
ANNUAL FINANCIAL REPORT CARROLL COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
CARROLL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

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Audit Highlights

Annual Financial Report
Carroll County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Carroll County as of and for the year ended June 30, 2013.

Results

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

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

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF COUNTY MAYOR

- ◆ Expenditures in the General and General Debt Service funds exceeded appropriations at the major category level of control.

OFFICE OF HIGHWAY COMMISSION

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
- ◆ Expenditures in the Highway/Public Works Fund exceeded appropriations at the major category level of control.
- ◆ The Highway Department did not maintain a system to account for materials used on some types of road projects.

OFFICE OF CLERK AND MASTER

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

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

- ◆ Duties were not segregated adequately.
-

CARROLL COUNTY

- ◆ Carroll County has a material recurring audit finding.
-

BEST PRACTICE

Carroll County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Carroll County.

INTRODUCTORY SECTION

Carroll County Officials
June 30, 2013

Officials

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

Board of County Commissioners

Kenny McBride, County Mayor, Chairman	Jimmy McClure
Bobby Argo	John Mann
Harold Baker	Ronnie Murphy
William Barger	Ronnie Owen
Johnny Blount	Steve Parker
Manuel Crossno	Will Radford
Brian Edwards	Larry Spencer
Richard Goodwin	Ben Surber
Bill Kirk	Gaylon Sydnor
Wayne Kirk	Harold Vinson
Randy Long	Joel Washburn

Highway Commission

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

Board of Education

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

FINANCIAL SECTION



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

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carroll County Board of Public Utilities, a major fund and the entire business-type activities. Also, we did not audit the financial statements of the Carroll County Indigent Care Board (a fiduciary fund), which represent 29 percent, 93 percent, and 21 percent, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it

relates to the amounts included for the Carroll County Board of Public Utilities and Carroll County Indigent Care Board, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Carroll County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Carroll County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of funding progress – pension plan and other postemployment benefits plans on pages 85-87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

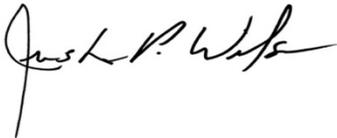
in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, on our consideration of Carroll County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 31, 2013

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Carroll County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government			Component
	Governmental Activities	Business- type Activities	Total	Unit Carroll County School Department
<u>ASSETS</u>				
Cash	\$ 32,897	\$ 2,806,534	\$ 2,839,431	\$ 0
Equity in Pooled Cash and Investments	6,674,005	0	6,674,005	6,249,794
Inventories	0	516,352	516,352	0
Investments	0	5,380,737	5,380,737	0
Accounts Receivable	4,161	3,343,924	3,348,085	72,718
Due from Other Governments	631,062	0	631,062	17,068
Property Taxes Receivable	5,844,246	0	5,844,246	584,424
Allowance for Uncollectible Property Taxes	(204,319)	0	(204,319)	(20,433)
Prepaid Items and Other Current Assets	0	333,107	333,107	0
Other Restricted Assets	0	414,260	414,260	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,747,068	284,070	2,031,138	176,489
Construction in Progress	6,258,634	745,698	7,004,332	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,085,409	0	5,085,409	1,176,460
Infrastructure	6,649,398	0	6,649,398	0
Other Capital Assets	851,191	19,690,774	20,541,965	2,109,248
Total Assets	<u>\$ 33,573,752</u>	<u>\$ 33,515,456</u>	<u>\$ 67,089,208</u>	<u>\$ 10,365,768</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 3,177,802	\$ 3,177,802	\$ 0
Payroll Deductions Payable	47,618	0	47,618	9,505
Accrued Leave	0	1,242,392	1,242,392	0
Contracts Payable	4,966	0	4,966	0
Accrued Interest Payable	60,780	0	60,780	0
Due to State of Tennessee	10,599	0	10,599	0
Other Current Liabilities	0	811,624	811,624	0
Customer Deposits Payable	0	908,203	908,203	0
Current Liabilities Payable from Restricted Assets	0	3,985	3,985	0
Noncurrent Liabilities:				
Due Within One Year	392,807	160,000	552,807	0
Due in More Than One Year (net of unamortized discount on debt)	9,499,347	418,315	9,917,662	57,438
Total Liabilities	<u>\$ 10,016,117</u>	<u>\$ 6,722,321</u>	<u>\$ 16,738,438</u>	<u>\$ 66,943</u>

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Carroll County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,435,744	\$ 0	\$ 5,435,744	\$ 543,574
Total Deferred Inflows on Resources	\$ 5,435,744	\$ 0	\$ 5,435,744	\$ 543,574
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 10,995,700	\$ 20,224,651	\$ 31,220,351	\$ 0
Investment in Capital Assets	0	0	0	3,462,197
Restricted for:				
General Government	90,610	0	90,610	0
Administration of Justice	58,716	0	58,716	0
Public Safety	673,490	0	673,490	0
Public Health and Welfare	162,282	0	162,282	0
Social, Cultural, and Recreational Services	127,745	0	127,745	0
Other Operations	42,000	0	42,000	0
Highway/Public Works	186,159	0	186,159	0
Debt Service	1,013,397	410,275	1,423,672	0
Capital Projects	2,014,744	0	2,014,744	0
Other Purposes	8,206	0	8,206	0
Instruction	0	0	0	10,307
Support Services	0	0	0	19,263
Operation of Non-Instructional	0	0	0	7,061
Unrestricted	2,748,842	6,158,209	8,907,051	6,256,423
Total Net Position	\$ 18,121,891	\$ 26,793,135	\$ 44,915,026	\$ 9,755,251

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

Exhibit B

Carroll County, Tennessee
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position										Component Unit	
	Program Revenues				Capital Grants and Contributions			Primary Government				
	Expenses	Charges for Services	Operating Grants and Contributions	15,164 \$	0 \$	Total Governmental Activities	Business-type Activities	Total	Carroll County School Department			
Primary Government:												
Governmental Activities:												
General Government	\$ 1,027,351	\$ 119,578	\$ 15,164	\$ 0	\$ 0	\$ (892,609)	\$ 0	\$ (892,609)	\$ 0			
Finance	680,780	618,523	0	0	0	(62,257)	0	(62,257)	0			
Administration of Justice	1,045,450	705,311	0	0	0	(340,139)	0	(340,139)	0			
Public Safety	4,641,302	930,585	793,261	0	0	(2,917,456)	0	(2,917,456)	0			
Public Health and Welfare	1,912,424	1,217,054	261,180	0	0	(434,190)	0	(434,190)	0			
Social, Cultural, and Recreational Services	633,095	44,641	61,711	0	0	(526,743)	0	(526,743)	0			
Agriculture and Natural Resources	120,404	0	0	0	0	(120,404)	0	(120,404)	0			
Other Operations	503,113	121,672	7,626	0	0	(373,815)	0	(373,815)	0			
Highways/Public Works	2,959,216	538	1,871,590	203,446	0	(883,642)	0	(883,642)	0			
Interest on Long-term Debt	203,762	0	0	0	0	(203,762)	0	(203,762)	0			
Other Debt Service	20,347	0	0	0	0	(20,347)	0	(20,347)	0			
Total Governmental Activities	\$ 13,747,244	\$ 3,757,902	\$ 3,010,532	\$ 203,446	\$ 0	\$ (6,775,364)	\$ 0	\$ (6,775,364)	\$ 0			
Business-type Activities:												
Public Utility	\$ 38,034,768	\$ 38,618,972	\$ 0	\$ 0	\$ 0	\$ 0	\$ 584,204	\$ 584,204	\$ 0			
Total Business-type Activities	\$ 38,034,768	\$ 38,618,972	\$ 0	\$ 0	\$ 0	\$ 0	\$ 584,204	\$ 584,204	\$ 0			
Total Primary Government	\$ 51,782,012	\$ 42,376,874	\$ 3,010,532	\$ 203,446	\$ 0	\$ (6,775,364)	\$ 584,204	\$ (6,191,160)	\$ 0			
Component Unit:												
Carroll County School Department	\$ 4,110,126	\$ 765,334	\$ 202,277	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,142,515)			
Total Component Unit	\$ 4,110,126	\$ 765,334	\$ 202,277	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,142,515)			

(Continued)

Exhibit B

Carroll County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Carroll County School Department	
				Governmental Activities	Business-type Activities			
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 5,590,911	\$ 0	\$ 5,590,911	\$ 564,195
Property Taxes Levied for Debt Service					11,406	0	11,406	0
Local Option Sales Taxes					184,064	0	184,064	55,773
Wheel Tax					1,290,866	0	1,290,866	0
Litigation Taxes					245,126	0	245,126	0
Business Tax					172,605	0	172,605	0
Wholesale Beer Tax					48,384	0	48,384	0
Other Local Taxes					36,841	0	36,841	59
Grants and Contributions Not Restricted to Specific Programs					338,463	0	338,463	2,731,571
Unrestricted Investment Income					54,370	46,629	100,999	0
Miscellaneous					66,900	0	66,900	8,665
Total General Revenues					\$ 8,039,936	\$ 46,629	\$ 8,086,565	\$ 3,360,263
Transfers					\$ 372,231	\$ (372,231)	\$ 0	\$ 0
Change in Net Position					\$ 1,636,803	\$ 258,602	\$ 1,895,405	\$ 217,748
Net Position, July 1, 2012					16,589,995	26,534,533	43,124,528	9,537,503
Reclassification					(47,636)	0	(47,636)	0
Prior-period Adjustment - Accounting Change - See Note V.B.					(57,271)	0	(57,271)	0
Net Position, June 30, 2013					\$ 18,121,891	\$ 26,793,135	\$ 44,915,026	\$ 9,755,251

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

Exhibit C-1

Carroll County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds		
ASSETS								
Cash	\$ 250	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,147	\$ 32,897
Equity in Pooled Cash and Investments	2,827,102	1,43,186	415,566	1,164,516	2,019,710	0	103,925	6,674,005
Accounts Receivable	1,005	0	0	0	0	0	3,156	4,161
Due from Other Governments	246,078	46,277	338,707	0	0	0	0	631,062
Due from Other Funds	4,002	0	0	0	0	0	0	4,002
Property Taxes Receivable	4,558,512	389,616	350,654	545,464	0	0	0	5,844,246
Allowance for Uncollectible Property Taxes	(159,369)	(13,621)	(12,259)	(19,070)	0	0	0	(204,319)
Total Assets	\$ 7,477,580	\$ 565,958	\$ 1,092,668	\$ 1,690,910	\$ 2,019,710	\$ 0	\$ 139,228	\$ 12,986,054
LIABILITIES								
Payroll Deductions Payable	\$ 45,427	\$ 2,189	\$ 2	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,618
Contracts Payable	0	0	0	0	4,966	0	0	4,966
Due to Other Funds	0	0	0	0	4,002	0	4,002	4,002
Due to State of Tennessee	10,239	360	0	0	0	0	0	10,599
Total Liabilities	\$ 55,666	\$ 2,549	\$ 2	\$ 0	\$ 4,966	\$ 0	\$ 4,002	\$ 67,185
DEFERRED INFLOWS OF RESOURCES								
Deferred Current Property Taxes	\$ 4,239,880	\$ 362,383	\$ 326,145	\$ 507,336	\$ 0	\$ 0	\$ 0	\$ 5,435,744
Deferred Delinquent Property Taxes	147,563	12,663	11,557	17,262	0	0	0	189,045
Other Deferred/Unavailable Revenue	87,316	0	174,602	0	0	0	0	261,918
Total Deferred Inflows of Resources	\$ 4,474,759	\$ 375,046	\$ 512,304	\$ 524,598	\$ 0	\$ 0	\$ 0	\$ 5,886,707
FUND BALANCES								
Restricted:								
Restricted for General Government	\$ 90,610	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,610
Restricted for Administration of Justice	58,716	0	0	0	0	0	0	58,716
Restricted for Public Safety	569,565	0	0	0	0	0	103,925	673,490
Restricted for Public Health and Welfare	132,537	0	0	0	0	0	0	132,537
Restricted for Social, Cultural, and Recreational Services	127,745	0	0	0	0	0	0	127,745
Restricted for Other Operations	42,000	0	0	0	0	0	0	42,000
Restricted for Debt Service	0	0	0	1,056,495	0	0	0	1,056,495
Restricted for Capital Projects	0	0	0	0	2,014,744	0	0	2,014,744
Restricted for Other Purposes	8,206	0	0	0	0	0	0	8,206

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other	Governmental Funds	
\$	0	0	0	0	0	0	31,301	\$ 31,301
	0	188,363	0	0	0	0	0	188,363
	0	0	580,362	0	0	0	0	580,362
	0	0	0	109,817	0	0	0	109,817
	1,917,776	0	0	0	0	0	0	1,917,776
	2,947,155	188,363	580,362	1,166,312	2,014,744	0	135,226	7,032,162
	7,477,580	565,958	1,092,668	1,690,910	2,019,710	0	139,228	12,986,054

FUND BALANCES (CONT.)

Committed:

Committed for Administration of Justice
Committed for Public Health and Welfare
Committed for Highways/Public Works
Committed for Debt Service
Unassigned
Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,032,162
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,747,068	
Add: construction in progress		6,258,634	
Add: buildings and improvements net of accumulated depreciation		5,085,409	
Add: infrastructure net of accumulated depreciation		6,649,398	
Add: other capital assets net of accumulated depreciation		<u>851,191</u>	20,591,700
(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	\$	(195,000)	
Less: other loans payable		(9,401,000)	
Less: accrued interest on notes and other loans		(60,780)	
Less: compensated absences payable		<u>(296,154)</u>	(9,952,934)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>450,963</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>18,121,891</u></u>

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

Exhibit C-3

Carroll County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	
Revenues							
Local Taxes	\$ 5,885,737	\$ 378,003	\$ 844,463	\$ 627,003	\$ 0	\$ 0	\$ 7,735,206
Licenses and Permits	699	75	0	0	0	0	774
Fines, Forfeitures, and Penalties	166,447	0	0	0	0	0	226,639
Charges for Current Services	273,703	1,145,836	65	0	0	60,192	1,539,136
Other Local Revenues	405,786	71,560	7,906	0	0	75	485,327
Fees Received from County Officials	1,023,884	0	0	0	0	0	1,023,884
State of Tennessee	1,680,717	63,206	2,063,234	0	0	0	3,807,157
Federal Government	88,705	0	0	0	0	0	88,705
Other Governments and Citizens Groups	31,656	0	0	0	0	0	31,656
Total Revenues	\$ 9,557,334	\$ 1,658,680	\$ 2,915,668	\$ 627,003	\$ 0	\$ 179,799	\$ 14,938,484
Expenditures							
Current:							
General Government	\$ 1,143,255	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,143,255
Finance	638,842	0	0	0	0	846	639,688
Administration of Justice	872,889	0	0	0	0	106,075	978,964
Public Safety	4,508,929	0	0	0	0	22,655	4,531,584
Public Health and Welfare	283,105	1,566,872	0	0	0	0	1,849,977
Social, Cultural, and Recreational Services	526,661	0	0	0	0	0	526,661
Agriculture and Natural Resources	100,184	0	0	0	0	0	100,184
Other Operations	545,020	0	0	0	0	0	545,020
Highways	0	37,734	2,793,451	0	0	0	2,831,185
Debt Service:							
Principal on Debt	0	13,000	46,000	372,130	0	0	431,130
Interest on Debt	0	338	5,777	199,839	0	0	205,954
Other Debt Service	0	0	0	20,347	0	0	20,347
Capital Projects	0	0	0	0	4,871,927	0	4,871,927
Total Expenditures	\$ 8,618,885	\$ 1,617,944	\$ 2,845,228	\$ 592,316	\$ 4,871,927	\$ 129,576	\$ 18,675,876
Excess (Deficiency) of Revenues Over Expenditures	\$ 938,449	\$ 40,736	\$ 70,440	\$ 34,687	\$ (4,871,927)	\$ 50,223	\$ (3,737,392)
Other Financing Sources (Uses)							
Insurance Recovery	\$ 34,224	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,224
Transfers In	290,341	24,815	22,334	34,741	0	0	372,231
Total Other Financing Sources (Uses)	\$ 324,565	\$ 24,815	\$ 22,334	\$ 34,741	\$ 0	\$ 0	\$ 406,455

