ANNUAL FINANCIAL REPORT

OVERTON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2013

TENNESSEE
COMPTROLLER
OF THE TREASURY

ANNUAL FINANCIAL REPORT

OVERTON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

STEVE REEDER, CPA, CGFM, CFE
Auditor 4

TIM BRASHEARS, CGFM
KELLEY J. McNEAL, CPA, CGFM
State Auditors

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

OVERTON COUNTY, TENNESSEE
TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
INTRODUCTORY SECTION		8
Overton County Officials		9
FINANCIAL SECTION		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	22
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	23-26
Highway/Public Works Fund	C-6	27
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	28
Index and Notes to the Financial Statements		29-79
REQUIRED SUPPLEMENTARY INFORMATION:		80
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Overton County School Department	E-1	81
Schedule of Funding Progress – Pension Plan – Discretely Presented Overton/Pickett County Emergency Communications District	E-2	82
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Overton County School Department	E-3	83
Notes to the Required Supplementary Information		84

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		85
Nonmajor Governmental Funds:		86
Combining Balance Sheet	F-1	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	88
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Courthouse and Jail Maintenance Fund	F-3	89
Solid Waste/Sanitation Fund	F-4	90
Drug Control Fund	F-5	91
Major Governmental Fund:		92
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	93
Fiduciary Funds:		94
Combining Statement of Fiduciary Assets and Liabilities	H-1	95
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	96
Component Unit:		
Discretely Presented Overton County School Department:		97
Statement of Activities	I-1	98
Balance Sheet – Governmental Funds	I-2	99
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	100
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	101
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	102
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	104
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	105-106
School Federal Projects Fund	I-9	107
Central Cafeteria Fund	I-10	108
Education Debt Service Fund	I-11	109

	Exhibit	Page(s)
Miscellanous Schedules:		110
Schedule of Changes in Long-term Notes, Bonds, and Other Loans	J-1	111
Schedule of Long-term Debt Requirements by Year	J-2	112
Schedule of Transfers – Primary Government and Discretely Presented Overton County School Department	J-3	113
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Overton County School Department	J-4	114
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	115-118
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Overton County School Department	J-6	119-120
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	121-135
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Overton County School Department	J-8	136-148
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	149
SINGLE AUDIT SECTION		150
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*		151-152
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		153-155
Schedule of Expenditures of Federal Awards and State Grants		156-157
Schedule of Audit Findings Not Corrected		158
Schedule of Findings and Questioned Costs		159-164
Auditee Reporting Responsibilities		165

Audit Highlights

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

Scope

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

Results

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

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

Findings and Best Practice

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

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

- Usernames and passwords were shared by employees of the Solid Waste Department.

OFFICE OF DIRECTOR OF SCHOOLS

- The office made unauthorized salary expenditures.

OFFICE OF REGISTER OF DEEDS

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

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

- Duties were not segregated adequately.

BEST PRACTICE

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

Introductory Section

Overton County Officials
June 30, 2013

Officials

Ron Cyrus, County Executive
James Norrod, 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 of Deeds
W.B. Melton, Sheriff
Connie York, Director of Accounts and Budgets

Board of County Commissioners

Ron Cyrus, County Executive, Chairman
Jesse Bowman
Randall Boswell
James Clouse
Darwin Clark
Ben Danner
Glenn Honeycutt
Bruce Ledford
Frank Martin
Rick Moles
Jean Moore
Gregg Nivens
Billy Parrott
Billie Phipps
Donna Savage
Vacant

Board of Education

Mike Hayes, Chairman
Dolphus Dial
Ricky Dodson
Mike Gilpatrick
Kelly Hill
Lenard Ledbetter
Leslie Norrod
Dianna Poston
Houston Robbins
Ray Smith

Budget and Purchasing Committee

Rick Moles, Chairman
Randall Boswell
James Clouse
Frank Martin
Gregg Nivens

Audit Committee (as of 8/12/13)

Steven Bryant, Chairman
Rick Moles
Ron Moore
James Scarlett

Financial Section

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Overton County Nursing Home, which represent 28.3 percent, 30.8 percent, and 19.6 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Also, we did not audit the financial statements of the Overton/Pickett County Emergency Communications District, which represent 3.2 percent, 5.9 percent, and 3.8 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those

statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Overton County Nursing Home and the Overton/Pickett County Emergency Communications District is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of funding progress – pension plan and other postemployment benefits plan on pages 81-84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Overton County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the 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 basic financial statements.

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

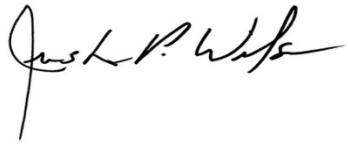
in accordance with auditing standards generally accepted in the United States of America. In our opinion, The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2013, on our consideration of Overton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Overton County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 14, 2013

JPW/kp

Basic Financial Statements

Exhibit A

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

	Primary Government	Component Units		
	Governmental Activities	Overton County School Department	Overton County Nursing Home	Overton/ Pickett County Emergency Communica-tions District
ASSETS				
Cash	$ 1,050	$ 7,423	$ 7,718,023	$ 217,387
Equity in Pooled Cash and Investments	4,912,597	5,597,704	0	0
Inventories	0	34,360	0	0
Accounts Receivable	488,829	0	982,962	9,064
Allowance for Uncollectibles	(60,519)	0	(85,000)	0
Due from Other Governments	901,676	711,513	0	96,828
Due from Component Units	13,465,000	0	0	0
Property Taxes Receivable	4,948,592	1,842,924	0	0
Allowance for Uncollectible Property Taxes	(139,254)	(51,860)	0	0
Deferred Charges - Debt Issuance Costs	0	0	23,840	0
Prepaid Items	0	488	1,000	0
Customer Deposits	0	0	24,036	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,426,263	460,517	115,000	90,550
Intangibles	10,701	0	0	0
Construction in Progress	0	0	446,089	54,908
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	8,894,441	14,665,562	1,077,906	195,592
Infrastructure	7,563,530	737,290	0	0
Other Capital Assets	2,579,451	1,513,421	254,549	542,321
Total Assets	$ 44,992,357	$ 25,519,342	$ 10,558,405	$ 1,206,650
LIABILITIES				
Accounts Payable	$ 29,037	$ 62	$ 303,695	$ 42,518
Accrued Payroll	0	64,041	77,073	11,673
Payroll Deductions Payable	7,973	0	33,687	771
Contracts Payable	40,975	0	0	0
Retainage Payable	13,952	0	0	0
Accrued Interest Payable	34,587	71,440	24,616	0
Due to Primary Government	0	9,475,000	3,990,000	0
Customer Deposits Payable	0	0	24,036	0
Noncurrent Liabilities:				
Due Within One Year	1,603,861	25,349	116,723	8,719
Due in More Than One Year	19,178,803	1,873,419	0	0
Total Liabilities	$ 20,909,188	$ 11,509,311	$ 4,569,830	$ 63,681
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	$ 4,606,651	$ 1,715,580	$ 0	$ 0
Total Deferred Inflow of Resources	$ 4,606,651	$ 1,715,580	$ 0	$ 0
NET POSITION				
Net Investment in Capital Assets	$ 10,090,664	$ 0	$ 1,892,621	$ 0
Investment in Capital Assets	0	17,376,790	0	883,371
Restricted for:				
Courthouse and Jail Maintenance	11,365	0	0	0
Solid Waste/Sanitation	45,828	0	0	0
Drug Control	111,294	0	0	0
Highway/Public Works	437,140	0	0	0
School Federal Projects	0	30,110	0	0
Central Cafeteria	0	122,006	0	0
Capital Projects	0	0	138,580	0
Other Purposes	153,262	72,416	0	0
Unrestricted	8,626,965	(5,306,871)	3,957,374	259,598
Total Net Position	$ 19,476,518	$ 12,294,451	$ 5,988,575	$ 1,142,969

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units: Overton County School Department	Net (Expense) Revenue and Changes in Net Position: Component Units: Overton County Nursing Home	Net (Expense) Revenue and Changes in Net Position: Component Units: Overton/ Pickett County Emergency Communica-tions District
Primary Government:								
Governmental Activities:								
General Government	$ 1,554,491	$ 112,848	$ 16,214	$ 0	$ (1,425,429)	$ 0	$ 0	$ 0
Finance	581,433	492,838	0	0	(88,595)	0	0	0
Administration of Justice	592,105	580,085	9,000	0	(3,020)	0	0	0
Public Safety	3,336,636	1,093,882	1,150,597	2,840	(1,089,317)	0	0	0
Public Health and Welfare	2,805,079	1,498,876	107,241	0	(1,198,962)	0	0	0
Social, Cultural, and Recreational Services	239,741	0	32,791	0	(206,950)	0	0	0
Agriculture and Natural Resources	105,833	0	22,068	24,224	(59,541)	0	0	0
Other Operations	937,514	0	0	747,887	(189,627)	0	0	0
Highways/Public Works	2,027,204	278	1,815,706	0	(211,220)	0	0	0
Interest on Long-term Debt	813,272	0	0	0	(813,272)	0	0	0
Other Debt Service	14,622	0	0	0	(14,622)	0	0	0
Total Primary Government	$ 13,007,930	$ 3,778,807	$ 3,153,617	$ 774,951	$ (5,300,555)	$ 0	$ 0	$ 0
Component Units:								
School Department	$ 28,029,478	$ 470,188	$ 3,627,736	$ 25,230	$ 0	$ (23,906,324)	$ 0	$ 0
Nursing Home	7,486,204	7,031,324	0	0	0	0	(454,880)	0
Emergency Communications District	1,070,106	349,145	330,665	386,408	0	0	0	(3,888)
Total Component Units	$ 36,585,788	$ 7,850,657	$ 3,958,401	$ 411,638	$ 0	$ (23,906,324)	$ (454,880)	$ (3,888)

(Continued)

Exhibit B

Overton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units: Overton County School Department	Net (Expense) Revenue and Changes in Net Position: Component Units: Overton County Nursing Home	Net (Expense) Revenue and Changes in Net Position: Component Units: Overton/ Pickett County Emergency Communica-tions District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					$ 4,327,264	$ 1,751,059	$ 0	$ 0
Property Taxes Levied for Debt Service					355,737	0	0	0
Local Option Sales Tax					800,046	1,585,376	0	0
Wheel Tax					0	583,320	0	0
Wholesale Beer Tax					0	130,593	0	0
Litigation Tax - General					90,065	0	0	0
Mineral Severance Tax					228,354	0	0	0
Business Tax					103,722	0	0	0
Other Local Taxes					32,874	6,647	0	0
Grants and Contributions Not Restricted for Specific Programs					1,326,910	19,369,156	0	301,570
Unrestricted Investment Earnings					17,836	331	17,011	3,072
Sale of Equipment					0	2,365	0	0
Miscellaneous					31,608	77,175	28,786	6,817
Total General Revenues					$ 7,314,416	$ 23,506,022	$ 45,797	$ 311,459
Change in Net Position					$ 2,013,861	$ (400,302)	$ (409,083)	$ 307,571
Prior-period Adjustments					(51,770)	0	0	52,962
Net Position, July 1, 2012					17,514,427	12,694,753	6,397,658	782,436
Net Position, June 30, 2013					$ 19,476,518	$ 12,294,451	$ 5,988,575	$ 1,142,969

