

CARROLL COUNTY WATERSHED AUTHORITY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2015

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INTRODUCTORY SECTION

CARROLL COUNTY WATERSHED AUTHORITY
DIRECTORY
June 30, 2015

BOARD MEMBERS

Tommy Surber
Dale Kelley
Kenny McBride
Robert Clark
Joe Smothers
Natalie Porter

MANAGEMENT TEAM

Martha Taylor, Recording Secretary
Kim Carter, Accountant

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Alexander Thompson Arnold PLLC
Jackson, Tennessee

FINANCIAL SECTION

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AICPA Center for Public Company Audit Firms
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Kentucky Society of Certified Public Accountants



Certified Public Accountants
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Independent Auditor's Report

Board of Directors
Carroll County Watershed Authority
Huntingdon, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Carroll County Watershed Authority (the Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Carroll County Watershed Authority, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1, the financial statements present only the Carroll County Watershed Authority and do not purport to, and do not, present fairly the financial position of the Town of Huntingdon, Tennessee, as of June 30, 2015, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, the schedule of principal and interest requirements, and the schedule of state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of principal and interest requirements and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of principal and interest requirements and the schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19 2016, on our consideration of the Authority'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 the Authority's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
February 19, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Carroll County Watershed Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2015. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analyses of key elements of total governmental funds have been provided.

FINANCIAL HIGHLIGHTS

Management believes the Authority's financial condition is strong. The Authority is well within its more stringent financial policies and guidelines set by the Board and management. The following are key financial highlights.

- Total assets at year-end were \$16.17 million and exceeded liabilities and deferred inflows of resources in the amount of \$5.89 million (i.e. net position).
- Net position decreased \$322 thousand during the current year primarily due to the Authority issuing debt to meet current and future financial needs.
- Operating revenues were \$351 thousand: a decrease from year 2014 in the amount of \$5.02 million, due to receipt of \$5 million in state appropriations in the prior year.
- Operating expenses were \$674 thousand, a decrease from year 2014 in the amount of \$5.09 million, due to the pay off and consolidation of old debt agreements in the prior year.
- The operating loss for the year was \$322 thousand as compared to a \$394 thousand loss during the 2014 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's strategic plan, budget, bond resolutions and other management tools were used for this analysis. The Financial Statements are made up of four sections: 1) the introductory section, 2) the financial section, 3) supplementary information, and 4) the internal control and compliance section. The introductory section includes the Authority's directory. The financial section includes the MD&A, the independent auditor's report, and the financial statements with accompanying notes. The supplemental information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance.

REQUIRED FINANCIAL STATEMENTS

Due to the Authority being a single fund governmental entity, a consolidated format has been used to present the fund statements and the government-wide statements with the reconciliation included as an additional column. The following statements are included in the financial statements of the Authority:

The *Statements of Net Position and Governmental Fund Balance Sheet* includes all of the Authority's assets, liabilities, deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Authority.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Statements of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* presents the results of the business activities over the course of the fiscal year and information as to how the net position and fund balances changed during the year. All changes in net position and fund balance are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the Authority's operations and can be used to determine whether the Authority has successfully recovered all of its costs. This statement also measures the Authority's profitability and credit worthiness.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* presents the results of activities over the course of the fiscal year in comparison with the original and final budget. An additional column is presented showing the differences between the final budget and the actual expenditures for the year.

The *Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities and deferred inflows of resources by \$5.89 million at the close of the most recent fiscal year. A portion of the Authority's net position (\$4.30 million) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1A
CONDENSED STATEMENT OF NET POSITION

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	Increase (Decrease)	
			<u>\$</u>	<u>%</u>
Current and other assets	\$ 1,659,221	\$ 1,771,542	\$ (112,321)	-6.34%
Capital assets (net of accumulated depreciation)	14,507,324	14,479,742	27,582	0.19%
Total assets	<u>16,166,545</u>	<u>16,251,284</u>	<u>(84,739)</u>	<u>-0.52%</u>
Long-term liabilities	10,232,126	9,994,180	237,946	2.38%
Other liabilities	46,637	47,146	(509)	-1.08%
Total liabilities	<u>10,278,763</u>	<u>10,041,326</u>	<u>237,437</u>	<u>2.36%</u>
Deferred inflows of resources	16,188	-	16,188	100.00%
Net investment in capital assets	4,299,694	4,527,302	(227,608)	-5.03%
Unrestricted	1,588,088	1,682,656	(94,568)	-5.62%
Total net position	<u>\$ 5,887,782</u>	<u>\$ 6,209,958</u>	<u>\$ (322,176)</u>	<u>-5.19%</u>