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	
Net Change in Fund Balances	\$ 1,263,014	\$ 65,551	\$ 92,774	\$ 69,428	\$ (4,871,927)	\$ 50,223	\$ (3,330,987)
Reclassification	0	0	0	0	0	(47,636)	(47,636)
Fund Balance, July 1, 2012	1,684,141	122,812	487,588	1,096,884	6,886,671	132,639	10,410,735
Fund Balance, June 30, 2013	\$ 2,947,155	\$ 188,363	\$ 580,362	\$ 1,166,312	\$ 2,014,744	\$ 135,226	\$ 7,032,162

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

Exhibit C-4

Carroll County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

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)		\$ (3,330,937)
(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	\$ 5,667,147	
Less: current-year depreciation expense	<u>(1,189,069)</u>	4,478,078
(2) The net effect of various miscellaneous transactions involving capital assets (sales and disposals) is to decrease net position.		
Less: loss on disposal of capital assets		(710)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 450,963	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(377,631)</u>	73,332
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal payments on notes	\$ 59,000	
Add: principal payments on other loans	<u>372,130</u>	431,130
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 2,192	
Change in compensated absences payable	<u>(16,282)</u>	<u>(14,090)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,636,803</u>

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

Exhibit C-5

Carroll County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,885,737	\$ 0	\$ 0	\$ 5,885,737	\$ 6,103,178	\$ 5,812,837	\$ 72,900
Licenses and Permits	699	0	0	699	1,200	1,200	(501)
Fines, Forfeitures, and Penalties	166,447	0	0	166,447	159,100	159,100	7,347
Charges for Current Services	273,703	0	0	273,703	285,332	285,332	(11,629)
Other Local Revenues	405,786	0	0	405,786	357,200	387,406	18,380
Fees Received from County Officials	1,023,884	0	0	1,023,884	995,000	995,000	28,884
State of Tennessee	1,680,717	0	0	1,680,717	1,867,964	1,881,671	(200,954)
Federal Government	88,705	0	0	88,705	56,186	88,704	1
Other Governments and Citizens Groups	31,656	0	0	31,656	40,000	40,000	(8,344)
Total Revenues	\$ 9,557,334	\$ 0	\$ 0	\$ 9,557,334	\$ 9,865,160	\$ 9,651,250	\$ (93,916)
Expenditures							
General Government							
County Commission	\$ 54,633	\$ 0	\$ 0	\$ 54,633	\$ 70,620	\$ 70,620	\$ 15,987
Board of Equalization	10,105	0	0	10,105	15,300	15,300	5,195
Beer Board	200	0	0	200	500	500	300
Other Boards and Committees	327	0	0	327	1,845	1,845	1,518
County Mayor/Executive	213,325	0	0	213,325	225,531	225,531	12,206
County Attorney	6,437	0	0	6,437	15,000	15,000	8,563
Election Commission	176,841	0	0	176,841	193,098	193,098	16,257
Register of Deeds	179,442	0	0	179,442	184,715	184,715	5,273
County Buildings	501,945	0	42,000	543,945	681,332	722,482	178,537
Finance							
Property Assessor's Office	214,132	0	0	214,132	224,679	224,679	10,547
Reappraisal Program	20,294	0	0	20,294	23,850	23,850	3,556
County Trustee's Office	181,097	0	0	181,097	187,064	187,064	5,967
County Clerk's Office	223,319	0	0	223,319	226,516	229,351	6,032
Administration of Justice							
Circuit Court	357,168	0	0	357,168	382,507	382,507	25,339

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
General Sessions Judge	\$ 130,592	\$ 0	\$ 0	\$ 130,592	\$ 131,549	\$ 131,549	\$ 957
Drug Court	7,134	0	0	7,134	0	8,000	866
Chancery Court	189,830	0	0	189,830	192,580	198,473	8,643
Juvenile Court	176,085	0	0	176,085	179,418	179,418	3,333
Judicial Commissioners	5,171	0	0	5,171	5,286	5,286	115
Victims Assistance Programs	6,909	0	0	6,909	4,500	8,500	1,591
<u>Public Safety</u>							
Sheriff's Department	1,739,682	0	0	1,739,682	1,929,558	1,934,891	195,209
Administration of the Sexual Offender Registry	3,216	0	0	3,216	4,000	4,000	784
Jail	1,595,851	0	0	1,595,851	1,652,480	1,652,480	56,629
Juvenile Services	871,044	0	0	871,044	953,405	953,404	82,360
Fire Prevention and Control	179,720	0	0	179,720	208,458	208,458	28,738
Civil Defense	90,760	0	0	90,760	98,186	98,186	7,426
Disaster Relief	0	0	0	0	0	8,206	8,206
County Coroner/Medical Examiner	28,656	0	0	28,656	28,675	28,675	19
<u>Public Health and Welfare</u>							
Local Health Center	249,933	0	0	249,933	318,708	318,708	68,775
Rabies and Animal Control	19,901	0	0	19,901	20,268	20,268	367
General Welfare Assistance	1,999	0	0	1,999	2,400	2,400	401
Other Local Welfare Services	11,272	0	0	11,272	11,406	11,406	134
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	82,914	0	0	82,914	97,026	97,026	14,112
Libraries	78,246	0	0	78,246	73,000	79,585	1,339
Parks and Fair Boards	120,237	0	0	120,237	128,666	128,666	8,429
Other Social, Cultural, and Recreational	245,264	0	0	245,264	260,000	260,000	14,736
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	58,645	0	0	58,645	55,723	58,723	78
Forest Service	0	0	0	0	2,000	2,000	2,000

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources (Cont.)</u>							
Soil Conservation	\$ 27,008	\$ 0	\$ 0	\$ 27,008	\$ 27,037	\$ 27,037	\$ 29
Flood Control	14,531	0	0	14,531	16,500	16,500	1,969
<u>Other Operations</u>							
Industrial Development	10,000	0	0	10,000	10,000	10,000	0
Other Economic and Community Development	17,000	0	0	17,000	27,000	27,000	10,000
Airport	237,770	(2,421)	42,000	277,349	183,710	256,890	(20,459)
Veterans' Services	13,306	0	0	13,306	30,502	30,502	17,196
Other Charges	261,694	0	0	261,694	226,045	291,752	30,058
Contributions to Other Agencies	5,250	0	0	5,250	5,850	5,850	600
Total Expenditures	\$ 8,618,885	\$ (2,421)	\$ 84,000	\$ 8,700,464	\$ 9,316,493	\$ 9,540,381	\$ 839,917
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 938,449	\$ 2,421	\$ (84,000)	\$ 856,870	\$ 548,667	\$ 110,869	\$ 746,001
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 34,224	\$ 0	\$ 0	\$ 34,224	\$ 0	\$ 34,096	\$ 128
Transfers In	290,341	0	0	290,341	0	290,341	0
Total Other Financing Sources	\$ 324,565	\$ 0	\$ 0	\$ 324,565	\$ 0	\$ 324,437	\$ 128
Net Change in Fund Balance	\$ 1,263,014	\$ 2,421	\$ (84,000)	\$ 1,181,435	\$ 548,667	\$ 435,306	\$ 746,129
Fund Balance, July 1, 2012	1,684,141	(2,421)	0	1,681,720	1,489,550	1,489,550	192,170
Fund Balance, June 30, 2013	\$ 2,947,155	\$ 0	\$ (84,000)	\$ 2,863,155	\$ 2,038,217	\$ 1,924,856	\$ 938,299

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

Exhibit C-6

Carroll County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 378,003	\$ 394,632	\$ 369,817	\$ 8,186
Licenses and Permits	75	0	0	75
Charges for Current Services	1,145,836	1,220,700	1,220,700	(74,864)
Other Local Revenues	71,560	75,050	75,050	(3,490)
State of Tennessee	63,206	74,100	99,100	(35,894)
Total Revenues	<u>\$ 1,658,680</u>	<u>\$ 1,764,482</u>	<u>\$ 1,764,667</u>	<u>\$ (105,987)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,111,881	\$ 1,131,042	\$ 1,131,042	\$ 19,161
Recycling Center	454,991	456,380	485,758	30,767
<u>Highways</u>				
Litter and Trash Collection	37,734	49,100	49,100	11,366
<u>Principal on Debt</u>				
General Government	13,000	13,000	13,000	0
<u>Interest on Debt</u>				
General Government	338	338	338	0
Total Expenditures	<u>\$ 1,617,944</u>	<u>\$ 1,649,860</u>	<u>\$ 1,679,238</u>	<u>\$ 61,294</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 40,736</u>	<u>\$ 114,622</u>	<u>\$ 85,429</u>	<u>\$ (44,693)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 24,815	\$ 0	\$ 24,815	\$ 0
Total Other Financing Sources	<u>\$ 24,815</u>	<u>\$ 0</u>	<u>\$ 24,815</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 65,551	\$ 114,622	\$ 110,244	\$ (44,693)
Fund Balance, July 1, 2012	<u>122,812</u>	<u>88,582</u>	<u>88,582</u>	<u>34,230</u>
Fund Balance, June 30, 2013	<u>\$ 188,363</u>	<u>\$ 203,204</u>	<u>\$ 198,826</u>	<u>\$ (10,463)</u>

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

Exhibit C-7

Carroll County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 844,463	\$ 871,900	\$ 849,066	\$ (4,603)
Charges for Current Services	65	50	50	15
Other Local Revenues	7,906	8,000	8,000	(94)
State of Tennessee	2,063,234	2,036,000	2,036,000	27,234
Federal Government	0	25,000	25,000	(25,000)
Other Governments and Citizens Groups	0	3,000	3,000	(3,000)
Total Revenues	\$ 2,915,668	\$ 2,943,950	\$ 2,921,116	\$ (5,448)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 234,180	\$ 238,138	\$ 238,138	\$ 3,958
Highway and Bridge Maintenance	669,474	767,750	767,750	98,276
Operation and Maintenance of Equipment	418,130	469,400	469,400	51,270
Other Charges	107,805	110,100	110,100	2,295
Employee Benefits	522,408	558,000	558,000	35,592
Capital Outlay	841,454	899,700	899,700	58,246
<u>Principal on Debt</u>				
Highways and Streets	46,000	49,195	49,195	3,195
<u>Interest on Debt</u>				
Highways and Streets	5,777	3,195	3,195	(2,582)
Total Expenditures	\$ 2,845,228	\$ 3,095,478	\$ 3,095,478	\$ 250,250
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 70,440	\$ (151,528)	\$ (174,362)	\$ 244,802
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 22,334	\$ 0	\$ 22,334	\$ 0
Total Other Financing Sources	\$ 22,334	\$ 0	\$ 22,334	\$ 0
Net Change in Fund Balance				
Fund Balance, July 1, 2012	\$ 92,774	\$ (151,528)	\$ (152,028)	\$ 244,802
	487,588	253,148	253,148	234,440
Fund Balance, June 30, 2013	\$ 580,362	\$ 101,620	\$ 101,120	\$ 479,242

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

Exhibit D-1

Carroll County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 2,806,534
Inventories	516,352
Investments	5,380,737
Accounts Receivable	3,343,924
Prepaid Items and Other Current Assets	333,107
Total Current Assets	<u>\$ 12,380,654</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 414,260
Capital Assets:	
Assets Not Depreciated:	
Land	284,070
Construction in Progress	745,698
Assets Net of Accumulated Depreciation:	
Other Capital Assets	19,690,774
Total Noncurrent Assets	<u>\$ 21,134,802</u>
Total Assets	<u>\$ 33,515,456</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 3,177,802
Accrued Leave	1,242,392
Other Current Liabilities	811,624
Current Liabilities Payable from Restricted	
Assets (Includes Current Maturities of Long-term Debt)	163,985
Customer Deposits Payable	908,203
Total Current Liabilities	<u>\$ 6,304,006</u>
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-term	\$ 345,000
Unamortized Discount on Bonds Payable	(9,109)
Other Postemployment Benefits Obligation	82,424
Total Noncurrent Liabilities	<u>\$ 418,315</u>
Total Liabilities	<u>\$ 6,722,321</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 20,224,651
Restricted for Debt Service	410,275
Unrestricted	6,158,209
Total Net Position	<u>\$ 26,793,135</u>

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

Exhibit D-2

Carroll County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities
	<u>Major Fund</u>
	Public Utility
<u>Operating Revenues</u>	
Charges for Sales and Services	\$ 37,815,704
Other Electric Revenue	803,268
Total Operating Revenues	<u>\$ 38,618,972</u>
<u>Operating Expenses</u>	
Cost of Sales and Services	\$ 31,903,637
Operations Expense	2,210,013
Maintenance Expense	1,193,070
Administrative Expense	1,281,349
Depreciation and Amortization	1,043,574
Other Taxes	207,963
Tax Equivalents	160,645
Total Operating Expenses	<u>\$ 38,000,251</u>
Operating Income (Loss)	<u>\$ 618,721</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 46,629
Interest Expense	(29,914)
Amortization of Debt Expense	(4,603)
Total Nonoperating Revenues (Expenses)	<u>\$ 12,112</u>
Income Before Transfers	\$ 630,833
Transfers In (Out)	(372,231)
Change in Net Position	\$ 258,602
Net Position, July 1, 2012	<u>26,534,533</u>
Net Position, June 30, 2013	<u><u>\$ 26,793,135</u></u>

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

Exhibit D-3

Carroll County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 38,024,798
Payments to Employees	(2,926,533)
Payments to Suppliers	(34,210,944)
Customer Deposits Received	305,125
Customer Deposits Refunded	323,945
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,516,391</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,706,243)
Plant Removal Cost	(108,406)
Materials Salvaged from Retirements	138,968
Principal Paid on Bonds	(155,000)
Interest Paid on Bonds	(31,115)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,861,796)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (372,231)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (372,231)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (16,544,897)
Proceeds from Sale of Investments	17,227,428
Interest Earned	46,629
Net Cash Provided By (Used In) Investing Activities	<u>\$ 729,160</u>
Net Increase (Decrease) in Cash	\$ 11,524
Cash, July 1, 2012	<u>2,951,894</u>
Cash, June 30, 2013	<u>\$ 2,963,418</u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 618,721
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation Expense	1,043,574
(Increase) Decrease in Accounts Receivable	65,316

(Continued)

Exhibit D-3

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

	Business-type Activities
	<u>Major Fund</u>
	Public Utility
	<u> </u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities (Cont.)</u>	
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities (Cont.):	
(Increase) Decrease in Materials and Supplies	\$ (8,374)
(Increase) Decrease in Prepayments and Other Current Assets	(240,303)
(Increase) Decrease in Customer Deposits	(18,820)
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>56,277</u>
Net Cash Provided By Operating Activities	<u>\$ 1,516,391</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 2,806,534
Add: Restricted Cash Included as a Part of Other Restricted Assets	<u>156,884</u>
Cash, June 30, 2013	<u>\$ 2,963,418</u>

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

Exhibit E-1

Carroll County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Other Trust Funds</u>		<u>Total Other Trust Funds</u>	<u>Agency Funds</u>
	<u>Endowment Principal</u>	<u>Indigent Care Trust</u>		
<u>ASSETS</u>				
Cash	\$ 0	\$ 151,174	\$ 151,174	\$ 1,355,874
Equity in Pooled Cash and Investments	89,043	0	89,043	357,125
Investments	0	3,050,938	3,050,938	0
Due from Other Governments	0	0	0	832,593
Taxes Receivable	0	0	0	5,477,593
Allowance for Uncollectible Taxes	0	0	0	(191,178)
Prepaid Items	0	454	454	0
Accrued Interest Receivable	51	11,238	11,289	0
Total Assets	<u>\$ 89,094</u>	<u>\$ 3,213,804</u>	<u>\$ 3,302,898</u>	<u>\$ 7,832,007</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 26,068	\$ 26,068	\$ 0
Due to Other Taxing Units	0	0	0	6,416,418
Due to Litigants, Heirs, and Others	0	0	0	1,415,589
Total Liabilities	<u>\$ 0</u>	<u>\$ 26,068</u>	<u>\$ 26,068</u>	<u>\$ 7,832,007</u>
<u>NET POSITION</u>				
Held in Trust for Underprivileged Children	\$ 89,094	\$ 0	\$ 89,094	
Held in Trust for Indigent Care	0	3,187,736	3,187,736	
Total Net Position	<u>\$ 89,094</u>	<u>\$ 3,187,736</u>	<u>\$ 3,276,830</u>	

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

Exhibit E-2

Carroll County, Tennessee
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	<u>Other Trust Funds</u>		<u>Total</u>
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Trust</u>
			<u>Funds</u>
<u>ADDITIONS</u>			
Investment Income:			
Interest	\$ 573	\$ 138,491	\$ 139,064
Net Increase (Decrease) in Fair Value of Investments	0	(91,956)	(91,956)
Net Investment Income	<u>\$ 573</u>	<u>\$ 46,535</u>	<u>\$ 47,108</u>
Total Additions	<u>\$ 573</u>	<u>\$ 46,535</u>	<u>\$ 47,108</u>
<u>DEDUCTIONS</u>			
Donations	\$ 1,501	\$ 0	\$ 1,501
Payments for Indigent Care	0	109,415	109,415
Safekeeping Fees and Service Charges	0	125	125
Audit Fees	0	2,550	2,550
Insurance	0	363	363
Total Deductions	<u>\$ 1,501</u>	<u>\$ 112,453</u>	<u>\$ 113,954</u>
Change in Net Position	\$ (928)	\$ (65,918)	\$ (66,846)
Net Position, July 1, 2012	<u>90,022</u>	<u>3,253,654</u>	<u>3,343,676</u>
Net Position, June 30, 2013	<u>\$ 89,094</u>	<u>\$ 3,187,736</u>	<u>\$ 3,276,830</u>

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

CARROLL COUNTY, TENNESSEE
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CARROLL COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Carroll County School Department operates the Carroll County Vocational Center, the Carroll County Special Learning Center, and three adult and community education programs in the county. The School Department also operates the transportation program for all students in the county including students attending the special school districts. The School Department's board is elected by the voters of Carroll County. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Carroll County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Carroll County, and the Carroll County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Carroll County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion this omission is not material to the component units' opinion unit.