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, 2013

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 1,050	$ 1,050
Equity in Pooled Cash and Investments	2,919,876	76,036	1,270,215	646,470	4,912,597
Accounts Receivable	438,606	0	0	50,223	488,829
Allowance for Uncollectibles	(60,519)	0	0	0	(60,519)
Due from Other Governments	460,229	351,319	0	90,128	901,676
Due from Other Funds	1,050	0	0	0	1,050
Property Taxes Receivable	3,993,002	238,898	375,410	341,282	4,948,592
Allowance for Uncollectible Property Taxes	(112,363)	(6,723)	(10,564)	(9,604)	(139,254)
Total Assets	$ 7,639,881	$ 659,530	$ 1,635,061	$ 1,119,549	$ 11,054,021
LIABILITIES					
Accounts Payable	$ 29,019	$ 0	$ 0	$ 18	$ 29,037
Payroll Deductions Payable	7,973	0	0	0	7,973
Contracts Payable	40,975	0	0	0	40,975
Retainage Payable	13,952	0	0	0	13,952
Due to Other Funds	0	0	0	1,050	1,050
Total Liabilities	$ 91,919	$ 0	$ 0	$ 1,068	$ 92,987
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 3,717,091	$ 222,390	$ 349,470	$ 317,700	$ 4,606,651
Deferred Delinquent Property Taxes	144,029	8,617	13,541	12,310	178,497
Other Deferred/Unavailable Revenue	309,564	134,589	0	39,164	483,317
Total Deferred Inflows of Resources	$ 4,170,684	$ 365,596	$ 363,011	$ 369,174	$ 5,268,465
FUND BALANCES					
Restricted:					
Restricted for General Government	$ 20,560	$ 0	$ 0	$ 11,365	$ 31,925
Restricted for Finance	317	0	0	0	317
Restricted for Administration of Justice	72,655	0	0	0	72,655
Restricted for Public Safety	0	0	0	111,294	111,294
Restricted for Other Operations	59,730	0	0	0	59,730
Restricted for Highways/Public Works	0	293,934	0	0	293,934
Committed:					
Committed for Public Health and Welfare	0	0	0	626,648	626,648
Committed for Debt Service	0	0	1,272,050	0	1,272,050
Unassigned	3,224,016	0	0	0	3,224,016
Total Fund Balances	$ 3,377,278	$ 293,934	$ 1,272,050	$ 749,307	$ 5,692,569
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 7,639,881	$ 659,530	$ 1,635,061	$ 1,119,549	$ 11,054,021

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 Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 5,692,569
(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: intangible assets	10,701	
Add: buildings and improvements net of accumulated depreciation	8,894,441	
Add: infrastructure net of accumulated depreciation	7,563,530	
Add: other capital assets net of accumulated depreciation	2,579,451	20,474,386
(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	$ (18,658,679)	
Add: contributions by School Department for bonds	9,475,000	
Add: contributions by Nursing Home for bonds	3,990,000	
Less: notes payable	(1,200,043)	
Less: accrued interest on bonds, notes, and other loans	(34,587)	
Less: compensated absences payable	(88,597)	
Less: other postemployment benefits liability	(804,931)	
Less: landfill closure/postclosure care costs	(30,414)	(7,352,251)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		661,814
Net position of governmental activities (Exhibit A)		$ 19,476,518

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, 2013

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 4,542,483	$ 320,538	$ 365,577	$ 802,730	$ 6,031,328
Licenses and Permits	5,228	0	0	0	5,228
Fines, Forfeitures, and Penalties	154,898	0	0	56,973	211,871
Charges for Current Services	1,255,808	0	0	220,857	1,476,665
Other Local Revenues	102,866	3,729	17,836	80,739	205,170
Fees Received from County Officials	937,400	0	0	0	937,400
State of Tennessee	1,292,643	1,634,478	570,458	11,800	3,509,379
Federal Government	737,622	116,439	0	0	854,061
Other Governments and Citizens Groups	209,681	0	1,281,715	0	1,491,396
Total Revenues	$ 9,238,629	$ 2,075,184	$ 2,235,586	$ 1,173,099	$ 14,722,498
Expenditures					
Current:					
General Government	$ 1,704,485	$ 0	$ 0	$ 91,346	$ 1,795,831
Finance	584,069	0	0	547	584,616
Administration of Justice	572,802	0	0	10,896	583,698
Public Safety	2,934,658	0	0	44,856	2,979,514
Public Health and Welfare	1,734,892	0	0	916,816	2,651,708
Social, Cultural, and Recreational Services	212,545	0	0	0	212,545
Agriculture and Natural Resources	105,611	0	0	0	105,611
Other Operations	945,832	0	0	4	945,836
Highways	47,000	2,276,240	0	0	2,323,240
Debt Service:					
Principal on Debt	0	0	1,531,855	0	1,531,855
Interest on Debt	0	0	812,774	0	812,774
Other Debt Service	0	0	14,622	0	14,622
Total Expenditures	$ 8,841,894	$ 2,276,240	$ 2,359,251	$ 1,064,465	$ 14,541,850
Excess (Deficiency) of Revenues Over Expenditures	$ 396,735	$ (201,056)	$ (123,665)	$ 108,634	$ 180,648
Other Financing Sources (Uses)					
Transfers In	$ 32,000	$ 0	$ 40,000	$ 0	$ 72,000
Transfers Out	0	(40,000)	0	(32,000)	(72,000)
Total Other Financing Sources (Uses)	$ 32,000	$ (40,000)	$ 40,000	$ (32,000)	$ 0
Net Change in Fund Balances	$ 428,735	$ (241,056)	$ (83,665)	$ 76,634	$ 180,648
Fund Balance, July 1, 2012	2,948,543	534,990	1,355,715	672,673	5,511,921
Fund Balance, June 30, 2013	$ 3,377,278	$ 293,934	$ 1,272,050	$ 749,307	$ 5,692,569

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, 2013

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

Net change in fund balances - total governmental funds (Exhibit C-3)		$ 180,648
(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	$ 986,395	
Less: current-year depreciation expense	(776,884)	209,511
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated in the current period	$ 1,018,031	
Less: loss on disposal of capital assets	(55,208)	
Less: proceeds from the sale of disposed assets	(450)	962,373
(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, 2013	$ 661,814	
Less: deferred delinquent property taxes and other deferred June 30, 2012	(635,102)	26,712
(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 position. Also, governmental funds report the effect of 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 notes	$ 404,278	
Add: principal payments on bonds	1,111,687	
Less: principal contributed by School Department	(585,000)	
Less: principal contributed by Nursing Home	(160,000)	
Add: principal payments on other loans	15,890	786,855
(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 on bonds	$ 1,150	
Change in accrued interest on notes	(1,647)	
Change in closure/postclosure care costs	7,988	
Change in compensated absences payable	23,256	
Change in other postemployment benefits liability	(182,985)	(152,238)
Change in net position of governmental activities (Exhibit B)		$ 2,013,861

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

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 4,542,483	$ 0	$ 4,542,483	$ 4,402,510	$ 4,410,876	$ 131,607
Licenses and Permits	5,228	0	5,228	5,675	5,675	(447)
Fines, Forfeitures, and Penalties	154,898	0	154,898	90,670	90,670	64,228
Charges for Current Services	1,255,808	0	1,255,808	1,091,275	1,091,275	164,533
Other Local Revenues	102,866	0	102,866	62,380	66,691	36,175
Fees Received from County Officials	937,400	0	937,400	740,600	740,600	196,800
State of Tennessee	1,292,643	0	1,292,643	1,315,842	1,308,151	(15,508)
Federal Government	737,622	0	737,622	500,000	911,995	(174,373)
Other Governments and Citizens Groups	209,681	0	209,681	129,164	196,855	12,826
Total Revenues	$ 9,238,629	$ 0	$ 9,238,629	$ 8,338,116	$ 8,822,788	$ 415,841
Expenditures						
General Government						
County Commission	$ 102,108	$ 0	$ 102,108	$ 112,723	$ 112,723	$ 10,615
Board of Equalization	2,100	0	2,100	2,500	4,500	2,400
County Mayor/Executive	160,727	(170)	160,557	168,182	168,182	7,625
County Attorney	141,885	0	141,885	30,505	144,605	2,720
Election Commission	154,975	(68)	154,907	171,839	171,839	16,932
Register of Deeds	155,755	0	155,755	149,931	160,931	5,176
Planning	12,230	0	12,230	18,194	18,194	5,964
County Buildings	239,406	0	239,406	254,487	264,487	25,081
Other General Administration	735,299	0	735,299	791,398	779,582	44,283
Finance						
Accounting and Budgeting	40,802	0	40,802	40,802	40,802	0
Property Assessor's Office	182,252	0	182,252	191,256	191,256	9,004

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Finance (Cont.)						
County Trustee's Office	$ 154,584	$ 0	$ 154,584	$ 163,414	$ 163,853	$ 9,269
County Clerk's Office	206,431	0	206,431	188,528	211,528	5,097
Administration of Justice						
Circuit Court	223,048	0	223,048	230,542	231,042	7,994
General Sessions Court	137,973	0	137,973	138,239	138,239	266
Chancery Court	171,036	0	171,036	163,886	171,686	650
Juvenile Court	12,010	0	12,010	14,689	14,689	2,679
District Attorney General	9,143	0	9,143	44,965	44,965	35,822
Judicial Commissioners	19,592	0	19,592	19,646	19,646	54
Public Safety						
Sheriff's Department	1,286,255	(2,516)	1,283,739	1,402,687	1,402,807	119,068
Special Patrols	29,230	0	29,230	36,706	36,706	7,476
Jail	1,333,717	(8,512)	1,325,205	1,570,970	1,570,970	245,765
Fire Prevention and Control	98,997	0	98,997	99,400	99,400	403
Civil Defense	8,090	0	8,090	9,264	9,264	1,174
Rescue Squad	8,000	0	8,000	8,000	8,000	0
Other Emergency Management	150,000	0	150,000	150,000	150,000	0
County Coroner/Medical Examiner	20,369	0	20,369	31,500	31,500	11,131
Public Health and Welfare						
Local Health Center	156,450	0	156,450	214,050	213,550	57,100
Ambulance/Emergency Medical Services	1,572,115	(4,450)	1,567,665	1,700,509	1,704,009	136,344
Other Local Health Services	0	0	0	2,500	2,500	2,500
Regional Mental Health Center	6,327	0	6,327	6,327	6,327	0
Aid to Dependent Children	0	0	0	500	500	500

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Social, Cultural, and Recreational Services						
Senior Citizens Assistance	$ 48,425	$ 0	$ 48,425	$ 53,915	$ 54,015	$ 5,590
Libraries	133,420	(30)	133,390	129,805	137,037	3,647
Other Social, Cultural, and Recreational	30,700	0	30,700	31,650	31,650	950
Agriculture and Natural Resources						
Agriculture Extension Service	47,310	0	47,310	47,799	47,799	489
Soil Conservation	58,301	0	58,301	60,041	60,041	1,740
Other Operations						
Tourism	2,650	0	2,650	0	8,366	5,716
Industrial Development	542,179	(324,197)	217,982	40,000	522,753	304,771
Other Economic and Community Development	328,981	0	328,981	500,000	560,000	231,019
Airport	7,200	0	7,200	7,200	7,200	0
Veterans' Services	51,119	0	51,119	55,061	55,061	3,942
Contributions to Other Agencies	13,703	0	13,703	13,703	13,703	0
Highways						
Traffic Control	8,737	0	8,737	11,996	11,996	3,259
Litter and Trash Collection	38,263	0	38,263	44,600	44,600	6,337
Total Expenditures	$ 8,841,894	$ (339,943)	$ 8,501,951	$ 9,123,909	$ 9,842,503	$ 1,340,552
Excess (Deficiency) of Revenues Over Expenditures	$ 396,735	$ 339,943	$ 736,678	$ (785,793)	$ (1,019,715)	$ 1,756,393
Other Financing Sources (Uses)						
Transfers In	$ 32,000	$ 0	$ 32,000	$ 32,000	$ 32,000	$ 0
Total Other Financing Sources	$ 32,000	$ 0	$ 32,000	$ 32,000	$ 32,000	$ 0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balance	$ 428,735	$ 339,943	$ 768,678	$ (753,793)	$ (987,715)	$ 1,756,393
Fund Balance, July 1, 2012	2,948,543	(339,943)	2,608,600	2,172,981	2,172,981	435,619
Fund Balance, June 30, 2013	$ 3,377,278	$ 0	$ 3,377,278	$ 1,419,188	$ 1,185,266	$ 2,192,012