During the year, the Authority's net position decreased by \$322 thousand. During the year the Authority issued a Series 2015 bond for \$250 thousand dollars. The \$250 thousand was used for

MANAGEMENT'S DISCUSSION AND ANALYSIS

the purpose of financing the costs of improvements to the Carroll County Watershed Lake Project. Capital assets increased by \$28 thousand. This increase was due to construction in progress of a marina, fueling station, and RV park at the Lake. Long-term liabilities increased by \$237 thousand. This increase was due primarily to the issuance of the series 2015 bond.

Statement of Activities – Expenses in the governmental activities column exceeded revenues by \$322 thousand. Revenues and expenses decreased during the year due to the Authority receiving \$5 million in state appropriation funds in the prior year.

Table 2A
CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	Increase (Decrease)	
			\$	%
Operating revenues	\$ 351,040	\$ 5,368,107	\$(5,017,067)	-93.46%
Non-operating revenues	877	382	495	129.58%
Total revenues	<u>351,917</u>	<u>5,368,489</u>	<u>(5,016,572)</u>	-93.44%
Operating expenditures	541,440	5,635,568	(5,094,128)	-90.39%
Depreciation and amortization	132,653	127,406	5,247	4.12%
Total expenses	<u>674,093</u>	<u>5,762,974</u>	<u>(5,088,881)</u>	-88.30%
Change in net position	(322,176)	(394,485)	72,309	18.33%
Beginning net position	6,209,958	6,556,995	(347,037)	-5.29%
Prior period adjustment	-	47,448	(47,448)	100.00%
Fund balance/net position - beginning (restated)	<u>6,209,958</u>	<u>6,604,443</u>	<u>(394,485)</u>	-5.97%
Ending net position	<u>\$ 5,887,782</u>	<u>\$ 6,209,958</u>	<u>\$ (322,176)</u>	-5.19%

COMMENTS ON FUND FINANCIAL STATEMENTS

The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund – The focus of the Authority's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Revenues in the general fund decreased from last year by approximately \$14.96 million. The most significant changes in revenues and other financing sources in the general fund were:

- Decrease due primarily to receipt of state appropriation funds of \$5 million and issuance of series 2014 bond in the prior year.

Expenditures in the general fund decreased from last year by approximately \$13.34 million. The most significant changes in expenditures and other financing uses in the general fund were:

- The Authority's continued operations and maintenance during the 2015 fiscal year.
- Consolidation and pay off of old debt agreements in the prior year.

A budget comparison statement has been provided to demonstrate compliance with the budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

Final Budgeted and Actual Amounts

Actual revenues were less than the final budgeted amounts by \$16 thousand. Significant variances were:

- LPRF grant revenues were budgeted for \$16 thousand and the actual revenue was \$0.

Expenditures were less than the final budgeted amounts by \$6 thousand in the current year. Significant variances were:

- Professional services were budgeted for \$18 thousand and the actual expenditure was \$12 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of the fiscal year, the Authority had invested \$14.51 million net of accumulated depreciation in a variety of capital assets. Depreciation expense during the period was \$127 thousand.

Long-term debt – At the end of the current fiscal year, the Authority had long-term debt in the amount of \$10.41 million (principal).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As daily operations and maintenance of the lake continue, the Authority continues to plan further development and construction. In the up coming year, those plans include completion of construction of the RV Park, marina and fueling station for the lake. There are no foreseen developments at this time that would hold up progress of the lake or hinder daily operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Carroll County Watershed Authority, P.O. Box 668, Huntingdon, TN 38344.