The Carroll County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Carroll County Emergency Communications district were not available in time for inclusion, as previously mentioned. Complete financial statements of the Carroll County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Carroll County issues all debt for the discretely presented Carroll County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Carroll County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Carroll County reports only one proprietary fund, a major enterprise fund.

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

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

on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Carroll County reports the following major governmental funds:

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

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

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

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

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

Carroll County reports the following major proprietary fund:

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

Additionally, Carroll County reports the following fund types:

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

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities and special school districts in the county, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

School Transportation Fund – This special revenue fund is used to account for transportation of all students in the county school system and the special school districts. Local taxes are the foundational revenues of this fund.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies;

deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

2. Receivables and Payables

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

Property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.84 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the

period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5 - 15
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

4. Deferred Outflows/Inflows of Resources

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

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

5. Compensated Absences

The policy of Carroll County (with the exception of the Carroll County Board of Public Utilities) provides for employees to accumulate a limited amount of earned but unused vacation and sick leave benefits. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. Accumulated vacation benefits will be paid to employees upon separation from county service. All vacation leave is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The general policy of the discretely presented Carroll County School Department permits the unlimited accumulation of unused sick leave days for all professional personnel (teachers) and the limited

accumulation of sick leave days for noncertified employees. The granting of sick leave has no guaranteed payment attached, and therefore, requires no accrual or recording.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net position and may be displayed in the following components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- c. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- d. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has authorized the county's Budget Committee to make assignments for the general

government. The Board of Education makes assignments for the School Department.

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

8. Prior-period Adjustment

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$57,271 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Carroll County School Department

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

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

Primary Government

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

Discretely Presented Carroll County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2013, the Carroll County School Department reported the following significant encumbrances:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	Buses	\$ 517,500

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General, Highway/Public Works, and General Debt Service funds:

Fund/Major Appropriation Category	Amount Overspent
General:	
Airport	\$ 20,459
Highway/Public Works:	
Interest on Debt - Highways and Streets	2,582
General Debt Service:	
Other Debt Service - General Government	4,231

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

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The

amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

The county (excluding the Carroll County Indigent Care Board, fiduciary fund, which is discussed in Note VII.B.1., and the Carroll County Board of Public Utilities, enterprise fund, which is discussed in Note VI.C.1.) had no pooled and nonpooled investments as of June 30, 2013.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,747,068	\$ 0	\$ 0	\$ 1,747,068
Construction in Progress	1,402,068	5,044,869	188,303	6,258,634
Total Capital Assets Not Depreciated	<u>\$ 3,149,136</u>	<u>\$ 5,044,869</u>	<u>\$ 188,303</u>	<u>\$ 8,005,702</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,495,952	\$ 339,110	\$ 0	\$ 9,835,062
Infrastructure	14,031,531	306,500	0	14,338,031
Other Capital Assets	6,706,429	164,971	52,518	6,818,882
Total Capital Assets Depreciated	<u>\$ 30,233,912</u>	<u>\$ 810,581</u>	<u>\$ 52,518</u>	<u>\$ 30,991,975</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,449,863	\$ 299,790	\$ 0	\$ 4,749,653
Infrastructure	7,175,482	513,151	0	7,688,633
Other Capital Assets	5,643,371	376,128	51,808	5,967,691
Total Accumulated Depreciation	<u>\$ 17,268,716</u>	<u>\$ 1,189,069</u>	<u>\$ 51,808</u>	<u>\$ 18,405,977</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,965,196</u>	<u>\$ (378,488)</u>	<u>\$ 710</u>	<u>\$ 12,585,998</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,114,332</u>	<u>\$ 4,666,381</u>	<u>\$ 189,013</u>	<u>\$ 20,591,700</u>

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

Governmental Activities:

General Government	\$ 12,815
Finance	9,314
Administration of Justice	56,878
Public Safety	296,612
Public Health and Welfare	91,601
Social, Cultural, and Recreational Services	40,659
Agriculture and Natural Resources	5,197
Other Operations	236,708
Highway/Public Works	<u>439,285</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,189,069</u></u>

Discretely Presented Carroll County School Department

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Not Depreciated:			
Land	\$ 176,489	\$ 0	\$ 176,489
Total Capital Assets Not Depreciated	<u>\$ 176,489</u>	<u>\$ 0</u>	<u>\$ 176,489</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,931,744	\$ 5,299	\$ 2,937,043
Other Capital Assets	3,813,034	490,897	4,303,931
Total Capital Assets Depreciated	<u>\$ 6,744,778</u>	<u>\$ 496,196</u>	<u>\$ 7,240,974</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,649,028	\$ 111,555	\$ 1,760,583
Other Capital Assets	1,903,289	291,394	2,194,683
Total Accumulated Depreciation	<u>\$ 3,552,317</u>	<u>\$ 402,949</u>	<u>\$ 3,955,266</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,192,461</u>	<u>\$ 93,247</u>	<u>\$ 3,285,708</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 3,368,950</u></u>	<u><u>\$ 93,247</u></u>	<u><u>\$ 3,462,197</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2013.

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

Governmental Activities:

Instruction	\$ 100,852
Support Services	298,630
Capital Outlay	<u>3,467</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 402,949</u></u>

C. Construction Commitments

At June 30, 2013, the county had uncompleted construction contracts of \$2,030,799 for jail renovations. Funding for these future expenditures has been received.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 4,002

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Solid Waste/ Sanitation Fund</u>	<u>Highway/ Public Works Fund</u>	<u>General Debt Service Fund</u>
Public Utility	\$ 290,341	\$ 24,815	\$ 22,334	\$ 34,741

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

E. Long-term Obligations

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

General Obligation Bonds, Notes, and Other Loans

Carroll County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to five years for notes and up to 25 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes and other loans included in long-term debt as of June 30, 2013, will be retired from the General Debt Service or Highway/Public Works funds.

Capital outlay notes and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
Capital Outlay Note	2.65	% 12-1-16	\$ 241,000	\$ 195,000
Other Loans	variable - 2.32	3-1-37	10,364,130	9,401,000

During the 2003-04 year, Carroll County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,200,000 to Carroll County for various capital projects. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (letter of credit, debt remarketing, administrative, etc.) in connection with this loan. At June 30, 2013, the variable interest rate was .33 percent based on the LIBOR rate and other fees totaled .73 percent of the outstanding loan principal.

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

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 47,000	\$ 4,545	\$ 51,545
2015	48,000	3,286	51,286
2016	49,000	2,001	51,001
2017	51,000	676	51,676
Total	<u>\$ 195,000</u>	<u>\$ 10,508</u>	<u>\$ 205,508</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 331,000	\$ 188,651	\$ 10,804	\$ 530,455
2015	340,000	182,584	10,213	532,797
2016	348,000	176,368	9,600	533,968
2017	357,000	170,006	8,972	535,978
2018	366,000	163,494	8,322	537,816
2019-2023	1,977,000	714,258	31,098	2,722,356
2024-2028	2,191,000	526,625	11,410	2,729,035
2029-2033	1,849,000	321,134	0	2,170,134
2034-2037	1,642,000	96,349	0	1,738,349
Total	<u>\$ 9,401,000</u>	<u>\$ 2,539,469</u>	<u>\$ 90,419</u>	<u>\$ 12,030,888</u>

There is \$1,166,312 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes and other loans totaled \$336, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligation activity for the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2012	\$ 254,000	\$ 9,773,130
Reductions	<u>(59,000)</u>	<u>(372,130)</u>
Balance, June 30, 2013	<u>\$ 195,000</u>	<u>\$ 9,401,000</u>
Balance Due Within One Year	<u>\$ 47,000</u>	<u>\$ 331,000</u>

	<u>Compensated Absences</u>
Balance, July 1, 2012	\$ 279,872
Additions	251,757
Reductions	<u>(235,475)</u>
Balance, June 30, 2013	<u>\$ 296,154</u>
Balance Due Within One Year	<u>\$ 14,807</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 9,892,154
Less: Balance Due Within One Year	<u>(392,807)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,499,347</u>

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

Discretely Presented Carroll County School Department

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented Carroll County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 47,703
Additions	19,883
Reductions	<u>(10,148)</u>
Balance, June 30, 2013	<u>\$ 57,438</u>
Balance Due Within One Year	<u>\$ 0</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carroll County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$4,169 and \$2,952, 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 (excluding the Carroll County Board of Public Utilities, enterprise fund)

Employee Health Insurance

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

Workers' Compensation Insurance

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

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

Liability, Property, and Casualty Insurance

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

Discretely Presented Carroll County School Department

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

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

B. Accounting Changes

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, the balance of this fund

(\$47,636) was reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Carroll County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66, decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$57,271 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

C. Subsequent Event

On September 30, 2013, Carroll County issued capital outlay notes totaling \$100,000 for road improvements.

D. Contingent Liabilities

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

E. Change in Administration

On December 31, 2012, Charlotte Tucker left the Office of Director of Schools and was succeeded by John McAdams.

F. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law

enforcement agencies within each judicial district. Carroll County made no contributions to the DTF for the year ended June 30, 2013, and does not have any equity interest in this joint venture.

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

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

Administrative Offices:

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

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

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

G. Retirement Commitments

Plan Description

Employees of Carroll County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability

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

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

Funding Policy

County Employees

Carroll County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 7.74 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

County Commissioners

Carroll County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 66.61 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Employees

For the year ended June 30, 2013, Carroll County's annual pension cost of \$487,042 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	\$487,042	100%	\$0
6-30-12	454,235	100	0
6-30-11	448,189	100	0

County Commissioners

For the year ended June 30, 2013, Carroll County's annual pension cost of \$8,626 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total

investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was 18 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$8,626	100%	\$0
6-30-12	7,988	100	0
6-30-11	8,837	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.16 percent funded. The actuarial accrued liability for benefits was \$15.62 million, and the actuarial value of assets was \$15.18 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.44 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.67 million, and the ratio of the UAAL to the covered payroll was 7.82 percent.

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

County Commissioners

As of July 1, 2011, the most recent actuarial valuation date, the plan was 77.23 percent funded. The actuarial accrued liability for benefits was \$.09 million, and the actuarial value of assets was \$.07 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.01 million, and the ratio of the UAAL to the covered payroll was 155.73 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan

assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$79,031, \$79,459, and \$78,208, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2013, the Carroll County School Department contributed \$10,148 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 20,000
Interest on the NOPEBO	1,908
Adjustment to the ARC	<u>(2,025)</u>
Annual OPEB cost	\$ 19,883
Less: Amount of contribution	<u>(10,148)</u>
Increase/decrease in NOPEBO	\$ 9,735
Net OPEB obligation, 7-1-12	<u>47,703</u>
 Net OPEB obligation, 6-30-13	 <u><u>\$ 57,438</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 19,073	62 %	\$ 38,013
6-30-12	"	19,907	51	47,703
6-30-13	"	19,883	51	57,438

Funding Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 149,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 149,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 880,115
UAAL as a % of covered payroll	17%

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

Actuarial Methods and Assumptions

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

In the July 1, 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 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then 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 July 1, 2007.

I. Purchasing Laws

Offices of County Mayor and Highway Commission

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

Office of Director of Schools

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

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

A. Summary of Significant Accounting Policies

1. Reporting Entity

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

and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the municipality” (county); therefore, the Carroll County Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity, and it is considered a proprietary fund of Carroll County, Tennessee. In the governmental fund financial statements, the Board considers receivables collected within 30 days after year-end to be available and recognizes them as revenues of the current year. Program revenues consist of rental income, operating and capital grants and contributions.

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

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

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

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

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

3. Assets, Liabilities, and Equity

Deposits and Investments

The electric system's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Accounts Receivable

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

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

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

Compensated Absences

It is the electric system's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay has been accrued and is reflected as a current liability on the financial statements. All sick leave has been accrued and is reflected as a current liability on the financial statements.

Long-term Obligations

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

Impact of Recently Issued Accounting Pronouncements

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in non-governmental pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The adoption of GASB Statement No. 62 had no impact on the electric system's financial statements.

In June 2011, the GASB issued Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows and inflows of resources, which are distinct from assets and liabilities, and also

renames as net position, rather than net assets, the residual of all other elements presented in a statement of financial position. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. As of June 30, 2013, the electric system had no deferred inflows or outflows for resources to report.

Net Position

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

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

4. Use of Estimates

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

B. Stewardship, Compliance, and Accountability

Budgetary Information

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

C. **Detailed Notes on All Funds**

1. **Deposits and Investments**

Investments consisted entirely of certificates of deposits with a maturity of greater than three months for the fiscal year ended June 30, 2013.

Custodial Credit Risk. The electric system's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VI.A.3. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the electric system's agent in the electric system's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the electric system to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2013, all bank deposits were fully collateralized or insured.