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

Exhibit C-6

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 320,538	$ 288,823	$ 288,823	$ 31,715
Other Local Revenues	3,729	1,000	1,592	2,137
State of Tennessee	1,634,478	1,665,795	1,955,680	(321,202)
Federal Government	116,439	0	86,226	30,213
Total Revenues	$ 2,075,184	$ 1,955,618	$ 2,332,321	$ (257,137)
Expenditures				
Highways				
Administration	$ 171,525	$ 109,277	$ 182,479	$ 10,954
Highway and Bridge Maintenance	1,194,759	1,047,286	1,376,640	181,881
Operation and Maintenance of Equipment	304,685	303,525	326,525	21,840
Quarry Operations	31,023	70,457	64,113	33,090
Other Charges	255,570	281,324	265,426	9,856
Employee Benefits	299,190	345,225	325,225	26,035
Capital Outlay	19,488	0	51,000	31,512
Total Expenditures	$ 2,276,240	$ 2,157,094	$ 2,591,408	$ 315,168
Excess (Deficiency) of Revenues Over Expenditures	$ (201,056)	$ (201,476)	$ (259,087)	$ 58,031
Other Financing Sources (Uses)				
Transfers Out	$ (40,000)	$ (40,000)	$ (40,000)	$ 0
Total Other Financing Sources	$ (40,000)	$ (40,000)	$ (40,000)	$ 0
Net Change in Fund Balance	$ (241,056)	$ (241,476)	$ (299,087)	$ 58,031
Fund Balance, July 1, 2012	534,990	413,265	413,265	121,725
Fund Balance, June 30, 2013	$ 293,934	$ 171,789	$ 114,178	$ 179,756

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, 2013

	Agency Funds
ASSETS	
Cash	$ 669,308
Due from Other Governments	147,229
Total Assets	$ 816,537
LIABILITIES	
Due to Other Taxing Units	$ 147,229
Due to Litigants, Heirs, and Others	669,308
Total Liabilities	$ 816,537

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

OVERTON COUNTY, TENNESSEE
Index of Notes to Financial Statements

Note		Page(s)
I.	**Summary of Significant Accounting Policies**	
	A. Reporting Entity	30
	B. Government-wide and Fund Financial Statements	31
	C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	32
	D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	34
	1. Deposits and Investments	34
	2. Receivables and Payables	35
	3. Inventories and Prepaid Items	36
	4. Capital Assets	36
	5. Deferred Outflows/Inflows of Resources	37
	6. Compensated Absences	38
	7. Long-term Obligations	38
	8. Net Position and Fund Balance	39
	9. Prior-period Adjustments	40
II.	**Reconciliation of Government-wide and Fund Financial Statements**	
	A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	41
	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	41
III.	**Stewardship, Compliance, and Accountability**	
	A. Budgetary Information	41
	B. Cash Shortage - Prior Year	42
	C. Unauthorized Salary Expenditures	43
IV.	**Detailed Notes on All Funds**	
	A. Deposits and Investments	43
	B. Capital Assets	45
	C. Interfund Receivables, Payables, and Transfers	47
	D. Long-term Obligations	49
	E. On-Behalf Payments	52
V.	**Other Information**	
	A. Risk Management	53
	B. Accounting Changes	54
	C. Subsequent Events	55
	D. Contingent Liabilities	55
	E. Change in Administration	55
	F. Landfill Closure/Postclosure Care Costs	55
	G. Joint Venture	56
	H. Retirement Commitments	56
	I. Other Postemployment Benefits (OPEB)	60
	J. Office of Central Accounting and Budgeting	63
	K. Purchasing Laws	63
VI.	**Other Notes - Discretely Presented Overton County Nursing Home**	63
VII.	**Other Notes - Discretely Presented Overton/Pickett County Emergency Communications District**	73

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

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 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 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. 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 Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. 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 or the Nursing Home during the year ended June 30, 2013.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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 on debt issued by the primary government for the School Department.

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds 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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

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 1.5 percent of total taxes levied.

The Due from Component Units of $13,465,000 represents outstanding debt issued by the primary government on behalf of the discretely presented component units: the Overton County School Department ($9,475,000) and the Overton County Nursing Home ($3,990,000).

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable

that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements.

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 and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid amounts at June 30, 2013, were considered immaterial and are included in unassigned fund balance 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:

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

5. Deferred Outflows/Inflows of Resources

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

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

6. 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.

7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Position and Fund Balance

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

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

b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling $153,262, with the primary restrictions being for: (1) alcohol and drug treatment ($29,279), (2) clerk and master data entry fees ($32,095), and (3) industrial development ($59,730).

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on

the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

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

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

9. Prior-period Adjustments

Net position of the governmental funds was restated $153,928 from the prior year because of the implementation of GASB Statement No. 65, which now requires debt issuance costs to be expensed. Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt.

Also, net position of the governmental funds was restated from the prior year due to the discovery of capital assets totaling $102,158 that had not been previously recognized by the county.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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 Position.

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

Primary Government

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted. 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, 2013, the Overton County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	Buses	$ 239,199
"	Textbooks	324,368

B. Cash Shortage – Prior Year

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 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. During the 2012-13 year, the former deputy director pled guilty to theft over $1,000 and applied for judicial diversion. This application includes restitution of $3,709.95 and is expected to come before the court in November 2013. At June 30, 2013, the total cash shortage

of $3,709.95 remains outstanding. This shortage is not reflected in the financial statements of Overton County at June 30, 2013. Details of the shortage may be found on the Comptroller's website at www.comptroller.tn.gov.

C. Unauthorized Salary Expenditures

Salaries exceeded line-item appropriations approved by the County Commission in the General Purpose School, School Federal Projects, and Central Cafeteria funds in 33 instances totaling $207,254 in amounts ranging from $45 to $64,954. Salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

During the year examined, the School Department paid one-time bonuses to its employees in addition to their regular salaries. These bonuses totaled $227,500 and included $190,325 in 2011-12 year-end payroll accruals and $37,125 expended during 2012-13. School officials stated that these bonuses were discussed and approved during informal Board of Education work sessions; however, no documentation was available to show that these bonuses were ever formally approved by either the Board of Education or the Overton County Commission.

Further details of these unauthorized expenditures are discussed in the Schedule of Findings and Questioned Costs section of this report.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2013, Overton County had the following investments carried at fair value. 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.

Investment	Weighted Average Maturity (days)	Maturity		Fair Value
State Treasurer's Investment Pool	11 to 138	N/A	$	11,245,421

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, 2013, 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, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	$ 1,426,263	$ 0	$ 0	$ 1,426,263
Construction in Progress	860,614	0	(860,614)	0
Intangibles Assets - Indefinite Life	10,701	0	0	10,701
Total Capital Assets Not Depreciated	$ 2,297,578	$ 0	$ (860,614)	$ 1,436,964
Capital Assets Depreciated:				
Buildings and Improvements	$ 10,767,371	$ 1,314,956	$ 0	$ 12,082,327
Infrastructure	11,083,586	471,053	(42,652)	11,511,987
Other Capital Assets	5,424,541	1,079,031	(221,826)	6,281,746
Total Capital Assets Depreciated	$ 27,275,498	$ 2,865,040	$ (264,478)	$ 29,876,060
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 2,982,218	$ 205,668	$ 0	$ 3,187,886
Infrastructure	3,917,095	43,307	(11,945)	3,948,457
Other Capital Assets	3,371,261	527,909	(196,875)	3,702,295
Total Accumulated Depreciation	$ 10,270,574	$ 776,884	$ (208,820)	$ 10,838,638

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Total Capital Assets Depreciated, Net	$ 17,004,924	$ 2,088,156	$ (55,658)	$ 19,037,422
Governmental Activities Capital Assets, Net	$ 19,302,502	$ 2,088,156	$ (916,272)	$ 20,474,386

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

Governmental Activities:

General Government	$ 33,383
Administration of Justice	8,438
Public Safety	414,657
Public Health and Welfare	151,627
Social, Cultural, and Recreational Services	27,592
Highways/Public Works	141,187
Total Depreciation Expense - Governmental Activities	$ 776,884

Discretely Presented Overton County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	$ 460,517	$ 0	$ 0	$ 460,517
Total Capital Assets Not Depreciated	$ 460,517	$ 0	$ 0	$ 460,517
Capital Assets Depreciated:				
Buildings and Improvements	$ 23,494,314	$ 0	$ 0	$ 23,494,314
Infrastructure	963,193	0	0	963,193
Other Capital Assets	2,913,023	153,916	(219,410)	2,847,529
Total Capital Assets Depreciated	$ 27,370,530	$ 153,916	$ (219,410)	$ 27,305,036

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 8,304,374	$ 524,378	$ 0	$ 8,828,752
Infrastructure	204,833	21,070	0	225,903
Other Capital Assets	1,372,434	173,394	(211,720)	1,334,108
Total Accumulated Depreciation	$ 9,881,641	$ 718,842	$ (211,720)	$ 10,388,763
Total Capital Assets Depreciated, Net	$ 17,488,889	$ (564,926)	$ (7,690)	$ 16,916,273
Governmental Activities Capital Assets, Net	$ 17,949,406	$ (564,926)	$ (7,690)	$ 17,376,790

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

Governmental Activities:

Instruction	$ 541,486
Support Services	177,356
Total Depreciation Expense - Governmental Activities	$ 718,842

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 1,050
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	235

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:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Units:	
General Debt Service	School Department	$ 9,475,000
"	Nursing Home	3,990,000

The amounts reflected as Due to the Primary Government from the discretely presented component units on the government-wide Statement of Net Position represent debt issued by the primary government for the component units, the principal of which is being contributed by the component units to the primary government to retire the debt.

Interfund Transfers:

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

Primary Government

	Transfers In	
Transfers Out	General Fund	General Debt Service Fund
Highway/Public Works Fund	$ 0	$ 40,000
Nonmajor governmental fund	32,000	0
Total	$ 32,000	$ 40,000

Discretely Presented Overton County School Department

	Transfers In	
Transfers Out	General Purpose School Fund	Nonmajor Govern-mental Funds
General Purpose School Fund	$ 0	$ 718,528
Nonmajor governmental fund	17,489	0
Total	$ 17,489	$ 718,528

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.

The discretely presented Overton County School Department made one-time transfers from the General Purpose School Fund to the School Federal Projects Fund ($100,000) and the Central Cafeteria Fund ($150,000). These funds are intended to be held to cover frequent cash flow problems.

D. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Overton County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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 included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund. All bonds payable included in long-term debt as of June 30, 2013, will be retired from the General Debt Service, Education Debt Service, and the Overton County Nursing Home funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	2.58 to 4.5 %	4-1-33	$ 5,800,000	$ 4,898,679
General Obligation Bond - Refunding	2 to 5	6-30-25	18,405,000	13,760,000
Capital Outlay Notes	2.95 to 5.07	4-1-19	3,966,000	1,200,043

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2014	$ 1,153,787	$ 714,395	$ 1,868,182
2015	1,200,983	668,749	1,869,732
2016	1,238,277	621,105	1,859,382
2017	1,295,675	570,672	1,866,347
2018	1,348,180	517,507	1,865,687
2019-23	7,477,609	1,765,680	9,243,289
2024-28	3,719,168	443,304	4,162,472
2029-33	1,225,000	113,988	1,338,988
Total	$ 18,658,679	$ 5,415,400	$ 24,074,079

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2014	$ 353,877	$ 49,768	$ 403,645
2015	279,277	34,506	313,783
2016	212,611	23,324	235,935
2017	212,612	14,143	226,755
2018	70,833	7,282	78,115
2019	70,833	3,662	74,495
Total	$ 1,200,043	$ 132,685	$ 1,332,728

There is $1,272,050 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled $899, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. The School Department has $428,867 available in its Education Debt Service Fund to service this long-term debt. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness	Outstanding 6-30-13
Bonds Payable	
Payable through Education Debt Service Fund	
School Refunding Series 2004	$ 4,695,000
School Refunding Series 2005	4,780,000
Total	$ 9,475,000

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

	Other Postemployment Benefits	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2012	$ 621,946	$ 111,853	$ 38,402
Additions	189,300	183,093	0
Reductions	(6,315)	(206,349)	(7,988)
Balance, June 30, 2013	$ 804,931	$ 88,597	$ 30,414
Balance Due Within One Year	$ 0	$ 88,597	$ 7,600

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	$ 20,782,664
Less: Balance Due Within One Year	(1,603,861)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 19,178,803

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

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2012	$ 10,060,000	$ 1,390,701	$ 165,814
Additions	0	635,580	25,349
Reductions		(308,375)	(10,301)
Reclassification of School Debt	(10,060,000)	0	0
Balance, June 30, 2013	$ 0	$ 1,717,906	$ 180,862
Balance Due Within One Year	$ 0	$ 0	$ 25,349

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	$ 1,898,768
Less: Balance Due Within One Year	(25,349)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 1,873,419

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

E. On-Behalf Payments

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, 2013, were $112,161 and $33,315, 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. Accounting Changes

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling $153,928 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

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

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

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

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

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and

liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

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

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

C. Subsequent Events

On June 30, 2013, Matt Eldridge left the Office of Director of Schools and was succeeded on an interim basis by Janet Meadows. On August 8, 2013, Pamela Smith-Gordon was hired as the director of schools.

