 32,275 | |
| Other Charges | | 556 | |
| Total Other General Administration | | | \$ 32,831 |

Total Constitutional Officers - Fees Fund 32,831

Highway/Public Works Fund

Highways

Administration

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 76,407 | |
| Assistant(s) | | 40,398 | |
| Supervisor/Director | | 30,207 | |
| Secretary(ies) | | 32,981 | |
| Social Security | | 11,024 | |

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

| | | | |
|---------------------------------|----|--------|------------|
| State Retirement | \$ | 25,740 | |
| Life Insurance | | 144 | |
| Medical Insurance | | 30,616 | |
| Dental Insurance | | 939 | |
| Unemployment Compensation | | 270 | |
| Employer Medicare | | 2,578 | |
| Dues and Memberships | | 3,436 | |
| Postal Charges | | 167 | |
| Printing, Stationery, and Forms | | 62 | |
| Travel | | 983 | |
| Other Contracted Services | | 35,986 | |
| Office Supplies | | 3,612 | |
| Other Charges | | 4,900 | |
| Building Improvements | | 3,497 | |
| Communication Equipment | | 429 | |
| Office Equipment | | 1,801 | |
| Total Administration | | | \$ 306,177 |

Highway and Bridge Maintenance

| | | |
|--------------------------------|----|---------|
| Foremen | \$ | 68,258 |
| Equipment Operators | | 121,570 |
| Truck Drivers | | 173,277 |
| Laborers | | 298,485 |
| Social Security | | 39,512 |
| State Retirement | | 89,767 |
| Life Insurance | | 427 |
| Medical Insurance | | 223,117 |
| Dental Insurance | | 6,116 |
| Unemployment Compensation | | 2,952 |
| Employer Medicare | | 9,241 |
| Rentals | | 1,406 |
| Other Contracted Services | | 6,787 |
| Asphalt - Hot Mix | | 627,790 |
| Asphalt - Liquid | | 9,204 |
| Crushed Stone | | 66,724 |
| General Construction Materials | | 1,548 |
| Other Road Supplies | | 8,806 |
| Pipe | | 17,633 |
| Road Signs | | 6,291 |
| Salt | | 8,685 |

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

| | | | |
|--------------------------------------|----|--------|--------------|
| Uniforms | \$ | 30,607 | |
| Wood Products | | 450 | |
| Other Supplies and Materials | | 292 | |
| Total Highway and Bridge Maintenance | | | \$ 1,818,945 |

Operation and Maintenance of Equipment

| | | | |
|--|----|---------|---------|
| Mechanic(s) | \$ | 69,459 | |
| Social Security | | 4,265 | |
| State Retirement | | 9,858 | |
| Life Insurance | | 108 | |
| Medical Insurance | | 23,001 | |
| Dental Insurance | | 706 | |
| Unemployment Compensation | | 270 | |
| Employer Medicare | | 997 | |
| Freight Expenses | | 1,760 | |
| Maintenance and Repair Services - Equipment | | 21,533 | |
| Tow-in Services | | 60 | |
| Other Contracted Services | | 2,776 | |
| Diesel Fuel | | 139,683 | |
| Equipment and Machinery Parts | | 134,944 | |
| Garage Supplies | | 8,778 | |
| Gasoline | | 230,062 | |
| Lubricants | | 6,611 | |
| Small Tools | | 2,348 | |
| Tires and Tubes | | 27,602 | |
| Other Supplies and Materials | | 7,093 | |
| Total Operation and Maintenance of Equipment | | | 691,914 |

Other Charges

| | | | |
|------------------------------------|----|--------|--------|
| Communication | \$ | 7,305 | |
| Electricity | | 11,060 | |
| Natural Gas | | 3,188 | |
| Water and Sewer | | 1,949 | |
| Judgments | | 2,649 | |
| Premiums on Corporate Surety Bonds | | 197 | |
| Trustee's Commission | | 43,939 | |
| Vehicle and Equipment Insurance | | 18,216 | |
| Other Charges | | 375 | |
| Total Other Charges | | | 88,878 |

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

| | | |
|---------------------------------|----------|-----------|
| Other Fringe Benefits | \$ 1,194 | |
| Workers' Compensation Insurance | 42,098 | |
| Total Employee Benefits | | \$ 43,292 |

Capital Outlay

| | | |
|----------------------|----------|----------------|
| Engineering Services | \$ 4,686 | |
| Highway Equipment | 238,709 | |
| Motor Vehicles | 8,593 | |
| Other Capital Outlay | 124,543 | |
| Total Capital Outlay | | <u>376,531</u> |

Total Highway/Public Works Fund \$ 3,325,737

General Debt Service Fund

Principal on Debt

General Government

| | | |
|--------------------------|------------|------------|
| Principal on Bonds | \$ 700,000 | |
| Principal on Notes | 82,300 | |
| Total General Government | | \$ 782,300 |

Education

| | | |
|--------------------------|-----------|-----------|
| Principal on Notes | \$ 76,711 | |
| Principal on Other Loans | 1,137,000 | |
| Total Education | | 1,213,711 |

Interest on Debt

General Government

| | | |
|--------------------------|------------|---------|
| Interest on Bonds | \$ 770,531 | |
| Interest on Notes | 3,125 | |
| Total General Government | | 773,656 |

Education

| | | |
|-------------------------|-----------|--------|
| Interest on Notes | \$ 28,332 | |
| Interest on Other Loans | 25,858 | |
| Total Education | | 54,190 |

Other Debt Service

General Government

| | | |
|--------------------------|-----------|--------|
| Trustee's Commission | \$ 17,920 | |
| Other Debt Service | 150 | |
| Total General Government | | 18,070 |

(Continued)

Exhibit J-7

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

| | | | |
|---|----|---------|---------------|
| <u>General Debt Service Fund (Cont.)</u> | | | |
| <u>Other Debt Service (Cont.)</u> | | | |
| <u>Education</u> | | | |
| Other Debt Service | \$ | 27,428 | |
| Total Education | | | \$ 27,428 |
| Total General Debt Service Fund | | | \$ 2,869,355 |
| <u>General Capital Projects Fund</u> | | | |
| <u>Capital Projects</u> | | | |
| <u>Public Safety Projects</u> | | | |
| Building Construction | \$ | 100,000 | |
| Furniture and Fixtures | | 79,067 | |
| Total Public Safety Projects | | | \$ 179,067 |
| Total General Capital Projects Fund | | | 179,067 |
| Total Governmental Funds - Primary Government | | | \$ 21,237,649 |

Exhibit J-8

Carter County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Carter County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

| | | |
|---|---------------|---------------|
| Teachers | \$ 12,765,829 | |
| Career Ladder Program | 174,000 | |
| Career Ladder Extended Contracts | 124,300 | |
| Homebound Teachers | 45,132 | |
| Educational Assistants | 359,920 | |
| Certified Substitute Teachers | 106,288 | |
| Non-certified Substitute Teachers | 364,261 | |
| Social Security | 830,316 | |
| State Retirement | 1,218,439 | |
| Life Insurance | 8,782 | |
| Medical Insurance | 1,861,469 | |
| Dental Insurance | 85,902 | |
| Unemployment Compensation | 10,107 | |
| Employer Medicare | 197,466 | |
| Other Fringe Benefits | 634,107 | |
| Maintenance and Repair Services - Equipment | 15,735 | |
| Other Contracted Services | 53,669 | |
| Instructional Supplies and Materials | 367,513 | |
| Textbooks | 358,964 | |
| Other Supplies and Materials | 584 | |
| Other Charges | 20,478 | |
| Regular Instruction Equipment | 26,932 | |
| Total Regular Instruction Program | | \$ 19,630,193 |

