
ANNUAL FINANCIAL REPORT OVERTON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



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

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

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

***CARL LOWE, CGFM
Audit Manager***

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Auditor 4***

***CHAD MARCUM, CPA
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State Auditors***

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

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Audit Highlights

Annual Financial Report
Overton County, Tennessee
For the Year Ended June 30, 2012

Scope

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

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in 11 findings and recommendations, which we have reviewed with Overton County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ Material audit adjustments were required for proper financial statement presentation.
 - ◆ A capital outlay note was not issued in compliance with state statutes.
-

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ A county road list was not submitted to the County Commission for approval.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft at June 30, 2012.
 - ◆ Expenditures exceeded appropriations.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ Mobile homes were assessed to the mobile home owner instead of the land owner where the mobile home was located.
-

OFFICE OF REGISTER

- ◆ Multiple employees operated from the same cash drawer.
 - ◆ Usernames and passwords were shared by employees.
-

OFFICE OF SHERIFF

- ◆ The office did not deposit some funds within three days of collection.
 - ◆ The office did not properly document payments to confidential informants.
-

AMBULANCE SERVICE, SOLID WASTE DEPARTMENT, AND OFFICES OF REGISTER AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items below are best practices 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 Overton County.

- Overton County should adopt a central system of accounting, budgeting, and purchasing covering all departments.
- Overton County should establish an Audit Committee.

INTRODUCTORY SECTION

Overton County Officials

June 30, 2012

Officials

Ron Cyrus, County Executive
Joe Garrett, Highway Superintendent
Matt Eldridge, Director of Schools
Peggy Clark Smith, Trustee
Larry King, Assessor of Property
Hugh Ogletree, Jr., County Clerk
Barbara Matthews, Circuit and General Sessions Courts Clerk
Dorothy Stanton, Clerk and Master
Franklin Smith, Register
W.B. Melton, Sheriff
Connie Hadynski, Director of Accounts and Budgets

Board of County Commissioners

Ron Cyrus, County Executive, Chairman
Jesse Bowman
Randall Boswell
Jackson Carter
James Clouse
Darwin Clark
Ben Danner
Glenn Honeycutt

Bruce Ledford
Frank Martin
Rick Moles
Jean Moore
Gregg Nivens
Billy Parrott
Billie Phipps
Donna Savage

Board of Education

Howard Miller, Chairman
Dolphus Dial
Ricky Dodson
Mike Gilpatrick
Kelly Hill

Lenard Ledbetter
Larry Looper
Houston Robbins
David Sadler
Ray Smith

Budget and Purchasing Committee

Gregg Nivens, Chairman
Randall Boswell
Jackson Carter
James Clouse
Rick Moles

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

October 15, 2012

Overton County Executive and
Board of County Commissioners
Overton County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Overton County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Overton County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Overton/Pickett County Emergency Communications District, which represent 2.9 percent and 3.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Overton/Pickett County Emergency Communications District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

The financial statements of the Overton County Nursing Home, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Overton County Nursing Home, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, based on our audit and the report of other auditors, except for the effects of not including the financial statements of the Overton County Nursing Home as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Overton County, Tennessee, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012, on our consideration of Overton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 64 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Overton County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Overton County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Overton County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Overton County School Department	Overton/ Pickett County Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 1,235	\$ 1,906	\$ 193,754
Equity in Pooled Cash and Investments	4,628,831	6,022,762	0
Inventories	0	33,614	0
Accounts Receivable	447,322	594	10,492
Allowance for Uncollectibles	(64,647)	0	0
Due from Other Governments	1,568,000	637,326	144
Due from Primary Government	0	350	0
Due from Component Unit	4,150,000	0	0
Property Taxes Receivable	5,180,423	1,941,511	0
Allowance for Uncollectible Property Taxes	(115,229)	(43,162)	0
Unamortized Debt Issuance Cost	153,928	0	0
Prepaid Expenses	0	0	3,032
Capital Assets:			
Assets Not Depreciated:			
Land	1,426,263	460,517	19,625
Intangibles	10,701	0	0
Construction in Progress	860,614	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,861,470	15,189,940	584,148
Infrastructure	7,166,491	758,360	0
Other Capital Assets	1,874,805	1,540,589	0
Total Assets	<u>\$ 35,150,207</u>	<u>\$ 26,544,307</u>	<u>\$ 811,195</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 404,050	\$ 0	\$ 19,211
Accrued Payroll	0	311,043	8,898
Payroll Deductions Payable	53,105	0	650
Cash Overdraft	0	38,954	0
Contracts Payable	155,224	0	0
Retainage Payable	8,170	0	0
Claims and Judgments Payable	23,616	0	0
Accrued Interest Payable	34,089	78,386	0
Due to Component Unit	350	0	0
Due to State of Tennessee	9,620	0	0
Deferred Revenue - Current Property Taxes	4,844,777	1,804,656	0
Noncurrent Liabilities:			
Due Within One Year	1,066,056	600,536	0
Due in More Than One Year	11,036,723	11,015,979	0
Total Liabilities	<u>\$ 17,635,780</u>	<u>\$ 13,849,554</u>	<u>\$ 28,759</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Overton County School Department	Overton/ Pickett County Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 12,019,767	\$ 7,889,406	\$ 0
Invested in Capital Assets	0	0	603,773
Restricted for:			
Courthouse and Jail Maintenance	10,964	0	0
Solid Waste/Sanitation	612,897	0	0
Drug Control	97,214	0	0
Highway/Public Works	671,430	0	0
General Debt Service	1,339,875	0	0
School Federal Projects	0	20,135	0
Central Cafeteria	0	132,199	0
Education Debt Service	0	336,718	0
Other Purposes	812,396	4,567,994	0
Unrestricted	<u>1,949,884</u>	<u>(251,699)</u>	<u>178,663</u>
Total Net Assets	<u>\$ 17,514,427</u>	<u>\$ 12,694,753</u>	<u>\$ 782,436</u>

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets																			
	Program Revenues					Component Units														
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Overtown County School Department	Overtown County Emergency Communications District	Overtown County	Pickett County											
Primary Government:																				
Governmental Activities:																				
General Government	\$ 903,541	\$ 112,069	\$ 19,269	\$ 0	\$ (772,203)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	542,015	455,234	0	0	(86,781)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administration of Justice	569,669	454,253	0	0	(115,416)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	2,821,228	1,030,861	74,948	0	(1,715,419)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Health and Welfare	2,695,254	1,558,489	147,675	0	(989,090)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	249,553	0	49,440	0	(200,113)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agriculture and Natural Resources	105,671	0	0	0	(105,671)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Operations	1,327,610	0	6,728	1,191,650	(129,232)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Highways/Public Works	2,714,137	0	1,677,917	252,292	(783,928)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Long-term Debt	296,824	0	0	0	(296,824)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Debt Service	15,460	0	0	0	(15,460)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Primary Government	\$ 12,240,962	\$ 3,610,906	\$ 1,975,977	\$ 1,443,942	\$ (5,210,137)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:																				
School Department	\$ 27,615,714	\$ 568,739	\$ 3,914,762	\$ 0	\$ 0	\$ (23,132,213)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	999,661	595,887	86,454	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Component Units	\$ 28,615,375	\$ 1,164,626	\$ 4,001,216	\$ 0	\$ 0	\$ (23,132,213)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit B

Overton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Component Units		
	Charges for Services	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Overton/ Pickett County Emergency Communica- tions District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,641,068	\$ 0
Property Taxes Levied for Debt Service					354,872	0
Local Option Sales Tax					904,537	1,647,654
Wheel Tax					0	580,653
Wholesale Beer Tax					0	133,520
Litigation Tax - General					90,690	0
Mineral Severance Tax					146,211	0
Business Tax					125,758	0
Other Local Taxes					23,115	2,238
Grants and Contributions Not Restricted for Specific Programs					924,055	18,861,166
Unrestricted Investment Earnings					16,616	401
Sale of Equipment					32,431	3,264
Miscellaneous					78,233	27,098
Total General Revenues					\$ 6,337,586	\$ 22,993,868
Insurance Recovery					\$ 45,148	\$ 0
Change in Net Assets					\$ 1,172,597	\$ (138,345)
Prior-period Adjustment					0	230,816
Net Assets, July 1, 2011					16,341,830	12,602,282
Net Assets, June 30, 2012					\$ 17,514,427	\$ 12,694,753

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

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	Highway /		General	Other	
	General	Public Works	Debt Service	Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,235	\$ 1,235
Equity in Pooled Cash and Investments	2,142,884	507,214	1,354,285	624,448	4,628,831
Accounts Receivable	399,161	0	0	48,161	447,322
Allowance for Uncollectibles	(64,647)	0	0	0	(64,647)
Due from Other Governments	937,662	544,499	0	85,839	1,568,000
Due from Other Funds	1,235	0	0	153	1,388
Property Taxes Receivable	4,170,509	247,431	399,396	363,087	5,180,423
Allowance for Uncollectible Property Taxes	(86,915)	(4,818)	(12,307)	(11,189)	(115,229)
Total Assets	<u>\$ 7,499,889</u>	<u>\$ 1,294,326</u>	<u>\$ 1,741,374</u>	<u>\$ 1,111,734</u>	<u>\$ 11,647,323</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 14,648	\$ 342,123	\$ 0	\$ 47,279	\$ 404,050
Payroll Deductions Payable	29,292	21,020	0	2,793	53,105
Contracts Payable	155,224	0	0	0	155,224
Retainage Payable	8,170	0	0	0	8,170
Claims and Judgments Payable	0	23,616	0	0	23,616
Due to Other Funds	153	0	0	1,235	1,388
Due to Component Units	0	0	350	0	350
Due to State of Tennessee	7,420	2,200	0	0	9,620
Deferred Revenue - Current Property Taxes	3,910,089	233,937	367,060	333,691	4,844,777
Deferred Revenue - Delinquent Property Taxes	165,533	8,276	18,249	16,590	208,648
Other Deferred Revenues	260,817	128,164	0	37,473	426,454
Total Liabilities	<u>\$ 4,551,346</u>	<u>\$ 759,336</u>	<u>\$ 385,659</u>	<u>\$ 439,061</u>	<u>\$ 6,135,402</u>
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 39,691	\$ 0	\$ 0	\$ 10,964	\$ 50,655
Restricted for Finance	1,056	0	0	0	1,056
Restricted for Administration of Justice	79,397	0	0	0	79,397
Restricted for Public Safety	0	0	0	98,917	98,917
Restricted for Social, Cultural, and Recreational Services	7,036	0	0	0	7,036
Restricted for Other Operations	433,653	0	0	0	433,653
Restricted for Highways/Public Works	0	488,005	0	0	488,005
Committed:					
Committed for Public Health and Welfare	0	0	0	562,792	562,792
Committed for Highways/Public Works	0	46,985	0	0	46,985
Committed for Debt Service	0	0	1,355,715	0	1,355,715
Assigned:					
Assigned for General Government	238	0	0	0	238
Assigned for Public Safety	11,028	0	0	0	11,028
Assigned for Public Health and Welfare	4,450	0	0	0	4,450
Assigned for Social, Cultural, and Recreational Services	30	0	0	0	30
Unassigned	2,371,964	0	0	0	2,371,964
Total Fund Balances	<u>\$ 2,948,543</u>	<u>\$ 534,990</u>	<u>\$ 1,355,715</u>	<u>\$ 672,673</u>	<u>\$ 5,511,921</u>
Total Liabilities and Fund Balances	<u>\$ 7,499,889</u>	<u>\$ 1,294,326</u>	<u>\$ 1,741,374</u>	<u>\$ 1,111,734</u>	<u>\$ 11,647,323</u>

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 5,511,921
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,426,263	
Add: construction in progress	860,614	
Add: intangible assets	10,701	
Add: infrastructure net of accumulated depreciation	7,861,470	
Add: buildings and improvements net of accumulated depreciation	7,166,491	
Add: other capital assets net of accumulated depreciation	<u>1,874,805</u>	19,200,344
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (9,710,366)	
Less: notes payable	(1,604,321)	
Less: other loans payable	(15,890)	
Add: bonds payable due from component unit	4,150,000	
Less: accrued interest on bonds, notes, and other loans	(34,089)	
Less: compensated absences payable	(111,853)	
Less: other postemployment benefits liability	(621,947)	
Less: landfill closure/postclosure care costs	(38,402)	
Add: deferred charges - debt issuance costs	<u>153,928</u>	(7,832,940)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>635,102</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 17,514,427</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,920,500	\$ 262,224	\$ 362,132	\$ 824,921	\$ 5,369,777
Licenses and Permits	10,001	0	0	0	10,001
Fines, Forfeitures, and Penalties	106,371	0	0	70,427	176,798
Charges for Current Services	1,223,743	0	0	254,627	1,478,370
Other Local Revenues	127,564	4,155	154,738	109,888	396,345
Fees Received from County Officials	787,342	0	0	0	787,342
State of Tennessee	1,316,471	1,938,292	576,930	11,804	3,843,497
Federal Government	1,239,595	0	0	0	1,239,595
Other Governments and Citizens Groups	152,610	0	0	0	152,610
Total Revenues	\$ 8,884,197	\$ 2,204,671	\$ 1,093,800	\$ 1,271,667	\$ 13,454,335
<u>Expenditures</u>					
Current:					
General Government	\$ 1,478,116	\$ 0	\$ 0	\$ 66,070	\$ 1,544,186
Finance	539,619	0	0	778	540,397
Administration of Justice	558,210	0	0	3,018	561,228
Public Safety	2,796,511	0	0	65,521	2,862,032
Public Health and Welfare	1,613,490	0	0	911,043	2,524,533
Social, Cultural, and Recreational Services	220,320	0	0	0	220,320
Agriculture and Natural Resources	105,747	0	0	0	105,747
Other Operations	1,346,531	0	0	27	1,346,558
Highways	46,840	2,517,900	0	0	2,564,740
Debt Service:					
Principal on Debt	130,000	0	789,249	0	919,249
Interest on Debt	3,433	0	300,444	0	303,877
Other Debt Service	25,032	0	15,460	0	40,492
Capital Projects - Donated	4,124,968	0	0	0	4,124,968
Total Expenditures	\$ 12,988,817	\$ 2,517,900	\$ 1,105,153	\$ 1,046,457	\$ 17,658,327
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (4,104,620)	\$ (313,229)	\$ (11,353)	\$ 225,210	\$ (4,203,992)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 4,150,000	\$ 0	\$ 0	\$ 0	\$ 4,150,000
Notes Issued	200,000	0	0	0	200,000
Insurance Recovery	40,756	4,392	0	0	45,148
Transfers In	166,000	0	40,000	0	206,000
Transfers Out	0	(40,000)	0	(166,000)	(206,000)
Total Other Financing Sources (Uses)	\$ 4,556,756	\$ (35,608)	\$ 40,000	\$ (166,000)	\$ 4,395,148
Net Change in Fund Balances	\$ 452,136	\$ (348,837)	\$ 28,647	\$ 59,210	\$ 191,156
Fund Balance, July 1, 2011	2,496,407	883,827	1,327,068	613,463	5,320,765
Fund Balance, June 30, 2012	\$ 2,948,543	\$ 534,990	\$ 1,355,715	\$ 672,673	\$ 5,511,921

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 191,156
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,153,067	
Less: current-year depreciation expense	<u>(589,307)</u>	563,760
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: loss on disposal of capital assets	\$ (31,301)	
Less: proceeds from sale or insurance recovery on disposed assets	<u>(127,701)</u>	(159,002)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 635,102	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(593,325)</u>	41,777
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Less: change in deferred debt issuance costs	\$ (12,935)	
Less: bond proceeds	(4,150,000)	
Less: note proceeds	(200,000)	
Add: principal payments on notes	419,223	
Add: principal payments on bonds	484,676	
Add: principal payments on other loans	15,350	
Add: issuance costs on bond proceeds issued for component unit	25,032	
Add: bond proceeds contributed to component unit	<u>4,124,968</u>	706,314
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued interest on bonds	\$ 3,548	
Change in accrued interest on notes	3,505	
Change in closure/postclosure care costs	19,104	
Change in compensated absences payable	(18,095)	
Change in other postemployment benefits liability	<u>(179,470)</u>	<u>(171,408)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 1,172,597</u></u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 825,764
Accounts Receivable	3,220
Due from Other Governments	<u>130,179</u>
Total Assets	<u><u>\$ 959,163</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 130,179
Due to Litigants, Heirs, and Others	<u>828,984</u>
Total Liabilities	<u><u>\$ 959,163</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overton 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 Overton County:

A. Reporting Entity

Overton County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Overton 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 Overton County School Department operates the public school system in the county, and the voters of Overton County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Overton County Nursing Home provides residential nursing care to the citizens of Overton County, and the Overton County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the entity must obtain the County Commission's approval. The financial statements of the Overton County Nursing Home were not available from other auditors in time for inclusion in our report.

The Overton/Pickett County Emergency Communications District was established with the merger of the Pickett County Emergency Communications District and the Overton County Emergency Communications District. The merger was adopted by both boards with an effective date of February 1, 2002. The board of the district includes 13 members; nine are appointed by the Overton County Commission, and the remaining four are

appointed by the Pickett County Commission. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt, the district must obtain approval of the Overton County Commission.

The Industrial Development Authority for Overton County provides assistance in industrial recruitment in Overton County, and the Overton County Commission appoints its seven-member board. The authority acted as a decision-making board and did not have any financial activity during the year.

The Overton 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 Overton County Nursing Home were not available in time for inclusion, as previously mentioned. Complete financial statements of the Overton County Nursing Home and the Overton/Pickett County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Overton County Nursing Home
318 Bilbrey Street
Livingston, TN 38570

Overton/Pickett County Emergency
Communications District
255 Industrial Drive
Livingston, TN 38570

B. Government-wide and Fund Financial Statements

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

Overton County issues all debt for the discretely presented Overton County School Department and the discretely presented Overton County Nursing Home. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012. The county issued net debt of \$4,150,000 on behalf of the nursing home during the year. The nursing home has agreed to make all payments related to this debt.

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

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

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

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

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental

funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

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

Overton County reports the following major governmental funds:

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

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

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

Additionally, Overton County reports the following fund type:

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 in Overton County. 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 Overton County School Department reports the following major governmental fund:

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.

Additionally, the Overton County School Department reports the following fund types:

Special Revenue Funds – These funds 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.