CARROLL COUNTY WATERSHED AUTHORITY
STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2015

	<u>General Fund</u>	<u>Adjustments (Note 3A)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 1,535,596	\$ -	\$ 1,535,596
Cash on hand	600	-	600
Accounts receivable	65,212	-	65,212
Due from State of Tennessee	16,188	-	16,188
Prepaid expense	929	-	929
Unamortized bond insurance cost	-	40,696	40,696
Capital assets (net of accumulated depreciation):			
Land	-	4,971,245	4,971,245
Building and Improvements	-	9,299,472	9,299,472
Infrastructure	-	68,113	68,113
Other capital assets	-	13,449	13,449
Construction in process	-	155,045	155,045
Total assets	<u>1,618,525</u>	<u>14,548,020</u>	<u>16,166,545</u>
Liabilities			
Accounts payable	17,502	-	17,502
Payroll liabilities	12,199	-	12,199
Due to state-sales tax	736	-	736
Debt payable			
Due within one year	-	16,200	16,200
Due in more than one year	-	10,232,126	10,232,126
Total liabilities	<u>30,437</u>	<u>10,248,326</u>	<u>10,278,763</u>
Deferred Inflows of Resources			
Unavailable revenue	<u>16,188</u>	<u>(16,188)</u>	<u>-</u>
Fund Balance			
Non spendable	929	(929)	-
Unassigned	<u>1,570,971</u>	<u>(1,570,971)</u>	<u>-</u>
Total fund balance	<u>1,571,900</u>	<u>(1,571,900)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,602,337</u>		
Net Position			
Net investment in capital assets		4,299,694	4,299,694
Unrestricted		<u>1,588,088</u>	<u>1,588,088</u>
Total net position		<u>\$ 4,315,882</u>	<u>\$ 5,887,782</u>

The accompanying notes are an integral part of the financial statements.

CARROLL COUNTY WATERSHED AUTHORITY
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2015

	<u>General Fund</u>	<u>Adjustments (Note 3B)</u>	<u>Statement of Activities</u>
Revenues:			
Wheel tax receipts	\$ 244,204	\$ -	\$ 244,204
LPRF grant	-	16,188	16,188
Licenses and permits	54,628	-	54,628
Residential boat dock fee	8,000	-	8,000
Bait/supplies	3,393	-	3,393
Concessions	18,774	-	18,774
Business Ventures	4,853	-	4,853
Future contributions/donations	1,000	-	1,000
Interest income	877	-	877
Total revenue	<u>335,729</u>	<u>16,188</u>	<u>351,917</u>
Expenditures:			
Surety bonds for officials	180	-	180
Bait/supplies	2,904	-	2,904
Construction expense	1,061	-	1,061
Marina construction	82,878	(82,878)	-
Fueling station construction	100	(100)	-
General purpose machinery	500	-	500
Environmental review	9,000	-	9,000
Accounting and auditing services	5,625	-	5,625
Tennessee state planning	2,875	-	2,875
Other operating supplies	3,327	-	3,327
Salaries/wages part-time	85,431	-	85,431
OASI (employer's share)	6,536	-	6,536
Hospital and health insurance	5,780	-	5,780
Retirement	1,879	-	1,879
Worker's compensation	4,083	-	4,083
Unemployment insurance	763	-	763
Minor medical and physicals	917	-	917
Postage	340	-	340
Printing/reference books/publications	545	-	545
Publication of formal and legal	1,617	(1,312)	305
General liability	100	-	100
Insurance on vehicles and equipment	580	-	580
Concessions	10,901	-	10,901
State fees	761	(500)	261
Repair and maintenance			
Motor vehicles	94	-	94
Machinery and equipment	1,465	-	1,465
Buildings and grounds	5,811	-	5,811
Beach	1,400	-	1,400
Electric	<u>\$ 10,725</u>	<u>\$ -</u>	<u>\$ 10,725</u>

The accompanying notes are an integral part of the financial statements.