Alternative Instruction Program

| | | |
|---------------------------------------|-----------|---------|
| Teachers | \$ 89,748 | |
| Career Ladder Program | 1,000 | |
| Social Security | 5,480 | |
| State Retirement | 8,213 | |
| Life Insurance | 50 | |
| Medical Insurance | 11,254 | |
| Dental Insurance | 497 | |
| Unemployment Compensation | 38 | |
| Employer Medicare | 1,282 | |
| Other Supplies and Materials | 1,131 | |
| Total Alternative Instruction Program | | 118,693 |

Special Education Program

| | | |
|----------|--------------|--|
| Teachers | \$ 1,689,798 | |
|----------|--------------|--|

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

| | | | |
|---|----|---------|--------------|
| Career Ladder Program | \$ | 21,000 | |
| Homebound Teachers | | 43,589 | |
| Educational Assistants | | 254,081 | |
| Speech Pathologist | | 130,169 | |
| Social Security | | 129,651 | |
| State Retirement | | 206,325 | |
| Life Insurance | | 1,742 | |
| Medical Insurance | | 423,272 | |
| Dental Insurance | | 16,950 | |
| Unemployment Compensation | | 1,365 | |
| Employer Medicare | | 30,336 | |
| Maintenance and Repair Services - Equipment | | 1,000 | |
| Other Contracted Services | | 40,179 | |
| Instructional Supplies and Materials | | 6,030 | |
| Other Supplies and Materials | | 8,393 | |
| Other Charges | | 2,672 | |
| Special Education Equipment | | 9,252 | |
| Total Special Education Program | | | \$ 3,015,804 |

Vocational Education Program

| | | | |
|---|----|-----------|-----------|
| Teachers | \$ | 1,037,334 | |
| Career Ladder Program | | 8,000 | |
| Career Ladder Extended Contracts | | 2,200 | |
| Homebound Teachers | | 552 | |
| Educational Assistants | | 21,359 | |
| Social Security | | 65,740 | |
| State Retirement | | 97,426 | |
| Life Insurance | | 713 | |
| Medical Insurance | | 164,148 | |
| Dental Insurance | | 7,107 | |
| Unemployment Compensation | | 743 | |
| Employer Medicare | | 15,374 | |
| Maintenance and Repair Services - Equipment | | 2,955 | |
| Instructional Supplies and Materials | | 60,478 | |
| Textbooks | | 9,233 | |
| Other Supplies and Materials | | 4,479 | |
| Vocational Instruction Equipment | | 42,789 | |
| Total Vocational Education Program | | | 1,540,630 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

| | | | |
|--------------------------------------|----|--------|-----------|
| Teachers | \$ | 11,331 | |
| Social Security | | 703 | |
| State Retirement | | 75 | |
| Unemployment Compensation | | 25 | |
| Employer Medicare | | 164 | |
| Instructional Supplies and Materials | | 16,643 | |
| Other Supplies and Materials | | 5,638 | |
| Other Charges | | 750 | |
| Total Adult Education Program | | | \$ 35,329 |

Support Services

Health Services

| | | | |
|------------------------------|----|---------|---------|
| Medical Personnel | \$ | 248,541 | |
| Social Security | | 15,348 | |
| State Retirement | | 33,161 | |
| Life Insurance | | 272 | |
| Medical Insurance | | 62,457 | |
| Dental Insurance | | 2,758 | |
| Unemployment Compensation | | 218 | |
| Employer Medicare | | 3,590 | |
| Travel | | 8,380 | |
| Drugs and Medical Supplies | | 18,981 | |
| Other Supplies and Materials | | 5,509 | |
| Other Charges | | 2,911 | |
| Total Health Services | | | 402,126 |

Other Student Support

| | | | |
|----------------------------------|----|---------|--|
| Career Ladder Program | \$ | 4,000 | |
| Guidance Personnel | | 535,492 | |
| Career Ladder Extended Contracts | | 1,100 | |
| Attendants | | 22,700 | |
| Other Salaries and Wages | | 5,000 | |
| Social Security | | 33,824 | |
| State Retirement | | 49,473 | |
| Life Insurance | | 318 | |
| Medical Insurance | | 82,519 | |
| Dental Insurance | | 3,206 | |
| Unemployment Compensation | | 323 | |
| Employer Medicare | | 7,953 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

| | | |
|-----------------------------|-----------|------------|
| Evaluation and Testing | \$ 42,572 | |
| Total Other Student Support | | \$ 788,480 |

Regular Instruction Program

| | | |
|---|------------|-----------|
| Supervisor/Director | \$ 319,991 | |
| Career Ladder Program | 16,000 | |
| Career Ladder Extended Contracts | 3,300 | |
| Librarians | 537,583 | |
| Other Salaries and Wages | 82,404 | |
| In-Service Training | 1,300 | |
| Social Security | 60,042 | |
| State Retirement | 91,119 | |
| Life Insurance | 505 | |
| Medical Insurance | 122,953 | |
| Dental Insurance | 4,976 | |
| Unemployment Compensation | 399 | |
| Employer Medicare | 14,043 | |
| Maintenance and Repair Services - Equipment | 122,375 | |
| Travel | 21,781 | |
| Penalties | 1,024 | |
| Other Contracted Services | 259,112 | |
| Library Books/Media | 81,002 | |
| Office Supplies | 2,274 | |
| Other Supplies and Materials | 30,638 | |
| In Service/Staff Development | 68,512 | |
| Other Charges | 22,193 | |
| Total Regular Instruction Program | | 1,863,526 |

Alternative Instruction Program

| | |
|---------------------------|-----------|
| Supervisor/Director | \$ 50,154 |
| Career Ladder Program | 1,000 |
| Secretary(ies) | 12,547 |
| Other Salaries and Wages | 21,091 |
| Social Security | 5,257 |
| State Retirement | 5,831 |
| Life Insurance | 43 |
| Medical Insurance | 11,254 |
| Dental Insurance | 497 |
| Unemployment Compensation | 85 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

| | | | |
|---------------------------------------|----|-------|------------|
| Employer Medicare | \$ | 1,230 | |
| Other Contracted Services | | 722 | |
| Total Alternative Instruction Program | | | \$ 109,711 |

Special Education Program

| | | | |
|---|----|--------|---------|
| Supervisor/Director | \$ | 68,418 | |
| Career Ladder Program | | 4,000 | |
| Psychological Personnel | | 37,537 | |
| Career Ladder Extended Contracts | | 2,200 | |
| Assessment Personnel | | 42,865 | |
| Clerical Personnel | | 27,309 | |
| Social Security | | 11,283 | |
| State Retirement | | 17,929 | |
| Life Insurance | | 100 | |
| Medical Insurance | | 24,013 | |
| Dental Insurance | | 982 | |
| Unemployment Compensation | | 78 | |
| Employer Medicare | | 2,639 | |
| Maintenance and Repair Services - Equipment | | 1,986 | |
| Travel | | 30,172 | |
| Other Contracted Services | | 8,516 | |
| Other Supplies and Materials | | 9,783 | |
| In Service/Staff Development | | 18,653 | |
| Other Charges | | 45,592 | |
| Other Equipment | | 2,634 | |
| Total Special Education Program | | | 356,689 |