2. **Receivables**

Receivables as of the fiscal year ended June 30, 2013, consisted of the following:

Billed services for utility customers	\$ 3,129,552
Other receivables for utility service	239,372
Allowance for doubtful accounts	<u>(25,000)</u>
 Total	 <u><u>\$ 3,343,924</u></u>

3. **Restricted Assets**

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

June 30, 2013

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

Interest and Sinking Fund \$ 156,884

Certificates of deposit and
savings accounts totaled \$ 257,376

4. Capital Assets

Capital assets activity during the year was as follows:

Capital Assets

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 284,070	\$ 0	\$ 0	\$ 284,070
Construction in Progress	106,809	638,889	0	745,698
Total Capital Assets Not Depreciated	<u>\$ 390,879</u>	<u>\$ 638,889</u>	<u>\$ 0</u>	<u>\$ 1,029,768</u>
Capital Assets Depreciated:				
Other Capital Assets	<u>\$ 36,727,002</u>	<u>\$ 1,195,079</u>	<u>\$ 389,045</u>	<u>\$ 37,533,036</u>
Total Capital Assets Depreciated	<u>\$ 36,727,002</u>	<u>\$ 1,195,079</u>	<u>\$ 389,045</u>	<u>\$ 37,533,036</u>
Less Accumulated Depreciation For:				
Other Capital Assets	<u>\$ 17,029,446</u>	<u>\$ 1,171,299</u>	<u>\$ 358,483</u>	<u>\$ 17,842,262</u>
Total Accumulated Depreciation	<u>\$ 17,029,446</u>	<u>\$ 1,171,299</u>	<u>\$ 358,483</u>	<u>\$ 17,842,262</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,697,556</u>	<u>\$ 23,780</u>	<u>\$ 30,562</u>	<u>\$ 19,690,774</u>
Capital Assets, Net	<u>\$ 20,088,435</u>	<u>\$ 662,669</u>	<u>\$ 30,562</u>	<u>\$ 20,720,542</u>

Depreciation expense totaled \$1,043,574 for the fiscal year ended June 30, 2013.

5. Long-term Debt

Long-term debt consists of the following:

Revenue Bonds:	
Electric Plant Revenue Bonds, Series 2001, 3.2 to 4.75 percent interest due serially through 2016	<u>\$ 505,000</u>
Total Revenue Bonds	<u><u>\$ 505,000</u></u>
Total Current Portion of Revenue Bonds	<u><u>\$ 160,000</u></u>
Total Long-term Portion of Revenue Bonds	<u><u>\$ 345,000</u></u>

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

The following is a summary of long-term debt transactions for the year ended June 30, 2013.

	Balance 7-1-12	Retirements	Balance 6-30-13	Due Within One Year
Revenue Bonds Payable	<u>\$ 660,000</u>	<u>\$ 155,000</u>	<u>\$ 505,000</u>	<u>\$ 160,000</u>

The scheduled annual requirements for long-term debt at June 30, 2013, are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 160,000	\$ 23,908	\$ 183,908
2015	170,000	16,387	186,387
2016	175,000	8,313	183,313
Total	<u><u>\$ 505,000</u></u>	<u><u>\$ 48,608</u></u>	<u><u>\$ 553,608</u></u>

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

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

6. Net Position

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

Invested in capital assets, net of related liabilities:	
Net property, plant, and equipment in services	\$ 20,720,542
Unamortized discount	9,109
Less: debt	<u>(505,000)</u>
Total invested in capital assets, net of related liabilities	<u>\$ 20,224,651</u>
Restricted for debt service:	
Restricted cash and cash equivalents	\$ 156,884
Restricted investments	257,376
Less: accrued interest payable from restricted assets	<u>(3,985)</u>
Total restricted for debt service	<u>\$ 410,275</u>
Unrestricted	<u>\$ 6,158,209</u>
Total Net Position	<u><u>\$ 26,793,135</u></u>

D. Other Information

1. Pension Plan

Effective January 1, 1997, the electric system adopted a profit sharing plan titled the Carroll County Electrical Department Profit Sharing Plan. Participants of the plan must meet the plan's eligibility requirements. Once an employee becomes a participant, the electric system maintains an individual account for each employee. Each plan year, employee accounts will be adjusted to reflect contributions, gains, losses, etc. The percentage of each employee account to which an employee is entitled upon separation from the electric system depends on the plan's vesting schedule. Participants generally will be vested in their individual account after three years of service. All contributions made to the plan on an employee's behalf will be placed in a trust fund established to hold dollars for the benefit of all

participants. Each of the participants' individual accounts will be used to track their share in the total trust fund.

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

For the year ended June 30, 2013, total employer contributions were \$229,143 based on total covered wages of \$2,411,234.

2. Power Contract

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

3. Risk Management

The electric system is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2013, the electric system purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

4. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Components of Net OPEB Obligation

Annual Required Contribution	\$ 22,497
Interest on the Net OPEB Obligation	2,708
Adjustment to the Annual Required Contribution	<u>(2,960)</u>
Annual OPEB Cost (Expense)	\$ 22,245
Less: Contributions and Subsidy	<u>0</u>
Increase/decrease in Net Obligation	\$ 22,245
Net OPEB Obligation, 7-1-12	<u>60,179</u>
 Net OPEB Obligation, 6-30-13	 <u><u>\$ 82,424</u></u>

The electric system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012, and 2011, were as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6-30-11	\$ 22,851	0 %	\$ 37,849
6-30-12	22,330	0	60,179
6-30-13	22,245	0	82,424

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$218,430 and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$218,430. The covered payroll (annual payroll of active employees covered by the plan) was \$2,542,725, and the ratio of the UAAL to the covered payroll was 8.59 percent.

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

Actuarial Methods and Assumptions

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

In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after ten years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2012, was 26 years.

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

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Carroll County Indigent Care Fund was established by a private act on March 21, 1983, to assist the medically indigent in paying for in-patient and out-patient care and ambulance services rendered to

them for not-for-profit hospital and ambulance facilities or entities in such counties. The fund also was empowered to promote health education in the county and acquire or otherwise assist in providing certain types of equipment to aid the medically indigent within the county.

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

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

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

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

The fund is a private-purpose trust fund, which is a fiduciary fund type, and therefore maintains its accounting records on the accrual basis of fund accounting in that all receivables and payables are adjusted at the financial statement date to reflect proper timing of revenues and expenses. Under the accrual basis of accounting, revenues are recorded as earned, and expenses are recorded when incurred.

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

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

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

B. Detailed Notes on Accounts

1. Deposits and Investments

At year-end, the carrying amount of the board's deposits was \$151,174, and the bank balance was the same. The entire balance is either covered by insurance as provided by the FDIC or by securities pledged by the First Tennessee Bank. The bank is a member of the Tennessee State Collateral Pool.

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

The board's policies limit deposits and investments to those instruments allowed by the private act under which it was created. That act states that the board shall invest such funds at the highest and best practical rate of income. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2013, all bank deposits were fully collateralized or insured.

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

The Indigent Care Board invests mainly in securities backed by the United States government. The total book value of these investments as of June 30, 2013, was \$2,974,576, and the total market value was \$3,050,938. As mentioned, these investments are valued at fair value. At June 30, 2013, market values exceeded book value by \$76,362.

Securities at market value consist of:

FHLMC Securities	\$ 1,266,221
FNMA Securities	633,539
GNMA Securities	670,177
Stripped Adjustable Mortgage Securities	53,656
Various Mortgage-Backed Securities	<u>427,345</u>
Total	<u>\$ 3,050,938</u>

2. Equity

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

3. Indigent Accounts

At July 1, 2012, approved indigent care accounts totaling \$2,598,027 were available for payment. During the year, new claims totaling \$359,232 were approved, and \$112,701 was paid during the year, bringing the unpaid balance at June 30, 2013, to \$2,844,558. These claims represent a contingent liability for the board. The amount of approved claims is accrued only if funds are available to pay them. The remaining claims approved will be paid in subsequent periods when funds become available. Net earnings available for payment of indigent accounts, which represent second quarter 2013 earnings, have been accrued as a liability entitled accrued indigent payments of \$26,068 because this amount represents an actual liability as of the end of the year.

C. Other Information

Risk Management

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Carroll County, Tennessee
 Schedule of Funding Progress – Pension Plan
 Primary Government and Discretely Presented Carroll County School Department
 June 30, 2013

(Dollar amounts in thousands)

Plans	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)
County Employees	7-1-11	\$ 15,176	\$ 15,620	444	97.16 %	\$ 5,675	7.82 %
"	7-1-09	12,199	12,392	193	98.44	5,237	3.68
"	7-1-07	11,288	11,529	241	97.91	4,972	4.85
County Commissioners	7-1-11	73	95	22	77.23	14	155.73
"	7-1-09	0	0	0	0	0	0
"	7-1-07	0	0	0	0	0	0

Exhibit F-2

Carroll County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Carroll County Board of Public Utilities Fund and
Discretely Presented Carroll County School Department
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$ 0	\$ 187	\$ 187	0	\$ 733	26 %
"	7-1-10	0	193	193	0	831	23
"	7-1-11	0	149	149	0	880	17
Carroll County Board of Public Utilities Fund	7-1-10	0	231	231	0	2,494	9
"	7-1-11	0	218	218	0	2,409	9
"	7-1-12	0	218	218	0	2,543	9

CARROLL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

District Attorney General Fund – In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

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.

Exhibit G-1

Carroll County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 32,147	\$ 32,147
Equity in Pooled Cash and Investments	103,925	0	103,925
Accounts Receivable	0	3,156	3,156
Total Assets	<u>\$ 103,925</u>	<u>\$ 35,303</u>	<u>\$ 139,228</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 4,002	\$ 4,002
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,002</u>	<u>\$ 4,002</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 103,925	\$ 0	\$ 103,925
Committed:			
Committed for Administration of Justice	0	31,301	31,301
Total Fund Balances	<u>\$ 103,925</u>	<u>\$ 31,301</u>	<u>\$ 135,226</u>
Total Liabilities and Fund Balances	<u>\$ 103,925</u>	<u>\$ 35,303</u>	<u>\$ 139,228</u>

Exhibit G-2

Carroll County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Drug Control	District Attorney	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 60,192	\$ 0	\$ 0	\$ 60,192
Charges for Current Services	0	0	119,532	119,532
Other Local Revenues	75	0	0	75
Total Revenues	<u>\$ 60,267</u>	<u>\$ 0</u>	<u>\$ 119,532</u>	<u>\$ 179,799</u>
<u>Expenditures</u>				
Current:				
Finance	\$ 0	\$ 0	\$ 846	\$ 846
Administration of Justice	0	0	106,075	106,075
Public Safety	22,655	0	0	22,655
Total Expenditures	<u>\$ 22,655</u>	<u>\$ 0</u>	<u>\$ 106,921</u>	<u>\$ 129,576</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 37,612</u>	<u>\$ 0</u>	<u>\$ 12,611</u>	<u>\$ 50,223</u>
Net Change in Fund Balances	\$ 37,612	\$ 0	\$ 12,611	\$ 50,223
Reclassification	0	(47,636)	0	(47,636)
Fund Balance, July 1, 2012	66,313	47,636	18,690	132,639
Fund Balance, June 30, 2013	<u>\$ 103,925</u>	<u>\$ 0</u>	<u>\$ 31,301</u>	<u>\$ 135,226</u>

Exhibit G-3

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 60,192	\$ 16,000	\$ 16,000	\$ 44,192
Other Local Revenues	75	100	100	(25)
Total Revenues	<u>\$ 60,267</u>	<u>\$ 16,100</u>	<u>\$ 16,100</u>	<u>\$ 44,167</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 22,655	\$ 48,505	\$ 48,505	\$ 25,850
Total Expenditures	<u>\$ 22,655</u>	<u>\$ 48,505</u>	<u>\$ 48,505</u>	<u>\$ 25,850</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 37,612</u>	<u>\$ (32,405)</u>	<u>\$ (32,405)</u>	<u>\$ 70,017</u>
Net Change in Fund Balance	\$ 37,612	\$ (32,405)	\$ (32,405)	\$ 70,017
Fund Balance, July 1, 2012	66,313	47,587	47,587	18,726
Fund Balance, June 30, 2013	<u>\$ 103,925</u>	<u>\$ 15,182</u>	<u>\$ 15,182</u>	<u>\$ 88,743</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 627,003	\$ 647,970	\$ 626,970	\$ 33
Total Revenues	\$ 627,003	\$ 647,970	\$ 626,970	\$ 33
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 372,130	\$ 372,130	\$ 372,130	\$ 0
<u>Interest on Debt</u>				
General Government	199,839	242,575	233,959	34,120
<u>Other Debt Service</u>				
General Government	20,347	7,500	16,116	(4,231)
Total Expenditures	\$ 592,316	\$ 622,205	\$ 622,205	\$ 29,889
Excess (Deficiency) of Revenues Over Expenditures	\$ 34,687	\$ 25,765	\$ 4,765	\$ 29,922
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 34,741	\$ 0	\$ 21,000	\$ 13,741
Total Other Financing Sources	\$ 34,741	\$ 0	\$ 21,000	\$ 13,741
Net Change in Fund Balance	\$ 69,428	\$ 25,765	\$ 25,765	\$ 43,663
Fund Balance, July 1, 2012	1,096,884	1,073,013	1,073,013	23,871
Fund Balance, June 30, 2013	\$ 1,166,312	\$ 1,098,778	\$ 1,098,778	\$ 67,534

Fiduciary Funds

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

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

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

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

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

Exhibit I-1

Carroll County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	Agency Funds				Total
	Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	District Attorney General	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 1,355,874	\$ 0	\$ 1,355,874
Equity in Pooled Cash and Investments	0	298,167	0	58,958	357,125
Due from Other Governments	400,284	431,552	0	757	832,593
Taxes Receivable	0	5,477,593	0	0	5,477,593
Allowance for Uncollectible Taxes	0	(191,178)	0	0	(191,178)
Total Assets	<u>\$ 400,284</u>	<u>\$ 6,016,134</u>	<u>\$ 1,355,874</u>	<u>\$ 59,715</u>	<u>\$ 7,832,007</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 400,284	\$ 6,016,134	\$ 0	\$ 0	\$ 6,416,418
Due to Litigants, Heirs, and Others	0	0	1,355,874	59,715	1,415,589
Total Liabilities	<u>\$ 400,284</u>	<u>\$ 6,016,134</u>	<u>\$ 1,355,874</u>	<u>\$ 59,715</u>	<u>\$ 7,832,007</u>

Exhibit I-2

Carroll County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,304,038	\$ 2,304,038	\$ 0
Due from Other Governments	384,029	400,284	384,029	400,284
Total Assets	\$ 384,029	\$ 2,704,322	\$ 2,688,067	\$ 400,284
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 384,029	\$ 2,704,322	\$ 2,688,067	\$ 400,284
Total Liabilities	\$ 384,029	\$ 2,704,322	\$ 2,688,067	\$ 400,284
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 318,736	\$ 7,966,705	\$ 7,987,274	\$ 298,167
Due from Other Governments	406,180	431,552	406,180	431,552
Taxes Receivable	5,418,195	5,477,593	5,418,195	5,477,593
Allowance for Uncollectible Taxes	(243,570)	(191,178)	(243,570)	(191,178)
Total Assets	\$ 5,899,541	\$ 13,684,672	\$ 13,568,079	\$ 6,016,134
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,899,541	\$ 13,684,672	\$ 13,568,079	\$ 6,016,134
Total Liabilities	\$ 5,899,541	\$ 13,684,672	\$ 13,568,079	\$ 6,016,134
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,510,359	\$ 5,960,356	\$ 6,114,841	\$ 1,355,874
Accounts Receivable	55	0	55	0
Total Assets	\$ 1,510,414	\$ 5,960,356	\$ 6,114,896	\$ 1,355,874
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,510,414	\$ 5,960,356	\$ 6,114,896	\$ 1,355,874
Total Liabilities	\$ 1,510,414	\$ 5,960,356	\$ 6,114,896	\$ 1,355,874
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 70,119	\$ 11,161	\$ 58,958
Due from Other Governments	0	757	0	757
Total Assets	\$ 0	\$ 70,876	\$ 11,161	\$ 59,715
<u>Liabilities</u>				
Due to Litigants, Heirs and Others	\$ 0	\$ 70,876	\$ 11,161	\$ 59,715
Total Liabilities	\$ 0	\$ 70,876	\$ 11,161	\$ 59,715

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,510,359	\$ 5,960,356	\$ 6,114,841	\$ 1,355,874
Equity in Pooled Cash and Investments	318,736	10,340,862	10,302,473	357,125
Accounts Receivable	55	0	55	0
Due from Other Governments	790,209	832,593	790,209	832,593
Taxes Receivable	5,418,195	5,477,593	5,418,195	5,477,593
Allowance for Uncollectible Taxes	(243,570)	(191,178)	(243,570)	(191,178)
Total Assets	<u>\$ 7,793,984</u>	<u>\$ 22,420,226</u>	<u>\$ 22,382,203</u>	<u>\$ 7,832,007</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,283,570	\$ 16,388,994	\$ 16,256,146	\$ 6,416,418
Due to Litigants, Heirs, and Others	1,510,414	6,031,232	6,126,057	1,415,589
Total Liabilities	<u>\$ 7,793,984</u>	<u>\$ 22,420,226</u>	<u>\$ 22,382,203</u>	<u>\$ 7,832,007</u>