CARROLL COUNTY WATERSHED AUTHORITY
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2015

	<u>General Fund</u>	<u>Adjustments (Note 3B)</u>	<u>Statement of Activities</u>
Expenditures			
Water	\$ 1,381	\$ -	\$ 1,381
Telephone	4,140	-	4,140
Professional services	12,100	(3,500)	8,600
Engineering services	66,755	(66,755)	-
Insurance - buildings	3,089	-	3,089
Waste disposal	1,393	-	1,393
Janitorial supplies	2,531	-	2,531
Office supplies and material	1,115	-	1,115
Small items of equipment	297	-	297
Petroleum products	731	-	731
Administrative expense	2,687	-	2,687
Depreciation	-	127,463	127,463
Amortization	-	5,190	5,190
Debt service:			
Interest expense	352,088	-	352,088
Total expenditures	<u>696,485</u>	<u>(22,392)</u>	<u>674,093</u>
Other Financing Sources (Uses)			
Proceeds from bond issue	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>
Net changes in fund balance/net position	(110,756)	(211,420)	(322,176)
Fund balance/net position - beginning	<u>1,682,656</u>	<u>4,527,302</u>	<u>6,209,958</u>
Fund balance/net position - ending	<u>\$ 1,571,900</u>	<u>\$ 4,315,882</u>	<u>\$ 5,887,782</u>

The accompanying notes are an integral part of the financial statements.

CARROLL COUNTY WATERSHED AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Carroll County Watershed Authority (the Authority) is a Watershed Authority with responsibility for the Watersheds of Carroll County. The six member board of directors, which serve six year staggered terms, are appointed by the governor. The Authority approves its own budgets and controls surpluses and deficits. The Authority can issue debt and is responsible for fiscal management and determining fees. The Authority was created by the State on May 11, 1984. The Authority has control over the hiring and firing of employees. These financial statements present the Authority as the primary government and there are no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) and the governmental fund financial statements (i.e., the balance sheet and the statement of revenues, expenditures, and changes in fund balance) have been consolidated into one report. The adjustments from the fund financial statements to the government-wide statements have been consolidated into the middle column of the reports for simplicity.

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. Revenues are recorded when earned and expenses 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.

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 are 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 government considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The above referenced financial statements have been combined into one statement due to the fact that the Authority is a single fund governmental unit.

Wheel taxes associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Assets and Liabilities

Deposits and Investments

Cash consists of currency on hand and demand deposits with financial institutions. Cash equivalents are short-term, highly liquid investments both readily convertible to known amounts of cash and so near maturity that there is insignificant risk of changes in value because of changes in interest rates. Only investments with maturities of less than three months at the time of purchase are considered cash equivalents.

CARROLL COUNTY WATERSHED AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Capital Assets

Property, plant and equipment are stated at original cost. Maintenance, repairs and minor renewals are expensed as incurred. When units are retired the original cost and related accumulated depreciation are removed from the books.

Depreciation of the capital assets is computed by the straight-line method over the estimated useful lives of the various assets as follows:

Building and improvements	5 - 50 years
Infrastructure	5 - 50 years
Other capital assets	5 - 50 years

Net Position/Fund Balance

As prescribed by GASB Statement No.54, governmental funds report fund balance in classifications based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- **Nonspendable fund balance:**
This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- **Restricted fund balance:**
This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.
- **Committed fund balance:**
This classification includes amounts that can only be used for the specific purposes determined by a formal action of the Authority’s highest level of decision-making authority, the Board of Directors of the Carroll County Watershed Authority. Commitments may be changed or lifted only by the Authority taking the same formal action that imposed the constraint originally (for example: ordinance).
- **Assigned fund balance:**
This classification includes amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. The Board and its designee, the Recording Secretary, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.
- **Unassigned fund balance:**
This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not

**CARROLL COUNTY WATERSHED AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

be recognized as an outflow of resources (expense/expenditure) until then. The authority presently has no deferred outflows of resources to report.

In addition to liabilities, the statement of financial 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: Grants. These amounts are deferred and recognized as an inflow in the period that the amounts become available.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Authority adopts flexible annual operating budgets. Budgets are adopted annually and approved by the board. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the Authority’s plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year.

All unexpended appropriations in the operating budget remaining at the end of the fiscal year lapse.

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences between the Governmental Fund Balance Sheet and the Statement of Net Position

Adjustments to the balance sheet of governmental funds to the statement of net position include the following items:

When capital assets (land and equipment) that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in the governmental funds. However, the statement of net position includes those capital assets among the assets of the Carroll County Watershed Authority as a whole.