Vocational Education Program

| | | |
|---|----|--------|
| Supervisor/Director | \$ | 60,841 |
| Career Ladder Program | | 1,000 |
| Secretary(ies) | | 26,885 |
| Social Security | | 5,579 |
| State Retirement | | 9,748 |
| Life Insurance | | 50 |
| Medical Insurance | | 13,108 |
| Dental Insurance | | 497 |
| Unemployment Compensation | | 42 |
| Employer Medicare | | 1,305 |
| Maintenance and Repair Services - Equipment | | 1,200 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

| | | | |
|------------------------------------|----|--------|------------|
| Travel | \$ | 12,330 | |
| Other Supplies and Materials | | 7,120 | |
| In Service/Staff Development | | 2,571 | |
| Other Charges | | 20,284 | |
| Total Vocational Education Program | | | \$ 162,560 |

Adult Programs

| | | | |
|---------------------------|----|--------|--------|
| Supervisor/Director | \$ | 30,453 | |
| Other Salaries and Wages | | 42,417 | |
| Social Security | | 2,620 | |
| State Retirement | | 6,057 | |
| Life Insurance | | 50 | |
| Medical Insurance | | 11,254 | |
| Dental Insurance | | 497 | |
| Unemployment Compensation | | 38 | |
| Employer Medicare | | 613 | |
| Travel | | 2,714 | |
| Total Adult Programs | | | 96,713 |

Other Programs

| | | | |
|----------------------------|----|---------|---------|
| On-Behalf Payments to OPEB | \$ | 411,867 | |
| Total Other Programs | | | 411,867 |

Board of Education

| | | | |
|---|----|---------|---------|
| Board and Committee Members Fees | \$ | 9,900 | |
| Social Security | | 465 | |
| State Retirement | | 557 | |
| Employer Medicare | | 144 | |
| Audit Services | | 45,950 | |
| Dues and Memberships | | 12,128 | |
| Legal Services | | 7,578 | |
| Legal Notices, Recording, and Court Costs | | 110 | |
| Travel | | 14,620 | |
| Liability Insurance | | 220,481 | |
| Trustee's Commission | | 236,702 | |
| Workers' Compensation Insurance | | 123,921 | |
| In Service/Staff Development | | 3,599 | |
| Other Charges | | 3,905 | |
| Total Board of Education | | | 680,060 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

| | | | |
|---|----|---------|------------|
| County Official/Administrative Officer | \$ | 94,733 | |
| Secretary(ies) | | 99,883 | |
| Clerical Personnel | | 36,691 | |
| Social Security | | 13,738 | |
| State Retirement | | 28,076 | |
| Life Insurance | | 151 | |
| Medical Insurance | | 33,761 | |
| Dental Insurance | | 1,491 | |
| Unemployment Compensation | | 113 | |
| Employer Medicare | | 3,213 | |
| Communication | | 112,194 | |
| Dues and Memberships | | 2,650 | |
| Maintenance and Repair Services - Equipment | | 1,257 | |
| Postal Charges | | 7,279 | |
| Travel | | 7,527 | |
| Other Contracted Services | | 14,588 | |
| Office Supplies | | 4,903 | |
| Other Supplies and Materials | | 241 | |
| In Service/Staff Development | | 1,784 | |
| Other Charges | | 3,343 | |
| Administration Equipment | | 1,784 | |
| Total Director of Schools | | | \$ 469,400 |

Office of the Principal

| | | |
|----------------------------------|----|---------|
| Principals | \$ | 782,908 |
| Career Ladder Program | | 22,000 |
| Career Ladder Extended Contracts | | 4,400 |
| Assistant Principals | | 151,721 |
| Secretary(ies) | | 212,544 |
| Clerical Personnel | | 66,325 |
| Other Salaries and Wages | | 473,998 |
| Social Security | | 103,245 |
| State Retirement | | 169,675 |
| Life Insurance | | 1,212 |
| Medical Insurance | | 305,505 |
| Dental Insurance | | 11,978 |
| Unemployment Compensation | | 899 |
| Employer Medicare | | 24,147 |
| Other Fringe Benefits | | 469 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

| | | | |
|-------------------------------|----|-------|--------------|
| Other Contracted Services | \$ | 4,786 | |
| Office Supplies | | 1,458 | |
| Total Office of the Principal | | | \$ 2,337,270 |

Fiscal Services

| | | | |
|---------------------------|----|---------|---------|
| Other Contracted Services | \$ | 153,925 | |
| Total Fiscal Services | | | 153,925 |

Operation of Plant

| | | | |
|---------------------------|----|---------|-----------|
| Custodial Personnel | \$ | 786,847 | |
| Social Security | | 47,661 | |
| State Retirement | | 85,747 | |
| Life Insurance | | 962 | |
| Medical Insurance | | 214,785 | |
| Dental Insurance | | 9,337 | |
| Unemployment Compensation | | 1,251 | |
| Employer Medicare | | 11,356 | |
| Rentals | | 20,000 | |
| Disposal Fees | | 12,939 | |
| Other Contracted Services | | 26,347 | |
| Custodial Supplies | | 89,895 | |
| Electricity | | 998,020 | |
| Natural Gas | | 321,578 | |
| Water and Sewer | | 58,361 | |
| Maintenance Equipment | | 4,452 | |
| Total Operation of Plant | | | 2,689,538 |

Maintenance of Plant

| | | | |
|---------------------------|----|---------|--|
| Supervisor/Director | \$ | 42,129 | |
| Secretary(ies) | | 24,929 | |
| Maintenance Personnel | | 265,071 | |
| Social Security | | 20,892 | |
| State Retirement | | 46,814 | |
| Life Insurance | | 302 | |
| Medical Insurance | | 67,522 | |
| Dental Insurance | | 2,982 | |
| Unemployment Compensation | | 248 | |
| Employer Medicare | | 4,885 | |
| Laundry Service | | 12,283 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

| | | | |
|---|----|--------|------------|
| Maintenance and Repair Services - Buildings | \$ | 69,877 | |
| Maintenance and Repair Services - Equipment | | 47,197 | |
| Disposal Fees | | 346 | |
| Other Contracted Services | | 92,125 | |
| General Construction Materials | | 3,387 | |
| Other Supplies and Materials | | 31,184 | |
| Other Charges | | 5,928 | |
| Total Maintenance of Plant | | | \$ 738,101 |