Carroll County School Department

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

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

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

Exhibit J-1

Carroll County, Tennessee
Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 1,247,569	\$ 709,171	\$ 37,386	\$ (501,012)
Support Services	2,834,726	51,456	154,191	(2,629,079)
Operation of Non-Instructional Services	27,831	4,707	10,700	(12,424)
Total Governmental Activities	\$ 4,110,126	\$ 765,334	\$ 202,277	\$ (3,142,515)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 564,195
Local Option Sales Taxes				55,773
Other Local Taxes				59
Grants and Contributions Not Restricted to Specific Programs				2,731,571
Miscellaneous				8,665
Total General Revenues				\$ 3,360,263
Change in Net Position				\$ 217,748
Net Position, July 1, 2012				9,537,503
Net Position, June 30, 2013				\$ 9,755,251

Exhibit J-2

Carroll County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Carroll County School Department
June 30, 2013

	<u>Major Funds</u>		Total Governmental Funds
	General Purpose School	School Transpor - tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,765,929	\$ 1,483,865	\$ 6,249,794
Accounts Receivable	72,386	332	72,718
Due from Other Governments	17,068	0	17,068
Property Taxes Receivable	0	584,424	584,424
Allowance for Uncollectible Property Taxes	0	(20,433)	(20,433)
Total Assets	\$ 4,855,383	\$ 2,048,188	\$ 6,903,571
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 7,630	\$ 1,875	\$ 9,505
Total Liabilities	\$ 7,630	\$ 1,875	\$ 9,505
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 543,574	\$ 543,574
Deferred Delinquent Property Taxes	0	19,263	19,263
Other Deferred/Unavailable Revenue	5,075	0	5,075
Total Deferred Inflows of Resources	\$ 5,075	\$ 562,837	\$ 567,912
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Instruction	\$ 10,307	\$ 0	\$ 10,307
Restricted for Operation of Non-Instructional Services	7,061	0	7,061
Committed:			
Committed for Support Services	0	1,483,476	1,483,476
Assigned:			
Assigned for Support Services	518,643	0	518,643
Unassigned	4,306,667	0	4,306,667
Total Fund Balances	\$ 4,842,678	\$ 1,483,476	\$ 6,326,154
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,855,383	\$ 2,048,188	\$ 6,903,571

Exhibit J-3

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Carroll County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 6,326,154
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 176,489	
Add: buildings and improvements net of accumulated depreciation	1,176,460	
Add: other capital assets net of accumulated depreciation	<u>2,109,248</u>	3,462,197
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		(57,438)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>24,338</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 9,755,251</u></u>

Exhibit J-4

Carroll County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2013

	Major Funds		Total Governmental Funds
	General Purpose School	School Transpor - tation	
<u>Revenues</u>			
Local Taxes	\$ 56,867	\$ 611,075	\$ 667,942
Licenses and Permits	40	0	40
Charges for Current Services	759,846	0	759,846
Other Local Revenues	14,040	123	14,163
State of Tennessee	2,032,503	777,115	2,809,618
Federal Government	73,635	0	73,635
Total Revenues	<u>\$ 2,936,931</u>	<u>\$ 1,388,313</u>	<u>\$ 4,325,244</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,126,487	\$ 0	\$ 1,126,487
Support Services	1,753,380	1,273,963	3,027,343
Operation of Non-Instructional Services	29,663	0	29,663
Capital Outlay	30,970	0	30,970
Total Expenditures	<u>\$ 2,940,500</u>	<u>\$ 1,273,963</u>	<u>\$ 4,214,463</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,569)</u>	<u>\$ 114,350</u>	<u>\$ 110,781</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 20,825	\$ 0	\$ 20,825
Total Other Financing Sources (Uses)	<u>\$ 20,825</u>	<u>\$ 0</u>	<u>\$ 20,825</u>
Net Change in Fund Balances	\$ 17,256	\$ 114,350	\$ 131,606
Fund Balance, July 1, 2012	<u>4,825,422</u>	<u>1,369,126</u>	<u>6,194,548</u>
Fund Balance, June 30, 2013	<u>\$ 4,842,678</u>	<u>\$ 1,483,476</u>	<u>\$ 6,326,154</u>

Exhibit J-5

Carroll County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 131,606
<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	\$ 496,196	
Less: current-year depreciation expense	<u>(402,949)</u>	93,247
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 24,338	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(21,708)</u>	2,630
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>(9,735)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 217,748</u>

Exhibit J-6

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Carroll County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less:		Add: 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2012	Encumbrances 6/30/2013			Original	Final	
Revenues								
Local Taxes	\$ 56,867	\$ 0	\$ 0	\$ 56,867	\$ 68,050	\$ 68,050	\$ (11,183)	
Licenses and Permits	40	0	0	40	50	50	(10)	
Charges for Current Services	759,846	0	0	759,846	724,000	727,269	32,577	
Other Local Revenues	14,040	0	0	14,040	17,580	17,600	(3,560)	
State of Tennessee	2,032,503	0	0	2,032,503	1,985,853	1,993,154	39,349	
Federal Government	73,635	0	0	73,635	145,151	159,151	(85,516)	
Total Revenues	\$ 2,936,931	\$ 0	\$ 0	\$ 2,936,931	\$ 2,940,684	\$ 2,965,274	\$ (28,343)	
Expenditures								
<u>Instruction</u>								
Regular Instruction Program	\$ 26,148	\$ 0	\$ 0	26,148	26,134	37,435	11,287	
Alternative Instruction Program	70,045	0	0	70,045	73,703	73,703	3,658	
Special Education Program	443,052	0	0	443,052	455,109	455,109	12,057	
Vocational Education Program	573,699	0	0	573,699	589,592	589,592	15,893	
Adult Education Program	13,543	0	0	13,543	38,332	38,332	24,789	
<u>Support Services</u>								
Attendance	22,790	0	0	22,790	24,033	24,033	1,243	
Health Services	128,170	0	0	128,170	128,773	128,773	603	
Other Student Support	60,332	0	0	60,332	115,612	115,612	55,280	
Special Education Program	87,112	0	0	87,112	96,762	96,762	9,650	
Vocational Education Program	37,539	0	0	37,539	55,181	55,181	17,642	
Adult Programs	58,987	0	0	58,987	61,501	61,501	2,514	
Other Programs	7,121	0	0	7,121	0	7,121	0	
Board of Education	160,420	0	0	160,420	180,348	180,348	19,928	
Director of Schools	105,881	0	0	105,881	99,579	106,155	274	
Office of the Principal	78,855	0	0	78,855	99,688	99,688	20,833	
Fiscal Services	125,914	(1,500)	0	124,414	126,008	126,008	1,594	
Operation of Plant	128,834	0	0	128,834	156,576	156,576	27,742	

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 98,905	\$ 0	\$ 0	\$ 98,905	\$ 105,270	\$ 105,270	\$ 6,365
Transportation	558,872	(490,897)	517,500	585,475	630,980	630,980	45,505
Central and Other	93,648	0	1,143	94,791	108,499	108,499	13,708
<u>Operation of Non-Instructional Services</u>							
Food Service	29,663	0	0	29,663	15,930	36,480	6,817
Capital Outlay							
Regular Capital Outlay	30,970	0	0	30,970	300,000	282,123	251,153
Total Expenditures	\$ 2,940,500	\$ (492,397)	\$ 518,643	\$ 2,966,746	\$ 3,487,610	\$ 3,515,281	\$ 548,535
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,569)	\$ 492,397	\$ (518,643)	\$ (29,815)	\$ (546,926)	\$ (550,007)	\$ 520,192
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 20,825	\$ 0	\$ 0	\$ 20,825	\$ 0	\$ 0	\$ 20,825
Total Other Financing Sources	\$ 20,825	\$ 0	\$ 0	\$ 20,825	\$ 0	\$ 0	\$ 20,825
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 17,256	\$ 492,397	\$ (518,643)	\$ (8,990)	\$ (546,926)	\$ (550,007)	\$ 541,017
	4,825,422	(492,397)	0	4,333,025	4,214,488	4,214,488	118,537
Fund Balance, June 30, 2013	\$ 4,842,678	\$ 0	\$ (518,643)	\$ 4,324,035	\$ 3,667,562	\$ 3,664,481	\$ 659,554

Exhibit J-7

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carroll County School Department
School Transportation Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 611,075	\$ 616,011	\$ 616,011	\$ (4,936)
Other Local Revenues	123	0	0	123
State of Tennessee	777,115	800,000	800,000	(22,885)
Total Revenues	<u>\$ 1,388,313</u>	<u>\$ 1,416,011</u>	<u>\$ 1,416,011</u>	<u>\$ (27,698)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 19,939	\$ 25,400	\$ 25,400	\$ 5,461
Transportation	1,254,024	1,485,164	1,485,164	231,140
Total Expenditures	<u>\$ 1,273,963</u>	<u>\$ 1,510,564</u>	<u>\$ 1,510,564</u>	<u>\$ 236,601</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 114,350</u>	<u>\$ (94,553)</u>	<u>\$ (94,553)</u>	<u>\$ 208,903</u>
Net Change in Fund Balance	\$ 114,350	\$ (94,553)	\$ (94,553)	\$ 208,903
Fund Balance, July 1, 2012	<u>1,369,126</u>	<u>1,344,585</u>	<u>1,344,585</u>	<u>24,541</u>
Fund Balance, June 30, 2013	<u>\$ 1,483,476</u>	<u>\$ 1,250,032</u>	<u>\$ 1,250,032</u>	<u>\$ 233,444</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Carroll County, Tennessee
Schedule of Changes in Long-term Notes and Other Loans
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured During Period	Outstanding 6-30-13
<u>NOTES PAYABLE</u>							
<u>Payable through Solid Waste/Sanitation Fund</u>							
Solid Waste Bailer	\$ 60,000	5.2 %	10-2-07	10-1-12	\$ 13,000	\$ 13,000	\$ 0
<u>Payable through Highway/Public Works Fund</u>							
Dump Trucks	241,000	2.65	12-14-11	12-1-16	241,000	46,000	195,000
Total Notes Payable					\$ 254,000	\$ 59,000	\$ 195,000
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Courthouse and Jail Renovation	2,200,000	Variable	1-15-04	5-25-28	\$ 1,609,000	\$ 129,000	\$ 1,480,000
Jail Renovation	8,164,130	2.32	2-22-12	3-1-37	8,164,130	243,130	7,921,000
Total Other Loans Payable					\$ 9,773,130	\$ 372,130	\$ 9,401,000

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 47,000	\$ 4,545	\$ 51,545
2015	48,000	3,286	51,286
2016	49,000	2,001	51,001
2017	51,000	676	51,676
Total	<u>\$ 195,000</u>	<u>\$ 10,508</u>	<u>\$ 205,508</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2014	\$ 331,000	\$ 188,651	\$ 10,804	\$ 530,455
2015	340,000	182,584	10,213	532,797
2016	348,000	176,368	9,600	533,968
2017	357,000	170,006	8,972	535,978
2018	366,000	163,494	8,322	537,816
2019	376,000	156,833	7,650	540,483
2020	385,000	150,001	6,957	541,958
2021	395,000	143,020	6,242	544,262
2022	405,000	135,865	5,504	546,369
2023	416,000	128,539	4,745	549,284
2024	426,000	121,037	3,957	550,994
2025	437,000	113,362	3,146	553,508
2026	448,000	105,513	2,307	555,820
2027	459,000	97,467	1,445	557,912
2028	421,000	89,246	555	510,801
2029	353,000	80,991	0	433,991
2030	361,000	72,802	0	433,802
2031	370,000	64,426	0	434,426
2032	378,000	55,842	0	433,842
2033	387,000	47,073	0	434,073
2034	396,000	38,094	0	434,094
2035	406,000	28,907	0	434,907
2036	415,000	19,488	0	434,488
2037	425,000	9,860	0	434,860
Total	<u>\$ 9,401,000</u>	<u>\$ 2,539,469</u>	<u>\$ 90,419</u>	<u>\$ 12,030,888</u>

Exhibit K-3

Carroll County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Public Utility	General	Payment in-lieu-of taxes	\$ 290,341
"	Solid Waste/Sanitation	"	24,815
"	Highway/Public Works	"	22,334
"	General Debt Service	"	34,741
Total Transfers			<u>\$ 372,231</u>

Carroll County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Carroll County School Department
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 82,463 (1)	\$ 75,000	RLI Insurance Company
Road Supervisors	Section 8-24-102, TCA, and County Commission	137,300 (2)	20,000 (3)	"
Director of Schools:				
Charlotte Tucker (7-1-12 through 12-31-12)	State Board of Education and Carroll County Board of Education	36,262 (4)	50,000	"
John McAdams (1-1-13 through 6-30-13)	State Board of Education and Carroll County Board of Education	36,461 (5)	150,000	Tennessee Risk Management Trust
Trustee				
Assessor of Property	Section 8-24-102, TCA	62,739	758,200	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	62,739	50,000	"
Circuit, General Sessions, and Juvenile	Section 8-24-102, TCA	62,739	50,000	"
Courts Clerk	Section 8-24-102, TCA	62,739	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	62,739 (6)	60,000	Auto-Owners Insurance Company
Register of Deeds	Section 8-24-102, TCA	62,739	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	69,013 (7)	25,000	"
Employee Bonds:				
Employee Blanket Bond - General County Government			150,000	Local Government Property and Casualty Fund
Board of Education			150,000	Tennessee Risk Management Trust

- (1) Includes a purchasing agent salary of \$10,000.
- (2) Includes four road supervisors' salaries at \$34,325 each.
- (3) Includes four road supervisors' bonds at \$5,000 each.
- (4) Includes a chief executive officer training supplement of \$800. Does not include health insurance premiums of \$5,606.
- (5) Includes a chief executive officer training supplement of \$1,000.
- (6) Does not include special commissioner fees of \$31,507.
- (7) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Carroll County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds						Debt Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Fund		
							General	Debt Service	
Local Taxes									
<u>County Property Taxes</u>									
Current Property Tax	\$ 4,092,130	\$ 349,702	\$ 0	\$ 0	\$ 314,587	\$ 490,041	\$ 0	\$ 5,246,460	
Trustee's Collections - Prior Year	109,168	10,003	0	0	11,251	7,125	0	137,547	
Trustee's Collections - Bankruptcy	1,539	145	0	0	128	149	0	1,961	
Circuit/Clerk & Master Collections - Prior Years	84,216	6,950	0	0	8,906	7,821	0	107,893	
Interest and Penalty	26,655	2,394	0	0	2,427	2,306	0	33,782	
Payments in-Lieu-of Taxes - Local Utilities	13,544	1,179	0	0	1,018	1,461	0	17,202	
Payments in-Lieu-of Taxes - Other	89,266	7,630	0	0	6,867	10,681	0	114,444	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	177,966	0	0	0	0	0	0	177,966	
Wheel Tax	826,154	0	0	0	464,712	0	0	1,290,866	
Litigation Tax - General	69,070	0	0	0	0	0	0	69,070	
Litigation Tax - Special Purpose	67,658	0	0	0	0	0	0	67,658	
Litigation Tax - Jail, Workhouse, or Courthouse	979	0	0	0	0	107,419	0	108,398	
Business Tax	189,879	0	0	0	0	0	0	189,879	
Mineral Severance Tax	0	0	0	0	34,567	0	0	34,567	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	86,921	0	0	0	0	0	0	86,921	
Wholesale Beer Tax	48,384	0	0	0	0	0	0	48,384	
Beer Privilege Tax	950	0	0	0	0	0	0	950	
Interstate Telecommunications Tax	1,258	0	0	0	0	0	0	1,258	
Total Local Taxes	\$ 5,885,737	\$ 378,003	\$ 0	\$ 0	\$ 844,463	\$ 627,003	\$ 0	\$ 7,735,206	
<u>Licenses and Permits</u>									
Permits									
Beer Permits	414	0	0	0	0	0	0	414	
Building Permits	285	0	0	0	0	0	0	285	
Other Permits	0	75	0	0	0	0	0	75	
Total Licenses and Permits	\$ 699	\$ 75	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 774	
<u>Fines, Forfeitures, and Penalties</u>									
Circuit Court									
Fines	6,613	0	0	0	0	0	0	6,613	
Officers Costs	2,745	0	0	0	0	0	0	2,745	
Drug Control Fines	5,020	0	5,674	0	0	0	0	10,694	
Drug Court Fees	2,498	0	0	0	0	0	0	2,498	
Jail Fees	2,579	0	0	0	0	0	0	2,579	