Debt Service Fund – The Education Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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

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

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.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Overton County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Overton County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.21 percent of total taxes levied.

The Due from Component Unit of \$4,150,000 represents debt issued by the county on behalf of the discretely presented Overton County Nursing Home.

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

Claims and judgments payable in the Highway/Public Works Fund represent fines imposed by the U.S. Department of Labor following an inspection at the county's quarry. This amount is listed as a current liability by the county; however, the county is considering an appeal of the fines, and the amount shown has not been paid as of the date of this report.

Retainage payable in the General Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Inventories

Inventories of the discretely presented Overton County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

4. 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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Other Capital Assets	6 - 20
Infrastructure:	
Roads	25 - 40
Bridges	30

5. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Overton County does not have a policy to

pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county.

The general policy of the Overton County School Department permits employees to accumulate vacation and sick days beyond year-end. Non-certified 12-month support personnel earn vacation days that may be accumulated beyond year-end. School support personnel earn personal days and are compensated for any unused days before the end of each fiscal year. The general policy of the School Department for professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the discretely presented School Department.

A liability for vacation pay is reported in governmental funds of the county and the School Department only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including 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, claims and judgments, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$812,396, with the primary restrictions being for: (1) Ambulance Service (\$235,817) and (2) industrial development (\$433,653). For the discretely presented School Department, the account balance in Restricted for Other Purposes (\$4,567,994) consists primarily of a restriction for Basic Education Program funds (\$4,009,943).

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’s Budget/Finance Committee and the Board of Education are authorized bodies to make assignments.

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 has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. Prior-period Adjustment

A prior-period adjustment totaling \$230,816 was recognized in the Statement of Activities to reduce the liability for other postemployment benefits in the discretely presented Overton County School Department that were overstated at July 1, 2011.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Overton County School Department

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

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

Primary Government

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

Discretely Presented Overton County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

Fund	Description	Amount
Primary Government		
Major Fund:		
General	Industrial Park building	\$ 324,197
School Department		
Major Fund:		
General Purpose School	Roofing	281,500
"	Buses	153,916

B. Cash Shortages – Current and Prior Years

The audit of Overton County for the 2010-11 year reported cash shortages in the Solid Waste Department and the School Maintenance Department of \$18,913.33 and \$1,567.60, respectively. Each of these shortages was the result of the misappropriation of funds collected from the sale of scrap metal by employees of these departments. On April 17, 2012, the county received a judgment against the solid waste employee who was ordered to repay \$14,184.96 to the county over a period of 96 months. In April 2012, the former employee remitted a payment of \$13,500 to the county. According to the county attorney and the county executive, the county accepted this amount as complete payment and does not intend to further pursue the outstanding balance of \$684.96. The director of schools stated that the school system has changed its policies to help avoid similar situations in the future, but the system has not collected the \$1,567.60 misappropriated and does not intend to pursue further legal action.

The State Comptroller issued a special report dated June 4, 2012, regarding allegations of suspected irregularities at the Millard Oakley Public Library, which is a department of the Overton County’s General Fund. The investigation revealed a cash shortage of \$5,999.53 at March 2, 2012, which was attributed to alleged illegal activity by the library’s deputy director. Refunds by the bank and funds returned by the deputy director reduced the shortage to \$3,709.95 at March 26, 2012. This shortage is not reflected in the financial statements of Overton County at June 30, 2012. Details of the shortage may be found in the report, which may be viewed at the Comptrollers website, www.comptroller.tn.gov.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$38,954 at June 30, 2012. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2012.

D. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations in the Central Cafeteria Fund by \$27,957. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state

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

Investment Balances. As of June 30, 2012, Overton County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Overton County and the discretely presented Overton County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 11,946,395

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Overton County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Overton County has no investment policy that would further limit its investment choices. As of June 30, 2012, Overton County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,439,263	\$ 0	\$ (13,000)	\$ 1,426,263
Construction in Progress	0	860,614	0	860,614
Intangibles	10,701	0	0	10,701
Total Capital Assets Not Depreciated	<u>\$ 1,449,964</u>	<u>\$ 860,614</u>	<u>\$ (13,000)</u>	<u>\$ 2,297,578</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,086,101	\$ 0	\$ (222,392)	\$ 10,863,709
Infrastructure	11,083,586	0	0	11,083,586
Other Capital Assets	4,913,195	292,453	(21,997)	5,183,651
Total Capital Assets Depreciated	<u>\$ 27,082,882</u>	<u>\$ 292,453</u>	<u>\$ (244,389)</u>	<u>\$ 27,130,946</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,879,778	\$ 199,951	\$ (77,490)	\$ 3,002,239
Infrastructure	3,876,005	41,090	0	3,917,095
Other Capital Assets	2,981,477	348,266	(20,897)	3,308,846
Total Accumulated Depreciation	<u>\$ 9,737,260</u>	<u>\$ 589,307</u>	<u>\$ (98,387)</u>	<u>\$ 10,228,180</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,345,622</u>	<u>\$ (296,854)</u>	<u>\$ (146,002)</u>	<u>\$ 16,902,766</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,795,586</u>	<u>\$ 563,760</u>	<u>\$ (159,002)</u>	<u>\$ 19,200,344</u>

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

Governmental Activities:

General Government	\$ 26,971
Administration of Justice	8,438
Public Safety	230,940
Public Health and Welfare	145,274
Social, Cultural, and Recreational Services	28,287
Highways/Public Works	<u>149,397</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 589,307</u></u>

Discretely Presented Overton County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 460,517	\$ 0	\$ 0	\$ 460,517
Construction on Progress	206,930	0	(206,930)	0
Total Capital Assets Not Depreciated	<u>\$ 667,447</u>	<u>\$ 0</u>	<u>\$ (206,930)</u>	<u>\$ 460,517</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 22,947,624	\$ 546,690	\$ 0	\$ 23,494,314
Infrastructure	963,193	0	0	963,193
Other Capital Assets	3,044,305	139,858	(271,140)	2,913,023
Total Capital Assets Depreciated	<u>\$ 26,955,122</u>	<u>\$ 686,548</u>	<u>\$ (271,140)</u>	<u>\$ 27,370,530</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,783,982	\$ 520,392	\$ 0	\$ 8,304,374
Infrastructure	183,763	21,070	0	204,833
Other Capital Assets	1,454,173	176,250	(257,989)	1,372,434
Total Accumulated Depreciation	<u>\$ 9,421,918</u>	<u>\$ 717,712</u>	<u>\$ (257,989)</u>	<u>\$ 9,881,641</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,533,204</u>	<u>\$ (31,164)</u>	<u>\$ (13,151)</u>	<u>\$ 17,488,889</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 18,200,651</u></u>	<u><u>\$ (31,164)</u></u>	<u><u>\$ (220,081)</u></u>	<u><u>\$ 17,949,406</u></u>

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$ 540,379
Support Services	<u>177,333</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 717,712</u></u>

C. Construction Commitments

At June 30, 2012, Overton County had uncompleted construction contracts of approximately \$324,197 for an industrial building. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,235
Nonmajor governmental	General	153

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

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit: Nonmajor governmental	Primary Government: General Debt Service	\$ 350
Primary Government: Governmental activities	Component Unit: Overton County Nursing Home	4,150,000

The amount reflected as due from the Overton County Nursing Home represents a bond issued by the county on behalf of the nursing home during the year. The nursing home has agreed to repay the bond; therefore, the outstanding bonded debt reflected on the county's Statement of Net Assets at

June 30, 2012, is offset with Due from Component Unit. The net effect of this financial statement presentation on fund equity of the county is zero.

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
Highway/Public Works Fund	\$ 0	\$ 40,000
Nonmajor governmental funds	166,000	0
Total	\$ 166,000	\$ 40,000

Discretely Presented Overton County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 470,828
Nonmajor governmental fund	15,559	0
Total	\$ 15,559	\$ 470,828

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

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

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

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	2.58 to 4.5 %	4-1-33	\$ 5,930,000	\$ 5,105,366
General Obligation Bond - Refunding	2 to 4.1	6-1-24	5,520,000	4,605,000
Capital Outlay Notes	2.95 to 5.07	4-1-19	4,216,980	1,604,321
Other Loan	variable	8-14-12	135,120	15,890

In prior years, Overton County entered into a loan agreement with the Montgomery County Public Building Authority. Under this agreement, the authority loaned \$135,120 to Overton County for an airport runway expansion. This loan is repayable at a tax-exempt variable interest rate determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2012, the variable interest rate was .49 percent on this loan. In addition, the county pays various fees (remarketing, administrative, letter of credit, etc.) in connection with this loan, which totals approximately .53 percent of the outstanding loan principal and a trustee fee of \$85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 526,687	\$ 299,198	\$ 825,885
2014	538,787	296,517	835,304
2015	555,983	281,221	837,204
2016	563,277	265,427	828,704
2017	580,675	248,344	829,019
2018-2022	3,198,286	948,929	4,147,215
2023-2027	2,301,671	399,771	2,701,442
2028-2032	1,185,000	148,701	1,333,701
2033	260,000	8,125	268,125
Total	\$ 9,710,366	\$ 2,896,233	\$ 12,606,599

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 404,278	\$ 67,101	\$ 471,379
2014	353,877	49,618	403,495
2015	279,277	34,506	313,783
2016	212,611	23,324	235,935
2017	212,612	14,007	226,619
2018-2019	141,666	10,924	152,590
Total	\$ 1,604,321	\$ 199,480	\$ 1,803,801

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 15,890	\$ 71	\$ 1,097	\$ 17,058
Total	\$ 15,890	\$ 71	\$ 1,097	\$ 17,058

There is \$1,355,715 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$440, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$513, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Other Loan
Balance, July 1, 2011	\$ 6,045,042	\$ 1,823,544	\$ 31,240
Additions	4,150,000	200,000	0
Reductions	(484,676)	(419,223)	(15,350)
Balance, June 30, 2012	<u>\$ 9,710,366</u>	<u>\$ 1,604,321</u>	<u>\$ 15,890</u>
Balance Due Within One Year	<u>\$ 526,687</u>	<u>\$ 404,278</u>	<u>\$ 15,890</u>

	Other Postemployment Benefits	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2011	\$ 442,477	\$ 93,758	\$ 57,506
Additions	185,912	187,091	0
Reductions	(6,442)	(168,996)	(19,104)
Balance, June 30, 2012	<u>\$ 621,947</u>	<u>\$ 111,853</u>	<u>\$ 38,402</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 111,853</u>	<u>\$ 7,348</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 12,102,779
Less: Balance Due Within One Year	<u>(1,066,056)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,036,723</u>

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

Discretely Presented Overton County School Department

General Obligation Bonds

The county issues general obligation bonds on behalf of the School Department to provide funds for the acquisition and construction of major

capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds.

These general obligation bonds are direct obligations and pledge the full faith and credit of the government. These general obligation bonds outstanding were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds payable from the discretely presented Overton County School Department included in long-term debt as of June 30, 2012, will be retired from the Education Debt Service Fund.

General obligation bonds outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds - Refunding	2 to 5 %	6-30-25	\$ 12,885,000	\$ 10,060,000

The annual requirements to amortize all general obligation bonds of the School Department outstanding as of June 30, 2012, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 585,000	\$ 446,728	\$ 1,031,728
2014	615,000	417,878	1,032,878
2015	645,000	387,528	1,032,528
2016	675,000	355,678	1,030,678
2017	715,000	322,328	1,037,328
2018-2022	4,025,000	1,094,140	5,119,140
2023-2025	2,800,000	240,813	3,040,813
Total	\$ 10,060,000	\$ 3,265,093	\$ 13,325,093

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2011	\$ 10,630,000	\$ 1,045,275	\$ 127,640
Additions	0	629,429	59,561
Reductions	(570,000)	(284,003)	(21,387)
Balance, June 30, 2012	<u>\$ 10,060,000</u>	<u>\$ 1,390,701</u>	<u>\$ 165,814</u>
Balance Due Within One Year	<u>\$ 585,000</u>	<u>\$ 0</u>	<u>\$ 15,536</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 11,616,515
Less: Balance Due Within One Year	<u>(600,536)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,015,979</u>

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

Defeasance of Prior Debt

In prior years, the discretely presented Overton County School Department defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2012, the following outstanding bonds are considered defeased:

	<u>Amount</u>
1999 School Construction and Renovation	\$ 5,095,000

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Overton County. These payments are made by the state to the Medicare Supplement Plan, which is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were \$4,150. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Overton County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Overton County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$112,780 and \$24,509, 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

Overton County general government's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association. The county pays annual premiums to the pools for the risk coverage noted above. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Overton County provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but

the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The discretely presented Overton 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 the TN-RMT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *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.

B. Subsequent Events

On July 9, 2012, the county ratified Private Act – Chapter 57, which established a five percent Hotel/Motel Tax in Overton County. The tax is to be collected by the county clerk, and the proceeds of this tax are to be used for tourism development projects as specified by the County Commission.

On August 31, 2012, Joe Garrett left the Office of Highway Superintendent and was succeeded by James Norrod.

C. Contingent Liabilities

The county and the Election Commission are defendants in separate lawsuits seeking unspecified damages for unlawful termination of the former election registrar. The county attorney is of the opinion that these cases have the potential to result in significant judgments against Overton County; however, he is unable to determine the extent of these potential judgments.

The county is involved in several other pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

D. Landfill Closure/Postclosure Care Costs

Overton County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required

by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Overton County closed its landfill in 1994. The Solid Waste/Sanitation Fund reports the postclosure care costs of the closed landfill as expenditures in each period in which they are incurred. The \$38,402 reported as landfill postclosure care liability at June 30, 2012, represents the net amount reported to date based on 100 percent use of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Retirement Commitments

1. Tennessee Consolidated Retirement System

Plan Description

Employees of Overton 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 Overton 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

Overton County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 5.46 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

For the year ended June 30, 2012, the county's annual pension cost of \$532,153 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected 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, 2009, was seven years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$532,153	100%	\$0
6-30-11	468,875	100	0
6-30-10	531,244	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.7 percent funded. The actuarial accrued liability for benefits was \$20.71 million, and the actuarial value of assets was \$20.02 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.68 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.84 million, and the ratio of the UAAL to the covered payroll was 7.72 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 Overton County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$1,073,830, \$1,103,810, and \$770,127, respectively, equal to the required contributions for each year.

2. Deferred Compensation

The discretely presented Overton County School Department offers its employees two deferred compensation plans, each established pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plans.

F. Other Postemployment Benefits (OPEB)

Plan Description

Overton County and the Overton County School Department participate in the state-administered Local Education Group Insurance, Local Government Group Insurance, and Medicare Supplement plans for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, Section 8-27-207, *TCA*, for local governments, and Section 8-27-701, *TCA*, for the Medicare Supplement Plan. 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://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for pre-65 retirees ranges from 55 to 75 percent based on the years of service less a subsidy of up to \$2,400 annually, which is paid by the School Department. For retirees who choose the TCRS supplemental insurance in addition to Medicare, the county provides monthly support based on years of service. During the year ended June 30, 2012, Overton County and the School Department contributed \$6,442 and \$284,003, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan	Medicare Supplement Plan
ARC	\$ 632,000	\$ 113,000	\$ 74,000
Interest on the NPO	41,811	10,825	6,874
Adjustment to the ARC	(44,382)	(11,491)	(7,296)
Annual OPEB cost	\$ 629,429	\$ 112,334	\$ 73,578
Amount of contribution	(284,003)	(4,792)	(1,650)
Increase/decrease in NPO	\$ 345,426	\$ 107,542	\$ 71,928
Net OPEB obligation, 7-1-11	1,045,275	270,631	171,846
Net OPEB obligation, 6-30-12	<u>\$ 1,390,701</u>	<u>\$ 378,173</u>	<u>\$ 243,774</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 542,152	47 %	\$ 770,651
6-30-11	"	552,831	50	1,045,275
6-30-12	"	629,429	45	1,390,701
6-30-10	Local Government Group	142,000	7	131,661
6-30-11	"	147,313	6	270,631
6-30-12	"	112,334	4	378,173
6-30-10	Medicare Supplement	76,051	11	96,093
6-30-11	"	77,228	2	171,846
6-30-12	"	73,577	2	243,774

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-11	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 5,659,000	\$ 932,000	\$ 689,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,659,000	\$ 932,000	\$ 689,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 12,427,532	\$ 2,643,158	\$ N/A
UAAL as a % of covered payroll	46%	35%	N/A

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

Actuarial Methods and Assumptions

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

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

In the July 1, 2011, actuarial valuation for the Local Government Group Plan and the Local Education Group Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.05 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

G. Office of Central Accounting and Budgeting

Office of Director of Accounts and Budgets

Overton County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and highway superintendent. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

H. Purchasing Laws

Offices of County Executive and Highway Superintendent

Purchasing procedures for these offices are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated (TCA)*. Purchasing procedures in the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, *TCA*. These statutes provide for the purchasing agent to make all purchases for these departments, with purchases exceeding \$5,000 (\$10,000 for the Highway Department) to be made on the basis of competitive bids solicited through public advertisement. The county executive serves as purchasing agent for Overton County.

Office of Director of Schools

Purchasing procedures for the discretely presented Overton County School Department are governed by purchasing laws applicable to the 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 the

chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Organization

The Overton/Pickett County E-911 Emergency Communications District was established as a result of a merger between the Overton County Emergency Communications District and the Pickett County Emergency Communications District. The merger agreement was signed on January 22, 2002, to improve the response of emergency services in Overton and Pickett counties and to provide an enhanced 911 service for Overton and Pickett county citizens by acquiring equipment that enables emergency service providers to respond more rapidly and effectively due to increased speed in the transmission of critical information and improved reliability of address information.

The district is a component unit of Overton County, and the commissioners appoint nine members of the board. The remaining four are appointed by the Pickett County Commission. The district must file a budget with Overton County each year. Any bond issued by the district is subject to approval by Overton County.

B. Summary of Significant Accounting Policies

1. Financial Statement Presentation

The district presents its financial statements on the accrual basis and according to Governmental Accounting Standards Board (GASB) Statement No. 20, follows pronouncements of the Financial Accounting Standards (FASB) issued before November 30, 1989, unless they conflict with or contradict GASB guidance. After November 30, 1989, the district follows GASB guidance only and does not follow any FASB guidance issued after that date.