Transportation

| | | | |
|-------------------------------|----|---------|-----------|
| Supervisor/Director | \$ | 42,129 | |
| Mechanic(s) | | 154,450 | |
| Bus Drivers | | 549,014 | |
| Clerical Personnel | | 26,314 | |
| Social Security | | 47,613 | |
| State Retirement | | 103,437 | |
| Life Insurance | | 1,503 | |
| Medical Insurance | | 333,437 | |
| Dental Insurance | | 14,942 | |
| Unemployment Compensation | | 1,275 | |
| Employer Medicare | | 11,162 | |
| Contracts with Parents | | 4,720 | |
| Contracts with Vehicle Owners | | 1,495 | |
| Laundry Service | | 9,119 | |
| Other Contracted Services | | 6,072 | |
| Diesel Fuel | | 230,633 | |
| Garage Supplies | | 256 | |
| Gasoline | | 147,531 | |
| Lubricants | | 1,881 | |
| Tires and Tubes | | 26,525 | |
| Vehicle Parts | | 84,856 | |
| Other Supplies and Materials | | 12,698 | |
| Other Charges | | 20,180 | |
| Transportation Equipment | | 483,526 | |
| Total Transportation | | | 2,314,768 |

Central and Other

| | | | |
|---------------------------|----|---------|--|
| Data Processing Personnel | \$ | 225,045 | |
| Social Security | | 13,605 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

| | | | |
|---|----|--------|------------|
| State Retirement | \$ | 31,778 | |
| Life Insurance | | 126 | |
| Medical Insurance | | 28,134 | |
| Dental Insurance | | 1,242 | |
| Unemployment Compensation | | 101 | |
| Employer Medicare | | 3,182 | |
| Maintenance and Repair Services - Equipment | | 7,793 | |
| Travel | | 12,350 | |
| Data Processing Supplies | | 1,007 | |
| Office Supplies | | 279 | |
| Other Supplies and Materials | | 1,771 | |
| In Service/Staff Development | | 1,650 | |
| Total Central and Other | | | \$ 328,063 |

Operation of Non-Instructional Services

Community Services

| | | | |
|--------------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 49,975 | |
| Part-time Personnel | | 360,847 | |
| Other Salaries and Wages | | 77,194 | |
| Social Security | | 29,920 | |
| State Retirement | | 24,138 | |
| Life Insurance | | 28 | |
| Medical Insurance | | 10,401 | |
| Dental Insurance | | 275 | |
| Unemployment Compensation | | 802 | |
| Employer Medicare | | 6,997 | |
| Travel | | 4,389 | |
| Food Supplies | | 55,916 | |
| Instructional Supplies and Materials | | 2,963 | |
| Other Supplies and Materials | | 2,242 | |
| In Service/Staff Development | | 1,567 | |
| Other Charges | | 49,556 | |
| Total Community Services | | | 677,210 |

Early Childhood Education

| | | |
|------------------------|----|---------|
| Supervisor/Director | \$ | 35,000 |
| Teachers | | 105,852 |
| Clerical Personnel | | 7,569 |
| Educational Assistants | | 37,437 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

| | | | |
|--------------------------------------|----|--------|------------|
| In-Service Training | \$ | 154 | |
| Non-certified Substitute Teachers | | 3,204 | |
| Social Security | | 9,460 | |
| State Retirement | | 16,104 | |
| Life Insurance | | 176 | |
| Medical Insurance | | 33,761 | |
| Dental Insurance | | 1,740 | |
| Unemployment Compensation | | 151 | |
| Employer Medicare | | 2,720 | |
| Communication | | 2,280 | |
| Travel | | 2,096 | |
| Instructional Supplies and Materials | | 34,372 | |
| In Service/Staff Development | | 2,828 | |
| Total Early Childhood Education | | | \$ 294,904 |

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|-----------|-----------|
| Architects | \$ | 50,925 | |
| Building Improvements | | 1,442,980 | |
| Other Capital Outlay | | 85,018 | |
| Total Regular Capital Outlay | | | 1,578,923 |

Principal on Debt

Education

| | | | |
|-----------------------------|----|---------|---------|
| Principal on Capital Leases | \$ | 241,494 | |
| Total Education | | | 241,494 |

Interest on Debt

Education

| | | | |
|----------------------------|----|--------|--------|
| Interest on Capital Leases | \$ | 92,837 | |
| Total Education | | | 92,837 |

Total General Purpose School Fund \$ 41,128,814

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|------------------------|----|---------|--|
| Teachers | \$ | 988,987 | |
| Educational Assistants | | 227,538 | |

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

| | | | |
|--------------------------------------|----|---------|--------------|
| Social Security | \$ | 72,638 | |
| State Retirement | | 91,652 | |
| Life Insurance | | 680 | |
| Medical Insurance | | 588,213 | |
| Dental Insurance | | 6,710 | |
| Unemployment Compensation | | 2,102 | |
| Employer Medicare | | 17,040 | |
| Other Contracted Services | | 735 | |
| Instructional Supplies and Materials | | 54,047 | |
| Other Supplies and Materials | | 212,268 | |
| Other Charges | | 820 | |
| Regular Instruction Equipment | | 1,639 | |
| Total Regular Instruction Program | | | \$ 2,265,069 |

Alternative Instruction Program

| | | | |
|---------------------------------------|----|-------|-------|
| Other Contracted Services | \$ | 7,000 | |
| Total Alternative Instruction Program | | | 7,000 |

Special Education Program

| | | | |
|--------------------------------------|----|---------|-----------|
| Teachers | \$ | 113,191 | |
| Educational Assistants | | 518,094 | |
| Social Security | | 37,957 | |
| State Retirement | | 81,603 | |
| Life Insurance | | 1,203 | |
| Medical Insurance | | 285,515 | |
| Dental Insurance | | 12,052 | |
| Unemployment Compensation | | 1,013 | |
| Employer Medicare | | 8,872 | |
| Other Contracted Services | | 65,394 | |
| Instructional Supplies and Materials | | 12,983 | |
| Other Supplies and Materials | | 8,777 | |
| Special Education Equipment | | 6,620 | |
| Total Special Education Program | | | 1,153,274 |

Vocational Education Program

| | | | |
|--------------------------------------|----|--------|--------|
| Instructional Supplies and Materials | \$ | 6,238 | |
| Vocational Instruction Equipment | | 67,434 | |
| Total Vocational Education Program | | | 73,672 |

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services

Attendance

| | | | |
|--------------------------|----|--------|-----------|
| Other Salaries and Wages | \$ | 24,000 | |
| Social Security | | 1,488 | |
| Employer Medicare | | 348 | |
| Total Attendance | | | \$ 25,836 |

Other Student Support

| | | | |
|------------------------------|----|--------|---------|
| Social Workers | \$ | 22,182 | |
| Bus Drivers | | 1,278 | |
| Other Salaries and Wages | | 82,582 | |
| Social Security | | 4,276 | |
| State Retirement | | 6,242 | |
| Life Insurance | | 25 | |
| Medical Insurance | | 5,627 | |
| Dental Insurance | | 249 | |
| Unemployment Compensation | | 38 | |
| Employer Medicare | | 1,522 | |
| Evaluation and Testing | | 6,945 | |
| Travel | | 21,197 | |
| Other Contracted Services | | 5,681 | |
| Other Supplies and Materials | | 24,185 | |
| In Service/Staff Development | | 244 | |
| Other Charges | | 5,554 | |
| Total Other Student Support | | | 187,827 |