Capital outlay	\$ 155,045
Depreciation expense	<u>(127,463)</u>
Difference	<u>\$ 27,582</u>

“Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$10,612,370 difference are as follows:

Bond payable	\$(10,410,000)
Bond insurance cost	40,696
Bond discount	<u>161,674</u>
Total	<u>\$(10,207,630)</u>

B. Explanation of Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

CARROLL COUNTY WATERSHED AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

The net change in fund balances of governmental funds differs from the change in net position for governmental activities. The difference arises primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds.

When capital assets that are to be used in governmental activities are purchased, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 155,045
Depreciation expense	<u>(127,463)</u>
Difference	<u>\$ 27,582</u>

“Unavailable revenues under the modified accrual basis of accounting may be revenues on the government-wide statements under the accrual basis of accounting.” The details of this \$16,188 Difference are as follows:

Unavailable revenue	<u>\$ (16,188)</u>
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NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial Credit Risk

The Authority’s policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% 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 Authority’s agent in the Authority’s name, or by the 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, the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2015 all bank deposits were fully collateralized or insured.

B. Capital Assets

Capital asset activity during the year was as follows:

CARROLL COUNTY WATERSHED AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

<u>Description</u>	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2015</u>
Capital assets, not being depreciated				
Land	\$ 4,971,245	\$ -	\$ -	\$ 4,971,245
Construction in progress	-	155,045	-	155,045
Total capital assets, not being depreciated	<u>4,971,245</u>	<u>155,045</u>	<u>-</u>	<u>5,126,290</u>
Capital assets, being depreciated				
Building and Improvements	9,800,929	-	-	9,800,929
Infrastructure	89,445	-	-	89,445
Other capital assets	56,677	-	-	56,677
Total capital assets being depreciated	<u>9,947,051</u>	<u>-</u>	<u>-</u>	<u>9,947,051</u>
Less accumulated depreciation for:				
Building and Improvements	384,790	116,667	-	501,457
Infrastructure	15,427	5,905	-	21,332
Other capital assets	38,337	4,891	-	43,228
Total accumulated depreciation	<u>438,554</u>	<u>127,463</u>	<u>-</u>	<u>566,017</u>
Total capital assets, being depreciated, net	<u>9,508,497</u>	<u>(127,463)</u>	<u>-</u>	<u>9,381,034</u>
Total capital assets, net	<u>\$ 14,479,742</u>	<u>\$ 27,582</u>	<u>\$ -</u>	<u>\$ 14,507,324</u>

Depreciation expense amounted to \$127,463 for the fiscal year ended June 30, 2015.

C. Long-term Debt

Capital Improvement and Refunding Bonds, Series 2014

Purpose

The Series 2014 Bonds were issued on June 30, 2014 for the purpose of refunding the Authority's Series 2011 Bond, Series 2012 Bond, Carroll Bank and Trust Loan as well as paying for the completion of capital improvement projects and paying certain expenses incurred in connection with the issuance of the Series 2014 Bonds.

Prepayment/Redemption Fund

In accordance with the Bond resolution, the proceeds from the Series 2014 Bonds, excluding the amounts to pay issuance expenses and capital improvement expenses, were deposited in a prepayment/redemption fund that will be expended to refund and redeem the refunded obligations on June 30, 2014 or as soon thereafter as practicable, but in no event later than 80 days following the issue date.

Construction Fund

The Construction Fund established pursuant to the Indenture will be maintained consistent with Section 1.148-(2)(e)(2) and invested as permitted by the laws of the State of Tennessee for investment of Authority funds and as permitted by Section 148 of the Code and the related Treasury Regulations.

Reserve Fund

Based on the representations of the Underwriter in the certificate attached hereto as Exhibit A, the Reserve Fund is an essential element in the marketing of the Series 2014 Bonds, and as

CARROLL COUNTY WATERSHED AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

provided in such certificate of the Underwriter the amount of the required reserve does not exceed the lesser of (a) the maximum annual principal and interest requirement on the Series 2014 Bonds during the term of the Series 2014 Bonds; (b) 125% of the average annual principal and interest requirement, including principal payable by reason of the mandatory redemption provisions of any Bonds, on the Series 2014 Bonds during the term of the Series 2014 Bonds, or (c) 10% of the stated principal amount of the Series 2014 Bonds, as from time to time interpreted under the Code.