2. Capital Assets

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings, Land, and Improvements	10 - 40
Furniture and Fixtures	5 - 7
Equipment and Vehicles	3 - 10

C. Cash and Investments

Cash Deposits

The district is authorized to invest in the following types of securities and indebtedness, in accordance with governing statutes:

- (1) Bonds, notes, treasury bills, or similar types of indebtedness to the United States.
- (2) Non-convertible debt including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association.
- (3) Other obligations not specified above, which provide guaranteed principal and interest by the United States or any of its agencies.
- (4) Repurchase agreements, which involve obligations of the United States or its agencies, provided the term of the repurchase agreement does not extend beyond the maturity date of the obligation and the market value of the security exceeds the cost of the security.
- (5) Money market funds invested in any of the aforementioned securities.

The district's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the district's custodial bank in the district's name. The carrying amount of total cash deposits for the year ended June 30, 2012, was \$193,754. The amount of deposits collateralized with securities held by pledging financial institution and federal depository insurance was \$193,754. Of this amount, \$79,407 was cash and cash equivalents, and the remaining \$114,347 was held in certificates of deposits with original maturities greater than three months.

D. Risk Management

The district is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The district purchases commercial insurance for all claims and for all other risks of loss. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

E. Capital Assets

The following is a schedule of capital assets and depreciation at June 30, 2012:

	Balance			Balance
	6-30-11	Additions	Reductions	6-30-12
<u>Non-Depreciable Assets</u>				
Land	\$ 19,625	\$ 0	\$ 0	\$ 19,625
Construction in Progress	150,857	0	(150,857)	0
Total Non-Depreciable Assets	\$ 170,482	\$ 0	\$ (150,857)	\$ 19,625
<u>Depreciable Assets</u>				
Land Improvements	\$ 24,802	\$ 3,133	\$ 0	\$ 27,935
Building/Improvements	298,313	6,608	0	304,921
Furniture/Fixtures	75,542	2,949	(285)	78,206
Office Equipment	161,516	16,492	(210)	177,798
Communication Equipment	360,743	225,441	(15,709)	570,475
Vehicles	70,229	0	0	70,229
Total Depreciable Assets	\$ 991,145	\$ 254,623	\$ (16,204)	\$ 1,229,564
Total Assets	\$ 1,161,627	\$ 254,623	\$ (167,061)	\$ 1,249,189
Accumulated Depreciation	(512,853)	(148,645)	16,082	(645,416)
Net Assets	\$ 648,774	\$ 105,978	\$ (150,979)	\$ 603,773

F. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

G. Compensated Absences

Compensated absences are calculated for full-time employees for annual and sick leave. However, the sick leave does not vest; therefore, no liability has been recorded for sick leave. As of June 30, 2012, the district had no liability for accrued absences.

H. Funding Sources

Monthly fees provide funds for operations from service users in Overton and Pickett counties. The service suppliers in Overton and Pickett counties, Twin Lakes Telephone Cooperative, along with other smaller phone companies, collect the service fees and remits the funds to the district. The service supplier retains three percent of collections as an administration fee. The State of Tennessee remits to the district its share of wireless revenue.

I. Restatement

During 2012, certain matters were noted that required restatement of the prior year. The district's net assets were restated to correctly account for adjustments to accounts receivable and accounts payable, which pertained to prior fiscal years.

The following summarizes the aforementioned adjustment to net assets at July 1, 2011:

Beginning Net Assets - prior-year report	\$ 883,406
Restatements, as discussed above	<u>(4,542)</u>
Beginning Net Assets - Restated	<u>\$ 878,864</u>

J. Budgetary Information

As stated above, the district must file a budget with Overton County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted is required at the program level as well as the object level.

K. Pension Plan

Plan Description

Employees of Overton/Pickett County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 year 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

the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements 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

Overton/Pickett County Emergency Communications District requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 5.27 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, Overton/Pickett County Emergency Communications District's annual pension cost of \$18,653 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the calculation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 14 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 18,653	100 %	\$ 0
6-30-11	18,558	100	0
6-30-10	19,853	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 80.83 percent funded. The actuarial accrued liability for benefits was \$.41 million, and the actuarial value of assets was \$.33 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.08 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.37 million, and the ratio of the UAAL to the covered payroll was 21.21 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,920,500	\$ 0	\$ 0	\$ 3,920,500	\$ 3,793,400	\$ 3,793,400	\$ 127,100
Licenses and Permits	10,001	0	0	10,001	5,675	5,675	4,326
Fines, Forfeitures, and Penalties	106,371	0	0	106,371	91,388	91,388	14,983
Charges for Current Services	1,223,743	0	0	1,223,743	1,078,425	1,088,008	135,735
Other Local Revenues	127,564	0	0	127,564	70,180	86,423	41,141
Fees Received from County Officials	787,342	0	0	787,342	740,600	740,600	46,742
State of Tennessee	1,316,471	0	0	1,316,471	1,165,370	1,272,624	43,847
Federal Government	1,239,595	0	0	1,239,595	506,728	1,641,732	(402,137)
Other Governments and Citizens Groups	152,610	0	0	152,610	170,000	183,205	(30,595)
Total Revenues	\$ 8,884,197	\$ 0	\$ 0	\$ 8,884,197	\$ 7,621,766	\$ 8,903,055	\$ (18,558)

<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 112,727	\$ 0	\$ 0	\$ 112,727	\$ 114,089	\$ 116,777	\$ 4,050
Board of Equalization	1,250	0	0	1,250	2,500	2,500	1,250
County Mayor/Executive	164,372	(375)	170	164,167	165,505	166,574	2,407
County Attorney	21,811	0	0	21,811	27,322	27,322	5,511
Election Commission	144,688	(100)	68	144,656	161,398	159,397	14,741
Register of Deeds	139,029	(69)	0	138,960	150,307	150,307	11,347
Planning	12,959	0	0	12,959	18,306	18,306	5,347
County Buildings	199,617	(3,778)	0	195,839	262,597	242,337	46,498
Other General Administration	679,163	0	0	679,163	642,306	722,802	43,639
Preservation of Records	2,500	0	0	2,500	0	2,500	0
<u>Finance</u>							
Accounting and Budgeting	39,589	0	0	39,589	39,599	39,600	11

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 176,925	\$ 0	\$ 0	\$ 176,925	\$ 182,387	\$ 182,387	\$ 5,462
County Trustee's Office	144,883	(675)	0	144,208	154,078	154,078	9,870
County Clerk's Office	178,222	(34)	0	178,188	186,899	187,399	9,211
<u>Administration of Justice</u>							
Circuit Court	218,480	0	0	218,480	231,005	231,005	12,525
General Sessions Court	132,446	(364)	0	132,082	134,069	134,069	1,987
Chancery Court	166,670	(524)	0	166,146	174,962	174,961	8,815
Juvenile Court	11,584	0	0	11,584	14,689	14,689	3,105
District Attorney General	12,443	0	0	12,443	0	58,578	46,135
Judicial Commissioners	16,587	0	0	16,587	16,000	16,612	25
<u>Public Safety</u>							
Sheriff's Department	1,126,341	(5,075)	2,516	1,123,782	1,343,438	1,242,082	118,300
Special Patrols	28,271	(107)	0	28,164	34,996	34,996	6,832
Jail	1,346,779	(8,839)	8,512	1,346,452	1,512,972	1,548,253	201,801
Fire Prevention and Control	99,361	0	0	99,361	98,900	99,375	14
Civil Defense	8,379	(150)	0	8,229	9,974	9,974	1,745
Rescue Squad	8,000	0	0	8,000	8,000	8,000	0
Other Emergency Management	150,000	0	0	150,000	150,000	150,000	0
County Coroner/Medical Examiner	29,380	0	0	29,380	31,500	31,500	2,120
<u>Public Health and Welfare</u>							
Local Health Center	157,443	0	0	157,443	122,859	171,236	13,793
Ambulance/Emergency Medical Services	1,449,720	(3,025)	4,450	1,451,145	1,578,341	1,582,342	131,197
Other Local Health Services	0	0	0	0	2,500	2,500	2,500
Regional Mental Health Center	6,327	0	0	6,327	6,327	6,327	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Aid to Dependent Children	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500	\$ 500	\$ 500
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	40,946	0	0	40,946	22,162	54,998	14,052
Libraries	141,964	(14,355)	30	127,639	129,805	153,304	25,665
Other Social, Cultural, and Recreational	37,410	0	0	37,410	39,785	39,785	2,375
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	50,453	0	0	50,453	51,503	51,503	1,050
Soil Conservation	55,294	0	0	55,294	55,597	55,597	303
<u>Other Operations</u>							
Industrial Development	910,357	0	324,197	1,234,554	43,525	1,357,075	122,521
Other Economic and Community Development	362,421	0	0	362,421	500,000	500,000	137,579
Airport	7,200	0	0	7,200	7,200	7,200	0
Veterans' Services	46,123	0	0	46,123	48,437	48,438	2,315
Contributions to Other Agencies	13,702	0	0	13,702	13,703	13,703	1
ARRA Grant # 2	0	0	0	0	6,728	0	0
ARRA Grant # 6	6,728	0	0	6,728	0	6,728	0
<u>Highways</u>							
Traffic Control	6,481	0	0	6,481	11,993	11,994	5,513
Litter and Trash Collection	40,359	(200)	0	40,159	44,736	44,735	4,576
<u>Principal on Debt</u>							
General Government	130,000	0	0	130,000	0	130,000	0
<u>Interest on Debt</u>							
General Government	3,433	0	0	3,433	0	3,433	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Debt Service</u>							
General Government	\$ 25,032	\$ 0	\$ 0	\$ 25,032	\$ 0	\$ 25,032	\$ 0
Capital Projects - Donated	4,124,968	0	0	4,124,968	0	4,124,968	0
Capital Projects Donated to Other Entities	12,988,817	(37,670)	339,943	13,291,090	8,553,499	14,317,778	1,026,688
Total Expenditures	\$ (4,104,620)	\$ 37,670	\$ (339,943)	\$ (4,406,893)	\$ (931,733)	\$ (5,414,723)	\$ 1,007,830
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 4,150,000	\$ 0	\$ 0	\$ 4,150,000	\$ 0	\$ 4,150,000	\$ 0
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	200,000	0	0	200,000	0	200,000	0
Notes Issued	40,756	0	0	40,756	0	0	40,756
Insurance Recovery	166,000	0	0	166,000	166,000	166,000	0
Transfers In	4,556,756	0	0	4,556,756	166,000	4,516,000	40,756
Total Other Financing Sources (Uses)	\$ 452,136	\$ 37,670	\$ (339,943)	\$ 149,863	\$ (765,733)	\$ (898,723)	\$ 1,048,586
Net Change in Fund Balance	2,496,407	(37,670)	0	2,458,737	2,509,393	2,509,393	(50,656)
Fund Balance, July 1, 2011	\$ 2,948,543	\$ 0	\$ (339,943)	\$ 2,608,600	\$ 1,743,660	\$ 1,610,670	\$ 997,930

Exhibit E-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 262,224	\$ 222,538	\$ 222,538	\$ 39,686
Other Local Revenues	4,155	1,000	1,000	3,155
State of Tennessee	1,938,292	1,899,795	1,899,795	38,497
Federal Government	0	273,738	273,738	(273,738)
Total Revenues	<u>\$ 2,204,671</u>	<u>\$ 2,397,071</u>	<u>\$ 2,397,071</u>	<u>\$ (192,400)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 116,171	\$ 143,971	\$ 147,736	\$ 31,565
Highway and Bridge Maintenance	1,476,410	1,540,775	1,617,878	141,468
Operation and Maintenance of Equipment	291,913	300,965	305,765	13,852
Quarry Operations	63,494	179,917	76,355	12,861
Other Charges	249,847	233,438	254,697	4,850
Employee Benefits	320,065	323,006	325,006	4,941
Capital Outlay	0	2,500	2,500	2,500
Total Expenditures	<u>\$ 2,517,900</u>	<u>\$ 2,724,572</u>	<u>\$ 2,729,937</u>	<u>\$ 212,037</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (313,229)</u>	<u>\$ (327,501)</u>	<u>\$ (332,866)</u>	<u>\$ 19,637</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,392	\$ 0	\$ 5,365	\$ (973)
Transfers Out	(40,000)	(40,000)	(40,000)	0
Total Other Financing Sources (Uses)	<u>\$ (35,608)</u>	<u>\$ (40,000)</u>	<u>\$ (34,635)</u>	<u>\$ (973)</u>
Net Change in Fund Balance	\$ (348,837)	\$ (367,501)	\$ (367,501)	\$ 18,664
Fund Balance, July 1, 2011	<u>883,827</u>	<u>841,670</u>	<u>841,670</u>	<u>42,157</u>
Fund Balance, June 30, 2012	<u>\$ 534,990</u>	<u>\$ 474,169</u>	<u>\$ 474,169</u>	<u>\$ 60,821</u>

Exhibit E-3

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 20,024	\$ 20,706	\$ 683	96.7 %	\$ 8,838	7.72 %
7-1-09	16,293	16,293	0	100	8,473	0
7-1-07	14,966	14,966	0	100	7,535	0

Exhibit E-4

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 330	\$ 409	\$ 78	80.83 %	\$ 369	21.21 %
7-1-09	181	194	13	93.44	328	3.88
7-1-07	117	131	14	89.31	350	4

Exhibit E-5

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 1,105	\$ 1,105	0 %	\$ 2,320	48 %
"	7-1-10	0	1,186	1,186	0	2,320	51
"	7-1-11	0	932	932	0	2,643	35
Medicare Supplement	7-1-09	0	106	106	0	N/A	N/A
"	7-1-10	0	697	697	0	N/A	N/A
"	7-1-11	0	689	689	0	N/A	N/A
<u>DISCRETELY PRESENTED OVERTON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	5,312	5,312	0	11,438	46
"	7-1-10	0	5,312	5,312	0	11,438	46
"	7-1-11	0	5,659	5,659	0	12,428	46

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

A. BUDGETARY INFORMATION

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

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

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

At June 30, 2012, Overton County reported a significant encumbrance of \$324,197 in the General Fund for an industrial park building project.

B. SPECIAL INVESTIGATIVE REPORT – MILLARD OAKLEY PUBLIC LIBRARY

The State Comptroller issued a special report dated June 4, 2012, regarding allegations of suspected irregularities at the Millard Oakley Public Library, which is a department of the Overton County's General Fund. The investigation revealed a cash shortage of \$5,999.53 at March 2, 2012, which was attributed to alleged illegal activity by the library's deputy director. Refunds by the bank and funds returned by the deputy director reduced the shortage to \$3,709.95 at March 26, 2012. This shortage is not reflected in the financial statements of Overton County at June 30, 2012. Details of the shortage may be found in the report, which may be viewed at the Comptroller's website, www.comptroller.tn.gov.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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

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

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

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees		
\$	0 \$	0 \$	0 \$	1,235 \$		1,235
	10,964	512,775	100,709	0		624,448
	0	48,161	0	0		48,161
	0	85,839	0	0		85,839
	0	153	0	0		153
	0	363,087	0	0		363,087
	0	(11,189)	0	0		(11,189)
\$	10,964 \$	998,826 \$	100,709 \$	1,235 \$		1,111,734

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0 \$	45,487 \$	1,792 \$	0 \$	47,279
Payroll Deductions Payable	0	2,793	0	0	2,793
Due to Other Funds	0	0	0	1,235	1,235
Deferred Revenue - Current Property Taxes	0	333,691	0	0	333,691
Deferred Revenue - Delinquent Property Taxes	0	16,590	0	0	16,590
Other Deferred Revenues	0	37,473	0	0	37,473
Total Liabilities	0 \$	436,034 \$	1,792 \$	1,235 \$	439,061
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	10,964 \$	0 \$	0 \$	0 \$	10,964
Restricted for Public Safety	0	0	98,917	0	98,917
Committed:					
Committed for Public Health and Welfare	0	562,792	0	0	562,792
Total Fund Balances	10,964 \$	562,792 \$	98,917 \$	0 \$	672,673
Total Liabilities and Fund Balances	10,964 \$	998,826 \$	100,709 \$	1,235 \$	1,111,734

Exhibit F-2

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 2,699	\$ 822,222	\$ 0	\$ 0	\$ 824,921
Fines, Forfeitures, and Penalties	0	0	70,427	0	70,427
Charges for Current Services	0	250,831	0	3,796	254,627
Other Local Revenues	0	102,416	7,472	0	109,888
State of Tennessee	0	11,804	0	0	11,804
Total Revenues	\$ 2,699	\$ 1,187,273	\$ 77,899	\$ 3,796	\$ 1,271,667
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 66,070	\$ 0	\$ 0	\$ 66,070
Finance	0	0	0	778	778
Administration of Justice	0	0	0	3,018	3,018
Public Safety	0	0	65,521	0	65,521
Public Health and Welfare	0	911,043	0	0	911,043
Other Operations	27	0	0	0	27
Total Expenditures	\$ 27	\$ 977,113	\$ 65,521	\$ 3,796	\$ 1,046,457
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,672	\$ 210,160	\$ 12,378	\$ 0	\$ 225,210
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ 0	\$ (32,000)	\$ (134,000)	\$ 0	\$ (166,000)
Total Other Financing Sources (Uses)	\$ 0	\$ (32,000)	\$ (134,000)	\$ 0	\$ (166,000)
Net Change in Fund Balances	\$ 2,672	\$ 178,160	\$ (121,622)	\$ 0	\$ 59,210
Fund Balance, July 1, 2011	8,292	384,632	220,539	0	613,463
Fund Balance, June 30, 2012	\$ 10,964	\$ 562,792	\$ 98,917	\$ 0	\$ 672,673

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,699	\$ 3,800	\$ 3,800	\$ (1,101)
Total Revenues	\$ 2,699	\$ 3,800	\$ 3,800	\$ (1,101)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 5,000	\$ 5,000	\$ 5,000
<u>Other Operations</u>				
Other Charges	27	110	110	83
Total Expenditures	\$ 27	\$ 5,110	\$ 5,110	\$ 5,083
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,672	\$ (1,310)	\$ (1,310)	\$ 3,982
Net Change in Fund Balance	\$ 2,672	\$ (1,310)	\$ (1,310)	\$ 3,982
Fund Balance, July 1, 2011	8,292	8,292	8,292	0
Fund Balance, June 30, 2012	\$ 10,964	\$ 6,982	\$ 6,982	\$ 3,982