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Fund		
						General	Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
DUI Treatment Fines	380	0	0	0	0	0	0	380
Data Entry Fee - Circuit Court	638	0	0	0	0	0	0	638
Victims Assistance Assessments	4,639	0	0	0	0	0	0	4,639
<u>General Sessions Court</u>								
Fines	20,781	0	0	0	0	0	0	20,781
Officers Costs	54,740	0	0	0	0	0	0	54,740
Game and Fish Fines	199	0	0	0	0	0	0	199
Drug Control Fines	9,523	0	10,431	0	0	0	0	19,954
Drug Court Fees	4,636	0	0	0	0	0	0	4,636
Jail Fees	6,043	0	0	0	0	0	0	6,043
Judicial Commissioner Fees	1,240	0	0	0	0	0	0	1,240
DUI Treatment Fines	6,957	0	0	0	0	0	0	6,957
Data Entry Fee - General Sessions Court	6,258	0	0	0	0	0	0	6,258
Courtroom Security Fee	328	0	0	0	0	0	0	328
Victims Assistance Assessments	2,645	0	0	0	0	0	0	2,645
<u>Juvenile Court</u>								
Officers Costs	462	0	0	0	0	0	0	462
Data Entry Fee - Juvenile Court	1,434	0	0	0	0	0	0	1,434
<u>Chancery Court</u>								
Officers Costs	1,795	0	0	0	0	0	0	1,795
Data Entry Fee - Chancery Court	3,314	0	0	0	0	0	0	3,314
<u>Judicial District Drug Program</u>								
Drug Task Force Forfeitures and Seizures	4,500	0	26,147	0	0	0	0	30,647
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	16,480	0	17,940	0	0	0	0	34,420
Total Fines, Forfeitures, and Penalties	\$ 166,447	\$ 0	\$ 60,192	\$ 0	\$ 0	\$ 0	\$ 0	\$ 226,639
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Residential Waste Collection Charge	0	1,145,714	0	0	0	0	0	1,145,714
Solid Waste Disposal Fees	0	105	0	0	0	0	0	105
Other General Service Charges	1,820	0	0	0	0	0	0	1,820
<u>Fees</u>								
Copy Fees	158	0	0	0	0	0	0	158
Archives and Records Management Fee - County Clerk	10,019	0	0	0	0	0	0	10,019
Greenbelt Late Application Fee	600	0	0	0	0	0	0	600

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debit Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Fund		
						General	Debt Service	
Charges for Current Services (Cont.)								
<u>Fees (Cont.)</u>								
Telephone Commissions	\$ 48,219	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,219
Vending Machine Collections	384	17	0	0	65	0	0	466
Constitutional Officers' Fees and Commissions	0	0	0	119,532	0	0	0	119,532
Data Processing Fee - Register	9,608	0	0	0	0	0	0	9,608
Data Processing Fee - Sheriff	5,238	0	0	0	0	0	0	5,238
Sexual Offender Registration Fees - Sheriff	3,450	0	0	0	0	0	0	3,450
Data Processing Fee - County Clerk	1,725	0	0	0	0	0	0	1,725
<u>Education Charges</u>								
Tuition - Other	650	0	0	0	0	0	0	650
Contract for Instructional Services with Other LEAs	191,832	0	0	0	0	0	0	191,832
Total Charges for Current Services	\$ 273,703	\$ 1,145,836	\$ 0	\$ 119,532	\$ 65	\$ 0	\$ 0	\$ 1,539,136
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 54,370	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,370
Lease/Rentals	42,821	0	0	0	0	0	0	42,821
Sale of Materials and Supplies	0	0	0	0	473	0	0	473
Commissary Sales	31,732	0	0	0	0	0	0	31,732
Sale of Gasoline	121,672	0	0	0	0	0	0	121,672
Sale of Recycled Materials	0	71,143	0	0	0	0	0	71,143
Miscellaneous Refunds	43,401	417	75	0	7,433	0	0	51,326
<u>Nonrecurring Items</u>								
Sale of Equipment	1,525	0	0	0	0	0	0	1,525
Sale of Property	1,847	0	0	0	0	0	0	1,847
Contributions and Gifts	12,202	0	0	0	0	0	0	12,202
<u>Other Local Revenues</u>								
Other Local Revenues	96,216	0	0	0	0	0	0	96,216
Total Other Local Revenues	\$ 405,786	\$ 71,560	\$ 75	\$ 0	\$ 7,906	\$ 0	\$ 0	\$ 485,327
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 249,271	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 249,271
Clerk and Master	38,948	0	0	0	0	0	0	38,948
<u>Fees in-Lieu-of Salary</u>								
Circuit Court Clerk	74,367	0	0	0	0	0	0	74,367
General Sessions Court Clerk	151,523	0	0	0	0	0	0	151,523

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Fund		
							General	Debt Service	
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees in-Lieu-of Salary (Cont.)</u>									
Juvenile Court Clerk									
Register	\$ 33,352	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,352
Sheriff	109,271	0	0	0	0	0	0	0	109,271
Trustee	11,248	0	0	0	0	0	0	0	11,248
	355,904	0	0	0	0	0	0	0	355,904
Total Fees Received from County Officials	\$ 1,023,884	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,023,884
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,500
Airport Maintenance Program	3,731	0	0	0	0	0	0	0	3,731
Aging Programs	55,536	0	0	0	0	0	0	0	55,536
Alternative School Program	643,884	0	0	0	0	0	0	0	643,884
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	13,800	0	0	0	0	0	0	0	13,800
Health and Welfare Grants									
Health Department Programs	196,664	0	0	0	0	0	0	0	196,664
<u>Public Works Grants</u>									
State Aid Program	0	0	0	0	203,446	0	0	0	203,446
Litter Program	0	63,206	0	0	0	0	0	0	63,206
<u>Other State Revenues</u>									
Income Tax	37,240	0	0	0	0	0	0	0	37,240
Beer Tax	18,586	0	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	61,235	0	0	0	0	0	0	0	61,235
Mixed Drink Tax	2,685	0	0	0	0	0	0	0	2,685
Contracted Prisoner Boarding	595,520	0	0	0	0	0	0	0	595,520
Gasoline and Motor Fuel Tax	0	0	0	0	1,839,208	0	0	0	1,839,208
Petroleum Special Tax	0	0	0	0	20,580	0	0	0	20,580
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	15,164
Other State Grants	23,172	0	0	0	0	0	0	0	23,172
Total State of Tennessee	\$ 1,680,717	\$ 63,206	\$ 0	\$ 0	\$ 2,063,234	\$ 0	\$ 0	\$ 0	\$ 3,807,157
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 42,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,000
Homeland Security Grants	14,187	0	0	0	0	0	0	0	14,187
Other Federal through State	5,970	0	0	0	0	0	0	0	5,970

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Total
	General	Solid Waste / Sanitization	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	
<u>Federal Government (Cont.)</u>								
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	\$ 26,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,548
Total Federal Government	\$ 88,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,705
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 11,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,386
Citizens Groups	4,100	0	0	0	0	0	0	4,100
Donations								
Other	16,170	0	0	0	0	0	0	16,170
Total Other Governments and Citizens Groups	\$ 31,656	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,656
<u>Total</u>	\$ 9,557,334	\$ 1,658,680	\$ 60,267	\$ 119,532	\$ 2,915,668	\$ 627,003	\$ 14,938,484	

Exhibit K-6

Carroll County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Fund School Transpor - tation	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 524,276	\$ 524,276
Trustee's Collections - Prior Year	0	18,759	18,759
Trustee's Collections - Bankruptcy	0	267	267
Circuit/Clerk & Master Collections - Prior Years	0	13,030	13,030
Interest and Penalty	0	4,200	4,200
Payments in-Lieu-of Taxes - Local Utilities	0	39,099	39,099
Payments in-Lieu-of Taxes - Other	0	11,444	11,444
<u>County Local Option Taxes</u>			
Local Option Sales Tax	56,811	0	56,811
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	56	0	56
Total Local Taxes	\$ 56,867	\$ 611,075	\$ 667,942
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 40	\$ 0	\$ 40
Total Licenses and Permits	\$ 40	\$ 0	\$ 40
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Other	\$ 2,827	\$ 0	\$ 2,827
Lunch Payments - Children	1,414	0	1,414
Lunch Payments - Adults	1,793	0	1,793
Transportation - Other State Systems	50,168	0	50,168
Contract for Instructional Services with Other LEAs	640,701	0	640,701
<u>Other Charges for Services</u>			
Other Charges for Services	62,943	0	62,943
Total Charges for Current Services	\$ 759,846	\$ 0	\$ 759,846
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 10	\$ 0	\$ 10
Lease/Rentals	4,200	0	4,200
Sale of Materials and Supplies	1,257	0	1,257
Retirees' Insurance Payments	31	0	31
Miscellaneous Refunds	5,658	123	5,781
<u>Nonrecurring Items</u>			
Damages Recovered from Individuals	84	0	84
Contributions and Gifts	2,800	0	2,800
Total Other Local Revenues	\$ 14,040	\$ 123	\$ 14,163

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Fund School Transpor - tation	Total
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 7,121	\$ 0	\$ 7,121
<u>State Education Funds</u>			
Basic Education Program	1,903,809	0	1,903,809
School Food Service	192	0	192
Driver Education	2,162	0	2,162
Other State Education Funds	95,017	0	95,017
Career Ladder Program	13,690	0	13,690
Career Ladder - Extended Contract	4,200	0	4,200
Other Vocational	6,250	0	6,250
<u>Other State Revenues</u>			
Mixed Drink Tax	62	0	62
State Revenue Sharing - T.V.A.	0	777,115	777,115
Total State of Tennessee	\$ 2,032,503	\$ 777,115	\$ 2,809,618
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 9,671	\$ 0	\$ 9,671
USDA - Commodities	827	0	827
Adult Education State Grant Program	63,137	0	63,137
Total Federal Government	\$ 73,635	\$ 0	\$ 73,635
Total	\$ 2,936,931	\$ 1,388,313	\$ 4,325,244

Exhibit K-7

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	29,000	
Social Security		1,771	
State Retirement		8,626	
Unemployment Compensation		33	
Employer Medicare		414	
Audit Services		8,557	
Dues and Memberships		3,284	
Legal Notices, Recording, and Court Costs		1,875	
Periodicals		893	
Other Charges		180	
Total County Commission	\$		54,633

Board of Equalization

Board and Committee Members Fees	\$	1,690	
Data Processing Services		8,415	
Total Board of Equalization			10,105

Beer Board

Legal Notices, Recording, and Court Costs	\$	200	
Total Beer Board			200

Other Boards and Committees

Secretary(ies)	\$	24	
Board and Committee Members Fees		300	
Social Security		1	
State Retirement		2	
Total Other Boards and Committees			327

County Mayor/Executive

County Official/Administrative Officer	\$	72,463	
Assistant(s)		37,691	
Purchasing Personnel		10,000	
Secretary(ies)		27,731	
Part-time Personnel		8,272	
Social Security		9,015	
State Retirement		11,446	
Employee and Dependent Insurance		15,730	
Unemployment Compensation		370	
Employer Medicare		2,108	
Communication		825	
Dues and Memberships		1,700	
Maintenance Agreements		4,560	
Postal Charges		3,361	
Printing, Stationery, and Forms		1,533	
Travel		3,285	
Office Supplies		2,515	
Office Equipment		720	
Total County Mayor/Executive			213,325

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Consultants	\$	3,000	
Legal Services		3,437	
Total County Attorney			\$ 6,437

Election Commission

County Official/Administrative Officer	\$	56,465	
Deputy(ies)		22,332	
Part-time Personnel		9,316	
Election Commission		5,119	
Election Workers		23,415	
Social Security		5,283	
State Retirement		6,099	
Employee and Dependent Insurance		4,995	
Unemployment Compensation		254	
Employer Medicare		1,236	
Communication		582	
Legal Notices, Recording, and Court Costs		2,765	
Maintenance Agreements		28,233	
Maintenance and Repair Services - Equipment		663	
Postal Charges		2,089	
Printing, Stationery, and Forms		366	
Travel		3,501	
Office Supplies		1,392	
Office Equipment		2,736	
Total Election Commission			176,841

Register of Deeds

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		53,688	
Part-time Personnel		3,640	
Social Security		6,753	
State Retirement		9,011	
Employee and Dependent Insurance		22,540	
Unemployment Compensation		304	
Employer Medicare		1,579	
Communication		2,287	
Data Processing Services		6,900	
Dues and Memberships		603	
Maintenance Agreements		2,752	
Postal Charges		649	
Travel		1,195	
Other Contracted Services		2,375	
Office Supplies		2,427	
Total Register of Deeds			179,442

County Buildings

Custodial Personnel	\$	20,613	
Maintenance Personnel		28,451	
Social Security		2,677	
State Retirement		3,798	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Employee and Dependent Insurance	\$	14,886	
Unemployment Compensation		252	
Employer Medicare		626	
Communication		913	
Maintenance Agreements		3,220	
Maintenance and Repair Services - Buildings		48,655	
Maintenance and Repair Services - Equipment		4,775	
Maintenance and Repair Services - Vehicles		1,529	
Permits		350	
Custodial Supplies		9,615	
Electricity		83,475	
Gasoline		2,327	
Natural Gas		12,808	
Water and Sewer		6,967	
Other Supplies and Materials		4,795	
Building and Contents Insurance		56,273	
Liability Insurance		100,268	
Other Charges		44,618	
Building Improvements		34,802	
Data Processing Equipment		15,252	
Total County Buildings			\$ 501,945

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		75,675	
In-Service Training		162	
Social Security		7,413	
State Retirement		10,713	
Employee and Dependent Insurance		34,214	
Unemployment Compensation		378	
Employer Medicare		1,734	
Communication		1,012	
Contracts with Private Agencies		11,448	
Dues and Memberships		1,700	
Maintenance Agreements		1,799	
Postal Charges		950	
Travel		216	
Gasoline		208	
Office Supplies		1,570	
Office Equipment		2,201	
Total Property Assessor's Office			214,132

Reappraisal Program

Deputy(ies)	\$	15,520	
Data Processing Services		4,580	
Travel		34	
Office Supplies		160	
Total Reappraisal Program			20,294

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		53,688	
Part-time Personnel		2,740	
Social Security		6,510	
State Retirement		9,011	
Employee and Dependent Insurance		24,805	
Unemployment Compensation		290	
Employer Medicare		1,522	
Communication		735	
Data Processing Services		4,983	
Dues and Memberships		703	
Legal Notices, Recording, and Court Costs		196	
Maintenance Agreements		1,098	
Postal Charges		8,480	
Travel		71	
Gasoline		68	
Office Supplies		3,458	
Total County Trustee's Office	\$		181,097

County Clerk's Office

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		105,035	
Social Security		9,606	
State Retirement		13,154	
Employee and Dependent Insurance		24,989	
Unemployment Compensation		1,112	
Employer Medicare		2,247	
Communication		420	
Data Processing Services		3,000	
Dues and Memberships		150	
Maintenance Agreements		184	
Maintenance and Repair Services - Office Equipment		17	
Office Supplies		666	
Total County Clerk's Office			223,319