Description of the Series 2014 Bonds

Interest on the Series 2014 Bonds is payable annually on each April 1 until maturity. Build America Assurance Company has issued its Municipal Bond Insurance Policy guaranteeing the payment of principal and interest on the Bonds.

\$10,160,000 Serial/Term Bonds

The Bonds bear interest at the rates and mature on the dates set forth below:

<u>Bond Component</u>	<u>Date</u>	<u>Par value</u>	<u>Coupon</u>	<u>Price</u>
Serial Bonds:				
	4/1/2024	460,000	4.000%	107.109
Term Bond due 2029	4/1/2029	890,000	3.750%	98.656
Term Bond due 2039	4/1/2039	2,405,000	4.125%	97.047
Term Bond due 2054 (5.25%)	4/1/2054	2,500,000	5.250%	104.654
Term Bond due 2054 (4.75%)	4/1/2054	<u>3,905,000</u>	4.750%	97.378
		<u>10,160,000</u>		

RV Park Revenue Bond, Series 2015

Purpose

The Series 2015 Bonds were issued on June 18, 2015 for the purpose of providing funds to finance a portion of the costs of the RV Park Project. The Bond shall be issued in registered form, without coupons. The Bond shall be numbered 1, shall be dated the date of issuance and delivery, and shall be sold at not less than the par amount thereof.

Description of the Series 2015 Bond

Interest on the Series 2015 Bond is payable semiannually on each June 1 and December 1 until maturity.

\$250,000 Bond

The Bond bears interest at 4.00% and matures on June 1, 2027.

Summary of Long-Term Debt Outstanding

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2015, are as follows:

CARROLL COUNTY WATERSHED AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Year Ending June 30,	Bond Payable		Total		Total
	Principal	Interest	Principal	Interest	
2016	16,200	477,247	16,200	477,247	493,447
2017	17,300	477,071	17,300	477,071	494,371
2018	18,000	476,379	18,000	476,379	494,379
2019	18,800	475,659	18,800	475,659	494,459
2020	19,500	474,907	19,500	474,907	494,407
2021-2025	734,800	2,325,991	734,800	2,325,991	3,060,791
2026-2030	975,400	2,151,950	975,400	2,151,950	3,127,350
2031-2035	1,125,000	1,949,783	1,125,000	1,949,783	3,074,783
2036-2040	1,380,000	1,697,127	1,380,000	1,697,127	3,077,127
2041-2045	1,725,000	1,347,414	1,725,000	1,347,414	3,072,414
2046-2050	2,200,000	876,614	2,200,000	876,614	3,076,614
2051-2054	2,180,000	276,514	2,180,000	276,514	2,456,514
	<u>\$ 10,410,000</u>	<u>\$ 13,006,656</u>	<u>\$ 10,410,000</u>	<u>\$ 13,006,656</u>	<u>\$ 23,416,656</u>

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Series 2014	\$ 10,160,000	\$ -	\$ -	\$ 10,160,000	\$ -
Series 2015	-	250,000	-	250,000	16,200
Total bonds payable	10,160,000	250,000	-	10,410,000	16,200
Bond discount	(165,820)	-	(4,146)	(161,674)	(4,146)
Net long-term debt	<u>\$ 9,994,180</u>	<u>\$ 250,000</u>	<u>\$ (4,146)</u>	<u>\$ 10,248,326</u>	<u>\$ 12,054</u>

NOTE 5 – OTHER INFORMATION

A. Carroll County Lake Development

Passed in 2000 and implemented in 2002, Carroll County passed a wheel tax referendum to add an additional \$10 wheel tax to the present wheel tax for the purpose of raising the funds required for the 30% local match of the cost of development of the lake. The remaining 70% of the cost is to be provided by Federal, State, and other agencies. Wheel tax revenues for 2015 were \$244 thousand.