Exhibit F-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 822,222	\$ 0	\$ 0	\$ 822,222	\$ 783,921	\$ 783,921	\$ 38,301
Charges for Current Services	250,831	0	0	250,831	277,000	277,000	(26,169)
Other Local Revenues	102,416	0	0	102,416	75,000	75,000	27,416
State of Tennessee	11,804	0	0	11,804	23,600	23,600	(11,796)
Total Revenues	\$ 1,187,273	\$ 0	\$ 0	\$ 1,187,273	\$ 1,159,521	\$ 1,159,521	\$ 27,752
<u>Expenditures</u>							
<u>General Government</u>							
Other General Administration	\$ 66,070	\$ 0	\$ 0	\$ 66,070	\$ 76,828	\$ 75,028	\$ 8,958
<u>Public Health and Welfare</u>							
Convenience Centers	120,859	(1,544)	4,400	123,715	137,373	136,373	12,658
Transfer Stations	749,812	(326)	0	749,486	820,047	824,347	74,861
Recycling Center	20,888	0	0	20,888	29,650	28,150	7,262
Other Waste Disposal	0	0	0	0	21,000	21,000	21,000
Postclosure Care Costs	19,484	0	0	19,484	25,000	25,000	5,516
Total Expenditures	\$ 977,113	\$ (1,870)	\$ 4,400	\$ 979,643	\$ 1,109,898	\$ 1,109,898	\$ 130,255
Excess (Deficiency) of Revenues Over Expenditures	\$ 210,160	\$ 1,870	\$ (4,400)	\$ 207,630	\$ 49,623	\$ 49,623	\$ 158,007
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (32,000)	\$ 0	\$ 0	\$ (32,000)	\$ (32,000)	\$ (32,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (32,000)	\$ 0	\$ 0	\$ (32,000)	\$ (32,000)	\$ (32,000)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 178,160	\$ 1,870	\$ (4,400)	\$ 175,630	\$ 17,623	\$ 17,623	\$ 158,007
	384,632	(1,870)	0	382,762	410,205	410,205	(27,443)
Fund Balance, June 30, 2012	\$ 562,792	\$ 0	\$ (4,400)	\$ 558,392	\$ 427,828	\$ 427,828	\$ 130,564

Exhibit F-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 70,427	\$ 0	\$ 0	\$ 70,427	\$ 30,500	\$ 31,524	\$ 38,903
Other Local Revenues	7,472	0	0	7,472	0	0	7,472
State of Tennessee	0	0	0	0	0	768	(768)
Total Revenues	\$ 77,899	\$ 0	\$ 0	\$ 77,899	\$ 30,500	\$ 32,292	\$ 45,607
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 65,521	(292)	100	\$ 65,329	\$ 212,047	\$ 79,838	\$ 14,509
Total Expenditures	\$ 65,521	(292)	100	\$ 65,329	\$ 212,047	\$ 79,838	\$ 14,509
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 12,378	\$ 292	(100)	\$ 12,570	\$ (181,547)	\$ (47,546)	\$ 60,116
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (134,000)	0	0	\$ (134,000)	0	\$ (134,000)	0
Total Other Financing Sources (Uses)	\$ (134,000)	0	0	\$ (134,000)	0	\$ (134,000)	0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (121,622)	292	(100)	\$ (121,430)	\$ (181,547)	\$ (181,546)	\$ 60,116
	220,539	(292)	0	220,247	207,836	207,836	12,411
Fund Balance, June 30, 2012	\$ 98,917	\$ 0	(100)	\$ 98,817	\$ 26,289	\$ 26,290	\$ 72,527

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 362,132	\$ 361,593	\$ 361,593	\$ 539
Other Local Revenues	154,738	33,600	33,600	121,138
State of Tennessee	576,930	525,000	525,000	51,930
Total Revenues	<u>\$ 1,093,800</u>	<u>\$ 920,193</u>	<u>\$ 920,193</u>	<u>\$ 173,607</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 789,249	\$ 786,301	\$ 815,301	\$ 26,052
<u>Interest on Debt</u>				
General Government	300,444	302,912	304,410	3,966
<u>Other Debt Service</u>				
General Government	15,460	15,000	16,500	1,040
Total Expenditures	<u>\$ 1,105,153</u>	<u>\$ 1,104,213</u>	<u>\$ 1,136,211</u>	<u>\$ 31,058</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (11,353)</u>	<u>\$ (184,020)</u>	<u>\$ (216,018)</u>	<u>\$ 204,665</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 40,000	\$ 40,000	\$ 40,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 28,647	\$ (144,020)	\$ (176,018)	\$ 204,665
Fund Balance, July 1, 2011	1,327,068	1,327,065	1,327,065	3
Fund Balance, June 30, 2012	<u><u>\$ 1,355,715</u></u>	<u><u>\$ 1,183,045</u></u>	<u><u>\$ 1,151,047</u></u>	<u><u>\$ 204,668</u></u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, 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.

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

Exhibit H-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 825,764	\$ 825,764
Accounts Receivable	0	3,220	3,220
Due from Other Governments	130,179	0	130,179
Total Assets	<u>\$ 130,179</u>	<u>\$ 828,984</u>	<u>\$ 959,163</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 130,179	\$ 0	\$ 130,179
Due to Litigants, Heirs, and Others	0	828,984	828,984
Total Liabilities	<u>\$ 130,179</u>	<u>\$ 828,984</u>	<u>\$ 959,163</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 790,367	\$ 790,367	\$ 0
Due from Other Governments	121,851	130,179	121,851	130,179
Total Assets	\$ 121,851	\$ 920,546	\$ 912,218	\$ 130,179
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 121,851	\$ 920,546	\$ 912,218	\$ 130,179
Total Liabilities	\$ 121,851	\$ 920,546	\$ 912,218	\$ 130,179
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 693,205	\$ 6,551,246	\$ 6,418,687	\$ 825,764
Accounts Receivable	643	3,220	643	3,220
Total Assets	\$ 693,848	\$ 6,554,466	\$ 6,419,330	\$ 828,984
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 693,848	\$ 6,554,466	\$ 6,419,330	\$ 828,984
Total Liabilities	\$ 693,848	\$ 6,554,466	\$ 6,419,330	\$ 828,984
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 693,205	\$ 6,551,246	\$ 6,418,687	\$ 825,764
Equity in Pooled Cash and Investments	0	790,367	790,367	0
Accounts Receivable	643	3,220	643	3,220
Due from Other Governments	121,851	130,179	121,851	130,179
Total Assets	\$ 815,699	\$ 7,475,012	\$ 7,331,548	\$ 959,163
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 121,851	\$ 920,546	\$ 912,218	\$ 130,179
Due to Litigants, Heirs, and Others	693,848	6,554,466	6,419,330	828,984
Total Liabilities	\$ 815,699	\$ 7,475,012	\$ 7,331,548	\$ 959,163

Overton County School Department

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

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

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

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

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

Exhibit I-1

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

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions		Total Governmental Activities	
Governmental Activities:					
Instruction	\$ 15,115,321	\$ 1,801,191	\$ 0	\$ (13,314,130)	
Support Services	8,823,186	630,814	27,806	(8,164,566)	
Operation of Non-Instructional Services	3,210,964	1,482,757	540,933	(1,187,274)	
Interest on Long-term Debt	459,869	0	0	(459,869)	
Other Debt Service	6,374	0	0	(6,374)	
Total Governmental Activities	\$ 27,615,714	\$ 3,914,762	\$ 568,739	\$ (23,132,213)	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 1,737,874	
Local Option Sales Taxes				1,647,654	
Wheel Tax				580,653	
Wholesale Beer Tax				133,520	
Other Local Taxes				2,238	
Grants and Contributions Not Restricted for Specific Programs				18,861,166	
Interest Income				401	
Miscellaneous				27,098	
Sale of Equipment				3,264	
Total General Revenues				\$ 22,993,868	
Change in Net Assets				\$ (138,345)	
Prior-period Adjustment				230,816	
Net Assets, July 1, 2011				12,602,282	
Net Assets, June 30, 2012				\$ 12,694,753	

Exhibit I-2

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

	<u>Major Fund</u>	Nonmajor <u>Funds</u>	Total
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,906	\$ 1,906
Equity in Pooled Cash and Investments	5,559,733	463,029	6,022,762
Inventories	0	33,614	33,614
Accounts Receivable	514	80	594
Due from Other Governments	510,139	127,187	637,326
Due from Primary Government	0	350	350
Property Taxes Receivable	1,941,511	0	1,941,511
Allowance for Uncollectible Property Taxes	(43,162)	0	(43,162)
Total Assets	<u>\$ 7,968,735</u>	<u>\$ 626,166</u>	<u>\$ 8,594,901</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accrued Payroll	\$ 291,269	\$ 19,774	\$ 311,043
Cash Overdraft	0	38,954	38,954
Deferred Revenue - Current Property Taxes	1,804,656	0	1,804,656
Deferred Revenue - Delinquent Property Taxes	89,388	0	89,388
Other Deferred Revenues	146,865	0	146,865
Total Liabilities	<u>\$ 2,332,178</u>	<u>\$ 58,728</u>	<u>\$ 2,390,906</u>
<u>Fund Balances</u>			
Nonspendable:			
Inventory	\$ 0	\$ 33,614	\$ 33,614
Restricted:			
Restricted for Education	39,906	118,720	158,626
Committed:			
Committed for Education	4,025,634	415,104	4,440,738
Assigned:			
Assigned for Education	502,454	0	502,454
Unassigned	1,068,563	0	1,068,563
Total Fund Balances	<u>\$ 5,636,557</u>	<u>\$ 567,438</u>	<u>\$ 6,203,995</u>
Total Liabilities and Fund Balances	<u>\$ 7,968,735</u>	<u>\$ 626,166</u>	<u>\$ 8,594,901</u>

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	6,203,995
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	460,517	
Add: buildings and improvements net of accumulated depreciation		15,189,940	
Add: infrastructure net of accumulated depreciation		758,360	
Add: other capital assets net of accumulated depreciation		<u>1,540,589</u>	17,949,406
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(10,060,000)	
Less: other postemployment benefits liability		(1,390,701)	
Less: compensated absences payable		(165,814)	
Less: accrued interest on bonds		<u>(78,386)</u>	(11,694,901)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>236,253</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>12,694,753</u></u>

Exhibit I-4

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,559,903	\$ 580,653	\$ 4,140,556
Licenses and Permits	1,396	0	1,396
Charges for Current Services	27,806	540,933	568,739
Other Local Revenues	70,508	4,602	75,110
State of Tennessee	18,497,658	18,948	18,516,606
Federal Government	609,128	3,588,493	4,197,621
Total Revenues	\$ 22,766,399	\$ 4,733,629	\$ 27,500,028
<u>Expenditures</u>			
Current:			
Instruction	\$ 12,887,150	\$ 1,472,377	\$ 14,359,527
Support Services	7,799,978	676,074	8,476,052
Operation of Non-Instructional Services	1,016,391	2,183,232	3,199,623
Capital Outlay	486,424	0	486,424
Debt Service:			
Principal on Debt	0	570,000	570,000
Interest on Debt	0	464,228	464,228
Other Debt Service	0	6,374	6,374
Total Expenditures	\$ 22,189,943	\$ 5,372,285	\$ 27,562,228
Excess (Deficiency) of Revenues Over Expenditures	\$ 576,456	\$ (638,656)	\$ (62,200)
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 15,559	\$ 470,828	\$ 486,387
Transfers Out	(470,828)	(15,559)	(486,387)
Total Other Financing Sources (Uses)	\$ (455,269)	\$ 455,269	\$ 0
Net Change in Fund Balances	\$ 121,187	\$ (183,387)	\$ (62,200)
Fund Balance, July 1, 2011	5,515,370	750,825	6,266,195
Fund Balance, June 30, 2012	\$ 5,636,557	\$ 567,438	\$ 6,203,995

Exhibit I-5

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

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(62,200)
(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	\$	479,618	
Less: current-year depreciation expense		<u>(717,712)</u>	(238,094)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: loss on disposal of capital assets	\$	(6,151)	
Less: proceeds from the sale of disposed assets		<u>(7,000)</u>	(13,151)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$	236,253	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(251,912)</u>	(15,659)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:			
Add: principal payments on bonds			570,000
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in accrued interest	\$	4,359	
Change in other postemployment benefits liability		(345,426)	
Change in compensated absences payable		<u>(38,174)</u>	<u>(379,241)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (138,345)</u>

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

	Special Revenue Funds			Debt Service Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Debt Service		

ASSETS

Cash	\$ 0	\$ 1,906	\$ 1,906	\$ 0	\$ 0	\$ 1,906
Equity in Pooled Cash and Investments	0	48,275	48,275	414,754	0	463,029
Inventories	0	33,614	33,614	0	0	33,614
Accounts Receivable	0	80	80	0	0	80
Due from Other Governments	78,863	48,324	127,187	0	0	127,187
Due from Primary Government	0	0	0	350	0	350
Total Assets	\$ 78,863	\$ 132,199	\$ 211,062	\$ 415,104	\$ 0	\$ 626,166

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>						
Accrued Payroll	\$ 19,774	\$ 0	\$ 19,774	\$ 0	\$ 0	\$ 19,774
Cash Overdraft	38,954	0	38,954	0	0	38,954
Total Liabilities	\$ 58,728	\$ 0	\$ 58,728	\$ 0	\$ 0	\$ 58,728
<u>Fund Balances</u>						
Nonspendable:						
Inventory	\$ 0	\$ 33,614	\$ 33,614	\$ 0	\$ 0	\$ 33,614
Restricted:						
Restricted for Education	20,135	98,585	118,720	0	0	118,720
Committed:						
Committed for Education	0	0	0	415,104	0	415,104
Total Fund Balances	\$ 20,135	\$ 132,199	\$ 152,334	\$ 415,104	\$ 0	\$ 567,438
Total Liabilities and Fund Balances	\$ 78,863	\$ 132,199	\$ 211,062	\$ 415,104	\$ 0	\$ 626,166

Exhibit I-7

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

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Total</u>	<u>Education Debt Service</u>	<u>Nonmajor Governmental Funds</u>
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 580,653	\$ 580,653
Charges for Current Services	0	540,933	540,933	0	540,933
Other Local Revenues	0	4,602	4,602	0	4,602
State of Tennessee	0	18,948	18,948	0	18,948
Federal Government	2,124,684	1,463,809	3,588,493	0	3,588,493
Total Revenues	\$ 2,124,684	\$ 2,028,292	\$ 4,152,976	\$ 580,653	\$ 4,733,629
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,472,377	\$ 0	\$ 1,472,377	\$ 0	\$ 1,472,377
Support Services	676,074	0	676,074	0	676,074
Operation of Non-Instructional Services	0	2,183,232	2,183,232	0	2,183,232
Debt Service:					
Principal on Debt	0	0	0	570,000	570,000
Interest on Debt	0	0	0	464,228	464,228
Other Debt Service	0	0	0	6,374	6,374
Total Expenditures	\$ 2,148,451	\$ 2,183,232	\$ 4,331,683	\$ 1,040,602	\$ 5,372,285
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,767)	\$ (154,940)	\$ (178,707)	\$ (459,949)	\$ (638,656)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 470,828	\$ 470,828
Transfers Out	(15,559)	0	(15,559)	0	(15,559)
Total Other Financing Sources (Uses)	\$ (15,559)	\$ 0	\$ (15,559)	\$ 470,828	\$ 455,269
Net Change in Fund Balances	\$ (39,326)	\$ (154,940)	\$ (194,266)	\$ 10,879	\$ (183,387)
Fund Balance, July 1, 2011	59,461	287,139	346,600	404,225	750,825
Fund Balance, June 30, 2012	\$ 20,135	\$ 132,199	\$ 152,334	\$ 415,104	\$ 567,438

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,559,903	\$ 0	\$ 0	\$ 3,559,903	\$ 3,450,415	\$ 3,450,415	\$ 109,488
Licenses and Permits	1,396	0	0	1,396	1,400	1,400	(4)
Charges for Current Services	27,806	0	0	27,806	21,000	21,000	6,806
Other Local Revenues	70,508	0	0	70,508	122,973	122,973	(52,465)
State of Tennessee	18,497,658	0	0	18,497,658	18,405,089	18,463,925	33,733
Federal Government	609,128	0	0	609,128	613,993	628,695	(19,567)
Total Revenues	\$ 22,766,399	\$ 0	\$ 0	\$ 22,766,399	\$ 22,614,870	\$ 22,688,408	\$ 77,991
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,546,435	(309,703)	17,080	\$ 10,253,812	\$ 10,803,943	\$ 10,421,027	\$ 167,215
Alternative Instruction Program	49,783	0	0	49,783	50,663	50,663	880
Special Education Program	1,329,830	0	0	1,329,830	1,362,454	1,342,454	12,624
Vocational Education Program	904,160	0	0	904,160	903,021	906,021	1,861
Adult Education Program	56,942	0	0	56,942	39,803	59,803	2,861
<u>Support Services</u>							
Attendance	95,440	0	98	95,538	98,735	98,735	3,197
Health Services	65,843	0	0	65,843	66,703	68,702	2,859
Other Student Support	518,478	0	0	518,478	502,580	525,580	7,102
Regular Instruction Program	751,057	(10,589)	340	740,808	612,476	772,475	31,667
Special Education Program	166,716	0	0	166,716	171,199	171,199	4,483
Vocational Education Program	84,316	0	0	84,316	87,545	87,545	3,229
Adult Programs	81,745	0	0	81,745	109,602	89,602	7,857
Other Programs	137,289	0	0	137,289	0	137,289	0