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		157,516	
Part-time Personnel		145	
Board and Committee Members Fees		150	
Jury and Witness Expense		7,046	
Social Security		12,413	
State Retirement		17,047	
Employee and Dependent Insurance		43,991	
Unemployment Compensation		758	
Employer Medicare		2,903	
Communication		3,402	
Data Processing Services		23,388	
Dues and Memberships		573	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	1,260	
Maintenance Agreements		7,930	
Postal Charges		3,083	
Travel		1,410	
Office Supplies		9,992	
Other Charges		259	
Data Processing Equipment		601	
Office Equipment		562	
Total Circuit Court			\$ 357,168

General Sessions Judge

Judge(s)	\$	103,425	
Social Security		6,158	
State Retirement		8,005	
Employee and Dependent Insurance		9,860	
Employer Medicare		1,440	
Dues and Memberships		120	
Travel		1,431	
Office Supplies		153	
Total General Sessions Judge			130,592

Drug Court

Other Per Diem and Fees	\$	7,134	
Total Drug Court			7,134

Chancery Court

Deputy(ies)	\$	103,903	
Social Security		5,462	
State Retirement		12,898	
Employee and Dependent Insurance		49,138	
Unemployment Compensation		504	
Employer Medicare		1,277	
Communication		2,424	
Data Processing Services		7,490	
Dues and Memberships		573	
Maintenance Agreements		2,752	
Postal Charges		570	
Office Supplies		2,839	
Total Chancery Court			189,830

Juvenile Court

Supervisor/Director	\$	50,632	
Youth Service Officer(s)		35,955	
Guidance Personnel		34,679	
In-Service Training		100	
Social Security		6,799	
State Retirement		9,386	
Employee and Dependent Insurance		33,617	
Unemployment Compensation		308	
Employer Medicare		1,590	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Communication	\$	1,937	
Maintenance Agreements		198	
Postal Charges		96	
Travel		340	
Office Supplies		448	
Total Juvenile Court			\$ 176,085

Judicial Commissioners

Board and Committee Members Fees	\$	4,800	
Social Security		298	
Unemployment Compensation		3	
Employer Medicare		70	
Total Judicial Commissioners			5,171

Victims Assistance Programs

Remittance of Revenue Collected	\$	6,909	
Total Victims Assistance Programs			6,909

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	69,013	
Deputy(ies)		782,246	
Detective(s)		9,329	
Investigator(s)		78,664	
Salary Supplements		11,400	
Part-time Personnel		4,713	
Overtime Pay		43,853	
Other Salaries and Wages		20,420	
In-Service Training		16,927	
Social Security		59,160	
State Retirement		75,372	
Employee and Dependent Insurance		161,018	
Unemployment Compensation		3,231	
Employer Medicare		13,836	
Communication		12,258	
Contracts with Other Public Agencies		2,680	
Dues and Memberships		2,825	
Maintenance Agreements		32,506	
Maintenance and Repair Services - Equipment		3,304	
Maintenance and Repair Services - Vehicles		36,155	
Postal Charges		1,526	
Travel		10,685	
Electricity		13,463	
Gasoline		122,628	
Law Enforcement Supplies		1,891	
Natural Gas		1,205	
Office Supplies		7,004	
Uniforms		9,621	
Water and Sewer		1,747	
Other Supplies and Materials		1,057	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Charges	\$	2,453	
Data Processing Equipment		5,918	
Motor Vehicles		103,189	
Other Equipment		18,385	
Total Sheriff's Department	\$		1,739,682

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	1,100	
Data Processing Supplies		1,586	
Data Processing Equipment		530	
Total Administration of the Sexual Offender Registry			3,216

Jail

Dispatchers/Radio Operators	\$	170,952	
Guards		568,326	
Clerical Personnel		30,173	
Cafeteria Personnel		47,869	
Part-time Personnel		24,526	
Overtime Pay		30,962	
In-Service Training		1,179	
Social Security		49,795	
State Retirement		65,530	
Employee and Dependent Insurance		146,931	
Unemployment Compensation		4,387	
Employer Medicare		11,646	
Communication		7,836	
Maintenance Agreements		10,600	
Maintenance and Repair Services - Equipment		3,085	
Medical and Dental Services		124,992	
Travel		3,424	
Custodial Supplies		19,797	
Electricity		33,231	
Food Supplies		168,423	
Library Books/Media		1,999	
Natural Gas		11,907	
Prisoners Clothing		2,628	
Uniforms		8,603	
Water and Sewer		33,606	
Other Supplies and Materials		7,897	
Office Equipment		248	
Other Equipment		5,299	
Total Jail			1,595,851

Juvenile Services

Educational Assistants	\$	561,940	
In-Service Training		700	
Social Security		33,136	
State Retirement		40,516	
Employee and Dependent Insurance		61,183	
Unemployment Compensation		2,856	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Employer Medicare	\$	7,749	
Communication		2,568	
Dues and Memberships		595	
Licenses		990	
Maintenance Agreements		5,608	
Maintenance and Repair Services - Equipment		6,455	
Maintenance and Repair Services - Vehicles		8,755	
Medical and Dental Services		4,085	
Postal Charges		220	
Travel		903	
Tuition		685	
Other Contracted Services		14,358	
Custodial Supplies		4,207	
Food Supplies		31,019	
Gasoline		28,051	
Instructional Supplies and Materials		3,435	
Office Supplies		4,868	
Other Supplies and Materials		19,896	
Building and Contents Insurance		1,224	
Liability Insurance		11,560	
Workers' Compensation Insurance		3,500	
Other Charges		8,931	
Office Equipment		756	
Other Equipment		295	
Total Juvenile Services			\$ 871,044

Fire Prevention and Control

Supervisor/Director	\$	33,899	
Other Salaries and Wages		16,000	
In-Service Training		555	
Social Security		2,852	
State Retirement		2,624	
Employee and Dependent Insurance		9,838	
Unemployment Compensation		253	
Employer Medicare		667	
Communication		1,747	
Dues and Memberships		726	
Maintenance and Repair Services - Equipment		2,984	
Maintenance and Repair Services - Vehicles		22,590	
Medical and Dental Services		52	
Postal Charges		138	
Travel		2,332	
Gasoline		17,162	
Office Supplies		2,246	
Other Supplies and Materials		559	
Liability Insurance		7,587	
Other Charges		11,153	
Other Equipment		43,756	
Total Fire Prevention and Control			179,720

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Supervisor/Director	\$	38,678	
In-Service Training		285	
Social Security		2,115	
State Retirement		2,994	
Employee and Dependent Insurance		9,919	
Unemployment Compensation		126	
Employer Medicare		495	
Communication		3,786	
Dues and Memberships		195	
Maintenance Agreements		1,998	
Maintenance and Repair Services - Equipment		637	
Maintenance and Repair Services - Vehicles		1,055	
Postal Charges		96	
Travel		1,852	
Gasoline		1,861	
Office Supplies		3,187	
Other Supplies and Materials		14,429	
Other Charges		6,190	
Other Equipment		862	
Total Civil Defense			\$ 90,760

County Coroner/Medical Examiner

Medical Personnel	\$	12,000	
Other Per Diem and Fees		4,800	
Contracts with Government Agencies		8,875	
Transportation - Other than Students		1,025	
Travel		1,956	
Total County Coroner/Medical Examiner			28,656

Public Health and Welfare

Local Health Center

Medical Personnel	\$	44,754	
Clerical Personnel		78,472	
Social Security		6,720	
State Retirement		5,658	
Employee and Dependent Insurance		34,223	
Unemployment Compensation		837	
Employer Medicare		1,572	
Communication		3,764	
Contracts with Government Agencies		25,066	
Dues and Memberships		200	
Janitorial Services		7,800	
Maintenance and Repair Services - Buildings		3,021	
Maintenance and Repair Services - Equipment		38	
Maintenance and Repair Services - Office Equipment		449	
Matching Share		1,873	
Travel		8,552	
Other Contracted Services		1,411	
Custodial Supplies		3,032	
Drugs and Medical Supplies		497	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Office Supplies	\$	2,191	
Utilities		11,850	
Other Supplies and Materials		7,953	
Total Local Health Center			\$ 249,933

Rabies and Animal Control

Social Security	\$	724	
State Retirement		929	
Employee and Dependent Insurance		952	
Unemployment Compensation		23	
Employer Medicare		169	
Communication		464	
Maintenance and Repair Services - Vehicles		278	
Pest Control		12,000	
Veterinary Services		1,630	
Animal Food and Supplies		406	
Gasoline		2,326	
Total Rabies and Animal Control			19,901

General Welfare Assistance

Pauper Burials	\$	599	
Other Charges		1,400	
Total General Welfare Assistance			1,999

Other Local Welfare Services

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

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	20,400	
Social Workers		15,486	
Other Salaries and Wages		13,764	
Social Security		2,946	
State Retirement		2,778	
Employee and Dependent Insurance		5,048	
Unemployment Compensation		377	
Employer Medicare		689	
Communication		1,674	
Contracts with Other Public Agencies		3,489	
Contracts with Private Agencies		2,904	
Licenses		810	
Maintenance Agreements		198	
Matching Share		475	
Printing, Stationery, and Forms		2,889	
Travel		1,438	
Food Supplies		2,260	
Gasoline		3,108	
Office Supplies		474	
Other Charges		1,707	
Total Senior Citizens Assistance			82,914

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Assistant(s)	\$	14,772	
Librarians		21,518	
Other Salaries and Wages		11,752	
Social Security		2,979	
State Retirement		2,809	
Unemployment Compensation		386	
Employer Medicare		697	
Communication		2,170	
Dues and Memberships		355	
Maintenance and Repair Services - Equipment		1,468	
Postal Charges		223	
Travel		230	
Library Books/Media		8,498	
Office Supplies		4,117	
Periodicals		535	
Office Equipment		5,737	
Total Libraries			\$ 78,246

Parks and Fair Boards

Supervisor/Director	\$	43,561	
Part-time Personnel		105	
Social Security		2,704	
State Retirement		3,372	
Employee and Dependent Insurance		9,919	
Unemployment Compensation		178	
Employer Medicare		632	
Communication		967	
Maintenance Agreements		198	
Maintenance and Repair Services - Buildings		7,212	
Maintenance and Repair Services - Equipment		279	
Remittance of Revenue Collected		6,006	
Other Contracted Services		3,627	
Custodial Supplies		3,704	
Office Supplies		544	
Utilities		36,614	
Furniture and Fixtures		615	
Total Parks and Fair Boards			120,237

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	245,264	
Total Other Social, Cultural, and Recreational			245,264

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	35,331	
Secretary(ies)		6,111	
Other Fringe Benefits		9,982	
Communication		1,624	
Travel		1,750	
Other Supplies and Materials		2,247	
Office Equipment		1,600	
Total Agriculture Extension Service			58,645

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	23,297	
Social Security		1,444	
State Retirement		1,803	
Unemployment Compensation		126	
Employer Medicare		338	
Total Soil Conservation			\$ 27,008

Flood Control

Dues and Memberships	\$	14,531	
Total Flood Control			14,531

Other Operations

Industrial Development

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

Other Economic and Community Development

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

Airport

Supervisor/Director	\$	32,480	
Part-time Personnel		12,296	
Social Security		2,533	
State Retirement		2,514	
Employee and Dependent Insurance		9,919	
Unemployment Compensation		299	
Employer Medicare		592	
Communication		2,325	
Maintenance and Repair Services - Buildings		4,392	
Maintenance and Repair Services - Equipment		2,216	
Postal Charges		14	
Travel		500	
Custodial Supplies		476	
Gasoline		115,364	
Office Supplies		262	
Utilities		15,436	
Liability Insurance		3,250	
Airport Improvement		32,902	
Total Airport			237,770

Veterans' Services

Supervisor/Director	\$	10,296	
Social Security		638	
State Retirement		337	
Unemployment Compensation		83	
Employer Medicare		149	
Communication		401	
Maintenance Agreements		198	
Postal Charges		47	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Travel	\$	556	
Office Supplies		601	
Total Veterans' Services			\$ 13,306

Other Charges

Handling Charges and Administrative Costs	\$	120	
Contributions		4,000	
Rentals		4,000	
Library Books/Media		7,186	
Road Signs		3,497	
Premiums on Corporate Surety Bonds		1,006	
Trustee's Commission		113,989	
Workers' Compensation Insurance		86,184	
Liability Claims		41,712	
Total Other Charges			261,694

Contributions to Other Agencies

Contributions	\$	5,250	
Total Contributions to Other Agencies			5,250

Total General Fund \$ 8,618,885

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$	23,932	
Social Security		1,361	
State Retirement		1,852	
Employee and Dependent Insurance		4,982	
Unemployment Compensation		126	
Employer Medicare		318	
Communication		556	
Contracts with Private Agencies		1,002,155	
Postal Charges		592	
Maintenance and Repair Services - Records		69,036	
Office Supplies		994	
Other Charges		3,433	
Office Equipment		2,544	
Total Waste Pickup			\$ 1,111,881

Recycling Center

Supervisor/Director	\$	49,322	
Clerical Personnel		25,957	
Other Salaries and Wages		131,258	
Social Security		11,444	
State Retirement		15,986	
Employee and Dependent Insurance		62,746	
Unemployment Compensation		909	
Employer Medicare		2,676	
Communication		1,137	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Contracts with Private Agencies	\$	17,251	
Freight Expenses		7,695	
Legal Notices, Recording, and Court Costs		50	
Maintenance and Repair Services - Buildings		296	
Maintenance and Repair Services - Equipment		3,664	
Maintenance and Repair Services - Vehicles		10,348	
Transportation - Other than Students		67	
Travel		45	
Brokerage Fees - Recyclables		4	
Custodial Supplies		182	
Gasoline		31,069	
Office Supplies		384	
Utilities		6,153	
Other Supplies and Materials		469	
Building and Contents Insurance		2,427	
Liability Insurance		4,261	
Trustee's Commission		19,223	
Other Charges		3,676	
Building Improvements		8,425	
Motor Vehicles		29,377	
Other Equipment		8,490	
Total Recycling Center			\$ 454,991

Highways

Litter and Trash Collection

Truck Drivers	\$	21,284	
Social Security		1,320	
Unemployment Compensation		162	
Employer Medicare		309	
Contracts with Government Agencies		493	
Gasoline		3,319	
Other Supplies and Materials		1,482	
Other Charges		9,365	
Total Litter and Trash Collection			37,734

Principal on Debt

General Government

Principal on Notes	\$	13,000	
Total General Government			13,000

Interest on Debt

General Government

Interest on Notes	\$	338	
Total General Government			338

Total Solid Waste/Sanitation Fund \$ 1,617,944

(Continued)

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

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	360	
Dues and Memberships		385	
Maintenance and Repair Services - Vehicles		79	
Travel		434	
Veterinary Services		392	
Animal Food and Supplies		802	
Trustee's Commission		618	
Law Enforcement Equipment		60	
Special Education Equipment		2,306	
Other Equipment		17,219	
Total Drug Enforcement			\$ 22,655

Total Drug Control Fund \$ 22,655

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	846	
Total County Clerk's Office			\$ 846

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	106,075	
Total Chancery Court			106,075

Total Constitutional Officers - Fees Fund 106,921

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	137,300	
Accountants/Bookkeepers		27,730	
Secretary(ies)		25,957	
Communication		3,913	
Contracts with Other Public Agencies		4,770	
Data Processing Services		9,021	
Dues and Memberships		3,241	
Evaluation and Testing		864	
Maintenance and Repair Services - Equipment		81	
Maintenance and Repair Services - Office Equipment		82	
Medical and Dental Services		79	
Postal Charges		184	
Printing, Stationery, and Forms		336	
Travel		1,487	
Tuition		112	
Data Processing Supplies		831	
Drugs and Medical Supplies		418	
Electricity		4,567	
Natural Gas		1,647	
Office Supplies		449	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Utilities	\$	989	
Water and Sewer		1,032	
Building and Contents Insurance		7,500	
Data Processing Equipment		370	
Other Equipment		1,220	
Total Administration			\$ 234,180