On August 12, 2013, the County Commission appointed the members of the county's first Audit Committee.

D. Contingent Liabilities

Attorneys for the School Department were not aware of any pending or threatened litigation against the department at year-end. Also, management of Overton County was not aware of any threatened of pending litigation against the county at year-end.

E. Change in Administration

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

F. 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 $30,414 reported as landfill postclosure care liability at June 30, 2013, 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.

G. Joint Venture

The Thirteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Thirteenth Judicial District and participating municipalities within the district. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Overton County did not make appropriations to the DTF for the year ended June 30, 2013. Overton County does not have an equity interest in the DTF. Complete financial statements for the DTF can be obtained from their administrative office at the following address:

Administrative Office:

Office of District Attorney General
Thirteenth Judicial District Drug Task Force
1519A East Spring Street
Cookeville, TN 38506

H. Retirement Commitments

1. Tennessee Consolidated Retirement System

Information for this footnote for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2012.

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.

I. 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, 2013, Overton County and the School Department contributed $6,315 and $308,375, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan	Medicare Supplement Plan
ARC	$ 639,000	$ 114,000	$ 75,000
Interest on the NOPEBO	55,628	17,018	9,751
Adjustment to the ARC	(59,048)	(16,119)	(10,350)
Annual OPEB cost	$ 635,580	$ 114,899	$ 74,401
Amount of contribution	(308,375)	(4,665)	(1,650)
Increase/decrease in NOPEBO	$ 327,205	$ 110,234	$ 72,751
Net OPEB obligation, 7-1-12	1,390,701	378,173	243,773
Net OPEB obligation, 6-30-13	$ 1,717,906	$ 488,407	$ 316,524

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	$ 552,831	50 %	$ 1,045,275
6-30-12	"	629,429	45	1,390,701
6-30-13	"	635,580	49	1,717,906
6-30-11	Local Government Group	147,313	6	270,631
6-30-12	"	112,334	4	378,173
6-30-13	"	114,899	4	488,407
6-30-11	Medicare Supplement	77,228	2	171,846
6-30-12	"	73,577	2	243,774
6-30-13	"	74,401	2	316,524

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 Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.25 percent for fiscal year 2013. The trend will decrease to six percent in fiscal year 2014 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 July 1, 2007.

J. 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.

K. 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 $10,000 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 COUNTY NURSING HOME

A. Summary of Significant Accounting Policies

This summary of significant accounting policies of Overton County Nursing Home is presented to assist in understanding the nursing home's financial statements. The financial statements and notes are representations of the nursing home's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles.

Organization

Overton County Nursing Home is a non-profit corporation chartered under the laws of the State of Tennessee on April 5, 1962, operating as a political subdivision of Overton County, Tennessee (the County). The purpose of the nursing home is to provide nursing care to residents primarily from the Overton County area. The corporation is managed by a board of five directors who are county commissioners, appointed by the County Commission of Overton County, Tennessee.

Financial Reporting Entity – Component Unit

The nursing home is a component unit of the primary government of Overton County, Tennessee. The nursing home reports its financial information separately from Overton County; however, the county in its financial report also presents the nursing home's financial information.

Legally, the nursing home is a separate nonprofit entity that has considerable legal, financial, and administrative autonomy. However, as the governing board is not elected but instead is entirely appointed by the county's Board of Commissioners, and the county is contingently liable for all of the nursing home's debt obligations, the nursing home cannot be a primary government. Instead it qualifies as a component unit according to the directives of the Governmental Accounting Standards Board (GASB).

The GASB specifies that component units must be legally separate organizations, which have financial accountability to a primary government. Financial accountability exists prima facie if a special-purpose government is not fiscally independent. GASB states that to be fiscally independent, the government has to have the authority to do all of three activities. One of these activities is to issue bonded debt without approval by another government. Overton County Nursing Home may not issue debt without Overton County, Tennessee's approval, and the county remains contingently liable for all debt obligations. Because the nursing home is both a legal entity and financially accountable to the primary government of Overton County as the County Commission appoints all members of the governing board and by the nature of its fiscal dependence on Overton County as described above, it is a component unit of Overton County, Tennessee.

At June 30, 2013, there was a note payable between Overton County and the nursing home. This is described in detail in Note M. The nursing home did not engage in any other activities that were subject to the approval of Overton County.

Basis of Presentation

The financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The nursing home has elected to apply, as other accounting

literature, private-sector guidance issued after November 30, 1989, unless it conflicts with or contradicts GASB pronouncements.

As a component unit of Overton County, the accounts of the nursing home are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the nursing home's assets, liabilities, net position, revenues, and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured by a pledge of the net revenues from fees and charges of the activity, or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the nursing home is determined by its measurement focus. The transactions of the nursing home are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e. total assets plus net deferred outflows net of total liabilities and net deferred inflows) is segregated into net investment in capital assets, restricted for capital projects, and unrestricted components.

When both restricted and unrestricted resources are available for use, it is the nursing home's policy to use restricted resources first and then unrestricted resources as they are needed.

Cash Flow - Cash and Cash Equivalents

Overton County Nursing Home presents its cash flow statement using the direct method. For purposes of cash flow presentation, the nursing home considers cash in operating bank accounts, cash on hand, and certificates of deposit that have original maturities of three months or less as cash and cash equivalents. At June 30, 2013, there were no certificates of deposit that qualified as cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount that the nursing home expects to collect from outstanding balances. The nursing home provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful accounts was $85,000 at June 30, 2013. Account balances are charged against the allowance after reasonable collection efforts have been exhausted and the potential for recovery is considered remote.

Net Patient Revenue

Gross patient revenue is recorded on an accrual basis based on services rendered at amounts equal to established rates. Allowances for contractual adjustments are recorded for the differences between established rates and amounts estimated to be paid by the Medicare and Medicaid programs and other third-party payors. Contractual adjustments are deducted from gross patient revenue to determine net patient revenue. Amounts paid under the Medicare and Medicaid programs are generally based on fixed rates per patient day, adjusted prospectively. All amounts earned under the Medicare, Medicaid, and other governmental programs are subject to review by the third-party payors. Any differences between estimated settlements and final determinations are reflected in operations in the year finalized.

Property and Equipment

Property and equipment are stated at cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. There was $100,273 of interest capitalized during the year ended June 30, 2013. Purchases in excess of $1,000 are capitalized. For financial statement purposes, depreciation of property and equipment is provided using the straight-line method. The nursing home estimates the useful lives of the respective classes of plant and equipment as follows:

Assets	Years
Land and Improvements	5 - 20
Buildings and Improvements	5 - 50
Transportation Equipment	4 - 5
Equipment	3 - 25

Maintenance and repairs are charged to operations when incurred. The nursing home eliminates the costs and related allowances from the accounts for properties sold or retired, and any resulting gains or losses are included in income.

Accrued Vacation

Nursing home employees earn vacation by a prescribed formula based on length of service. The nursing home accrues vacation pay when earned.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and

assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Internal Revenue Service has determined that the nursing home is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes. However, see Note K. for details regarding this exemption.

Operating Revenues and Expenses

The nursing home's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its principal ongoing operations. All other revenues and expenses are reported as non-operating revenues and expenses and consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

Subsequent Events

Management has evaluated subsequent events through September 13, 2013, the date the financial statements were available to be issued.

B. Cash and Certificates of Deposit

The nursing home is authorized to make investments in bonds, notes, or treasury bills of the United States, Federal Loan Bank bonds, Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes and debentures, banks or cooperative debentures, or any of its other agencies, or obligations guaranteed as to principal and interest by the United States or any of its agencies with a maturity not greater than one year, or in the pooled investment fund established under Tennessee law.

During the year ended June 30, 2013, the board of directors chose to limit the investment of funds to demand deposits and certificates of deposit accounts at banking institutions.

At June 30, 2013, the carrying amount of cash deposits, including patient funds, was $5,307,083 and the bank balance was $5,329,570. At June 30, 2013, the carrying amount of the certificate of deposit was $2,434,776 and the bank balance was $2,434,776. At June 30, 2013, the entire bank balance was covered by federal depository insurance, or pledged securities held as collateral in another institution in the name of the nursing home.

C. Patient Funds Held in Trust

At June 30, 2013, the nursing home held funds totaling $24,036 on behalf of the residents. The nursing home is required to maintain a cash account as a depository for patient funds. The fund is restricted in use and can be used only for providing spending money for patients, purchasing supplies for patients with cash in the fund, or paying amounts due to the nursing home for patient care, provided the amount does not include monies stipulated for patients' use only. All funds in excess of $100 per recipient are required to be placed in an insured interest-bearing account.

D. Concentration of Credit Risk

The nursing home grants credits without collateral to its patients, most of who are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows:

Medicaid	37.14 %
Medicare	34.78
Insurance	18.78
Private	9.30

E. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	$ 115,000	$ 0	$ 0	$ 115,000
Construction in Progress	137,198	308,891	0	446,089
Total Capital Assets Not Depreciated	$ 252,198	$ 308,891	$ 0	$ 561,089

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Land/Improvements	$ 102,708	$ 0	$ 0	$ 102,708
Buildings/Improvements	3,073,205	7,313	0	3,080,518
Tranportation Equipment	70,369	4,000	0	74,369
Equipment	1,211,267	6,944	(18,079)	1,200,132
Total Capital Assets Depreciated	$ 4,457,549	$ 18,257	$ (18,079)	$ 4,457,727

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciation For:				
Land/Improvements	$ 43,669	$ 5,120	$ 0	$ 48,789
Buildings/Improvements	1,910,803	91,809		
Tranportation Equipment	40,083	12,622	0	52,705
Equipment	994,169	45,076	(18,079)	1,021,166
Total Accumulated Depreciation	$ 2,988,724	$ 154,627	$ (18,079)	$ 3,125,272
Total Capital Assets Depreciated, Net	$ 1,468,825	$ (136,370)	$ 0	$ 1,332,455
Business-type Activities Capital Assets, Net	$ 1,721,023	$ 172,521	$ 0	$ 1,893,544

F. Pension Plan

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). The retirement plan for Overton County Nursing Home is included in the total retirement program for Overton County. Therefore, separate retirement information for the nursing home is not available. Details relative to the funding status and progress, actuarially determined contribution requirements and contribution made, and trend information regarding the retirement plan can be found in footnote V.H. Total contributions to the plan by the nursing home for the year ended June 30, 2013, totaled $147,885.

The 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 the *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 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 earnable compensation and the county is required to contribute at an actuarially determined rate. The rate for fiscal year ended June 30, 2013, was 5.53 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Overton County is established and may be amended by the TCRS Board of Trustees.

G. Risk Management

Risks related to the operation of the nursing home are managed through the purchase of commercial insurance policies. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage for the current year or for the prior five years.

H. Health Care Regulations

The health care industry is subject to numerous laws and regulations of Federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes that the nursing home is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

I. Professional Liability Claims and Insurance

The long-term health care industry has experienced a dramatic increase in personal injury and wrongful death claims based on alleged negligence by nursing homes and their employees in providing care to residents. The nursing home is subject to claims and suits, which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for through commercial insurance.