B. Risk Management

The Authority is exposed to various risks of loss related to tort, theft of assets and error and omissions. During the year ended June 30, 2008, the Authority received an opinion from the State Attorney General's Office confirming that the Authority is a state agency for liability purposes. The Authority has purchased a blanket bond in the amount of \$25,000 to insure against loss caused to the Authority through the failure of any of the employees, acting alone or in collusion with others, to perform faithfully his duties or to account properly for all monies and property received by virtue of his position or employment during the bond period. The Authority has also purchased commercial coverage for the Monitoring Station that has recently been constructed. The Authority has had no claims in any of the past three years. The Authority also has coverage for the Wells and Pumps. This current year insurance coverage was added for the Administration and Concession Buildings, Vehicles, and Workers Compensation.

CARROLL COUNTY WATERSHED AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

Revenues:	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Wheel tax receipts	\$ 246,000	\$ 244,100	\$ 244,204	\$ 104
LPRF grant	50,000	16,200	-	(16,200)
Licenses and permits	99,400	55,120	54,628	(492)
Residential boat dock fee	-	8,000	8,000	
Bait/supplies	2,550	3,250	3,393	143
Concessions	15,000	18,800	18,774	(26)
Business Ventures	3,000	4,850	4,853	3
Future contributions/donations	2,000	1,000	1,000	-
Interest income	1,000	850	877	27
Total revenues	418,950	352,170	335,729	(16,441)
Expenditures:				
Surety bonds for officials	200	180	180	-
Bait/supplies	2,150	2,900	2,904	4
Construction expense	60,750	1,060	1,061	1
Marina construction	450,000	82,900	82,878	(22)
Fueling station construction	-	100	100	-
Outdoor furnishings	500	-	-	-
General purpose machinery	-	500	500	
Office machinery and equipment	700	-	-	-
Environmental review	9,000	9,000	9,000	-
Dues and membership fees	4,150	-	-	-
Accounting and auditing services	5,500	5,600	5,625	25
Tennessee state planning	6,300	2,875	2,875	-
Other operating supplies	2,750	3,425	3,327	(98)
Salaries/wages part-time	70,500	85,350	85,431	81
OASI (employer's share)	5,350	6,450	6,536	86
Hospital and health insurance	5,000	5,800	5,780	(20)
Retirement	2,050	1,900	1,879	(21)
Worker's compensation	2,050	4,100	4,083	(17)
Unemployment insurance	600	800	763	(37)
Minor medical and physicals	-	950	917	(33)
Postage	450	350	340	(10)
Printing/reference books/publications	2,000	550	545	(5)
Publication of formal and legal	1,000	1,600	1,617	17
General liability	100	100	100	-
Insurance on vehicles and equipment	850	580	580	-
Travel	100	-	-	-
Sewer use fee	35,000	-	-	-
Concessions	7,000	10,900	10,901	1
State fees	100	760	761	1
Repair and maintenance				
Motor vehicles	800	50	94	44
Machinery and equipment	200	1,500	1,465	
Buildings and grounds	3,500	5,825	5,811	(14)
Beach	5,000	1,400	1,400	-
Electric	11,100	10,800	10,725	(75)

The accompanying notes are an integral part of the financial statements.

CARROLL COUNTY WATERSHED AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Water	\$ 1,050	\$ 1,350	\$ 1,381	\$ 31
Telephone	3,950	4,150	4,140	(10)
Professional services	12,700	17,800	12,100	(5,700)
Engineering services	45,000	66,785	66,755	
Insurance - buildings	3,450	3,100	3,089	(11)
Waste disposal	1,000	1,400	1,393	(7)
Janitorial supplies	1,550	2,525	2,531	6
Office supplies and material	750	1,100	1,115	15
Small items of equipment	800	200	297	97
Petroleum products	1,200	700	731	31
Administrative expense	-	2,700	2,687	(13)
Debt service:				
Interest expense	352,100	352,088	352,088	-
Total expenditures	<u>1,118,300</u>	<u>702,203</u>	<u>696,485</u>	<u>(5,653)</u>
Other Financing Sources (Uses)				
Proceeds from bond issue	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (699,350)</u>	<u>\$ (100,033)</u>	<u>(110,756)</u>	<u>\$ (10,788)</u>
Fund balance - beginning			<u>1,682,656</u>	
Fund balance - ending			<u>\$ 1,571,900</u>	

The accompanying notes are an integral part of the financial statements.