Regular Instruction Program

| | | | |
|---|----|---------|--|
| Supervisor/Director | \$ | 49,475 | |
| Other Salaries and Wages | | 146,560 | |
| In-Service Training | | 12,600 | |
| Social Security | | 12,757 | |
| State Retirement | | 21,280 | |
| Life Insurance | | 108 | |
| Medical Insurance | | 25,173 | |
| Dental Insurance | | 1,093 | |
| Unemployment Compensation | | 128 | |
| Employer Medicare | | 2,983 | |
| Communication | | 406 | |
| Maintenance and Repair Services - Equipment | | 2,721 | |
| Travel | | 37,088 | |
| Other Contracted Services | | 20,800 | |

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

| | | | |
|-----------------------------------|----|--------|------------|
| Other Supplies and Materials | \$ | 20,320 | |
| In Service/Staff Development | | 37,703 | |
| Other Charges | | 200 | |
| Total Regular Instruction Program | | | \$ 391,395 |

Special Education Program

| | | | |
|---------------------------------|----|---------|---------|
| Psychological Personnel | \$ | 18,000 | |
| Secretary(ies) | | 22,527 | |
| Other Salaries and Wages | | 181,829 | |
| Social Security | | 12,571 | |
| State Retirement | | 22,366 | |
| Life Insurance | | 151 | |
| Medical Insurance | | 33,761 | |
| Dental Insurance | | 1,491 | |
| Unemployment Compensation | | 113 | |
| Employer Medicare | | 3,202 | |
| Travel | | 2,873 | |
| Other Supplies and Materials | | 2,080 | |
| In Service/Staff Development | | 3,299 | |
| Total Special Education Program | | | 304,263 |

Vocational Education Program

| | | | |
|------------------------------------|----|-----|-----|
| Travel | \$ | 895 | |
| Total Vocational Education Program | | | 895 |

Office of the Principal

| | | | |
|-------------------------------|----|--------|--------|
| Other Supplies and Materials | \$ | 27,000 | |
| Administration Equipment | | 14,570 | |
| Total Office of the Principal | | | 41,570 |

Transportation

| | | | |
|---------------------------|----|--------|--|
| Bus Drivers | \$ | 22,733 | |
| Other Salaries and Wages | | 32,641 | |
| Social Security | | 3,204 | |
| State Retirement | | 3,246 | |
| Life Insurance | | 50 | |
| Medical Insurance | | 11,254 | |
| Dental Insurance | | 497 | |
| Unemployment Compensation | | 126 | |

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

| | | | |
|---------------------------|----|-------|-----------|
| Employer Medicare | \$ | 798 | |
| Other Contracted Services | | 1,650 | |
| Total Transportation | | | \$ 76,199 |

Central and Other

| | | | |
|---------------------------|----|-------|--------------|
| Part-time Personnel | \$ | 2,888 | |
| Social Security | | 179 | |
| Unemployment Compensation | | 8 | |
| Employer Medicare | | 42 | |
| Total Central and Other | | | <u>3,117</u> |

Total School Federal Projects Fund \$ 4,530,117

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | |
|---|----|-----------|
| Supervisor/Director | \$ | 53,236 |
| Clerical Personnel | | 22,424 |
| Cafeteria Personnel | | 803,352 |
| Other Salaries and Wages | | 30,021 |
| Social Security | | 55,859 |
| State Retirement | | 87,588 |
| Life Insurance | | 1,215 |
| Medical Insurance | | 264,316 |
| Dental Insurance | | 11,922 |
| Unemployment Compensation | | 1,862 |
| Employer Medicare | | 13,105 |
| Other Fringe Benefits | | 27,663 |
| Communication | | 4,647 |
| Dues and Memberships | | 196 |
| Maintenance and Repair Services - Equipment | | 35,889 |
| Travel | | 5,416 |
| Disposal Fees | | 12 |
| Penalties | | 265 |
| Other Contracted Services | | 69,349 |
| Food Preparation Supplies | | 89,359 |
| Food Supplies | | 1,097,221 |
| Office Supplies | | 753 |
| Uniforms | | 5,750 |

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

| | | | |
|------------------------------|----|---------|--------------|
| USDA - Commodities | \$ | 149,234 | |
| Other Supplies and Materials | | 22,139 | |
| In Service/Staff Development | | 7,236 | |
| Other Charges | | 365 | |
| Food Service Equipment | | 37,310 | |
| Total Food Service | | | \$ 2,897,704 |

Total Central Cafeteria Fund \$ 2,897,704

Other Education Special Revenue Fund

Support Services

Operation of Plant

| | | | |
|---------------------------|----|-------|----------|
| Custodial Personnel | \$ | 1,763 | |
| Social Security | | 109 | |
| Unemployment Compensation | | 5 | |
| Employer Medicare | | 26 | |
| Total Operation of Plant | | | \$ 1,903 |

Operation of Non-Instructional Services

Early Childhood Education

| | | | |
|--------------------------------------|----|---------|-----------|
| Supervisor/Director | \$ | 45,633 | |
| Teachers | | 267,692 | |
| Clerical Personnel | | 27,309 | |
| Educational Assistants | | 96,270 | |
| Other Salaries and Wages | | 161,751 | |
| Non-certified Substitute Teachers | | 6,808 | |
| Social Security | | 35,868 | |
| State Retirement | | 62,344 | |
| Life Insurance | | 518 | |
| Medical Insurance | | 125,706 | |
| Dental Insurance | | 5,107 | |
| Unemployment Compensation | | 464 | |
| Employer Medicare | | 8,389 | |
| Operating Lease Payments | | 9,789 | |
| Travel | | 4,482 | |
| Food Supplies | | 89,418 | |
| Instructional Supplies and Materials | | 30,881 | |
| In Service/Staff Development | | 3,930 | |
| Other Charges | | 29,726 | |
| Total Early Childhood Education | | | 1,012,085 |

Total Other Education Special Revenue Fund 1,013,988

Total Governmental Funds - Carter County School Department \$ 49,570,623

Exhibit J-9

Carter County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2012

| | Cities - Sales Tax Fund | City School ADA - Elizabethton Fund | Total |
|--|-------------------------------|---|---------------------|
| <u>Cash Receipts</u> | | | |
| Current Property Taxes | \$ 0 | \$ 2,349,862 | \$ 2,349,862 |
| Trustee's Collections - Prior Years | 0 | 102,557 | 102,557 |
| Trustee's Collections - Bankruptcy | 0 | 52 | 52 |
| Circuit/Clerk and Master Collections - Prior Years | 0 | 24,511 | 24,511 |
| Interest and Penalty | 0 | 28,918 | 28,918 |
| Payments in-Lieu-of Taxes - Local Utilities | 0 | 92,208 | 92,208 |
| Payments in-Lieu-of Taxes - Other | 0 | 572 | 572 |
| Local Option Sales Tax | 4,375,279 | 1,696,998 | 6,072,277 |
| Bank Excise Tax | 0 | 19,792 | 19,792 |
| Interstate Telecommunications Tax | 0 | 970 | 970 |
| Marriage Licenses | 0 | 600 | 600 |
| Mixed Drink Tax | 0 | 1,297 | 1,297 |
| Donations | 0 | 122 | 122 |
| Total Cash Receipts | \$ 4,375,279 | \$ 4,318,459 | \$ 8,693,738 |
| <u>Cash Disbursements</u> | | | |
| Remittance of Revenues Collected | \$ 4,331,526 | \$ 4,273,419 | \$ 8,604,945 |
| Trustee's Commission | 43,753 | 67,903 | 111,656 |
| Total Cash Disbursements | \$ 4,375,279 | \$ 4,341,322 | \$ 8,716,601 |
| Excess of Cash Receipts Over (Under) Cash Disbursements | \$ 0 | \$ (22,863) | \$ (22,863) |
| Cash Balance, July 1, 2011 | 0 | 144,842 | 144,842 |
| Cash Balance, June 30, 2012 | \$ 0 | \$ 121,979 | \$ 121,979 |

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

December 14, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Carter County's basic financial statements and have issued our report thereon dated December 14, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Carter County Emergency Communications District as described in our report on Carter 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

The management of Carter County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Carter County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of Carter County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carter County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 12.04(A,B,D) and 12.08.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.01, 12.05, 12.06, and 12.07.