J. Capital Lease Obligation

The nursing home entered into a capital lease agreement for the purchase of equipment during the year ended June 30, 2009. The lease term will expire in July 2013. The asset and liability were recorded at the fair value of the asset. The asset was capitalized for $19,695, and accumulated amortization related to this asset was $6,565 at June 30, 2013. This amortization expense of $1,313 was included in depreciation expense. The lease is payable to Marlin Leasing Corporation and is secured by the equipment purchased. Payments are $470 per month, including principal and interest at 15.151 percent imputed fixed annual rate. The future minimum lease payments due under the capital lease are as follows:

Year Ending June 30	Future Minimum Lease Payments	Less: Amount Representing Interest	Principal Portion
2014	$ 940	$ 17	$ 923

Activity related to the capital lease obligation for the year ended June 30, 2013, was as follows:

Balance 7-1-12	Reductions	Balance 6-30-13	Due Within One Year
$ 5,604	$ 4,681	$ 923	$ 923

K. Contingencies

The nursing home received an Internal Revenue Service (IRS) notice dated July 18, 2011, stating its tax-exempt status under Internal Revenue Code Section 501(c)(3) had been revoked effective November 15, 2010. The IRS automatically sent a revocation notice to any entity that had not filed Form 990, Return of Organization Exempt from Income Tax, in any of the

prior three years. This issue was resolved on March 23, 2013, when the IRS approved the nursing home's request for reinstatement for tax-exempt status under 501(c)(3) retroactive from the date it was revoked.

L. Cash - Restricted

Restricted cash is in a separate cash account that was created during the prior year with the net proceeds from the General Obligation Bonds, Series 2012, issued by Overton County, Tennessee, as further explained in Note M. below. This cash is restricted to be used only for purposes as authorized by a resolution passed by the county. The cash is to be disbursed solely to pay costs of issuance of the bonds and costs of the project, as also described in Note M. below. After completion of the project, any funds remaining in this restricted account are to be deposited to the county's debt service fund. The carrying amount of the restricted cash account at June 30, 2013, was $4,128,580.

M. Note Payable to Primary Government

On February 13, 2012, Overton County, Tennessee, passed a resolution to issue general obligations bonds in the aggregate principal amount of $4,150,000, for the purpose of financing land acquisition, design, and site development for the construction and equipping of a nursing home facility of the county. The bonds, known as the General Obligation Bonds, Series 2012, were issued May 9, 2012, and are payable from unlimited ad valorem taxes to be levied on all taxable property within the county. The bonds are additionally payable from, although not secured by, revenues of the facility. The full faith and credit of the county are irrevocably pledged for the payment of principal and interest on the bonds. Funds needed for the payment of the bonds may be reduced by revenues of the facility.

It is the intent of the nursing home to repay the county bonds from revenues from the nursing home. Therefore, the nursing home has a note payable to the primary government in the exact amount of the balance of the bonds at June 30, 2013. The county has a liability for the bonds on the county's books with a corresponding amount due from the nursing home. The nursing home is repaying the indebtedness to the county in the form of payments on the bonds to U.S. Bank National Association according to the terms of the bonds. The bonds have a maturity date of April 1, 2033, and bear fixed interest rates ranging from one percent to 3.125 percent. Issuance and other costs related to the bonds as well as the bond premium were netted and recorded on the books of the nursing home as "deferred loan costs" in the original amount of $25,032. These costs are being amortized over the life of the bonds using the straight line method. Amortization was $1,192 for the year, leaving a net deferred balance of $23,840 at June 30, 2013. The net proceeds of the bonds were deposited into a separate cash account of the nursing home known as the "Construction Fund" as required by the bond resolution.

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2014	$ 160,000	$ 99,006
2015	165,000	95,806
2016	165,000	92,506
2017	165,000	89,206
2018	170,000	85,906
2019-23	905,000	376,449
2024-28	1,035,000	266,769
2029-33	1,225,000	113,988
Total	$ 3,990,000	$ 1,219,636

Activity related to the note payable for the year ended June 30, 2013, was as follows:

Balance 7-1-12	Reductions	Balance 6-30-13	Due Within One Year
$ 4,150,000	$ 160,000	$ 3,990,000	$ 160,000

N. Subsequent Event

As of September 3, 2013, the board of the nursing home approved a contract with J. Cumby Construction to begin construction on the "The Cottage," an addition of a new nursing home consisting of approximately 30 patient rooms and support facilities. The facility will be constructed on land owned by the nursing home. The contract amount is $4,904,000, and construction will begin during the year ending June 30, 2014.

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

A. Organization

The Overton/Pickett County 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 Overton/Pickett County Emergency Communications 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 Overton/Pickett County Emergency Communications District presents its financial statements on the accrual basis and according to Governmental Accounting Standards Board (GASB) Statements.

2. Capital Assets

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

Assets	Years
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, 2013, was $217,387. The amount of deposits collateralized with securities held by pledging financial institution and federal depository insurance was $217,387. Of this amount, $100,235 was cash and cash equivalents, and the remaining $117,153 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, 2013:

	Balance 7-1-12	Additions	Reductions	Balance 6-30-13
Non-Depreciable Assets				
Land	$ 19,625	$ 70,925	$ 0	$ 90,550
Construction in Progress	0	54,908	0	54,908
Total Non-Depreciable Assets	$ 19,625	$ 125,833	$ 0	$ 145,458

	Balance 7-1-12	Additions	Reductions	Balance 6-30-13
Depreciable Assets				
Land Improvements	$ 27,935	$ 6,100	$ 0	$ 34,035
Building/Improvements	304,921	47,306	(209)	352,018
Furniture/Fixtures	78,206	6,040	(3,366)	80,880
Office Equipment	177,798	40,811	(6,115)	212,494
Communication Equipment	570,474	163,752	(43,372)	690,854
Vehicles	70,229	42,450	0	112,679
Total Depreciable Assets	$ 1,229,563	$ 306,459	$ (53,062)	$ 1,482,960
Total Assets	$ 1,249,188	$ 432,292	$ (53,062)	$ 1,628,418
Accumulated Depreciation	(645,416)	(152,592)	52,961	(745,047)
Net Assets	$ 603,772	$ 279,700	$ (101)	$ 883,371

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, 2013, the district had a liability of $8,719 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 remit 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 2013, certain matters were noted that required restatement of the prior year. The district's net position was 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, 2012:

Beginning Net Assets - prior-year report	$	782,436
Accounts Receivable		52,962
Beginning Net Assets - Restated	$	835,398

J. Budgetary Information

As stated in Note VII. A., 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 budget is required at the program level as well as the object level. Budgetary control is exercised at the line-item level.

K. Pension Plan

As of October 7, 2013, funding policy information for the year ending June 30, 2013, was not yet made available from the State of Tennessee, Tennessee Consolidated Retirement System (TCRS). Therefore, all amounts used were from the June 30, 2012, TCRS report.

Plan Description

Employees of Overton/Pickett County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), and 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. 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 the *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Overton/Pickett County Emergency Communications 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 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 earnable compensation.

Overton/Pickett County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending 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 Overton/Pickett County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2012, Overton/Pickett County Emergency Communications District's annual pension cost of $18,653 to TCRS was equal to Overton/Pickett County Emergency Communications 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. Overton/Pickett County Emergency Communications 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	19,853	100	0
6-30-10	18,558	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.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Required Supplementary Information

Exhibit E-1

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

(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

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit E-2

Overton County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Overton/Pickett County Emergency Communications District
June 30, 2013

(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

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit E-3

Overton County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Overton County School Department
June 30, 2013

(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)
PRIMARY GOVERNMENT							
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
DISCRETELY PRESENTED OVERTON COUNTY SCHOOL DEPARTMENT							
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, 2013

BUDGETARY INFORMATION

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

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for 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.

Exhibit F-1

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 1,050	$ 1,050
Equity in Pooled Cash and Investments	11,365	523,811	111,294	0	646,470
Accounts Receivable	0	50,223	0	0	50,223
Due from Other Governments	0	90,128	0	0	90,128
Property Taxes Receivable	0	341,282	0	0	341,282
Allowance for Uncollectible Property Taxes	0	(9,604)	0	0	(9,604)
Total Assets	$ 11,365	$ 995,840	$ 111,294	$ 1,050	$ 1,119,549
LIABILITIES					
Accounts Payable	$ 0	$ 18	$ 0	$ 0	$ 18
Due to Other Funds	0	0	0	1,050	1,050
Total Liabilities	$ 0	$ 18	$ 0	$ 1,050	$ 1,068
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 0	$ 317,700	$ 0	$ 0	$ 317,700
Deferred Delinquent Property Taxes	0	12,310	0	0	12,310
Other Deferred/Unavailable Revenue	0	39,164	0	0	39,164
Total Deferred Inflows of Resources	$ 0	$ 369,174	$ 0	$ 0	$ 369,174
FUND BALANCES					
Restricted:					
Restricted for General Government	$ 11,365	$ 0	$ 0	$ 0	$ 11,365
Restricted for Public Safety	0	0	111,294	0	111,294
Committed:					
Committed for Public Health and Welfare	0	626,648	0	0	626,648
Total Fund Balances	$ 11,365	$ 626,648	$ 111,294	$ 0	$ 749,307
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,365	$ 995,840	$ 111,294	$ 1,050	$ 1,119,549

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, 2013

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
Revenues					
Local Taxes	$ 405	$ 802,325	$ 0	$ 0	$ 802,730
Fines, Forfeitures, and Penalties	0	0	56,973	0	56,973
Charges for Current Services	0	209,414	0	11,443	220,857
Other Local Revenues	0	80,479	260	0	80,739
State of Tennessee	0	11,800	0	0	11,800
Total Revenues	$ 405	$ 1,104,018	$ 57,233	$ 11,443	$ 1,173,099
Expenditures					
Current:					
General Government	$ 0	$ 91,346	$ 0	$ 0	$ 91,346
Finance	0	0	0	547	547
Administration of Justice	0	0	0	10,896	10,896
Public Safety	0	0	44,856	0	44,856
Public Health and Welfare	0	916,816	0	0	916,816
Other Operations	4	0	0	0	4
Total Expenditures	$ 4	$ 1,008,162	$ 44,856	$ 11,443	$ 1,064,465
Excess (Deficiency) of Revenues Over Expenditures	$ 401	$ 95,856	$ 12,377	$ 0	$ 108,634
Other Financing Sources (Uses)					
Transfers Out	$ 0	$ (32,000)	$ 0	$ 0	$ (32,000)
Total Other Financing Sources (Uses)	$ 0	$ (32,000)	$ 0	$ 0	$ (32,000)
Net Change in Fund Balances	$ 401	$ 63,856	$ 12,377	$ 0	$ 76,634
Fund Balance, July 1, 2012	10,964	562,792	98,917	0	672,673
Fund Balance, June 30, 2013	$ 11,365	$ 626,648	$ 111,294	$ 0	$ 749,307

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 405	$ 3,800	$ 3,800	$ (3,395)
Total Revenues	$ 405	$ 3,800	$ 3,800	$ (3,395)
Expenditures				
General Government				
County Buildings	$ 0	$ 4,900	$ 4,900	$ 4,900
Other Operations				
Other Charges	4	100	100	96
Total Expenditures	$ 4	$ 5,000	$ 5,000	$ 4,996
Excess (Deficiency) of Revenues Over Expenditures	$ 401	$ (1,200)	$ (1,200)	$ 1,601
Net Change in Fund Balance	$ 401	$ (1,200)	$ (1,200)	$ 1,601
Fund Balance, July 1, 2012	10,964	11,161	11,161	(197)
Fund Balance, June 30, 2013	$ 11,365	$ 9,961	$ 9,961	$ 1,404