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 351,458	\$ 0	\$ 0	\$ 351,458	\$ 346,974	\$ 386,974	\$ 35,516
Director of Schools	136,722	0	0	136,722	133,279	141,279	4,557
Office of the Principal	1,755,731	0	1,980	1,757,711	1,714,520	1,787,521	29,810
Fiscal Services	279,436	(1,345)	529	278,620	287,945	287,945	9,325
Operation of Plant	1,846,749	(42,537)	0	1,804,212	2,040,768	1,945,768	141,556
Maintenance of Plant	379,780	0	1,928	381,708	387,037	428,494	46,786
Transportation	1,149,218	0	153,943	1,303,161	1,353,470	1,333,470	30,309
<u>Operation of Non-Instructional Services</u>							
Food Service	18,039	0	0	18,039	18,000	18,100	61
Community Services	490,664	(55)	386	490,995	569,920	500,300	9,305
Early Childhood Education	507,688	(1,190)	529	507,027	514,405	514,405	7,378
Capital Outlay							
Regular Capital Outlay	486,424	(372,624)	324,212	438,012	0	445,000	6,988
Total Expenditures	\$ 22,189,943	\$ (738,043)	\$ 501,025	\$ 21,952,925	\$ 22,175,042	\$ 22,520,351	\$ 567,426
Excess (Deficiency) of Revenues Over Expenditures	\$ 576,456	\$ 738,043	\$ (501,025)	\$ 813,474	\$ 439,828	\$ 168,057	\$ 645,417
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,540	\$ (51,540)
Transfers In	15,559	0	0	15,559	31,000	31,000	(15,441)
Transfers Out	(470,828)	0	0	(470,828)	(470,828)	(470,828)	0
Total Other Financing Sources (Uses)	\$ (455,269)	\$ 0	\$ 0	\$ (455,269)	\$ (439,828)	\$ (388,288)	\$ (66,981)
Net Change in Fund Balance	\$ 121,187	\$ 738,043	\$ (501,025)	\$ 358,205	\$ 0	\$ (220,231)	\$ 578,436
Fund Balance, July 1, 2011	5,515,370	(738,043)	0	4,777,327	5,149,199	5,149,199	(371,872)
Fund Balance, June 30, 2012	\$ 5,636,557	\$ 0	\$ (501,025)	\$ 5,135,532	\$ 5,149,199	\$ 4,928,968	\$ 206,564

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,124,684	\$ 0	\$ 0	\$ 2,124,684	\$ 2,245,165	\$ 2,252,670	\$ (127,986)
Total Revenues	\$ 2,124,684	\$ 0	\$ 0	\$ 2,124,684	\$ 2,245,165	\$ 2,252,670	\$ (127,986)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 684,203	\$ 0	\$ 0	\$ 684,203	\$ 730,525	\$ 733,637	\$ 49,434
Special Education Program	733,616	0	67	733,683	710,097	742,412	8,729
Vocational Education Program	54,558	(4,491)	0	50,067	46,185	50,236	169
<u>Support Services</u>							
Other Student Support	304,044	0	0	304,044	338,529	325,449	21,405
Regular Instruction Program	279,111	0	0	279,111	295,833	295,833	16,722
Special Education Program	29,754	0	0	29,754	41,681	33,972	4,218
Vocational Education Program	2,404	0	0	2,404	2,950	2,404	0
Transportation	60,761	0	0	60,761	72,496	61,858	1,097
Total Expenditures	\$ 2,148,451	\$ (4,491)	\$ 67	\$ 2,144,027	\$ 2,238,296	\$ 2,245,801	\$ 101,774
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,767)	\$ 4,491	\$ (67)	\$ (19,343)	\$ 6,869	\$ 6,869	\$ (26,212)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,485	\$ 65,485	\$ (65,485)
Transfers Out	(15,559)	0	0	(15,559)	(72,354)	(72,354)	56,795
Total Other Financing Sources (Uses)	\$ (15,559)	\$ 0	\$ 0	\$ (15,559)	\$ (6,869)	\$ (6,869)	\$ (8,690)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (39,326)	\$ 4,491	\$ (67)	\$ (34,902)	\$ 0	\$ 0	\$ (34,902)
Fund Balance, June 30, 2012	\$ 59,461	\$ (4,491)	\$ 0	\$ 54,970	\$ 0	\$ 0	\$ 54,970
	\$ 20,135	\$ 0	\$ (67)	\$ 20,068	\$ 0	\$ 0	\$ 20,068

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 540,933	\$ 676,968	\$ 676,968	\$ (136,035)
Other Local Revenues	4,602	15,500	15,500	(10,898)
State of Tennessee	18,948	20,000	20,000	(1,052)
Federal Government	1,463,809	1,382,724	1,442,807	21,002
Total Revenues	<u>\$ 2,028,292</u>	<u>\$ 2,095,192</u>	<u>\$ 2,155,275</u>	<u>\$ (126,983)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,183,232	\$ 2,095,192	\$ 2,155,275	\$ (27,957)
Total Expenditures	<u>\$ 2,183,232</u>	<u>\$ 2,095,192</u>	<u>\$ 2,155,275</u>	<u>\$ (27,957)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (154,940)	\$ 0	\$ 0	\$ (154,940)
Net Change in Fund Balance	\$ (154,940)	\$ 0	\$ 0	\$ (154,940)
Fund Balance, July 1, 2011	<u>287,139</u>	<u>289,992</u>	<u>289,992</u>	<u>(2,853)</u>
Fund Balance, June 30, 2012	<u>\$ 132,199</u>	<u>\$ 289,992</u>	<u>\$ 289,992</u>	<u>\$ (157,793)</u>

Exhibit I-11

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Overton County School Department
Education Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 580,653	\$ 570,000	\$ 573,000	\$ 7,653
Total Revenues	\$ 580,653	\$ 570,000	\$ 573,000	\$ 7,653
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 570,000	\$ 570,000	\$ 570,000	\$ 0
<u>Interest on Debt</u>				
Education	464,228	464,228	464,228	0
<u>Other Debt Service</u>				
Education	6,374	6,600	9,600	3,226
Total Expenditures	\$ 1,040,602	\$ 1,040,828	\$ 1,043,828	\$ 3,226
Excess (Deficiency) of Revenues Over Expenditures	\$ (459,949)	\$ (470,828)	\$ (470,828)	\$ 10,879
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 470,828	\$ 470,828	\$ 470,828	\$ 0
Total Other Financing Sources (Uses)	\$ 470,828	\$ 470,828	\$ 470,828	\$ 0
Net Change in Fund Balance	\$ 10,879	\$ 0	\$ 0	\$ 10,879
Fund Balance, July 1, 2011	404,225	404,225	404,225	0
Fund Balance, June 30, 2012	\$ 415,104	\$ 404,225	\$ 404,225	\$ 10,879

MISCELLANEOUS SCHEDULES

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Volunteer State Community College	\$ 500,000	3 %	11-23-04	11-23-16	\$ 249,998	\$ 0	\$ 41,667	\$ 208,331
Library	1,515,000	4.35 to 5	12-21-05	6-30-18	322,599	0	123,000	199,599
Industrial Park	850,000	5.07	3-29-07	4-1-19	566,667	0	70,833	495,834
Highway Equipment	901,000	4.31	10-1-07	11-1-16	600,668	0	100,111	500,557
Rolloff Truck	117,980	3.47	5-20-09	5-20-12	39,304	0	39,304	0
Ambulance	75,000	3.47	5-20-09	5-20-12	24,986	0	24,986	0
Health Department Addition	58,000	3.47	6-9-09	6-9-12	19,322	0	19,322	0
Industrial Building and Waterline Extension	200,000	2.95	12-6-11	12-6-14	0	200,000	0	200,000
Total Notes Payable					\$ 1,823,544	\$ 200,000	\$ 419,223	\$ 1,604,321
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Industrial Park Land - F.H.A.	1,650,000	4.5	4-21-03	4-21-27	\$ 1,000,042	\$ 0	\$ 44,676	\$ 955,366
General Obligation Refunding - Series 2009	5,520,000	2 to 4.1	3-31-09	6-1-24	4,915,000	0	310,000	4,605,000
Total Payable through General Debt Service Fund					\$ 5,915,042	\$ 0	\$ 354,676	\$ 5,560,366
<u>Payable through General Fund</u>								
General Obligation - Patrol Cars	130,000	3.75	12-17-10	6-30-12	\$ 130,000	\$ 0	\$ 130,000	\$ 0
Total Payable through General Fund					\$ 130,000	\$ 0	\$ 130,000	\$ 0
<u>Payable through Overton County Nursing Home</u>								
Nursing Home Improvements	(1) 4,150,000	2.58	5-9-12	4-1-33	\$ 0	\$ 4,150,000	\$ 0	\$ 4,150,000
Total Payable through Nursing Home					\$ 0	\$ 4,150,000	\$ 0	\$ 4,150,000
Total Bonds Payable					\$ 6,045,042	\$ 4,150,000	\$ 484,676	\$ 9,710,366
OTHER LOANS PAYABLE								
<u>Montgomery County Public Building Authority</u>								
Payable through General Debt Service Fund	135,120	Variable	8-14-03	8-14-12	\$ 31,240	\$ 0	\$ 15,350	\$ 15,890
Airport Runway Expansion								

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
<u>DISCRETELY PRESENTED OVERTON COUNTY SCHOOL DEPARTMENT</u>								
<u>BONDS PAYABLE</u>								
Payable through Education Debt Service Fund								
School Refunding Bonds, Series 2004	\$ 7,795,000	2 to 5 %	3-26-04	4-1-20	\$ 5,770,000	\$ 0	\$ 530,000	\$ 5,240,000
School Refunding Bonds, Series 2005	5,090,000	3.5 to 4.3	7-28-05	6-30-25	4,860,000	0	40,000	4,820,000
Total Bonds Payable					<u>\$ 10,630,000</u>	<u>\$ 0</u>	<u>\$ 570,000</u>	<u>\$ 10,060,000</u>

(1) This bond was issued on behalf of the Overton County Nursing Home, a component unit of the county. The county and the nursing home entered into an agreement stating that the nursing home shall make all payments related to this debt.

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
2013	\$ 404,278	\$ 67,101	\$ 471,379
2014	353,877	49,618	403,495
2015	279,277	34,506	313,783
2016	212,611	23,324	235,935
2017	212,612	14,007	226,619
2018	70,833	7,282	78,115
2019	70,833	3,642	74,475
Total	\$ 1,604,321	\$ 199,480	\$ 1,803,801

Year Ending June 30	Bonds		Total
	Principal	Interest	
2013	\$ 526,687	\$ 299,198	\$ 825,885
2014	538,787	296,517	835,304
2015	555,983	281,221	837,204
2016	563,277	265,427	828,704
2017	580,675	248,344	829,019
2018	598,180	230,479	828,659
2019	620,798	211,511	832,309
2020	633,534	191,030	824,564
2021	661,393	169,661	831,054
2022	684,381	146,248	830,629
2023	707,503	121,995	829,498
2024	740,765	96,421	837,186
2025	279,175	69,109	348,284
2026	287,737	60,547	348,284
2027	286,491	51,699	338,190
2028	220,000	42,838	262,838
2029	230,000	36,788	266,788
2030	235,000	30,175	265,175
2031	245,000	23,125	268,125
2032	255,000	15,775	270,775
2033	260,000	8,125	268,125
Total	\$ 9,710,366	\$ 2,896,233	\$ 12,606,599

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2013	\$ 15,890	\$ 71	\$ 1,097	\$ 17,058
Total	\$ 15,890	\$ 71	\$ 1,097	\$ 17,058

DISCRETELY PRESENTED OVERTON
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Bonds		Total
	Principal	Interest	
2013	\$ 585,000	\$ 446,728	\$ 1,031,728
2014	615,000	417,878	1,032,878
2015	645,000	387,528	1,032,528
2016	675,000	355,678	1,030,678
2017	715,000	322,328	1,037,328
2018	750,000	287,028	1,037,028
2019	790,000	249,978	1,039,978
2020	820,000	218,378	1,038,378
2021	810,000	185,578	995,578
2022	855,000	153,178	1,008,178
2023	895,000	118,123	1,013,123
2024	935,000	80,980	1,015,980
2025	970,000	41,710	1,011,710
Total	\$ 10,060,000	\$ 3,265,093	\$ 13,325,093

Exhibit J-3

Overton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Overton County School Department
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Solid Waste/Sanitation	General	Operations	\$ 166,000
Highway/Public Works	General Debt Service	Debt retirement	40,000
Total Transfers Primary Government			<u>\$ 206,000</u>
<u>DISCRETELY PRESENTED OVERTON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ 15,559
General Purpose School	Education Debt Service	Debt retirement	470,828
Total Transfers Discretely Presented Overton County School Department			<u>\$ 486,387</u>

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 66,702	\$ 100,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, TCA	63,527	100,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	80,493 (1)	(2)	
Trustee	Section 8-24-102, TCA	57,751	724,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	57,751	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	57,751 (3)	75,000	"
Register	Section 8-24-102, TCA	57,751	25,000	"
Sheriff	Section 8-24-102, TCA	63,527 (4)	25,000	"
Director of Accounts and Budgets	Section 5-13-103, TCA, and County Commission	35,000	150,000	Western Surety Company
Employee Blanket Bonds:				
Public Employees Dishonesty - County Departments			150,000	Local Government Property and Casualty
Public Employees Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,000 and a bonus of \$500 approved for all school employees by the Board of Education.
- (2) The director of schools is covered under the public employee dishonesty bond.
- (3) Does not include special commissioner fees of \$20,360.
- (4) Does not include \$600 for a law enforcement training supplement.

Exhibit J-5

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

	Special Revenue Funds							Debt Service Fund
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	
Local Taxes								
<u>County Property Taxes</u>								
Current Property Tax	\$ 2,996,273	\$ 0	\$ 300,479	\$ 0	\$ 0	\$ 149,830	\$ 330,416	\$ 3,776,998
Trustee's Collections - Prior Year	116,459	0	18,891	0	0	8,996	19,720	164,066
Trustee's Collections - Bankruptcy	188	0	19	0	0	10	21	238
Circuit/Clerk & Master Collections - Prior Years	33,235	0	3,390	0	0	1,695	3,729	42,049
Interest and Penalty	31,894	0	3,247	0	0	1,624	3,570	40,335
Payments in-Lieu-of Taxes - Other	4,122	0	413	0	0	206	454	5,195
<u>County Local Option Taxes</u>								
Local Option Sales Tax	414,814	0	491,945	0	0	0	0	906,759
Litigation Tax - General	90,453	237	0	0	0	0	0	90,690
Litigation Tax - Special Purpose	364	2,462	0	0	0	0	0	2,826
Litigation Tax - Jail, Workhouse, or Courthouse	18,342	0	0	0	0	0	0	18,342
Business Tax	125,758	0	0	0	0	0	0	125,758
Mineral Severance Tax	48,267	0	0	0	0	97,944	0	146,211
<u>Statutory Local Taxes</u>								
Bank Excise Tax	38,384	0	3,838	0	0	1,919	4,222	48,363
Beer Privilege Tax	1,947	0	0	0	0	0	0	1,947
Total Local Taxes	\$ 3,920,500	\$ 2,699	\$ 822,222	\$ 0	\$ 0	\$ 262,224	\$ 362,132	\$ 5,369,777
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 9,051	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,051
<u>Permits</u>								
Beer Permits	950	0	0	0	0	0	0	950
Total Licenses and Permits	\$ 10,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,001
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 6,868	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,868
Officers Costs	4,934	0	0	0	0	0	0	4,934
Drug Control Fines	0	0	0	10,346	0	0	0	10,346

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works	General Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Jail Fees	\$ 2,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,235	
DUI Treatment Fines	570	0	0	0	0	0	0	570	
Data Entry Fee - Circuit Court	446	0	0	0	0	0	0	446	
<u>Criminal Court</u>									
Drug Control Fines	0	0	0	285	0	0	0	285	
Drug Court Fees	2,054	0	0	0	0	0	0	2,054	
<u>General Sessions Court</u>									
Fines	25,791	0	0	0	0	0	0	25,791	
Fines for Littering	48	0	0	0	0	0	0	48	
Officers Costs	28,668	0	0	0	0	0	0	28,668	
Game and Fish Fines	198	0	0	0	0	0	0	198	
Drug Control Fines	0	0	0	18,366	0	0	0	18,366	
Drug Court Fees	4,699	0	0	428	0	0	0	5,127	
Jail Fees	22,148	0	0	0	0	0	0	22,148	
DUI Treatment Fines	297	0	0	0	0	0	0	297	
Data Entry Fee - General Sessions Court	3,668	0	0	0	0	0	0	3,668	
Courtroom Security Fee	211	0	0	0	0	0	0	211	
<u>Juvenile Court</u>									
Fines	218	0	0	0	0	0	0	218	
<u>Chancery Court</u>									
Officers Costs	2,354	0	0	0	0	0	0	2,354	
Data Entry Fee - Chancery Court	964	0	0	0	0	0	0	964	
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	24,959	0	0	0	24,959	
Other Fines, Forfeitures, and Penalties	0	0	0	16,043	0	0	0	16,043	
Total Fines, Forfeitures, and Penalties	\$ 106,371	\$ 0	\$ 0	\$ 70,427	\$ 0	\$ 0	\$ 0	\$ 176,798	
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tipping Fees	\$ 0	\$ 0	\$ 250,831	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,831	

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works		
<u>Charges for Current Services (Cont.)</u>								
<u>General Service Charges (Cont.)</u>								
Patient Charges	\$ 1,126,812	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,126,812
Service Charges	2,416	0	0	0	0	0	0	2,416
<u>Fees</u>								
Copy Fees	3,606	0	0	0	0	0	0	3,606
Telephone Commissions	12,976	0	0	0	0	0	0	12,976
Constitutional Officers' Fees and Commissions	0	0	0	0	3,796	0	0	3,796
Data Processing Fee - Register	7,360	0	0	0	0	0	0	7,360
Data Processing Fee - Sheriff	2,452	0	0	0	0	0	0	2,452
Sexual Offender Registration Fees - Sheriff	1,500	0	0	0	0	0	0	1,500
Data Processing Fee - County Clerk	1,066	0	0	0	0	0	0	1,066
<u>Education Charges</u>								
Tuition - Other	65,555	0	0	0	0	0	0	65,555
Total Charges for Current Services	\$ 1,223,743	\$ 0	\$ 250,831	\$ 0	\$ 3,796	\$ 0	\$ 0	\$ 1,478,370
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,616	\$ 16,616
Lease/Rentals	7,250	0	0	0	0	0	300	7,550
Sale of Materials and Supplies	175	0	0	0	0	475	0	650
Commissary Sales	56,894	0	0	0	0	0	0	56,894
Sale of Recycled Materials	2,347	0	88,181	0	0	2,879	0	93,407
Refund of Telecommunication and Internet Fees (E-Rate)	749	0	0	0	0	0	0	749
Miscellaneous Refunds	36,145	0	735	0	0	264	0	37,144
<u>Nonrecurring Items</u>								
Sale of Equipment	4,151	0	0	0	0	0	0	4,151
Sale of Property	10,687	0	0	7,472	0	0	137,822	155,981
Damages Recovered from Individuals	409	0	13,500	0	0	537	0	14,446
Contributions and Gifts	8,757	0	0	0	0	0	0	8,757
Total Other Local Revenues	\$ 127,564	\$ 0	\$ 102,416	\$ 7,472	\$ 0	\$ 4,155	\$ 154,738	\$ 396,345