Compliance and Other Matters

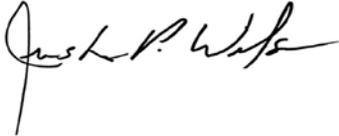
As part of obtaining reasonable assurance about whether Carter County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 12.02, 12.03, and 12.04(C).

We noted certain matters that we reported to management of Carter County in separate communications.

Carter County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Carter County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, finance director, Financial Management Committee, County Commission, Board of Education, others within Carter County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

December 14, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Carter County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Carter County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Carter County's management. Our responsibility is to express an opinion on Carter County's compliance based on our audit.

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 Carter County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Carter County's compliance with those requirements.

In our opinion, Carter County complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

The management of Carter County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Carter County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Carter County's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

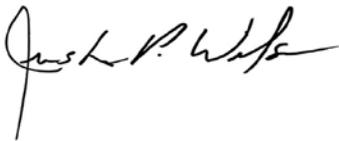
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carter County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Carter County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, finance director, Financial Management Committee, County Commission, Board of Education, others within Carter County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Carter County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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 Carter County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

CARTER COUNTY

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|---------------------------|------------------------|--|
| 11.01 | 177 | Carter County has a material recurring audit finding |

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|---------------------------|------------------------|--|
| 11.05 | 180 | Execution docket trial balances did not reconcile with general ledger accounts |
| 11.07 | 181 | The court software did not have adequate application controls |

Carter County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|--|---------------------------|--|---------------|
| U.S. Department of Agriculture: | | | |
| Direct Program: | | | |
| Schools and Roads - Grants to States | 10.665 | N/A | \$ 147,036 |
| Passed-through State Department of Agriculture: | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 149,234 (3) |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | N/A | 536,493 |
| National School Lunch Program | 10.555 | N/A | 1,526,298 (3) |
| Passed-through State Department of Human Services: | | | |
| Child and Adult Care Food Program | 10.558 | N/A | 145,792 |
| Total U.S. Department of Agriculture | | | \$ 2,504,853 |
| U.S. Department of Housing and Urban Development: | | | |
| Passed-through State Department of Economic and Community Development: | | | |
| Community Development Block Grants/State's Program | 14.228 | GG-09-29607-00 | \$ 39,710 |
| Passed-through Tennessee Housing Development Agency: | | | |
| Home Investment Partnerships Program | 14.239 | HM-10-08 | 406,665 |
| Total U.S. Department of Housing and Urban Development | | | \$ 446,375 |
| U.S. Bureau of Land Management: | | | |
| Direct Program: | | | |
| Payments in-Lieu-of Taxes | 15.226 | N/A | \$ 58,919 |
| Total U.S. Bureau of Land Management | | | \$ 58,919 |
| U.S. Department of Energy: | | | |
| Direct Program: | | | |
| Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act | 81.128 | (2) | \$ 1,000 |
| Total U.S. Department of Energy | | | \$ 1,000 |
| U.S. Department of Education: | | | |
| Direct Program: | | | |
| Funds for the Improvement of Education | 84.215 | U215X090265 | \$ 312,293 |
| Passed-through State Department of Education: | | | |
| Title I Cluster: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | 1,845,847 |
| Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | N/A | 37,836 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 1,428,218 |
| Special Education - Preschool Grants | 84.173 | N/A | 71,143 |
| Special Education - Grants to States, Recovery Act | 84.391 | N/A | 14,452 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 175,821 |
| Twenty-first Century Community Learning Centers | 84.287 | (2) | 276,121 |
| Innovative Education Program Strategies | 84.298 | N/A | 83 |
| Education Technology Cluster: | | | |
| Education Technology State Grants | 84.318 | (2) | 2,623 |
| Education Technology State Grants, Recovery Act | 84.386 | (2) | 2,085 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 256,244 |
| State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act | 84.397 | (4) | 159,131 |
| State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act | 84.395 | N/A | 303,287 |
| Education Jobs Fund | 84.410 | N/A | 421,761 |

(Continued)

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

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|--|---------------------------|--|---------------------|
| U.S. Department of Education (Cont.): | | | |
| Passed-through State Department of Labor and Workforce Development: | | | |
| Adult Education - Basic Grants to States | 84.002 | (2) | \$ 92,081 |
| Total U.S. Department of Education | | | <u>\$ 5,399,026</u> |
| U.S. Election Assistance Administration: | | | |
| Passed-through Tennessee Secretary of State: | | | |
| Help America Vote Act Requirements Payments | 90.401 | N/A | \$ 42,636 |
| Total U.S. Election Assistance Administration | | | <u>\$ 42,636</u> |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Emergency Management Performance Grants | 97.042 | N/A | \$ 39,000 |
| Homeland Security Grant Program | 97.067 | N/A | \$ 5,461 |
| Total U.S. Department of Homeland Security | | | <u>\$ 44,461</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 8,497,270</u> |

| <u>State Grants</u> | | <u>Contract Number</u> | |
|---|-----|----------------------------|---------------------|
| Juvenile Services Program - State Commission on Children and Youth | N/A | (2) | \$ 12,000 |
| State Aid Program - State Department of Transportation | N/A | (2) | 62,144 |
| Litter Program - State Department of Transportation | N/A | (2) | 30,759 |
| Fast Track Infrastructure Development Program - State Department of Economic and Community Development | N/A | (2) | 198,380 |
| Health Department Program - State Department of Health | N/A | (2) | \$ 321,321 |
| Adult Basic Education - State Department of Education | N/A | (5) | 33,397 |
| Lottery for Education Afterschool Programs - State Department of Education | N/A | (2) | 335,249 |
| Early Childhood Education Pilot Project - State Department of Education | N/A | (2) | 366,274 |
| Connect TN - State Department of Education | N/A | (2) | 19,736 |
| Coordinated School Health - State Department of Education | N/A | (2) | 99,691 |
| Family Resource Center - State Department of Education | N/A | (2) | 39,866 |
| Statewide Student Mangement System State Department of Education | N/A | (2) | 14,588 |
| Railroad Authority Grant - State Department of Transportation | N/A | (2) | <u>43,975</u> |
| Total State Grants | | | <u>\$ 1,577,380</u> |

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,675,532.
- (4) Multi-service contract.
- (5) LWAEFLAF11ABE12; LWAEFLAF11SDV12.