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 802,325	$ 0	$ 802,325	$ 775,235	$ 775,235	$ 27,090
Charges for Current Services	209,414	0	209,414	230,000	230,000	(20,586)
Other Local Revenues	80,479	0	80,479	75,000	75,000	5,479
State of Tennessee	11,800	0	11,800	43,600	43,600	(31,800)
Total Revenues	$ 1,104,018	$ 0	$ 1,104,018	$ 1,123,835	$ 1,123,835	$ (19,817)
Expenditures						
General Government						
Other General Administration	$ 91,346	$ 0	$ 91,346	$ 85,413	$ 100,913	$ 9,567
Public Health and Welfare						
Convenience Centers	114,973	(4,400)	110,573	136,809	132,309	21,736
Transfer Stations	742,307	0	742,307	888,778	878,778	136,471
Recycling Center	19,747	0	19,747	27,500	26,500	6,753
Other Waste Disposal	31,234	0	31,234	41,000	41,000	9,766
Postclosure Care Costs	8,555	0	8,555	25,000	25,000	16,445
Total Expenditures	$ 1,008,162	$ (4,400)	$ 1,003,762	$ 1,204,500	$ 1,204,500	$ 200,738
Excess (Deficiency) of Revenues Over Expenditures	$ 95,856	$ 4,400	$ 100,256	$ (80,665)	$ (80,665)	$ 180,921
Other Financing Sources (Uses)						
Transfers Out	$ (32,000)	$ 0	$ (32,000)	$ (32,000)	$ (32,000)	$ 0
Total Other Financing Sources	$ (32,000)	$ 0	$ (32,000)	$ (32,000)	$ (32,000)	$ 0
Net Change in Fund Balance	$ 63,856	$ 4,400	$ 68,256	$ (112,665)	$ (112,665)	$ 180,921
Fund Balance, July 1, 2012	562,792	(4,400)	558,392	394,246	394,246	164,146
Fund Balance, June 30, 2013	$ 626,648	$ 0	$ 626,648	$ 281,581	$ 281,581	$ 345,067

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Fines, Forfeitures, and Penalties	$ 56,973	$ 0	$ 56,973	$ 34,100	$ 34,100	$ 22,873
Other Local Revenues	260	0	260	0	0	260
Total Revenues	$ 57,233	$ 0	$ 57,233	$ 34,100	$ 34,100	$ 23,133
Expenditures						
Public Safety						
Drug Enforcement	$ 44,856	$ (100)	$ 44,756	$ 73,980	$ 73,980	$ 29,224
Total Expenditures	$ 44,856	$ (100)	$ 44,756	$ 73,980	$ 73,980	$ 29,224
Excess (Deficiency) of Revenues Over Expenditures	$ 12,377	$ 100	$ 12,477	$ (39,880)	$ (39,880)	$ 52,357
Net Change in Fund Balance	$ 12,377	$ 100	$ 12,477	$ (39,880)	$ (39,880)	$ 52,357
Fund Balance, July 1, 2012	98,917	(100)	98,817	95,600	95,600	3,217
Fund Balance, June 30, 2013	$ 111,294	$ 0	$ 111,294	$ 55,720	$ 55,720	$ 55,574

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 365,577	$ 360,242	$ 360,242	$ 5,335
Other Local Revenues	17,836	14,000	14,000	3,836
State of Tennessee	570,458	472,500	472,500	97,958
Other Governments and Citizens Groups	1,281,715	0	1,281,715	0
Total Revenues	$ 2,235,586	$ 846,742	$ 2,128,457	$ 107,129
Expenditures				
Principal on Debt				
General Government	$ 946,855	$ 786,857	$ 946,857	$ 2
Education	585,000	0	585,000	0
Interest on Debt				
General Government	366,046	278,716	368,703	2,657
Education	446,728	0	446,728	0
Other Debt Service				
General Government	14,622	15,000	15,000	378
Total Expenditures	$ 2,359,251	$ 1,080,573	$ 2,362,288	$ 3,037
Excess (Deficiency) of Revenues Over Expenditures	$ (123,665)	$ (233,831)	$ (233,831)	$ 110,166
Other Financing Sources (Uses)				
Transfers In	$ 40,000	$ 40,000	$ 40,000	$ 0
Total Other Financing Sources	$ 40,000	$ 40,000	$ 40,000	$ 0
Net Change in Fund Balance	$ (83,665)	$ (193,831)	$ (193,831)	$ 110,166
Fund Balance, July 1, 2012	1,355,715	1,300,194	1,300,194	55,521
Fund Balance, June 30, 2013	$ 1,272,050	$ 1,106,363	$ 1,106,363	$ 165,687

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, 2013

	Agency Funds		
	Cities - Sales Tax	Constitu-tional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 669,308	$ 669,308
Due from Other Governments	147,229	0	147,229
Total Assets	$ 147,229	$ 669,308	$ 816,537
LIABILITIES			
Due to Other Taxing Units	$ 147,229	$ 0	$ 147,229
Due to Litigants, Heirs, and Others	0	669,308	669,308
Total Liabilities	$ 147,229	$ 669,308	$ 816,537

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 774,664	$ 774,664	$ 0
Due from Other Governments	130,179	147,229	130,179	147,229
Total Assets	$ 130,179	$ 921,893	$ 904,843	$ 147,229
Liabilities				
Due to Other Taxing Units	$ 130,179	$ 921,893	$ 904,843	$ 147,229
Total Liabilities	$ 130,179	$ 921,893	$ 904,843	$ 147,229
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 825,764	$ 6,036,750	$ 6,193,206	$ 669,308
Accounts Receivable	3,220	0	3,220	0
Total Assets	$ 828,984	$ 6,036,750	$ 6,196,426	$ 669,308
Liabilities				
Due to Litigants, Heirs, and Others	$ 828,984	$ 6,036,750	$ 6,196,426	$ 669,308
Total Liabilities	$ 828,984	$ 6,036,750	$ 6,196,426	$ 669,308
Totals - All Agency Funds				
Assets				
Cash	$ 825,764	$ 6,036,750	$ 6,193,206	$ 669,308
Equity in Pooled Cash and Investments	0	774,664	774,664	0
Accounts Receivable	3,220	0	3,220	0
Due from Other Governments	130,179	147,229	130,179	147,229
Total Assets	$ 959,163	$ 6,958,643	$ 7,101,269	$ 816,537
Liabilities				
Due to Other Taxing Units	$ 130,179	$ 921,893	$ 904,843	$ 147,229
Due to Litigants, Heirs, and Others	828,984	6,036,750	6,196,426	669,308
Total Liabilities	$ 959,163	$ 6,958,643	$ 7,101,269	$ 816,537

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, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:					
Instruction	$ 15,127,042	$ 0	$ 1,381,314	$ 5,418	$ (13,740,310)
Support Services	9,400,969	24,102	301,584	19,812	(9,055,471)
Operation of Non-Instructional Services	3,055,328	446,086	1,944,838	0	(664,404)
Interest on Long-term Debt	439,782	0	0		(439,782)
Other Debt Service	6,357	0	0	0	(6,357)
Total Governmental Activities	$ 28,029,478	$ 470,188	$ 3,627,736	$ 25,230	$ (23,906,324)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 1,751,059
Local Option Sales Taxes					1,585,376
Wheel Tax					583,320
Wholesale Beer Tax					130,593
Other Local Taxes					6,647
Grants and Contributions Not Restricted for Specific Programs					19,369,156
Interest Income					331
Sale of Equipment					2,365
Miscellaneous					77,175
Total General Revenues					$ 23,506,022
Change in Net Position					$ (400,302)
Net Position, July 1, 2012					12,694,753
Net Position, June 30, 2013					$ 12,294,451

Exhibit I-2

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

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
ASSETS			
Cash	$ 0	$ 7,423	$ 7,423
Equity in Pooled Cash and Investments	5,035,218	562,486	5,597,704
Inventories	0	34,360	34,360
Due from Other Governments	610,531	100,982	711,513
Due from Other Funds	0	235	235
Property Taxes Receivable	1,842,924	0	1,842,924
Allowance for Uncollectible Property Taxes	(51,860)	0	(51,860)
Prepaid Items	488	0	488
Total Assets	$ 7,437,301	$ 705,486	$ 8,142,787
LIABILITIES			
Accounts Payable	$ 62	$ 0	$ 62
Accrued Payroll	64,041	0	64,041
Due to Other Funds	235	0	235
Total Liabilities	$ 64,338	$ 0	$ 64,338
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	$ 1,715,580	$ 0	$ 1,715,580
Deferred Delinquent Property Taxes	66,475	0	66,475
Other Deferred/Unavailable Revenue	147,067	0	147,067
Total Deferred Inflows of Resources	$ 1,929,122	$ 0	$ 1,929,122
FUND BALANCES			
Nonspendable:			
Inventory	$ 0	$ 34,360	$ 34,360
Restricted:			
Restricted for Education	72,416	129,742	202,158
Committed:			
Committed for Education	3,425,033	541,384	3,966,417
Assigned:			
Assigned for Education	597,281	0	597,281
Unassigned	1,349,111	0	1,349,111
Total Fund Balances	$ 5,443,841	$ 705,486	$ 6,149,327
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 7,437,301	$ 705,486	$ 8,142,787

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		$ 6,149,327
(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	14,665,562	
Add: infrastructure net of accumulated depreciation	737,290	
Add: other capital assets net of accumulated depreciation	1,513,421	17,376,790
(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 on primary government debt	$ (9,475,000)	
Less: other postemployment benefits liability	(1,717,906)	
Less: compensated absences payable	(180,862)	
Less: accrued interest on bonds	(71,440)	(11,445,208)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		213,542
Net position of governmental activities (Exhibit A)		$ 12,294,451

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, 2013

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 3,518,195	$ 583,320	$ 4,101,515
Licenses and Permits	1,416	0	1,416
Charges for Current Services	24,277	445,911	470,188
Other Local Revenues	121,711	4,612	126,323
State of Tennessee	18,610,533	19,634	18,630,167
Federal Government	655,711	3,669,717	4,325,428
Total Revenues	$ 22,931,843	$ 4,723,194	$ 27,655,037
Expenditures			
Current:			
Instruction	$ 12,835,009	$ 1,423,252	$ 14,258,261
Support Services	7,901,895	827,334	8,729,229
Operation of Non-Instructional Services	1,057,170	1,997,514	3,054,684
Capital Outlay	629,446	0	629,446
Debt Service:			
Principal on Debt	0	585,000	585,000
Interest on Debt	0	446,728	446,728
Other Debt Service	0	6,357	6,357
Total Expenditures	$ 22,423,520	$ 5,286,185	$ 27,709,705
Excess (Deficiency) of Revenues Over Expenditures	$ 508,323	$ (562,991)	$ (54,668)
Other Financing Sources (Uses)			
Transfers In	$ 17,489	$ 718,528	$ 736,017
Transfers Out	(718,528)	(17,489)	(736,017)
Total Other Financing Sources (Uses)	$ (701,039)	$ 701,039	$ 0
Net Change in Fund Balances	$ (192,716)	$ 138,048	$ (54,668)
Fund Balance, July 1, 2012	5,636,557	567,438	6,203,995
Fund Balance, June 30, 2013	$ 5,443,841	$ 705,486	$ 6,149,327

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, 2013

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:		
Net change in fund balances - total governmental funds (Exhibit I-4)		$ (54,668)
(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	$ 153,916	
Less: current-year depreciation expense	(718,842)	(564,926)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: loss on disposal of capital assets	$ (4,540)	
Less: proceeds from the sale of disposed assets	(3,150)	(7,690)
(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, 2013	$ 213,542	
Less: deferred delinquent property taxes and other deferred June 30, 2012	(236,253)	(22,711)
(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 position. Also, governmental funds report the effect of 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 for primary government		585,000
(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	$ 6,946	
Change in other postemployment benefits liability	(327,205)	
Change in compensated absences payable	(15,048)	(335,307)
Change in net position of governmental activities (Exhibit B)		$ (400,302)

Exhibit I-6

Overton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Overton County School Department
June 30, 2013

	Special Revenue Funds			Debt Service Fund	
	School Federal Projects	Central Cafeteria	Total	Education Debt Service	Total Nonmajor Governmental Funds
ASSETS					
Cash	$ 0	$ 7,423	$ 7,423	$ 0	$ 7,423
Equity in Pooled Cash and Investments	68,907	64,712	133,619	428,867	562,486
Inventories	0	34,360	34,360	0	34,360
Due from Other Governments	60,968	40,014	100,982	0	100,982
Due from Other Funds	235	0	235	0	235
Total Assets	$ 130,110	$ 146,509	$ 276,619	$ 428,867	$ 705,486
FUND BALANCES					
Nonspendable:					
Inventory	$ 0	$ 34,360	$ 34,360	$ 0	$ 34,360
Restricted:					
Restricted for Education	30,110	99,632	129,742	0	129,742
Committed:					
Committed for Education	100,000	12,517	112,517	428,867	541,384
Total Fund Balances	$ 130,110	$ 146,509	$ 276,619	$ 428,867	$ 705,486