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works		
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 217,791	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,791
Circuit Court Clerk	47,755	0	0	0	0	0	0	47,755
General Sessions Court Clerk	131,388	0	0	0	0	0	0	131,388
Clerk and Master	58,651	0	0	0	0	0	0	58,651
Register	79,106	0	0	0	0	0	0	79,106
Sheriff	16,274	0	0	0	0	0	0	16,274
Trustee	236,377	0	0	0	0	0	0	236,377
Total Fees Received from County Officials	\$ 787,342	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 787,342
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	8,223	0	0	0	0	0	0	8,223
Solid Waste Grants	0	0	11,804	0	0	0	0	11,804
On-Behalf Contributions for OPEB	4,105	0	0	0	0	0	0	4,105
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	13,800	0	0	0	0	0	0	13,800
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	252,292	0	252,292
Litter Program	38,746	0	0	0	0	0	0	38,746
<u>Other State Revenues</u>								
Income Tax	102,300	0	0	0	0	0	0	102,300
Beer Tax	18,421	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	44,275	0	0	0	0	0	0	44,275
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	576,930	576,930
Emergency Hospital - Prisoners	52,148	0	0	0	0	0	0	52,148
Contracted Prisoner Boarding	799,155	0	0	0	0	0	0	799,155
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,671,394	0	1,671,394
Petroleum Special Tax	0	0	0	0	0	14,606	0	14,606
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works		
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Other State Grants	\$ 97,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,125
Other State Revenues	114,009	0	0	0	0	0	0	114,009
Total State of Tennessee	\$ 1,316,471	\$ 0	\$ 11,804	\$ 0	\$ 0	\$ 1,938,292	\$ 576,930	\$ 3,843,497
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 356,013	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 356,013
Other Federal through State	41,217	0	0	0	0	0	0	41,217
<u>Direct Federal Revenue</u>								
ARRA Grant # 6	6,728	0	0	0	0	0	0	6,728
Other Direct Federal Revenue	835,637	0	0	0	0	0	0	835,637
Total Federal Government	\$ 1,239,595	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,239,595
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 141,610	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,610
Contributions	10,000	0	0	0	0	0	0	10,000
<u>Citizens Groups</u>								
Donations	1,000	0	0	0	0	0	0	1,000
Total Other Governments and Citizens Groups	\$ 152,610	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152,610
Total	\$ 8,884,197	\$ 2,699	\$ 1,187,273	\$ 77,899	\$ 3,796	\$ 2,204,671	\$ 1,093,800	\$ 13,454,335

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,618,018	\$ 0	\$ 0	\$ 0	\$ 1,618,018
Trustee's Collections - Prior Year	103,059	0	0	0	103,059
Trustee's Collections - Bankruptcy	104	0	0	0	104
Circuit/Clerk & Master Collections - Prior Years	18,970	0	0	0	18,970
Interest and Penalty	18,106	0	0	0	18,106
Payments in-Lieu-of Taxes - Other	2,231	0	0	0	2,231
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,642,930	0	0	0	1,642,930
Wheel Tax	0	0	0	580,653	580,653
<u>Statutory Local Taxes</u>					
Bank Excise Tax	20,727	0	0	0	20,727
Wholesale Beer Tax	133,520	0	0	0	133,520
Interstate Telecommunications Tax	2,238	0	0	0	2,238
Total Local Taxes	\$ 3,559,903	\$ 0	\$ 0	\$ 580,653	\$ 4,140,556
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,396	\$ 0	\$ 0	\$ 0	\$ 1,396
Total Licenses and Permits	\$ 1,396	\$ 0	\$ 0	\$ 0	\$ 1,396
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 243,186	\$ 0	\$ 243,186
Lunch Payments - Adults	0	0	64,375	0	64,375
Income from Breakfast	0	0	39,569	0	39,569
Special Milk Sales	0	0	2,524	0	2,524
A la carte Sales	0	0	191,279	0	191,279
Receipts from Individual Schools	27,806	0	0	0	27,806
Total Charges for Current Services	\$ 27,806	\$ 0	\$ 540,933	\$ 0	\$ 568,739
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 401	\$ 0	\$ 401
Sale of Materials and Supplies	918	0	0	0	918
Refund of Telecommunication and Internet Fees (E-Rate)	19,526	0	0	0	19,526
Miscellaneous Refunds	1,953	0	4,201	0	6,154
<u>Nonrecurring Items</u>					
Sale of Equipment	10,264	0	0	0	10,264
Damages Recovered from Individuals	500	0	0	0	500
Contributions and Gifts	37,347	0	0	0	37,347
Total Other Local Revenues	\$ 70,508	\$ 0	\$ 4,602	\$ 0	\$ 75,110
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 137,289	\$ 0	\$ 0	\$ 0	\$ 137,289
<u>State Education Funds</u>					
Basic Education Program	17,462,001	0	0	0	17,462,001
Early Childhood Education	514,405	0	0	0	514,405

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 0	\$ 0	\$ 18,948	\$ 0	\$ 18,948
Driver Education	14,149	0	0	0	14,149
Other State Education Funds	172,381	0	0	0	172,381
Career Ladder Program	117,228	0	0	0	117,228
Career Ladder - Extended Contract	74,500	0	0	0	74,500
<u>Other State Revenues</u>					
Mixed Drink Tax	5,705	0	0	0	5,705
Total State of Tennessee	\$ 18,497,658	\$ 0	\$ 18,948	\$ 0	\$ 18,516,606
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 930,075	\$ 0	\$ 930,075
USDA - Commodities	0	0	60,083	0	60,083
Breakfast	0	0	389,130	0	389,130
USDA - Other	0	0	84,521	0	84,521
Adult Education State Grant Program	82,165	0	0	0	82,165
Vocational Education - Basic Grants to States	0	59,018	0	0	59,018
Title I Grants to Local Education Agencies	0	820,879	0	0	820,879
Special Education - Grants to States	15,849	893,791	0	0	909,640
Special Education Preschool Grants	0	26,683	0	0	26,683
Safe and Drug-free Schools - State Grants	500,114	0	0	0	500,114
Rural Education	0	70,112	0	0	70,112
Eisenhower Professional Development State Grants	0	146,766	0	0	146,766
Job Training Partnership Act	11,000	0	0	0	11,000
Race-to-the-Top - ARRA	0	92,039	0	0	92,039
Other Federal through State	0	15,396	0	0	15,396
Total Federal Government	\$ 609,128	\$ 2,124,684	\$ 1,463,809	\$ 0	\$ 4,197,621
Total	\$ 22,766,399	\$ 2,124,684	\$ 2,028,292	\$ 580,653	\$ 27,500,028

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	55,440	
Social Security		4,241	
State Retirement		524	
Accounting Services		33,068	
Audit Services		9,641	
Dues and Memberships		9,813	
Total County Commission			\$ 112,727

Board of Equalization

Board and Committee Members Fees	\$	1,250	
Total Board of Equalization			1,250

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Accountants/Bookkeepers		23,000	
Secretary(ies)		21,300	
Social Security		8,444	
State Retirement		2,419	
Medical Insurance		1,349	
Communication		4,204	
Data Processing Services		8,758	
Legal Notices, Recording, and Court Costs		3,469	
Maintenance and Repair Services - Vehicles		255	
Travel		2,347	
Office Supplies		11,728	
Other Charges		7,467	
Office Equipment		2,930	
Total County Mayor/Executive			164,372

County Attorney

Social Security	\$	459	
Legal Services		21,352	
Total County Attorney			21,811

Election Commission

County Official/Administrative Officer	\$	51,976	
Clerical Personnel		22,645	
Election Commission		3,200	
Election Workers		11,719	
In-Service Training		550	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Social Security	\$	6,268	
State Retirement		4,074	
Communication		1,207	
Data Processing Services		3,791	
Legal Notices, Recording, and Court Costs		3,297	
Maintenance and Repair Services - Equipment		8,128	
Printing, Stationery, and Forms		3,566	
Travel		2,465	
Other Contracted Services		8,986	
Electricity		1,757	
Office Supplies		9,996	
Office Equipment		1,063	
Total Election Commission			\$ 144,688

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,699	
Clerical Personnel		23,574	
Part-time Personnel		5,909	
Social Security		8,340	
State Retirement		5,734	
Communication		1,880	
Data Processing Services		6,675	
Other Contracted Services		2,336	
Office Supplies		3,131	
Total Register of Deeds			139,029

Planning

Board and Committee Members Fees	\$	4,200	
Social Security		321	
Contracts with Government Agencies		8,438	
Total Planning			12,959

County Buildings

Custodial Personnel	\$	25,750	
Maintenance Personnel		24,637	
Overtime Pay		269	
Social Security		3,875	
State Retirement		2,766	
Medical Insurance		750	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Communication	\$	6,175	
Maintenance and Repair Services - Buildings		18,945	
Maintenance and Repair Services - Vehicles		1,722	
Custodial Supplies		5,946	
Electricity		90,239	
Gasoline		3,102	
Natural Gas		12,351	
Uniforms		1,221	
Utilities		1,612	
Other Charges		257	
Total County Buildings			\$ 199,617

Other General Administration

Teachers	\$	1,375	
Social Security		464	
Unemployment Compensation		35,292	
On-Behalf Payments to OPEB		4,105	
Evaluation and Testing		1,312	
Licenses		2,304	
Matching Share		800	
Medical and Dental Services		689	
Remittance of Revenue Collected		9,303	
Other Contracted Services		1,752	
Other Supplies and Materials		7,876	
Liability Insurance		268,485	
Premiums on Corporate Surety Bonds		7,806	
Trustee's Commission		85,554	
Workers' Compensation Insurance		246,281	
Fines, Assessments, and Penalties		4,175	
Other Charges		1,590	
Total Other General Administration			679,163

Preservation of Records

Office Supplies	\$	2,236	
Office Equipment		264	
Total Preservation of Records			2,500

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	35,000	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Social Security	\$	2,678	
State Retirement		1,911	
Total Accounting and Budgeting			\$ 39,589

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,446	
Assessment Personnel		23,446	
Clerical Personnel		19,055	
Social Security		9,121	
State Retirement		6,754	
Medical Insurance		13,220	
Communication		2,278	
Data Processing Services		7,604	
Maintenance and Repair Services - Vehicles		1,434	
Postal Charges		980	
Travel		4,809	
Other Contracted Services		3,950	
Office Supplies		2,919	
Office Equipment		158	
Total Property Assessor's Office			176,925

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		19,055	
Clerical Personnel		19,055	
Social Security		7,333	
State Retirement		5,234	
Medical Insurance		11,518	
Communication		1,863	
Data Processing Services		7,606	
Legal Notices, Recording, and Court Costs		508	
Postal Charges		7,476	
Office Supplies		3,005	
Other Charges		3,879	
Office Equipment		600	
Total County Trustee's Office			144,883

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Supervisor/Director	\$	17,987	
Deputy(ies)		38,110	
Accountants/Bookkeepers		19,055	
Social Security		9,494	
State Retirement		6,598	
Medical Insurance		17,904	
Communication		2,643	
Other Contracted Services		300	
Office Supplies		8,380	
Total County Clerk's Office			\$ 178,222

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,874	
Clerical Personnel		76,483	
Jury and Witness Expense		8,538	
Social Security		11,258	
State Retirement		8,251	
Medical Insurance		12,948	
Communication		3,389	
Data Processing Services		8,874	
Travel		436	
Office Supplies		6,678	
Total Circuit Court			218,480

General Sessions Court

Judge(s)	\$	90,857	
Secretary(ies)		22,131	
Social Security		8,405	
State Retirement		6,169	
Medical Insurance		3,791	
Office Supplies		1,093	
Total General Sessions Court			132,446

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,323	
Clerical Personnel		40,800	
Part-time Personnel		8,985	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Social Security	\$	10,153	
State Retirement		3,912	
Medical Insurance		7,655	
Communication		2,455	
Data Processing Services		7,604	
Office Supplies		4,032	
Total Chancery Court			\$ 166,670

Juvenile Court

Guidance Personnel	\$	9,000	
Social Security		689	
Other Contracted Services		1,895	
Total Juvenile Court			11,584

District Attorney General

Travel	\$	3,525	
Office Supplies		240	
Office Equipment		4,178	
Other Equipment		4,500	
Total District Attorney General			12,443

Judicial Commissioners

County Official/Administrative Officer	\$	15,977	
Social Security		610	
Total Judicial Commissioners			16,587

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Deputy(ies)		394,914	
Investigator(s)		63,116	
Captain(s)		35,363	
Sergeant(s)		109,161	
Salary Supplements		13,800	
Secretary(ies)		20,384	
Overtime Pay		27,849	
In-Service Training		7,261	
Social Security		54,371	
State Retirement		33,507	
Medical Insurance		41,085	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication	\$	17,837	
Data Processing Services		4,545	
Freight Expenses		2,124	
Maintenance and Repair Services - Equipment		1,336	
Maintenance and Repair Services - Vehicles		11,006	
Matching Share		74	
Other Contracted Services		9,676	
Gasoline		113,650	
Office Supplies		14,769	
Tires and Tubes		10,647	
Uniforms		5,890	
Vehicle Parts		11,914	
Other Supplies and Materials		9,495	
Communication Equipment		3,510	
Motor Vehicles		31,000	
Office Equipment		3,636	
Other Equipment		10,894	
Total Sheriff's Department			\$ 1,126,341

Special Patrols

Deputy(ies)	\$	18,075	
Social Security		1,307	
State Retirement		987	
Medical Insurance		3,237	
Maintenance and Repair Services - Vehicles		280	
Disposal Fees		1,116	
Gasoline		2,500	
Other Supplies and Materials		769	
Total Special Patrols			28,271

Jail

County Official/Administrative Officer	\$	28,000	
Sergeant(s)		82,578	
Guards		441,421	
Clerical Personnel		38,118	
Cafeteria Personnel		19,045	
Overtime Pay		8,323	
In-Service Training		1,684	
Social Security		46,442	
State Retirement		23,326	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Insurance	\$	26,664	
Evaluation and Testing		1,330	
Maintenance and Repair Services - Buildings		61,523	
Medical and Dental Services		226,783	
Travel		2,617	
Other Contracted Services		10,477	
Custodial Supplies		34,645	
Diesel Fuel		211	
Electricity		46,372	
Food Supplies		157,164	
Gasoline		1,675	
Natural Gas		64,363	
Prisoners Clothing		2,215	
Uniforms		5,119	
Other Supplies and Materials		5,811	
Office Equipment		2,048	
Other Equipment		8,825	
Total Jail			\$ 1,346,779

Fire Prevention and Control

Contracts with Government Agencies	\$	1,000	
Contributions		96,000	
Electricity		2,361	
Total Fire Prevention and Control			99,361

Civil Defense

Supervisor/Director	\$	3,764	
Social Security		288	
Maintenance and Repair Services - Equipment		225	
Travel		50	
Electricity		1,492	
Gasoline		148	
Other Equipment		2,412	
Total Civil Defense			8,379

Rescue Squad

Contributions	\$	8,000	
Total Rescue Squad			8,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Contributions	\$ 150,000	
Total Other Emergency Management		\$ 150,000

County Coroner/Medical Examiner

Other Contracted Services	\$ 29,380	
Total County Coroner/Medical Examiner		29,380

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 85,020	
Social Security	6,504	
Communication	5,163	
Contracts with Other Public Agencies	10,000	
Maintenance and Repair Services - Buildings	17,571	
Travel	3,711	
Custodial Supplies	12,201	
Office Supplies	788	
Utilities	15,585	
Other Supplies and Materials	900	
Total Local Health Center		157,443

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 46,350
Paraprofessionals	392,996
Secretary(ies)	26,200
Attendants	333,059
Overtime Pay	159,205
In-Service Training	22,840
Social Security	70,802
State Retirement	44,566
Medical Insurance	68,393
Communication	7,054
Licenses	3,743
Maintenance and Repair Services - Buildings	4,477
Maintenance and Repair Services - Equipment	2,778
Maintenance and Repair Services - Vehicles	38,517
Travel	95
Other Contracted Services	5,865
Custodial Supplies	9,150
Drugs and Medical Supplies	57,333

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Electricity	\$	18,283	
Gasoline		66,286	
Natural Gas		5,215	
Office Supplies		14,605	
Tires and Tubes		10,043	
Uniforms		6,939	
Other Charges		137	
Office Equipment		20,329	
Other Equipment		14,460	
Total Ambulance/Emergency Medical Services			\$ 1,449,720

Regional Mental Health Center

Contracts with Other Public Agencies	\$	6,327	
Total Regional Mental Health Center			6,327

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	22,290	
Part-time Personnel		4,521	
Social Security		2,166	
State Retirement		1,096	
Medical Insurance		3,000	
Contributions		2,850	
Data Processing Services		647	
Licenses		810	
Travel		230	
Custodial Supplies		429	
Office Supplies		274	
Utilities		2,446	
Premiums on Corporate Surety Bonds		187	
Total Senior Citizens Assistance			40,946

Libraries

Supervisor/Director	\$	29,500	
Teachers		908	
Other Salaries and Wages		40,377	
Social Security		5,179	
State Retirement		2,193	
Medical Insurance		4,390	
Communication		949	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Data Processing Services	\$	4,352	
Dues and Memberships		64	
Maintenance and Repair Services - Buildings		7,293	
Travel		632	
Custodial Supplies		2,275	
Office Supplies		2,979	
Utilities		20,178	
Other Supplies and Materials		5,519	
Other Charges		1,464	
Other Equipment		13,712	
Total Libraries			\$ 141,964

Other Social, Cultural, and Recreational

Contributions	\$	12,410	
Other Charges		25,000	
Total Other Social, Cultural, and Recreational			37,410

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	36,093	
Other Salaries and Wages		1,126	
Social Security		1,681	
Extension Service Medicare		393	
State Retirement		4,396	
Communication		3,457	
Contributions		475	
Travel		1,832	
Office Equipment		1,000	
Total Agriculture Extension Service			50,453

Soil Conservation

Supervisor/Director	\$	19,055	
Temporary Personnel		29,927	
Social Security		1,229	
State Retirement		1,040	
Medical Insurance		4,043	
Total Soil Conservation			55,294