CARTER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Carter County is unqualified.
2. The audit of the financial statements of Carter County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Carter County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. A unqualified 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 Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Home Investment Partnerships Program (CFDA No. 14.239); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, and Special Education Grants to States, Recovery Act (CFDA Nos. 84.027, 84.173, and 84.391); the Funds for the Improvement of Education (CFDA No. 84.215); the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Carter 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 written responses of the interim director of schools, director of finance, and circuit court clerk are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.01 **THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT UNASSIGNED FUND BALANCE AT JUNE 30, 2012**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The School Federal Projects Fund had a deficit unassigned fund balance of \$185,752 at June 30, 2012. This deficit resulted from the failure to timely request grant reimbursements on various federal projects. In particular, it was noted that \$118,726 had been expended for the Education Jobs Grant program in the fiscal year ending June 30, 2011; however, the reimbursement was not requested until October 2012.

RECOMMENDATION

Officials should liquidate the deficit unassigned fund balance and should request expenditure reimbursements from grant programs in a timely manner.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE AND INTERIM DIRECTOR OF SCHOOLS

We hereby acknowledge that a deficit fund balance did occur in the 2011-2012 fiscal year. This was the result of a combination of issues. In particular, the Education Jobs Grant reimbursement was not requested in a timely manner during the transition of management. In the future, federal cash reimbursements will be requested once a week to cover the expenditures that occur during that week. This should eliminate any deficits in fund balance.

FINDING 12.02 **AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT**
(Noncompliance Under *Government Auditing Standards*)

The School Department entered into a contract totaling \$618,970 for windows replacement at two of the county high schools; however, the department did not deposit amounts withheld from contractor payments into an escrow account. Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account for all contracts of \$500,000 or more.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE AND INTERIM DIRECTOR OF SCHOOLS

The referenced contract was in reality two separate projects at two different locations. Each of these projects was well below the \$500,000 limit. However, the projects were combined to recognize significant savings provided by the contractor. In the future, all contracts over \$500,000 regardless of the number of projects contained will utilize an escrow account.

FINDING 12.03 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations in the major appropriation categories (the legal level of control) in the following funds:

| <u>Fund/Major Category</u> | <u>Amount Overspent</u> |
|----------------------------------|-----------------------------|
| General Purpose School: | |
| Vocational Education Program | \$ 726 |
| Board of Education | 22,060 |
| Director of Schools | 2,747 |
| Fiscal Services | 925 |
| School Federal Projects: | |
| Central and Other | 3,117 |
| Other Education Special Revenue: | |
| Operation of Plant | 1,903 |

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE AND INTERIM DIRECTOR OF SCHOOLS

We hereby acknowledge the finding. Annually, year-end expenditures have caused line-items to exceed appropriations. Because the County Commission and the School Board meet before the end of the month, there is no opportunity to transfer funds to cover deficiencies that are not predicted. In the future, line-items will be budgeted sufficiently to incorporate needs that could arise during the year-end process.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 12.04 **THE ACCOUNTING RECORDS DID NOT ADEQUATELY REFLECT THE FINANCIAL ACTIVITY OF THE OFFICE**
(A., B., and D. – Internal Control – Material Weakness Under *Government Auditing Standards*; C. – Material Noncompliance Under *Government Auditing Standards*)

The general ledger did not adequately reflect the financial activity of the office for the year ended June 30, 2012. During the year, the clerk's office installed a new software application. Our review of this software application disclosed several internal control weaknesses, which are discussed in Findings 12.05, 12.06, and 12.07. Sound accounting procedures dictate that accounting records should be maintained currently and should accurately reflect the account balances. We noted numerous errors in account balances reflected on the general ledger during the period under audit. These deficiencies were in part attributable to the failure of management to ensure that the software vendor designed the system with proper computer application controls, the failure to accurately post and reconcile items with the general ledger application timely, and the failure to promptly correct any errors discovered. Inaccurate accounting records increase the risk of misappropriation of funds.

- A. The office did not properly reconcile the general ledger with the bank accounts. While monthly bank reconciliations were performed, the balances were not reconciled with general ledger balances. Instead, balances were reconciled with bank statement activity. It was also noted that deposits in transit and outstanding check lists, as generated by the software, were incomplete. At June 30, 2012, the Circuit Court bank account did not reconcile with the general ledger by \$683, and the General Sessions Court bank account did not reconcile with the general ledger by \$13. Sound business practices dictate that bank statements should be reconciled with the general ledger monthly to ensure errors are identified and corrected promptly. The failure to regularly reconcile the general ledger cash accounts increases the risk that errors may occur and not be detected.
- B. The office did not properly reconcile short-term investment account activity with the general ledger. As a result, the general ledger short-term investment accounts reflected on the accounting records were understated in Circuit

Court by \$30,744 on June 30, 2012. Sound business practices dictate that accounting records accurately reflect account and bank statement activity.

- C. The software application could not generate a trial balance of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. At June 30, 2012, the circuit and general sessions courts clerk was able to generate a listing of undisbursed items. However, these listings did not reconcile with Circuit Court and General Sessions Court general ledger accounts by \$90,675 and \$289,116, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *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.

In addition, the undisbursed receipt listings did not give information on case numbers. The information provided on these listings included the receipt number, receipt date, and receipt amount by general ledger account number. Other information provided was to reference the receipt number and/or transaction number; therefore we were not able to verify the information to individual cases. Also, information relating to short-term investment account activity was not reflected on these reports.

- D. While annual financial reports for Circuit Court and General Sessions Court were prepared in compliance with Section 5-8-505, *TCA*, the information on these reports did not accurately reflect the financial operations of the court offices. Commission amounts earned were not reflected on these reports, and total disbursements did not tie to general ledger activity. Commissions earned totaling \$7,830 in Circuit Court and \$45,832 in General Sessions Court were not reflected on the respective financial report. In addition, adjustments to disbursement amounts shown on the financial reports of \$40,085 in Circuit Court and \$4,710 in General Sessions Court were necessary to reconcile with the general ledger/bank activity. These deficiencies are the result of internal control weaknesses noted in the software application system and lack of management oversight.

Due to the numerous errors, management's general lack of oversight, and weaknesses in the software controls, we were unable to satisfy ourselves concerning the propriety of all transactions of the Office of Circuit and General Sessions Courts Clerk. Balances were determined using available documentation and by applying alternative auditing procedures. However, we cannot ascertain the accuracy of these balances.

RECOMMENDATION

The office should ensure that the official bank accounts and short-term investment accounts are reconciled monthly with the general ledger, and any errors that are detected should be corrected promptly. The execution docket trial balances 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 should have appropriate processes in place to ensure that the general ledgers are materially correct. In addition, management should contact their vendor concerning the addition of controls to the software application to ensure these significant deficiencies have been addressed. These controls would help to ensure the reliability and integrity of the information maintained by the system.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- A. During the initial phase of conversion, October 2011, all monies were closely monitored by management and officials. Bank statements were current as of May 2012 and reconciled to the general ledger as well as while conversion was being completed.