Highway and Bridge Maintenance

Equipment Operators	\$	284,120	
Truck Drivers		118,064	
Laborers		133,077	
Contracts with Private Agencies		14,546	
Engineering Services		11,813	
Asphalt - Cold Mix		200	
Asphalt - Liquid		39,363	
Crushed Stone		18,321	
Fertilizer, Lime, and Seed		75	
General Construction Materials		86	
Ice		550	
Other Road Supplies		240	
Pipe - Metal		27,971	
Road Signs		6,414	
Wood Products		13,587	
Chemicals		782	
Other Supplies and Materials		265	
Total Highway and Bridge Maintenance			669,474

Operation and Maintenance of Equipment

Mechanic(s)	\$	108,130	
Maintenance and Repair Services - Equipment		8,661	
Maintenance and Repair Services - Vehicles		165	
Diesel Fuel		123,863	
Equipment and Machinery Parts		104,260	
Garage Supplies		4,269	
Gasoline		39,526	
Lubricants		8,998	
Tires and Tubes		18,779	
Other Supplies and Materials		497	
Other Charges		982	
Total Operation and Maintenance of Equipment			418,130

Other Charges

Liability Insurance	\$	23,260	
Trustee's Commission		30,235	
Workers' Compensation Insurance		53,040	
Liability Claims		1,270	
Total Other Charges			107,805

Employee Benefits

Social Security	\$	55,650	
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(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

State Retirement	\$	64,398	
Medical Insurance		392,276	
Unemployment Compensation		10,084	
Total Employee Benefits	\$		522,408

Capital Outlay

Highway Construction	\$	599,997	
State Aid Projects		203,446	
Other Equipment		18,015	
Other Capital Outlay		19,996	
Total Capital Outlay			841,454

Principal on Debt

Highways and Streets

Principal on Notes	\$	46,000	
Total Highways and Streets			46,000

Interest on Debt

Highways and Streets

Interest on Notes	\$	5,777	
Total Highways and Streets			5,777

Total Highway/Public Works Fund \$ 2,845,228

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$	372,130	
Total General Government	\$		372,130

Interest on Debt

General Government

Interest on Other Loans	\$	199,839	
Total General Government			199,839

Other Debt Service

General Government

Trustee's Commission	\$	11,731	
Other Debt Service		8,616	
Total General Government			20,347

Total General Debt Service Fund 592,316

Other Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$	108,985	
Building Construction		4,762,942	
Total General Administration Projects	\$		4,871,927

Total Other Capital Projects Fund 4,871,927

Total Governmental Funds - Primary Government \$ 18,675,876

Exhibit K-8

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	23,291	
Career Ladder Program		1,500	
Employer Medicare		359	
Instructional Supplies and Materials		998	
Total Regular Instruction Program			\$ 26,148

Alternative Instruction Program

Teachers	\$	33,830	
Educational Assistants		14,958	
Non-certified Substitute Teachers		758	
Social Security		2,996	
State Retirement		4,208	
Medical Insurance		10,594	
Employer Medicare		701	
Instructional Supplies and Materials		2,000	
Total Alternative Instruction Program			70,045

Special Education Program

Teachers	\$	239,148	
Career Ladder Program		3,000	
Educational Assistants		84,585	
Certified Substitute Teachers		601	
Non-certified Substitute Teachers		3,412	
Social Security		19,420	
State Retirement		27,951	
Medical Insurance		19,781	
Employer Medicare		4,542	
Maintenance and Repair Services - Equipment		920	
Travel		269	
Other Contracted Services		9,775	
Instructional Supplies and Materials		8,089	
Other Supplies and Materials		3,168	
Other Charges		1,662	
Special Education Equipment		16,729	
Total Special Education Program			443,052

Vocational Education Program

Teachers	\$	388,175	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		3,303	
Certified Substitute Teachers		78	
Non-certified Substitute Teachers		6,806	
Social Security		22,830	
State Retirement		35,204	
Medical Insurance		43,068	
Employer Medicare		5,339	
Travel		2,030	
Instructional Supplies and Materials		21,725	
Textbooks		12,290	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Other Charges	\$	1,940	
Vocational Instruction Equipment		28,911	
Total Vocational Education Program			\$ 573,699

Adult Education Program

Teachers	\$	7,254	
Other Salaries and Wages		5,745	
Social Security		356	
Employer Medicare		188	
Total Adult Education Program			13,543

Support Services

Attendance

Clerical Personnel	\$	19,286	
Social Security		1,196	
State Retirement		1,493	
Employer Medicare		280	
Other Contracted Services		17	
In Service/Staff Development		518	
Total Attendance			22,790

Health Services

Medical Personnel	\$	24,336	
Other Salaries and Wages		65,825	
Social Security		5,431	
State Retirement		6,963	
Employer Medicare		1,270	
Communication		1,993	
Printing, Stationery, and Forms		720	
Travel		2,131	
Other Contracted Services		1,506	
Drugs and Medical Supplies		912	
Other Supplies and Materials		10,596	
In Service/Staff Development		2,471	
Other Charges		1,586	
Health Equipment		2,034	
Other Equipment		396	
Total Health Services			128,170

Other Student Support

Secretary(ies)	\$	23,921	
Other Salaries and Wages		199	
Social Security		1,459	
State Retirement		1,867	
Medical Insurance		5,297	
Employer Medicare		341	
Evaluation and Testing		6,940	
Operating Lease Payments		5,223	
Travel		11,690	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Supplies and Materials	\$	1,697	
Other Equipment		1,698	
Total Other Student Support			\$ 60,332

Special Education Program

Supervisor/Director	\$	59,882	
Career Ladder Program		3,000	
Social Security		3,586	
State Retirement		5,584	
Medical Insurance		5,459	
Employer Medicare		839	
Travel		608	
Other Supplies and Materials		587	
In Service/Staff Development		6,837	
Other Charges		65	
Other Equipment		665	
Total Special Education Program			87,112

Vocational Education Program

Secretary(ies)	\$	23,921	
Social Security		1,437	
State Retirement		1,851	
Employer Medicare		336	
Operating Lease Payments		2,700	
In Service/Staff Development		7,294	
Total Vocational Education Program			37,539

Adult Programs

Supervisor/Director	\$	47,112	
Social Security		2,850	
State Retirement		4,183	
Employer Medicare		667	
Communication		3,497	
In Service/Staff Development		678	
Total Adult Programs			58,987

Other Programs

On-Behalf Payments to OPEB	\$	7,121	
Total Other Programs			7,121

Board of Education

Secretary to Board	\$	5,606	
Board and Committee Members Fees		7,100	
Social Security		739	
State Retirement		498	
Unemployment Compensation		5,803	
Employer Medicare		173	
Other Fringe Benefits		275	
Audit Services		2,850	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Dues and Memberships	\$	1,588	
Legal Services		368	
Liability Insurance		58,914	
Trustee's Commission		4,685	
Workers' Compensation Insurance		60,184	
In Service/Staff Development		3,917	
Criminal Investigation of Applicants - TBI		926	
Other Charges		6,794	
Total Board of Education			\$ 160,420

Director of Schools

County Official/Administrative Officer	\$	70,923	
Career Ladder Program		1,800	
Social Security		4,146	
State Retirement		6,458	
Medical Insurance		6,656	
Employer Medicare		970	
Communication		6,540	
Dues and Memberships		2,782	
Postal Charges		3,084	
Travel		812	
Other Supplies and Materials		129	
In Service/Staff Development		1,581	
Total Director of Schools			105,881

Office of the Principal

Principals	\$	59,228	
Career Ladder Program		500	
Social Security		1,793	
State Retirement		2,913	
Medical Insurance		5,355	
Employer Medicare		809	
Communication		6,620	
Postal Charges		450	
Travel		113	
In Service/Staff Development		1,029	
Other Charges		45	
Total Office of the Principal			78,855

Fiscal Services

Accountants/Bookkeepers	\$	45,205	
Clerical Personnel		40,596	
Other Salaries and Wages		3,838	
Social Security		4,844	
State Retirement		6,938	
Medical Insurance		11,970	
Employer Medicare		1,133	
Data Processing Services		6,202	
Data Processing Supplies		2,221	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Office Supplies	\$	2,557	
In Service/Staff Development		160	
Other Charges		50	
Administration Equipment		200	
Total Fiscal Services			\$ 125,914

Operation of Plant

Janitorial Services	\$	37,576	
Disposal Fees		3,240	
Other Contracted Services		1,018	
Custodial Supplies		10,588	
Electricity		55,173	
Natural Gas		17,872	
Water and Sewer		3,367	
Total Operation of Plant			128,834

Maintenance of Plant

Maintenance Personnel	\$	51,809	
Other Salaries and Wages		1,631	
Social Security		2,882	
State Retirement		4,010	
Medical Insurance		11,807	
Employer Medicare		674	
Maintenance and Repair Services - Buildings		7,204	
Maintenance and Repair Services - Equipment		8,973	
Travel		395	
Other Contracted Services		2,691	
Other Supplies and Materials		5,959	
In Service/Staff Development		400	
Maintenance Equipment		470	
Total Maintenance of Plant			98,905

Transportation

Bus Drivers	\$	33,360	
Other Salaries and Wages		20,513	
Social Security		3,340	
State Retirement		3,711	
Employer Medicare		781	
Communication		5,879	
Other Charges		155	
Transportation Equipment		490,897	
Other Equipment		236	
Total Transportation			558,872

Central and Other

Other Salaries and Wages	\$	37,000	
Social Security		2,233	
State Retirement		2,864	
Medical Insurance		5,297	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Employer Medicare	\$	522	
Communication		11,585	
Maintenance and Repair Services - Equipment		156	
Travel		104	
Other Contracted Services		17,352	
Other Supplies and Materials		4,763	
In Service/Staff Development		806	
Other Charges		6,206	
Administration Equipment		2,578	
Other Equipment		2,182	
Total Central and Other			\$ 93,648

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	12,155	
Social Security		754	
State Retirement		941	
Employer Medicare		176	
Maintenance and Repair Services - Equipment		451	
Food Supplies		10,411	
USDA - Commodities		827	
Other Supplies and Materials		340	
In Service/Staff Development		785	
Other Charges		644	
Food Service Equipment		2,179	
Total Food Service			29,663

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	12,220	
Other Equipment		8,255	
Other Capital Outlay		10,495	
Total Regular Capital Outlay			30,970

Total General Purpose School Fund \$ 2,940,500

School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$	378	
Trustee's Commission		19,561	
Total Board of Education			\$ 19,939

Transportation

Supervisor/Director	\$	39,580	
Mechanic(s)		91,066	
Bus Drivers		468,780	
Clerical Personnel		24,426	
Other Salaries and Wages		34,514	

(Continued)

Exhibit K-8

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

In-Service Training	\$	200	
Social Security		39,797	
State Retirement		48,236	
Medical Insurance		22,002	
Employer Medicare		9,450	
Laundry Service		5,146	
Maintenance and Repair Services - Equipment		6,245	
Medical and Dental Services		5,065	
Other Contracted Services		5,086	
Diesel Fuel		326,395	
Garage Supplies		1,891	
Gasoline		5,234	
Lubricants		6,430	
Small Tools		2,094	
Tires and Tubes		16,068	
Vehicle Parts		80,252	
Gravel and Chert		1,048	
Other Supplies and Materials		715	
In Service/Staff Development		2,361	
Other Charges		5,534	
Other Equipment		6,409	
Total Transportation			\$ 1,254,024

Total School Transportation Fund \$ 1,273,963

Total Governmental Funds - Carroll County School Department \$ 4,214,463

Exhibit K-9

Carroll County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2013

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 2,693	\$ 2,693
Circuit/Clerk & Master Collections - Prior Years	0	131,182	131,182
Local Option Sales Tax	2,304,038	2,420,865	4,724,903
Interstate Telecommunications Tax	0	2,267	2,267
City/School District Property Taxes:			
Current Property Tax	0	4,900,476	4,900,476
Prior Year's Property Tax	0	196,895	196,895
Interest and Penalty	0	37,703	37,703
Payments in-Lieu-of Taxes	0	270,413	270,413
Marriage Licenses	0	1,651	1,651
Mixed Drink Tax	0	2,560	2,560
Total Cash Receipts	<u>\$ 2,304,038</u>	<u>\$ 7,966,705</u>	<u>\$ 10,270,743</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,280,998	\$ 7,854,919	\$ 10,135,917
Trustee's Commission	23,040	132,355	155,395
Total Cash Disbursements	<u>\$ 2,304,038</u>	<u>\$ 7,987,274</u>	<u>\$ 10,291,312</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ (20,569)	\$ (20,569)
Cash Balance, July 1, 2012	0	318,736	318,736
Cash Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 298,167</u>	<u>\$ 298,167</u>

AUDIT FINDINGS SECTION



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Carroll County's basic financial statements, and have issued our report thereon dated October 31, 2013. Our report includes a reference to other auditors who audited the financial statements of the Carroll County Board of Public Utilities and the Carroll County Indigent Care Board, as described in our report on Carroll County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

the effectiveness of Carroll County's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Recommendations to be material weaknesses: 2013-002 and 2013-007.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Recommendations to be significant deficiencies: 2013-004 and 2013-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Audit Findings and Recommendations as items: 2013-001, 2013-003, and 2013-005.

Carroll County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 31, 2013

JPW/sb

Carroll County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Carroll County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF HIGHWAY COMMISSION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.01	160	Material audit adjustments were required for proper financial statement presentation
12.02	160	Highway/Public Works Fund expenditures exceeded appropriations at the major category level of control
12.03	160	The Highway Department did not maintain a system to account for materials used on some types of road projects

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.04	161	The docket trial balance was not reconciled with cash control records

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.05	162	Duties were not segregated adequately

CARROLL COUNTY, TENNESSEE

SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

For the Year Ended June 30, 2013

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 county mayor provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2013-001 **EXPENDITURES IN THE GENERAL AND GENERAL DEBT SERVICE FUNDS EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General and General Debt Service funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Airport	\$ 20,459
General Debt Service:	
Other Debt Service - General Government	4,231

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, which are to be used in the operation and respective programs of 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 stay within the spending 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 – COUNTY MAYOR

The airport closed the year within total budget with a surplus. This finding reflects a contract for the upcoming fiscal year relative to a grant to construct a hangar. The county will work to ensure that all grant contracts are signed within the fiscal year that they are active.

OFFICE OF HIGHWAY COMMISSION

FINDING 2013-002

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

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

At June 30, 2013, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$380,882 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department's financial reporting system did not prevent, detect or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 2013-003

EXPENDITURES IN THE HIGHWAY/PUBLIC WORKS FUND EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL

(Noncompliance Under *Government Auditing Standards*)

Expenditures in the Highway/Public Works Fund exceeded appropriations approved by the County Commission in the Interest on Debt - Highways and Streets major appropriation category (the legal level of control) by \$2,582. 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, which are to be used in the operation and respective programs of 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 stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 2013-004

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

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

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

RECOMMENDATION

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

OFFICE OF CLERK AND MASTER

FINDING 2013-005

THE DOCKET TRIAL BALANCE WAS NOT RECONCILED WITH CASH CONTROL RECORDS

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2013, the clerk and master had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, this trial balance did not reconcile with general ledger accounts by \$44,597. Therefore, we were unable to determine if the clerk and master had complied with provisions of the Unclaimed Property Act, Section 66-29-113, *TCA*. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer’s Office. This deficiency exists due to the failure of management to identify all funds placed on deposit with the court, and management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

FINDING 2013-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees in the Offices of Highway Commission; Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register of Deeds; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increased the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

CARROLL COUNTY

FINDING 2013-007

CARROLL COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

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

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

Finding Numbers	Description
2013-002, 12.01, 11.01	Funds required material audit adjustments for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. 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.

RECOMMENDATION

Carroll County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Carroll County may be required to establish an Audit Committee under the provisions of Section 9-3-405, *TCA*.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

The finding (No. 11.01) on the General Fund has been corrected. The county will proceed with the recommendation to establish an Audit Committee.

BEST PRACTICE

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

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