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, 2013

	Special Revenue Funds			Debt Service Fund	
	School Federal Projects	Central Cafeteria	Total	Education Debt Service	Total Nonmajor Governmental Funds
Revenues					
Local Taxes	$ 0	$ 0	$ 0	$ 583,320	$ 583,320
Charges for Current Services	0	445,911	445,911	0	445,911
Other Local Revenues	0	4,612	4,612	0	4,612
State of Tennessee	0	19,634	19,634	0	19,634
Federal Government	2,278,050	1,391,667	3,669,717	0	3,669,717
Total Revenues	$ 2,278,050	$ 1,861,824	$ 4,139,874	$ 583,320	$ 4,723,194
Expenditures					
Current:					
Instruction	$ 1,423,252	$ 0	$ 1,423,252	$ 0	$ 1,423,252
Support Services	827,334	0	827,334	0	827,334
Operation of Non-Instructional Services	0	1,997,514	1,997,514	0	1,997,514
Debt Service:					
Principal on Debt	0	0	0	585,000	585,000
Interest on Debt	0	0	0	446,728	446,728
Other Debt Service	0	0	0	6,357	6,357
Total Expenditures	$ 2,250,586	$ 1,997,514	$ 4,248,100	$ 1,038,085	$ 5,286,185
Excess (Deficiency) of Revenues Over Expenditures	$ 27,464	$ (135,690)	$ (108,226)	$ (454,765)	$ (562,991)
Other Financing Sources (Uses)					
Transfers In	$ 100,000	$ 150,000	$ 250,000	$ 468,528	$ 718,528
Transfers Out	(17,489)	0	(17,489)	0	(17,489)
Total Other Financing Sources (Uses)	$ 82,511	$ 150,000	$ 232,511	$ 468,528	$ 701,039
Net Change in Fund Balances	$ 109,975	$ 14,310	$ 124,285	$ 13,763	$ 138,048
Fund Balance, July 1, 2012	20,135	132,199	152,334	415,104	567,438
Fund Balance, June 30, 2013	$ 130,110	$ 146,509	$ 276,619	$ 428,867	$ 705,486

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 3,518,195	$ 0	$ 0	$ 3,518,195	$ 3,599,234	$ 3,599,234	$ (81,039)
Licenses and Permits	1,416	0	0	1,416	1,400	1,400	16
Charges for Current Services	24,277	0	0	24,277	21,000	21,000	3,277
Other Local Revenues	121,711	0	0	121,711	96,000	96,000	25,711
State of Tennessee	18,610,533	0	0	18,610,533	18,408,302	18,543,512	67,021
Federal Government	655,711	0	0	655,711	749,291	672,217	(16,506)
Total Revenues	$ 22,931,843	$ 0	$ 0	$ 22,931,843	$ 22,875,227	$ 22,933,363	$ (1,520)
Expenditures							
Instruction							
Regular Instruction Program	$ 10,315,259	$ (17,080)	$ 334,801	$ 10,632,980	$ 10,653,741	$ 10,778,741	$ 145,761
Alternative Instruction Program	43,539	0	0	43,539	51,861	45,861	2,322
Special Education Program	1,453,938	0	0	1,453,938	1,481,547	1,467,547	13,609
Vocational Education Program	979,204	0	0	979,204	979,387	981,387	2,183
Adult Education Program	43,069	0	0	43,069	39,803	44,803	1,734
Support Services							
Attendance	103,511	(98)	0	103,413	107,469	107,469	4,056
Health Services	94,037	0	0	94,037	69,586	95,586	1,549
Other Student Support	533,538	0	0	533,538	528,418	537,418	3,880
Regular Instruction Program	730,124	(340)	504	730,288	744,479	744,479	14,191
Special Education Program	173,016	0	0	173,016	177,033	177,033	4,017
Vocational Education Program	66,847	0	0	66,847	95,193	70,193	3,346
Adult Programs	84,370	0	0	84,370	109,602	86,602	2,232
Other Programs	145,476	0	0	145,476	0	145,476	0
Board of Education	376,676	0	2,564	379,240	348,645	423,645	44,405
Director of Schools	129,937	0	0	129,937	131,360	132,360	2,423
Office of the Principal	1,725,352	(1,980)	0	1,723,372	1,844,793	1,736,793	13,421
Fiscal Services	272,874	(529)	756	273,101	278,629	278,629	5,528

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Operation of Plant	$ 1,890,764	$ 0	$ 0	$ 1,890,764	$ 1,909,525	$ 1,977,525	$ 86,761
Maintenance of Plant	388,796	(1,928)	5,800	392,668	353,708	400,708	8,040
Transportation	1,186,577	(153,943)	239,453	1,272,087	1,353,466	1,321,466	49,379
Operation of Non-Instructional Services							
Food Service	19,396	0	0	19,396	20,000	20,000	604
Community Services	524,903	(386)	0	524,517	630,049	532,500	7,983
Early Childhood Education	512,871	(529)	2,659	515,001	529,405	519,139	4,138
Capital Outlay							
Regular Capital Outlay	629,446	(324,212)	8,820	314,054	0	321,250	7,196
Total Expenditures	$ 22,423,520	$ (501,025)	$ 595,357	$ 22,517,852	$ 22,437,699	$ 22,946,610	$ 428,758
Excess (Deficiency) of Revenues Over Expenditures	$ 508,323	$ 501,025	$ (595,357)	$ 413,991	$ 437,528	$ (13,247)	$ 427,238
Other Financing Sources (Uses)							
Transfers In	$ 17,489	$ 0	$ 0	$ 17,489	$ 31,000	$ 31,000	$ (13,511)
Transfers Out	(718,528)	0	0	(718,528)	(468,528)	(718,528)	0
Total Other Financing Sources	$ (701,039)	$ 0	$ 0	$ (701,039)	$ (437,528)	$ (687,528)	$ (13,511)
Net Change in Fund Balance	$ (192,716)	$ 501,025	$ (595,357)	$ (287,048)	$ 0	$ (700,775)	$ 413,727
Fund Balance, July 1, 2012	5,636,557	(501,025)	0	5,135,532	5,841,073	5,841,073	(705,541)
Fund Balance, June 30, 2013	$ 5,443,841	$ 0	$ (595,357)	$ 4,848,484	$ 5,841,073	$ 5,140,298	$ (291,814)

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Federal Government	$ 2,278,050	$ 0	$ 0	$ 2,278,050	$ 2,393,931	$ 2,393,931	$ (115,881)
Total Revenues	$ 2,278,050	$ 0	$ 0	$ 2,278,050	$ 2,393,931	$ 2,393,931	$ (115,881)
Expenditures							
Instruction							
Regular Instruction Program	$ 753,283	$ 0	$ 0	$ 753,283	$ 815,943	$ 815,943	$ 62,660
Special Education Program	628,247	(67)	758	628,938	635,931	638,893	9,955
Vocational Education Program	41,722	0	10,003	51,725	46,988	51,748	23
Support Services							
Other Student Support	276,810	0	0	276,810	282,920	279,437	2,627
Regular Instruction Program	363,069	0	0	363,069	385,220	385,220	22,151
Special Education Program	117,466	0	0	117,466	153,997	149,035	31,569
Vocational Education Program	1,727	0	0	1,727	3,004	1,727	0
Transportation	68,262	0	0	68,262	66,397	68,397	135
Total Expenditures	$ 2,250,586	$ (67)	$ 10,761	$ 2,261,280	$ 2,390,400	$ 2,390,400	$ 129,120
Excess (Deficiency) of Revenues Over Expenditures	$ 27,464	$ 67	$ (10,761)	$ 16,770	$ 3,531	$ 3,531	$ 13,239
Other Financing Sources (Uses)							
Transfers In	$ 100,000	$ 0	$ 0	$ 100,000	$ 79,752	$ 79,752	$ 20,248
Transfers Out	(17,489)	0	0	(17,489)	(83,283)	(83,283)	65,794
Total Other Financing Sources	$ 82,511	$ 0	$ 0	$ 82,511	$ (3,531)	$ (3,531)	$ 86,042
Net Change in Fund Balance	$ 109,975	$ 67	$ (10,761)	$ 99,281	$ 0	$ 0	$ 99,281
Fund Balance, July 1, 2012	20,135	(67)	0	20,068	0	0	20,068
Fund Balance, June 30, 2013	$ 130,110	$ 0	$ (10,761)	$ 119,349	$ 0	$ 0	$ 119,349

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 445,911	$ 753,200	$ 753,200	$ (307,289)
Other Local Revenues	4,612	15,500	15,500	(10,888)
State of Tennessee	19,634	25,000	25,000	(5,366)
Federal Government	1,391,667	1,578,200	1,578,200	(186,533)
Total Revenues	$ 1,861,824	$ 2,371,900	$ 2,371,900	$ (510,076)
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 1,951,860	$ 2,371,900	$ 2,314,300	$ 362,440
Community Services	45,654	0	57,600	11,946
Total Expenditures	$ 1,997,514	$ 2,371,900	$ 2,371,900	$ 374,386
Excess (Deficiency) of Revenues Over Expenditures	$ (135,690)	$ 0	$ 0	$ (135,690)
Other Financing Sources (Uses)				
Transfers In	$ 150,000	$ 0	$ 0	$ 150,000
Total Other Financing Sources	$ 150,000	$ 0	$ 0	$ 150,000
Net Change in Fund Balance	$ 14,310	$ 0	$ 0	$ 14,310
Fund Balance, July 1, 2012	132,199	149,396	149,396	(17,197)
Fund Balance, June 30, 2013	$ 146,509	$ 149,396	$ 149,396	$ (2,887)

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, 2013

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 583,320	$ 570,000	$ 570,000	$ 13,320
Total Revenues	$ 583,320	$ 570,000	$ 570,000	$ 13,320
Expenditures				
Principal on Debt				
Education	$ 585,000	$ 585,000	$ 585,000	$ 0
Interest on Debt				
Education	446,728	446,728	446,728	0
Other Debt Service				
Education	6,357	6,800	6,800	443
Total Expenditures	$ 1,038,085	$ 1,038,528	$ 1,038,528	$ 443
Excess (Deficiency) of Revenues Over Expenditures	$ (454,765)	$ (468,528)	$ (468,528)	$ 13,763
Other Financing Sources (Uses)				
Transfers In	$ 468,528	$ 468,528	$ 468,528	$ 0
Total Other Financing Sources	$ 468,528	$ 468,528	$ 468,528	$ 0
Net Change in Fund Balance	$ 13,763	$ 0	$ 0	$ 13,763
Fund Balance, July 1, 2012	415,104	417,640	417,640	(2,536)
Fund Balance, June 30, 2013	$ 428,867	$ 417,640	$ 417,640	$ 11,227

Miscellaneous Schedules

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Paid and/or Matured During Period	Outstanding 6-30-13
NOTES PAYABLE							
Payable through General Debt Service Fund							
Volunteer State Community College	$ 500,000	3 %	11-23-04	11-23-16	$ 208,331	$ 41,667	$ 166,664
Library	1,515,000	4.35 to 5	12-21-05	6-30-18	199,599	125,000	74,599
Industrial Park	850,000	5.07	3-29-07	4-1-19	495,834	70,833	425,001
Highway Equipment	901,000	4.31	10-1-07	11-1-16	500,557	100,111	400,446
Industrial Building and Waterline Extension	200,000	2.95	12-6-11	12-6-14	200,000	66,667	133,333
Total Notes Payable					$ 1,604,321	$ 404,278	$ 1,200,043
OTHER LOANS PAYABLE							
Montgomery County Public Building Authority							
Payable through General Debt Service Fund							
Airport Runway Expansion	135,120	Variable	8-14-03	8-14-12	$ 15,890	$ 15,890	$ 0
BONDS PAYABLE							
Payable through General Debt Service Fund							
Industrial Park Land - F.H.A.	1,650,000	4.5	4-21-03	4-21-27	$ 955,366	$ 46,687	$ 908,679
General Obligation Refunding - Series 2009	5,520,000	2 to 4.1	3-31-09	6-1-24	4,605,000	320,000	4,285,000
Total Payable through General Debt Service Fund					$ 5,560,366	$ 366,687	$ 5,193,679
Payable through Overton County Nursing Home							
Nursing Home Improvements	(1) 4,150,000	2.58	5-9-12	4-1-33	$ 4,150,000	$ 160,000	$ 3,990,000
Total Payable through Nursing Home					$ 4,150,000	$ 160,000	$ 3,990,000
Contributed by School Department through Education Debt Service Fund							
School Refunding Bonds, Series 2004	7,795,000	2 to 5	3-26-04	4-1-20	$ 5,240,000	$ 545,000	$ 4,695,000
School Refunding Bonds, Series 2005	5,090,000	3.5 to 4.3	7-28-05	6-30-25	4,820,000	40,000	4,780,000
Total Contributed by School Department through Education Debt Service Fund					$ 10,060,000	$ 585,000	$ 9,475,000
Total Bonds Payable					$ 19,770,366	$ 1,111,687	$ 18,658,679