The unidentified amounts for Circuit Court of \$4,148 and General Sessions Court of \$1,330 were identified as differences due to conversion. The auditor was contacted and stated the balances must agree and to find the discrepancies and make adjustments accordingly. Adjustments to the general journal were made to ensure this office was in compliance with accounting practices and procedures.

- B. The office used QuickBooks as a method for reporting and reconciling short-term investment accounts until the conversion was complete.
- C. In April 2012, all unclaimed property, as per Section 66-29-110, *Tennessee Code Annotated*, had been submitted to the state Treasurer's Office. Thus, this office complied with the provisions of the Unclaimed Property Act. In addition, short-term investment account information is located on the balance sheet.

AUDITOR'S REBUTTAL

- A. As stated in our finding, the client attempted to perform monthly reconciliations; however, these reconciliations did not actually reconcile with the general ledger balances.
- B. The client did use alternative software to account for short-term investment transactions; however, the balances reflected on the alternative software were not reconciled with the general ledger. If the balances had been reconciled with the general ledger, then the variance of \$30,744 as noted above would have been identified.
- C. Section 18-2-103(b), *Tennessee Code Annotated (TCA)*, states "The report shall include a listing of all cases for which funds are being held, showing the style of each case and the amount held for each case." The computer system in use by the clerk generates a listing of undisbursed items instead of a docket trial balance. This undisbursed listing does not include the information required by Section 18-2-103(b), *TCA*, therefore the listing does not provide the official with adequate information to determine which funds are unclaimed. Additionally, the clerk was not able to determine the status of

all funds, since the listing of the undisbursed items does not reconcile with the general ledger by \$90,675 in Circuit Court and \$289,116 in General Sessions Court. Consequently, we could not determine if all unclaimed funds had been remitted to the state in April 2012. It should be noted that this is a recurring deficiency that has been reported to the Circuit and General Sessions Court's Clerk since the fiscal year ended June 30, 2004.

FINDING 12.05 THE OFFICE SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS

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

The following internal control deficiencies related to the software were identified:

- A. The software did not maintain a cash journal that used double-entry accounting. Instead, an activity report was maintained. Users could add, edit, or delete each line entry in the report without leaving an audit trail. Unexplained skips in receipt and check numbers were noted on these activity reports. Account balances on this report could be altered as well. Also, the software did not require the user to close accounting periods.
- B. Users could alter or delete receipts without leaving an audit trail of the original information. Users could also alter payment information on the cost bill without leaving an audit trail.
- C. Receipts could be backdated. These receipts were not available for posting to the activity report. Because the receipt number of altered receipts is changed to a new number by the application and because duplicate receipt numbers could be assigned, the receipt number sequence displayed on reports was misleading. Therefore, it would be difficult to identify backdated receipts when viewing collection reports.
- D. The application could not generate an execution docket trial balance report. Also, disbursements associated with each case were not identified on the case screens.
- E. Checks are posted to the activity report when selected for printing. Prior to printing, users could alter check information. These alterations were not reflected on the activity report. Also, when a check is voided, the original information is not retained within the application. Duplicate check numbers could be assigned as well.

Sound business practices dictate that proper computer application controls be implemented. Since the vendor did not design the system with proper controls, inappropriate system activity could occur.

RECOMMENDATION

A cash journal that uses double-entry accounting should be maintained. Management should contact their vendor concerning the addition of controls to the application to ensure these significant deficiencies have been addressed. These controls would help to ensure the reliability and integrity of the information maintained by the system.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- A. Corrected. The clerk's office has had double-entry accounting since early 2012. Receipt numbers are tied to each court to strengthen the clerk's office record keeping.
- B. The software vendor has created additional ways to search receipts and eliminate possible problems. One of them is the creation of the audit report, which was made available in early 2012. It is viewed daily and captures any changes made to receipts and cost bills. Any questionable transaction is brought to management's attention for further investigation.

Furthermore, the cost bill has to have the availability to change at the court's discretion. For instance, a judge can increase/decrease fines in certain circumstances, and clerks must have the capability to respond to the changes set forth by the judge.

- C. An audit report is available to capture any changes made to the case information. It is viewed daily, and any changes are brought to management's attention from this report.
- D. Each case has a case money activity log that has a unique ID number, receipt number, date of said transaction, as well as displays all monies collected and disbursed. Other required information is being added routinely.
- E. Corrected. Security features have been implemented by the vendor to ensure no alterations can be made when printing checks. Furthermore, all voided checks and or activity are in the ledger and retained.

AUDITOR'S COMMENTS

The application controls noted in management's response will be evaluated in the next audit cycle to ensure that they correct the weaknesses noted in the current year.

FINDING 12.06 **THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The software application used by the office generated an audit log that displayed changes made by the users. This log provided the only audit trail of these changes and should be

reviewed daily for inappropriate activity. Since management was not aware of its importance, the official had not reviewed the audit logs.

RECOMMENDATION

Management should review the audit log on a routine basis. Documentation of this review process should be maintained. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

The clerk's office has had an audit report available since early 2012. It is used daily and all questionable transactions are brought to the official's attention. The questionable transactions are then reviewed by the official.

AUDITOR'S COMMENTS

The audit log noted in management's response will be evaluated in the next audit cycle to determine if it provides an adequate audit trail and is reviewed by management.

FINDING 12.07 **EMPLOYEES SHARED USERNAMES AND PASSWORDS** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, employees also used a shared username and password when processing transactions. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should be confidential and should not be shared among employees.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Office personnel do not engage in sharing passwords. Everyone knows the importance of that remaining confidential. Furthermore, after receiving security instructions from the state auditor, every clerk locks his/her computer when leaving their station. This ensures more than adequate internal control for security.

Although we realize there are many improvements to be made, we are working hard to make the necessary improvements and have completed the first steps by having the new software system put into place. It is our goal to become stronger in all accounting business

practices. This office knows that with the continued support of the state and auditors, we will reach that goal.

AUDITOR'S REBUTTAL

During the review of the office, the auditor observed multiple employees receipting transactions on a computer at the counter. A shared username and password had been used to log into the machine. Because each employee did not use a unique username and password, transactions could not be identified to the employee that performed them.

CARTER COUNTY

FINDING 12.08 **CARTER COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

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

| <u>Finding Numbers</u> | <u>Description</u> |
|------------------------|--|
| 12.04, 11.05, 10.05 | Execution docket trial balances did not reconcile with general ledger accounts - Office of Circuit and General Sessions Courts Clerk |

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. The Local Government Modernization Act of 2005 in Section 9-3-405, *Tennessee Code Annotated, (TCA)*, encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under *Government Auditing Standards*. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

Carter County established an Audit Committee following the issuance of the audit report for fiscal year end June 30 2010. The Audit Committee provided management with guidance to correct the reported material noncompliance from the previous audits; however, the circuit and general sessions court clerk has not corrected the above-noted deficiency.

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

There were no findings and questioned costs for federal programs.

**CARTER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012**

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current year's Schedule of Findings and Questioned Costs.

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 11.03 and 11.09

The director of finance and the deputy director of finance contacted a local finance department employee to schedule training on the Federal Application Consolidated Tracking System (FACTS) on October 19, 2011. Training for both the director and deputy director of finance was completed on October 27, 2011. We deem that the training received for reporting requirements within the FACTS system was adequate, and that all corrective action plan requirements were completed.