CARROLL COUNTY WATERSHED AUTHORITY
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT - AUTHORITY
For the Fiscal Year Ended June 30, 2015

Year	Capital Improvements and Refunding Bonds Series 2014		RV Park Revenue Bonds Series 2015		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	\$ -	\$ 467,719	\$ 16,200	\$ 9,528	\$ 16,200	\$ 477,247	\$ 493,447
2017	-	467,719	17,300	9,352	17,300	477,071	494,371
2018	-	467,719	18,000	8,660	18,000	476,379	494,379
2019	-	467,719	18,800	7,940	18,800	475,659	494,459
2020	-	467,719	19,500	7,188	19,500	474,907	494,407
2021	-	467,719	20,300	6,408	20,300	474,127	494,427
2022	145,000	467,719	21,100	5,596	166,100	473,315	639,415
2023	155,000	461,919	21,900	4,752	176,900	466,671	643,571
2024	160,000	455,719	22,800	3,876	182,800	459,595	642,395
2025	165,000	449,319	23,700	2,964	188,700	452,283	640,983
2026	170,000	443,131	24,700	2,016	194,700	445,147	639,847
2027	180,000	436,756	25,700	1,028	205,700	437,784	643,484
2028	185,000	430,006	-	-	185,000	430,006	615,006
2029	190,000	423,069	-	-	190,000	423,069	613,069
2030	200,000	415,944	-	-	200,000	415,944	615,944
2031	205,000	407,694	-	-	205,000	407,694	612,694
2032	215,000	399,238	-	-	215,000	399,238	614,238
2033	225,000	390,369	-	-	225,000	390,369	615,369
2034	235,000	381,088	-	-	235,000	381,088	616,088
2035	245,000	371,394	-	-	245,000	371,394	616,394
2036	255,000	361,288	-	-	255,000	361,288	616,288
2037	265,000	350,769	-	-	265,000	350,769	615,769
2038	275,000	339,838	-	-	275,000	339,838	614,838
2039	285,000	328,494	-	-	285,000	328,494	613,494
2040	300,000	316,738	-	-	300,000	316,738	616,738
2041	310,000	301,938	-	-	310,000	301,938	611,938
2042	330,000	286,613	-	-	330,000	286,613	616,613
2043	345,000	270,313	-	-	345,000	270,313	615,313
2044	360,000	253,275	-	-	360,000	253,275	613,275
2045	380,000	235,275	-	-	380,000	235,275	615,275
2046	400,000	216,700	-	-	400,000	216,700	616,700
2047	415,000	196,925	-	-	415,000	196,925	611,925
2048	440,000	176,413	-	-	440,000	176,413	616,413
2049	460,000	154,663	-	-	460,000	154,663	614,663
2050	485,000	131,913	-	-	485,000	131,913	616,913
2051	505,000	107,925	-	-	505,000	107,925	612,925
2052	530,000	82,938	-	-	530,000	82,938	612,938
2053	560,000	56,688	-	-	560,000	56,688	616,688
2054	585,000	28,963	-	-	585,000	28,963	613,963
	<u>\$ 10,160,000</u>	<u>\$ 12,937,348</u>	<u>\$ 250,000</u>	<u>\$ 69,308</u>	<u>\$ 10,410,000</u>	<u>\$ 13,006,656</u>	<u>\$ 23,416,656</u>

See independent auditor's report.

CARROLL COUNTY WATERSHED AUTHORITY
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2015

<u>Grantor</u>	<u>CFDA #</u>	<u>Grant Number</u>	<u>Expenditures</u>
State Assistance:			
Tennessee Department of Environment and Conservation:			
Local Park and Recreation Fund Grant	N/A	0000001883	\$ <u>16,188</u>
Total State Assistance			\$ <u>16,188</u>

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



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Independent Auditor's 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

Board of Directors
Carroll County Watershed Authority
Huntingdon, Tennessee

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 and the major fund of Carroll County Watershed Authority (the Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated February 19, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Alexander Thompson Arnold PLLC

Jackson, Tennessee
February 19, 2016

CARROLL COUNTY WATERSHED AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2015

Financial Statement Findings

There are no current year findings reported.

CARROLL COUNTY WATERSHED AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2015

Financial Statement Findings

There were no prior findings reported.