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Industrial Development

Contributions	\$	18,525	
Engineering Services		75,286	
Licenses		1,111	
Other Contracted Services		8,000	
Other Charges		24,043	
Building Construction		<u>783,392</u>	
Total Industrial Development			\$ 910,357

Other Economic and Community Development

Advertising	\$	3,750	
Contracts with Government Agencies		30,758	
Other Contracted Services		327,880	
Other Charges		<u>33</u>	
Total Other Economic and Community Development			362,421

Airport

Contracts with Government Agencies	\$	<u>7,200</u>	
Total Airport			7,200

Veterans' Services

Supervisor/Director	\$	13,390	
Secretary(ies)		14,293	
Social Security		2,061	
State Retirement		780	
Communication		1,691	
Contributions		9,441	
Travel		1,503	
Office Supplies		1,212	
Other Charges		1,600	
Office Equipment		<u>152</u>	
Total Veterans' Services			46,123

Contributions to Other Agencies

Contributions	\$	<u>13,702</u>	
Total Contributions to Other Agencies			13,702

ARRA Grant # 6

Other Equipment	\$	<u>6,728</u>	
Total ARRA Grant # 6			6,728

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways

Traffic Control

Supervisor/Director	\$	674	
Social Security		52	
Gasoline		593	
Road Signs		5,162	
Total Traffic Control			\$ 6,481

Litter and Trash Collection

Supervisor/Director	\$	23,986	
Social Security		846	
Advertising		7,707	
Communication		123	
Maintenance and Repair Services - Vehicles		1,568	
Travel		100	
Custodial Supplies		1,487	
Food Supplies		1,061	
Gasoline		3,481	
Total Litter and Trash Collection			40,359

Principal on Debt

General Government

Principal on Bonds	\$	130,000	
Total General Government			130,000

Interest on Debt

General Government

Interest on Bonds	\$	3,433	
Total General Government			3,433

Other Debt Service

General Government

Other Debt Issuance Charges	\$	25,032	
Total General Government			25,032

Capital Projects - Donated

Capital Projects Donated to Other Entities

Contributions	\$	4,124,968	
Total Capital Projects Donated to Other Entities			4,124,968

Total General Fund \$ 12,988,817

(Continued)

Exhibit J-7

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

Courthouse and Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$ 27	
Total Other Charges		\$ 27

Total Courthouse and Jail Maintenance Fund \$ 27

Solid Waste/Sanitation Fund

General Government

Other General Administration

In-Service Training	\$ 200	
Data Processing Services	4,056	
Evaluation and Testing	419	
Legal Notices, Recording, and Court Costs	248	
Travel	66	
Office Supplies	919	
Liability Insurance	23,128	
Trustee's Commission	14,086	
Workers' Compensation Insurance	22,948	
Total Other General Administration		\$ 66,070

Public Health and Welfare

Convenience Centers

Laborers	\$ 82,978	
Social Security	6,330	
State Retirement	818	
Communication	3,788	
Maintenance and Repair Services - Equipment	2,468	
Rentals	5,700	
Custodial Supplies	1,223	
Electricity	5,497	
Water and Sewer	4,986	
Other Construction	7,071	
Total Convenience Centers		120,859

Transfer Stations

Supervisor/Director	\$ 36,503
Foremen	25,075
Equipment Operators	17,849
Truck Drivers	39,750
Laborers	18,914
Overtime Pay	912

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

Social Security	\$	8,906	
State Retirement		2,193	
Medical Insurance		14,453	
Communication		1,066	
Licenses		2,575	
Maintenance and Repair Services - Equipment		36,828	
Disposal Fees		478,507	
Other Contracted Services		150	
Diesel Fuel		31,325	
Lubricants		168	
Tires and Tubes		6,879	
Other Supplies and Materials		2,037	
Other Charges		25,722	
Total Transfer Stations			\$ 749,812

Recycling Center

Communication	\$	2,297	
Maintenance and Repair Services - Buildings		677	
Maintenance and Repair Services - Equipment		4,445	
Custodial Supplies		334	
Electricity		4,412	
Gasoline		2,102	
Natural Gas		1,141	
Uniforms		3,860	
Water and Sewer		856	
Other Supplies and Materials		231	
Other Construction		533	
Total Recycling Center			20,888

Postclosure Care Costs

Other Contracted Services	\$	700	
Testing		18,784	
Total Postclosure Care Costs			19,484

Total Solid Waste/Sanitation Fund \$ 977,113

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$	29,027	
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(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Overtime Pay	\$	370	
Social Security		2,249	
State Retirement		1,605	
Contributions		775	
Confidential Drug Enforcement Payments		27,200	
Dues and Memberships		300	
Tow-in Services		1,175	
Veterinary Services		12	
Animal Food and Supplies		162	
Other Supplies and Materials		2,370	
Trustee's Commission		276	
Total Drug Enforcement			\$ 65,521

Total Drug Control Fund \$ 65,521

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	315	
Total County Trustee's Office			\$ 315

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	463	
Total County Clerk's Office			463

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	3,018	
Total Chancery Court			3,018

Total Constitutional Officers - Fees Fund 3,796

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
Supervisor/Director		26,892	
Communication		3,614	
Dues and Memberships		2,430	
Evaluation and Testing		1,620	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Legal Notices, Recording, and Court Costs	\$	86	
Licenses		18	
Maintenance and Repair Services - Buildings		28	
Postal Charges		270	
Travel		1,534	
Penalties		9,424	
Custodial Supplies		551	
Electricity		3,934	
Office Supplies		686	
Utilities		1,497	
Traffic Control Equipment		60	
Total Administration			\$ 116,171

Highway and Bridge Maintenance

Supervisor/Director	\$	124,399	
Equipment Operators		233,817	
Truck Drivers		72,352	
Laborers		92,374	
Overtime Pay		783	
Freight Expenses		1,626	
Rentals		458	
Other Contracted Services		364	
Asphalt		703,282	
Asphalt - Cold Mix		42,779	
Asphalt - Hot Mix		41,661	
Crushed Stone		127,964	
Pipe		25,571	
Pipe - Metal		766	
Road Signs		2,644	
Other Supplies and Materials		4,442	
Other Charges		1,128	
Total Highway and Bridge Maintenance			1,476,410

Operation and Maintenance of Equipment

Mechanic(s)	\$	40,845	
Maintenance and Repair Services - Equipment		32,778	
Equipment and Machinery Parts		40,530	
Gasoline		152,707	
Lubricants		5,883	
Small Tools		2,441	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$ 16,729	
Total Operation and Maintenance of Equipment		\$ 291,913

Quarry Operations

Supervisor/Director	\$ 24,609	
Operating Lease Payments	9,600	
Maintenance and Repair Services - Equipment	570	
Penalties	902	
Electricity	20,433	
Equipment and Machinery Parts	7,089	
Lubricants	284	
Other Charges	7	
Total Quarry Operations		63,494

Other Charges

Liability Insurance	\$ 146,476	
Trustee's Commission	21,103	
Workers' Compensation Insurance	82,268	
Total Other Charges		249,847

Employee Benefits

Social Security	\$ 50,678	
State Retirement	36,075	
Medical Insurance	226,268	
Unemployment Compensation	7,044	
Total Employee Benefits		320,065

Total Highway/Public Works Fund \$ 2,517,900

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 354,676	
Principal on Notes	419,223	
Principal on Other Loans	15,350	
Total General Government		\$ 789,249

Interest on Debt

General Government

Interest on Bonds	\$ 220,522	
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(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

General Government (Cont.)

Interest on Notes	\$	79,818	
Interest on Other Loans		104	
Total General Government		<u> </u>	\$ 300,444

Other Debt Service

General Government

Fiscal Agent Charges	\$	1,881	
Trustee's Commission		13,079	
Fines, Assessments, and Penalties		500	
Total General Government		<u> </u>	<u>15,460</u>

Total General Debt Service Fund \$ 1,105,153

Total Governmental Funds - Primary Government \$ 17,658,327

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,718,627	
Career Ladder Program		56,000	
Career Ladder Extended Contracts		49,720	
Homebound Teachers		12,790	
Bus Drivers		104	
Educational Assistants		138,115	
Bonus Payments		91,750	
Other Salaries and Wages		142,967	
Certified Substitute Teachers		65,681	
Non-certified Substitute Teachers		128,159	
Social Security		440,382	
State Retirement		636,829	
Life Insurance		3,670	
Medical Insurance		1,024,987	
Unemployment Compensation		7,976	
Employer Medicare		103,531	
Payments to Retirees		188,580	
Maintenance and Repair Services - Equipment		4,386	
Other Contracted Services		58,652	
Instructional Supplies and Materials		44,730	
Textbooks		305,197	
Other Supplies and Materials		80,469	
In Service/Staff Development		248	
Fee Waivers		46,542	
Other Charges		29,032	
Regular Instruction Equipment		167,311	
Total Regular Instruction Program			\$ 10,546,435

Alternative Instruction Program

Teachers	\$	34,008	
Bonus Payments		500	
Social Security		1,816	
State Retirement		3,122	
Life Insurance		24	
Medical Insurance		9,852	
Unemployment Compensation		36	
Employer Medicare		425	
Total Alternative Instruction Program			49,783

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	842,286	
Career Ladder Program		11,000	
Career Ladder Extended Contracts		1,800	
Homebound Teachers		8,259	
Educational Assistants		69,120	
Speech Pathologist		40,300	
Bonus Payments		16,500	
Other Salaries and Wages		20,255	
Social Security		59,588	
State Retirement		87,117	
Life Insurance		528	
Medical Insurance		154,374	
Unemployment Compensation		1,180	
Employer Medicare		13,936	
Instructional Supplies and Materials		1,537	
Other Supplies and Materials		838	
Special Education Equipment		1,212	
Total Special Education Program			\$ 1,329,830

Vocational Education Program

Teachers	\$	621,475	
Career Ladder Program		4,500	
Bonus Payments		8,750	
Certified Substitute Teachers		980	
Non-certified Substitute Teachers		1,260	
Social Security		37,491	
State Retirement		57,435	
Life Insurance		396	
Medical Insurance		84,231	
Unemployment Compensation		741	
Employer Medicare		8,773	
Tuition		52,339	
Other Contracted Services		455	
Instructional Supplies and Materials		4,063	
Textbooks		19,002	
Other Supplies and Materials		2,269	
Total Vocational Education Program			904,160

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	20,421	
Bonus Payments		500	
Other Salaries and Wages		20,150	
Social Security		1,172	
State Retirement		1,128	
Medical Insurance		3,880	
Unemployment Compensation		89	
Employer Medicare		570	
Instructional Supplies and Materials		3,109	
Other Supplies and Materials		1,356	
Other Equipment		4,567	
Total Adult Education Program			\$ 56,942

Support Services

Attendance

Supervisor/Director	\$	59,754	
Career Ladder Program		1,000	
Bonus Payments		500	
Social Security		3,590	
State Retirement		5,543	
Life Insurance		24	
Medical Insurance		9,678	
Unemployment Compensation		36	
Employer Medicare		840	
Travel		1,883	
Other Contracted Services		8,871	
Other Supplies and Materials		263	
Attendance Equipment		3,458	
Total Attendance			95,440

Health Services

Medical Personnel	\$	51,393	
Bonus Payments		1,250	
Social Security		3,126	
State Retirement		2,869	
Medical Insurance		1,940	
Unemployment Compensation		92	
Employer Medicare		731	
Travel		4,378	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Supplies and Materials	\$ 64	
Total Health Services		\$ 65,843

Other Student Support

Career Ladder Program	\$ 2,500	
Guidance Personnel	340,346	
Psychological Personnel	2,317	
Career Ladder Extended Contracts	5,370	
Bonus Payments	4,500	
Social Security	20,689	
State Retirement	32,123	
Life Insurance	203	
Medical Insurance	55,522	
Unemployment Compensation	342	
Employer Medicare	4,839	
Evaluation and Testing	40,794	
Other Contracted Services	6,500	
Other Equipment	2,433	
Total Other Student Support		518,478

Regular Instruction Program

Supervisor/Director	\$ 82,135
Career Ladder Program	8,750
Career Ladder Extended Contracts	6,900
Librarians	258,238
Instructional Computer Personnel	14,331
Clerical Personnel	15,972
Bonus Payments	7,575
Other Salaries and Wages	153,728
Social Security	32,586
State Retirement	49,007
Life Insurance	252
Medical Insurance	57,674
Unemployment Compensation	411
Employer Medicare	7,773
Other Fringe Benefits	362
Dues and Memberships	30
Travel	20,033
Other Contracted Services	8,284

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	3,384	
Other Supplies and Materials		2,081	
In Service/Staff Development		18,854	
Other Charges		50	
Other Equipment		2,647	
Total Regular Instruction Program			\$ 751,057

Special Education Program

Supervisor/Director	\$	56,120	
Career Ladder Program		1,000	
Psychological Personnel		40,144	
Clerical Personnel		16,310	
Bonus Payments		1,500	
Other Salaries and Wages		10,460	
Social Security		6,907	
State Retirement		10,363	
Life Insurance		44	
Medical Insurance		19,630	
Unemployment Compensation		108	
Employer Medicare		1,620	
Travel		2,122	
Other Supplies and Materials		388	
Total Special Education Program			166,716

Vocational Education Program

Supervisor/Director	\$	62,662	
Career Ladder Program		1,000	
Bonus Payments		500	
Social Security		3,595	
State Retirement		5,806	
Life Insurance		24	
Medical Insurance		9,852	
Unemployment Compensation		36	
Employer Medicare		841	
Total Vocational Education Program			84,316

Adult Programs

Supervisor/Director	\$	54,900	
Career Ladder Program		1,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Clerical Personnel	\$	1,351	
Bonus Payments		500	
Social Security		3,384	
State Retirement		5,177	
Life Insurance		24	
Medical Insurance		6,990	
Unemployment Compensation		36	
Employer Medicare		791	
Travel		3,300	
Other Supplies and Materials		744	
Other Charges		100	
Other Equipment		3,448	
Total Adult Programs			\$ 81,745

Other Programs

On-Behalf Payments to OPEB	\$	137,289	
Total Other Programs			137,289

Board of Education

Secretary to Board	\$	2,475	
Board and Committee Members Fees		29,470	
Social Security		1,032	
State Retirement		278	
Unemployment Compensation		3	
Employer Medicare		445	
Audit Services		6,478	
Legal Services		6,956	
Medical and Dental Services		2,843	
Travel		3,760	
Other Contracted Services		2,500	
Other Supplies and Materials		373	
Liability Insurance		24,539	
Trustee's Commission		88,791	
Workers' Compensation Insurance		177,864	
Other Charges		3,651	
Total Board of Education			351,458

Director of Schools

County Official/Administrative Officer	\$	78,993	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Assistant(s)	\$	3,500	
Career Ladder Program		1,000	
Bonus Payments		500	
Social Security		5,016	
State Retirement		7,601	
Life Insurance		24	
Medical Insurance		9,852	
Unemployment Compensation		36	
Employer Medicare		1,173	
Communication		7,045	
Dues and Memberships		16,401	
Postal Charges		3,835	
Travel		1,098	
Office Supplies		156	
Other Charges		492	
Total Director of Schools			\$ 136,722

Office of the Principal

Principals	\$	431,226	
Career Ladder Program		11,500	
Assistant Principals		386,585	
Secretary(ies)		411,572	
Bonus Payments		17,000	
Other Salaries and Wages		15,970	
Social Security		73,149	
State Retirement		99,535	
Life Insurance		372	
Medical Insurance		155,663	
Unemployment Compensation		1,318	
Employer Medicare		17,107	
Communication		42,544	
Travel		16,126	
Other Contracted Services		57,388	
Excess Risk Insurance		11,994	
In Service/Staff Development		312	
Administration Equipment		6,370	
Total Office of the Principal			1,755,731

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	127,431	
Secretary(ies)		64,185	
Bonus Payments		3,500	
Other Salaries and Wages		29,513	
Social Security		12,940	
State Retirement		12,287	
Medical Insurance		11,237	
Unemployment Compensation		248	
Employer Medicare		3,026	
Other Fringe Benefits		194	
Maintenance and Repair Services - Equipment		221	
Travel		2,564	
Other Contracted Services		5,100	
Data Processing Supplies		2,407	
Office Supplies		2,004	
Administration Equipment		2,579	
Total Fiscal Services			\$ 279,436

Operation of Plant

Custodial Personnel	\$	558,909
Bonus Payments		17,000
Other Salaries and Wages		496
Social Security		33,443
State Retirement		29,585
Medical Insurance		62,079
Unemployment Compensation		1,353
Employer Medicare		7,835
Janitorial Services		7,725
Maintenance and Repair Services - Equipment		2,108
Pest Control		12,500
Other Contracted Services		74,441
Custodial Supplies		75,954
Electricity		656,951
Natural Gas		68,451
Propane Gas		43,537
Water and Sewer		43,837
Chemicals		13,769
Other Supplies and Materials		15,789
Boiler Insurance		5,609

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Building and Contents Insurance	\$	102,538	
Other Charges		431	
Plant Operation Equipment		12,409	
Total Operation of Plant			\$ 1,846,749

Maintenance of Plant

Maintenance Personnel	\$	163,551	
Bonus Payments		2,500	
Social Security		9,760	
State Retirement		9,076	
Medical Insurance		15,152	
Unemployment Compensation		180	
Employer Medicare		2,283	
Communication		1,313	
Maintenance and Repair Services - Buildings		9,271	
Maintenance and Repair Services - Equipment		6,746	
Rentals		302	
Other Contracted Services		6,860	
Custodial Supplies		691	
Equipment Parts - Light		23,326	
Equipment and Machinery Parts		11,700	
General Construction Materials		14,400	
Small Tools		9,172	
Uniforms		2,049	
Other Supplies and Materials		13,560	
Vehicle and Equipment Insurance		3,661	
Other Charges		104	
Maintenance Equipment		70,135	
Plant Operation Equipment		3,988	
Total Maintenance of Plant			379,780

Transportation

Supervisor/Director	\$	54,934	
Mechanic(s)		85,876	
Bus Drivers		424,155	
Bonus Payments		15,500	
Social Security		34,084	
State Retirement		19,973	
Life Insurance		24	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Medical Insurance	\$	37,102	
Unemployment Compensation		1,272	
Employer Medicare		8,181	
Communication		639	
Contracts with Parents		2,718	
Maintenance and Repair Services - Equipment		1,690	
Medical and Dental Services		1,792	
Tow-in Services		1,775	
Other Contracted Services		1,284	
Crushed Stone		3,298	
Custodial Supplies		330	
Diesel Fuel		165,258	
Equipment and Machinery Parts		1,369	
Garage Supplies		4,579	
Gasoline		18,078	
Lubricants		10,105	
Small Tools		1,579	
Tires and Tubes		38,663	
Uniforms		1,109	
Vehicle Parts		59,244	
Other Supplies and Materials		1,276	
Vehicle and Equipment Insurance		27,891	
Other Charges		2,752	
Transportation Equipment		122,688	
Total Transportation			\$ 1,149,218

Operation of Non-Instructional Services

Food Service

Food Service Equipment	\$	18,039	
Total Food Service			18,039

Community Services

Supervisor/Director	\$	27,783	
Teachers		268,726	
Medical Personnel		1,600	
Bus Drivers		17,615	
Other Salaries and Wages		56,252	
Certified Substitute Teachers		350	
Non-certified Substitute Teachers		540	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Social Security	\$	21,309	
State Retirement		28,116	
Medical Insurance		970	
Unemployment Compensation		419	
Employer Medicare		4,989	
Other Fringe Benefits		2,182	
Travel		10,515	
Instructional Supplies and Materials		11,585	
Other Supplies and Materials		16,966	
In Service/Staff Development		900	
Regular Instruction Equipment		19,847	
Total Community Services			\$ 490,664

Early Childhood Education

Supervisor/Director	\$	47,131	
Teachers		185,550	
Career Ladder Program		750	
Bus Drivers		82	
Clerical Personnel		3,868	
Educational Assistants		80,227	
Other Salaries and Wages		155	
Non-certified Substitute Teachers		1,920	
Social Security		17,666	
State Retirement		25,285	
Life Insurance		138	
Medical Insurance		51,494	
Unemployment Compensation		409	
Employer Medicare		4,140	
Other Fringe Benefits		1,668	
Communication		899	
Travel		6,143	
Food Supplies		4,016	
Instructional Supplies and Materials		6,308	
Other Supplies and Materials		13,315	
Other Charges		561	
Site Development		23,213	
Other Equipment		32,750	
Total Early Childhood Education			507,688

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	5,317	
Other Contracted Services		800	
Building Improvements		394,569	
Plant Operation Equipment		8,522	
Site Development		34,503	
Other Capital Outlay		42,713	
Total Regular Capital Outlay			\$ 486,424

Total General Purpose School Fund \$ 22,189,943

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	269,076	
Educational Assistants		200,825	
Social Security		27,972	
State Retirement		35,265	
Life Insurance		142	
Medical Insurance		54,043	
Unemployment Compensation		761	
Employer Medicare		6,542	
Other Fringe Benefits		2,601	
Tuition		292	
Instructional Supplies and Materials		61,600	
Regular Instruction Equipment		25,084	
Total Regular Instruction Program			\$ 684,203

Special Education Program

Teachers	\$	132,198
Educational Assistants		385,830
Bonus Payments		13,000
Other Salaries and Wages		34,550
Certified Substitute Teachers		490
Non-certified Substitute Teachers		3,690
Social Security		33,919
State Retirement		35,066
Life Insurance		72
Medical Insurance		48,412
Unemployment Compensation		1,208

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	7,939	
Other Fringe Benefits		3,128	
Evaluation and Testing		559	
Travel		294	
Instructional Supplies and Materials		5,473	
Other Supplies and Materials		1,328	
In Service/Staff Development		969	
Other Charges		3,058	
Special Education Equipment		22,433	
Total Special Education Program			\$ 733,616

Vocational Education Program

Educational Assistants	\$	15,349	
Social Security		934	
State Retirement		838	
Employer Medicare		219	
Instructional Supplies and Materials		79	
Vocational Instruction Equipment		37,139	
Total Vocational Education Program			54,558

Support Services

Other Student Support

Guidance Personnel	\$	98,355	
Psychological Personnel		54,892	
Bonus Payments		2,500	
Other Salaries and Wages		69,662	
Social Security		13,807	
State Retirement		20,395	
Life Insurance		124	
Medical Insurance		22,378	
Unemployment Compensation		250	
Employer Medicare		3,356	
Other Fringe Benefits		1,266	
Travel		5,733	
In Service/Staff Development		365	
Other Charges		10,961	
Total Other Student Support			304,044

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	39,410	
Other Salaries and Wages		154,834	
Social Security		11,384	
State Retirement		16,956	
Life Insurance		90	
Medical Insurance		22,662	
Unemployment Compensation		151	
Employer Medicare		2,539	
Other Fringe Benefits		1,103	
Travel		2,452	
Other Supplies and Materials		2,879	
In Service/Staff Development		24,086	
Other Equipment		565	
Total Regular Instruction Program			\$ 279,111

Special Education Program

Supervisor/Director	\$	5,102	
Social Security		316	
State Retirement		462	
Employer Medicare		74	
Travel		21,058	
In Service/Staff Development		2,742	
Total Special Education Program			29,754

Vocational Education Program

Travel	\$	1,859	
In Service/Staff Development		365	
Other Charges		180	
Total Vocational Education Program			2,404

Transportation

Bus Drivers	\$	30,685	
Bonus Payments		1,000	
Other Salaries and Wages		10,037	
Social Security		1,964	
State Retirement		1,096	
Unemployment Compensation		74	
Employer Medicare		459	
Other Fringe Benefits		2,085	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Contracts with Parents	\$ 13,361	
Total Transportation		\$ 60,761

Total School Federal Projects Fund \$ 2,148,451

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 59,754	
Teachers	16,162	
Clerical Personnel	35,144	
Cafeteria Personnel	687,376	
Temporary Personnel	27,300	
Other Salaries and Wages	1,165	
Social Security	47,912	
State Retirement	44,185	
Life Insurance	36	
Medical Insurance	80,509	
Unemployment Compensation	2,059	
Employer Medicare	11,207	
Other Fringe Benefits	25,484	
Maintenance and Repair Services - Equipment	12,145	
Travel	22,094	
Other Contracted Services	19,558	
Food Supplies	915,280	
USDA - Commodities	60,083	
Other Supplies and Materials	104,836	
In Service/Staff Development	1,753	
Food Service Equipment	9,190	
Total Food Service		\$ 2,183,232

Total Central Cafeteria Fund 2,183,232

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 570,000	
Total Education		\$ 570,000

(Continued)

Exhibit J-8

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

Education Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Bonds	\$ 464,228	
Total Education		\$ 464,228

Other Debt Service

Education

Trustee's Commission	\$ 5,874	
Other Debt Service	500	
Total Education		<u>6,374</u>

Total Education Debt Service Fund		<u>\$ 1,040,602</u>
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Total Governmental Funds - Overton County School Department		<u>\$ 27,562,228</u>
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Exhibit J-9

Overton County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 790,367</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 782,464
Trustee's Commission	<u>7,903</u>
Total Cash Disbursements	<u>\$ 790,367</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

October 15, 2012

Overton County Executive and
Board of County Commissioners
Overton County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Overton County's basic financial statements and have issued our report thereon dated October 15, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Overton County Nursing Home, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Overton/Pickett County Emergency Communications District as described in our report on Overton County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Overton County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Overton County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Overton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Overton County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.01.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.04, 12.07, 12.08, and 12.11.

Compliance and Other Matters

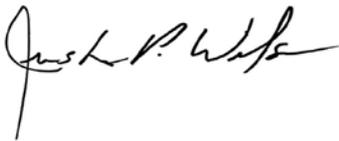
As part of obtaining reasonable assurance about whether Overton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02, 12.03, 12.05, 12.06, 12.09, and 12.10.

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

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

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

Independent Auditor's Report

October 15, 2012

Overton County Executive and
Board of County Commissioners
Overton County, Tennessee

To the County Executive and Board of County Commissioners:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and

material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Overton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Overton County's compliance with those requirements.

In our opinion, Overton County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Overton County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Overton County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Overton County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

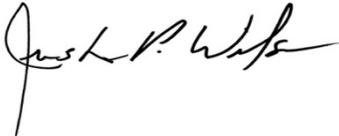
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 15, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Overton County Nursing Home, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB

Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Yours very truly,

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 of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants - Recovery Act	10.766	N/A	\$ 6,728
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	389,130
National School Lunch Program	10.555	N/A	976,392 (3) (4)
Fresh Fruits and Vegetable Program	10.582	N/A	38,204
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	60,083 (4)
Total U.S. Department of Agriculture			<u>\$ 1,470,537</u>
U.S. Department of Commerce:			
Direct Program:			
Community Trade Adjustment Assistance	11.010	N/A	<u>\$ 795,074</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnership Program	14.239	HM-10-37	<u>\$ 356,013</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 5,705 (5)</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	<u>\$ 5,780</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	<u>\$ 11,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(6)	<u>\$ 22,669</u>
Appalachian Regional Commission:			
Passed-through Tennessee Technological University:			
Appalachian Area Development	23.002	(2)	<u>\$ 3,750</u>
U.S. Institute of Museum and Library Services:			
Direct Program:			
National Leadership Grants	45.312	N/A	\$ 5,866
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	24147	<u>1,675</u>
Total U.S. Institute of Museum and Library Services			<u>\$ 7,541</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 82,165
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies			
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	900,421
Special Education - Preschool Grants	84.173	N/A	23,512
Career and Technical Education - Basic Grants to States	84.048	N/A	63,341
Twenty-first Century Community Learning Centers	84.287	(2)	500,114
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	1,159
Education Technology State Grants, Recovery Act	84.386	(2)	985

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Rural Education	84.358	N/A	\$ 84,774
Improving Teacher Quality State Grants	84.367	N/A	156,642
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	47,367
Education Jobs Fund	84.410	N/A	13,713
Total U.S. Department of Education			<u>\$ 2,762,138</u>
National Archives and Records Administration:			
Passed-through Tennessee Secretary of State:			
National Historical Publications and Records Grant	89.003	(2)	<u>\$ 2,500</u>
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	<u>\$ 10,623</u>
Total Expenditures of Federal Awards			<u>\$ 5,453,330</u>

<u>State Grants</u>		<u>Contract Number</u>	
Litter Program - State Department of Transportation	N/A	Z12LIT067	\$ 38,746
Youth Services Officer Grant - State Commission on Children and Youth	N/A	GG-10-29857	9,000
Aging Programs - Upper Cumberland Development District	N/A	(2)	8,223
Law Enforcement Training - State Department of Safety	N/A	(2)	13,800
Local Health Services Grant - State Department of Health	N/A	Z-12-44014-00	97,125
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	11,804
Adult Basic Education - State Department of Education	N/A	(2)	27,388
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	514,405
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Safe Schools Act - State Department of Education	N/A	(2)	<u>19,700</u>
Total State Grants			<u>\$ 840,191</u>

CFDA - Catalog of Federal Domestic Assistance
N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) National School Lunch Program \$930,075; After School Snack Program \$46,317.
- (4) Total for CFDA No. 10.555 is \$1,036,475.
- (5) General Fund: \$3,169; Highway/Public Works Fund: \$158; Solid Waste/Sanitation Fund: \$317; General Debt Service Fund: \$349; General Purpose School Fund: \$1,712.
- (6) 154AL-11-19: \$3,532; 154AL-12-91: \$19,137.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Overton County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF REGISTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.06	171	Multiple employees operated from the same cash drawer

OFFICES OF REGISTER AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.08	172	Duties were not segregated adequately

OVERTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Overton County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit did not disclose any instances of noncompliance that are material to the financial statements of Overton County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Community Trade Adjustment Assistance Program (CFDA No. 11.010), the Home Investment Partnership Program (CFDA No. 14.239), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the Twenty-first Century Community Learning Centers (CFDA No. 84.287) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Overton County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of schools and assessor of property 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 DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 12.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2012, certain general ledger account balances in the General and Highway/Public Works funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Overton County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county'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 county 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. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Overton County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 12.02 **A CAPITAL OUTLAY NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTES**
(Noncompliance Under *Government Auditing Standards*)

On December 6, 2011, Overton County issued a \$200,000 capital outlay note for a building project without the approval of the state Comptroller's Office as required by Section 9-21-601, *Tennessee Code Annotated (TCA)*. Also, county officials did not file a Report on Debt Obligation with the state Comptroller's Office for the capital outlay note. Section 9-21-151, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the costs of issuance. These deficiencies are the result of management's oversight. The county received retroactive note approval from the state Comptroller's Office and filed the Report on Debt Obligation in April 2012.

RECOMMENDATION

Capital outlay notes should be issued in compliance with state statutes.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 12.03 **A COUNTY ROAD LIST WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL**
(Noncompliance Under *Government Auditing Standards*)

A county road list was not submitted to the County Commission for approval. Section 54-10-103, *Tennessee Code Annotated*, requires the highway superintendent to submit a list of county roads to the County Commission for approval at the January session each year. This list must include the classification, width and distance of each county-maintained road, as well as a summary of changes from the prior year that provides the road name, date the change was approved by the County Commission, and the reason for the change. Highway Department officials need a current approved list of county roads to determine which roads the department is authorized to work.

RECOMMENDATION

The highway superintendent should submit to the County Commission a list of county roads that includes the classification, width and distance of each road, and a summary of changes as required by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.04 **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT AT JUNE 30, 2012**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

At June 30, 2012, the School Federal Projects Fund had a cash overdraft of \$38,954. Sound business practices dictate that expenditures be held within available funds. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2012.

RECOMMENDATION

The School Department should not issue warrants exceeding cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

The School Department will not issue warrants exceeding cash on deposit with the county trustee. The General Purpose School Fund has since completed a permanent transfer to the School Federal Projects Fund to help with cash flow issues.

FINDING 12.05 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded total appropriations approved by the County Commission in the Central Cafeteria Fund by \$27,957. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commission, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Central Cafeteria Fund management will stay within the spending limits authorized by the County Commission.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 12.06 **MOBILE HOMES WERE ASSESSED TO THE MOBILE HOME OWNER INSTEAD OF THE LAND OWNER WHERE THE MOBILE HOME WAS LOCATED**
(Noncompliance Under *Government Auditing Standards*)

Mobile homes were assessed to the mobile home owners instead of to the owner of the land where the mobile homes were located. Section 67-5-802, *Tennessee Code Annotated (TCA)*, requires the assessor to furnish a schedule to each land owner of a mobile home park by March 1 each year. It is the land owner’s responsibility to complete the schedule to report the number of mobile homes, make, serial number, size, original cost, and any other information necessary for proper assessment of the mobile homes. This deficiency occurred because the assessor assessed the mobile homes to the wrong person, which could result in property taxes becoming delinquent without notification to the land owner.

RECOMMENDATION

The assessor should provide to land owners where mobile homes are located a schedule of assessed values of each mobile home before July 1 of each tax year.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

I have checked into the two parcels in question that were reported as assessed to the mobile home owner. The parcels in question (Map 45 Parcel 1.04 SI 003 and Map 45 1.04 SI 016) are assessed in the name of the mobile home park owner, who is the legal owner. The only difference is the tax bill was mailed in care of the mobile home owner's address. I see nothing in Section 67-5-802, *TCA*, that states the tax bill cannot be sent to the mobile home owner; only that the mobile home be assessed in the name of the landowner, which it is.

STATE DIVISION OF PROPERTY ASSESSMENTS COMMENT

Section 67-5-802(a)(1), *TCA*, provides that mobile homes are to be assessed to the land owner where located. This land owner is the individual who should be notified. The mobile home owner in a park is responsible for any additional tax imposed as a result of their structure being located in a park where he rents a space or a lot, and the land owner where the mobile home park is situated is granted a lien against the moveable structure to secure the payment of the property tax due. It should be reasonable to assume the land owner should be made aware of the value of the moveable structure and any imposed tax resulting from the assessment to prevent any delinquent taxes on such a moveable structure or any other improvement. It would not be an issue if the assessor had written permission from the land owner permitting the notice be sent to the mobile home owner. Not to have that permission in writing allows the land owner to come back and state the property was assessed to the wrong owner. In this case with the land owner's name on the notice and the mobile home owner's address as the mailing address, the notice was mailed to the wrong address. The owner of record as of January 1 has the sole responsibility for paying the property tax for that given year. Any tax lien runs with the land, and failure to pay does not limit enforcement actions against the land to recover any delinquent taxes.

OFFICE OF REGISTER

FINDING 12.07 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees of the office operated from the same cash drawer. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the register would not be able to determine who was responsible for the shortage because

multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets, and is also a result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The register should assign each employee their own cash drawer.

FINDING 12.08 **USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**

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

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

RECOMMENDATION

The shared username and password should be removed from the application. Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

OFFICE OF SHERIFF

FINDING 12.09 **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

In some instances, the sheriff did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collection. This deficiency is a result of a lack of management oversight. The delay in depositing the funds increases the risks of fraud and abuse.

RECOMMENDATION

The sheriff should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

FINDING 12.10 THE OFFICE DID NOT PROPERLY DOCUMENT PAYMENTS TO CONFIDENTIAL INFORMANTS
(Noncompliance Under *Government Auditing Standards*)

Forms required by the Comptroller of the Treasury documenting the use of confidential funds were not properly completed. Of the 179 forms documenting payments to confidential informants, only one had the required signatures of two officers. The signature of the first officer is necessary to document he made the payment, and the signature of the second officer is necessary to document that he witnessed the payment. This deficiency existed because management failed to provide proper oversight, which resulted in increased risks of fraud and abuse.

RECOMMENDATION

Payments to informants should be documented by the signatures of two officers.

AMBULANCE SERVICE, SOLID WASTE DEPARTMENT, AND OFFICES OF REGISTER AND SHERIFF

FINDING 12.11 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 Ambulance Service, Solid Waste Department, and the Offices of Register and Sheriff. Officials and employees responsible for maintaining accounting records 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 of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens in Overton County.

ITEM 1. OVERTON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING COVERING ALL DEPARTMENTS

Overton County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds of the county; however, the acts also provide a provision for the exclusion of the School Department. The School Department is excluded from these provisions in Overton County; therefore, only the funds administered by the county executive and highway superintendent utilize centralized accounting, budgeting, and purchasing. These centralized functions are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

Sound business practices dictate that establishing a central system of accounting, budgeting, and purchasing covering all funds of the county would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing covering all county funds has been a management decision by Overton County 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.

ITEM 2. OVERTON COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Overton County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

There were no findings and questioned costs for federal awards.

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

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