(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

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2014	$ 353,877	$ 49,768	$ 403,645
2015	279,277	34,506	313,783
2016	212,611	23,324	235,935
2017	212,612	14,143	226,755
2018	70,833	7,282	78,115
2019	70,833	3,662	74,495
Total	$ 1,200,043	$ 132,685	$ 1,332,728

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2014	$ 1,153,787	$ 714,395	$ 1,868,182
2015	1,200,983	668,749	1,869,732
2016	1,238,277	621,105	1,859,382
2017	1,295,675	570,672	1,866,347
2018	1,348,180	517,507	1,865,687
2019	1,410,798	461,489	1,872,287
2020	1,453,534	409,408	1,862,942
2021	1,471,393	355,239	1,826,632
2022	1,539,381	299,426	1,838,807
2023	1,602,503	240,118	1,842,621
2024	1,675,765	177,401	1,853,166
2025	1,249,175	110,819	1,359,994
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	$ 18,658,679	$ 5,415,400	$ 24,074,079

Exhibit J-3

Overton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Overton County School Department
For the Year Ended June 30, 2013

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
Solid Waste/Sanitation	General	Operations	$ 32,000
Highway/Public Works	General Debt Service	Debt retirement	40,000
Total Transfers Primary Government			$ 72,000
DISCRETELY PRESENTED OVERTON COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect cost	$ 17,489
General Purpose School	Education Debt Service	Debt retirement	468,528
"	School Federal Projects	Operations	100,000
"	Central Cafeteria	Operations	150,000
Total Transfers Discretely Presented Overton County School Department			$ 736,017

Exhibit J-4

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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, *TCA*	$ 67,843	$ 100,000	RLI Insurance Company
Highway Superintendent:				
Joe Garrett (7-1-12 through 8-31-12)	Section 8-24-102, *TCA*	10,769	100,000	Western Surety Company
James Norrod (9-1-12 through 6-30-13)	Section 8-24-102, *TCA*	53,844	100,000	"
Director of Schools	State Board of Education and County Board of Education	81,314 (1)	(2)	
Trustee	Section 8-24-102, *TCA*	58,739	842,000	"
Assessor of Property	Section 8-24-102, *TCA*	58,739	50,000	"
County Clerk	Section 8-24-102, *TCA*	58,739	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, *TCA*	58,739	50,000	"
Clerk and Master	Section 8-24-102, *TCA,* and Chancery Court Judge	58,739 (3)	75,000	"
Register of Deeds	Section 8-24-102, *TCA*	58,739	25,000	"
Sheriff	Section 8-24-102, *TCA*	64,613 (4)	25,000	RLI Insurance Company
Director of Accounts and Budgets	Section 5-13-103, *TCA,* and County Commission	36,050	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.
(2) The director of schools is covered under the public employee dishonesty bond.
(3) Does not include special commissioner fees of $8,518.
(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, 2013

		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	Total
Local Taxes								
County Property Taxes								
Current Property Tax	$ 3,534,943	$ 0	$ 302,470	$ 0	$ 0	$ 211,272	$ 332,716	$ 4,381,401
Trustee's Collections - Prior Year	146,859	0	13,678	0	0	7,472	15,038	183,047
Circuit/Clerk & Master Collections - Prior Years	58,060	0	5,674	0	0	2,992	6,242	72,968
Interest and Penalty	60,282	0	5,865	0	0	3,140	6,449	75,736
Payments in-Lieu-of Taxes - Other	4,305	0	418	0	0	224	460	5,407
County Local Option Taxes								
Local Option Sales Tax	326,199	0	469,973	0	0	0	0	796,172
Hotel/Motel Tax	12,330	0	0	0	0	0	0	12,330
Litigation Tax - General	89,799	266	0	0	0	0	0	90,065
Litigation Tax - Special Purpose	0	139	0	0	0	0	0	139
Litigation Tax - Jail, Workhouse, or Courthouse	18,449	0	0	0	0	0	0	18,449
Business Tax	103,722	0	0	0	0	0	0	103,722
Mineral Severance Tax	135,889	0	0	0	0	92,465	0	228,354
Statutory Local Taxes								
Bank Excise Tax	49,691	0	4,247	0	0	2,973	4,672	61,583
Beer Privilege Tax	1,955	0	0	0	0	0	0	1,955
Total Local Taxes	$ 4,542,483	$ 405	$ 802,325	$ 0	$ 0	$ 320,538	$ 365,577	$ 6,031,328
Licenses and Permits								
Licenses								
Cable TV Franchise	$ 4,500	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,500
Permits								
Beer Permits	237	0	0	0	0	0	0	237
Other Permits	491	0	0	0	0	0	0	491
Total Licenses and Permits	$ 5,228	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,228
Fines, Forfeitures, and Penalties								
Circuit Court								
Fines	$ 10,694	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,694
Officers Costs	7,374	0	0	0	0	0	0	7,374
Drug Control Fines	0	0	0	14,924	0	0	0	14,924
Jail Fees	3,351	0	0	0	0	0	0	3,351
DUI Treatment Fines	665	0	0	0	0	0	0	665
Data Entry Fee - Circuit Court	1,481	0	0	0	0	0	0	1,481
Courtroom Security Fee	151	0	0	0	0	0	0	151

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds: Courthouse and Jail Maintenance	Special Revenue Funds: Solid Waste / Sanitation	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitu - tional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Total
Fines, Forfeitures, and Penalties (Cont.)								
Criminal Court								
Drug Court Fees	$ 1,783	$ 0	$ 0	$ 85	$ 0	$ 0	$ 0	$ 1,868
DUI Treatment Fines	2,301	0	0	0	0	0	0	2,301
General Sessions Court								
Fines	31,010	0	0	0	0	0	0	31,010
Fines for Littering	33	0	0	0	0	0	0	33
Officers Costs	35,807	0	0	0	0	0	0	35,807
Game and Fish Fines	418	0	0	0	0	0	0	418
Drug Control Fines	0	0	0	10,162	0	0	0	10,162
Drug Court Fees	2,935	0	0	0	0	0	0	2,935
Jail Fees	24,645	0	0	0	0	0	0	24,645
DUI Treatment Fines	1,185	0	0	0	0	0	0	1,185
Data Entry Fee - General Sessions Court	6,220	0	0	0	0	0	0	6,220
Courtroom Security Fee	8	0	0	0	0	0	0	8
Juvenile Court								
Fines	247	0	0	0	0	0	0	247
Chancery Court								
Officers Costs	3,586	0	0	0	0	0	0	3,586
Data Entry Fee - Chancery Court	2,455	0	0	0	0	0	0	2,455
Other Fines, Forfeitures, and Penalties								
Proceeds from Confiscated Property	18,549	0	0	14,880	0	0	0	33,429
Other Fines, Forfeitures, and Penalties	0	0	0	16,922	0	0	0	16,922
Total Fines, Forfeitures, and Penalties	$ 154,898	$ 0	$ 0	$ 56,973	$ 0	$ 0	$ 0	$ 211,871
Charges for Current Services								
General Service Charges								
Tipping Fees	$ 0	$ 0	$ 209,414	$ 0	$ 0	$ 0	$ 0	$ 209,414
Patient Charges	1,160,317	0	0	0	0	0	0	1,160,317
Work Release Charges for Board	600	0	0	0	0	0	0	600
Service Charges	4,676	0	0	0	0	0	0	4,676
Fees								
Copy Fees	3,978	0	0	0	0	0	0	3,978
Telephone Commissions	16,560	0	0	0	0	0	0	16,560
Constitutional Officers' Fees and Commissions	0	0	0	0	11,443	0	0	11,443
Data Processing Fee - Register	7,636	0	0	0	0	0	0	7,636
Data Processing Fee - Sheriff	2,696	0	0	0	0	0	0	2,696
Sexual Offender Registration Fees - Sheriff	1,800	0	0	0	0	0	0	1,800
Data Processing Fee - County Clerk	260	0	0	0	0	0	0	260

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds: Courthouse and Jail Maintenance	Special Revenue Funds: Solid Waste / Sanitation	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitu - tional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Total
Charges for Current Services (Cont.)								
Education Charges								
Tuition - Other	$ 57,285	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 57,285
Total Charges for Current Services	$ 1,255,808	$ 0	$ 209,414	$ 0	$ 11,443	$ 0	$ 0	$ 1,476,665
Other Local Revenues								
Recurring Items								
Investment Income	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 17,836	$ 17,836
Lease/Rentals	10,225	0	0	0	0	0	0	10,225
Sale of Materials and Supplies	150	0	0	0	0	128	0	278
Commissary Sales	45,493	0	0	0	0	0	0	45,493
Sale of Recycled Materials	1,548	0	80,479	0	0	1,604	0	83,631
Refund of Telecommunication & Internet Fees (E-Rate)	1,271	0	0	0	0	0	0	1,271
Miscellaneous Refunds	28,216	0	0	260	0	1,547	0	30,023
Nonrecurring Items								
Sale of Equipment	0	0	0	0	0	450	0	450
Damages Recovered from Individuals	1,586	0	0	0	0	0	0	1,586
Contributions and Gifts	14,377	0	0	0	0	0	0	14,377
Total Other Local Revenues	$ 102,866	$ 0	$ 80,479	$ 260	$ 0	$ 3,729	$ 17,836	$ 205,170
Fees Received from County Officials								
Fees in-Lieu-of Salary								
County Clerk	$ 222,117	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 222,117
Circuit Court Clerk	203,801	0	0	0	0	0	0	203,801
General Sessions Court Clerk	35,199	0	0	0	0	0	0	35,199
Clerk and Master	93,915	0	0	0	0	0	0	93,915
Register	86,272	0	0	0	0	0	0	86,272
Sheriff	26,126	0	0	0	0	0	0	26,126
Trustee	269,970	0	0	0	0	0	0	269,970
Total Fees Received from County Officials	$ 937,400	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 937,400
State of Tennessee								
General Government Grants								
Juvenile Services Program	$ 9,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,000
Aging Programs	25,902	0	0	0	0	0	0	25,902
Solid Waste Grants	0	0	11,800	0	0	0	0	11,800
Public Safety Grants								
Law Enforcement Training Programs	12,600	0	0	0	0	0	0	12,600

(Continued)

Exhibit J-5

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

		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	Total
State of Tennessee (Cont.)								
Health and Welfare Grants								
Health Department Programs	$ 95,441	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 95,441
Public Works Grants								
Litter Program	37,987	0	0	0	0	0	0	37,987
Other State Revenues								
Income Tax	82,805	0	0	0	0	0	0	82,805
Beer Tax	18,586	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	45,779	0	0	0	0	0	0	45,779
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	570,458	570,458
Contracted Prisoner Boarding	825,512	0	0	0	0	0	0	825,512
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,599,138	0	1,599,138
Petroleum Special Tax	0	0	0	0	0	15,934	0	15,934
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164
Other State Grants	20,377	0	0	0	0	19,406	0	39,783
Other State Revenues	103,490	0	0	0	0	0	0	103,490
Total State of Tennessee	$ 1,292,643	$ 0	$ 11,800	$ 0	$ 0	$ 1,634,478	$ 570,458	$ 3,509,379
Federal Government								
Federal Through State								
Community Development	$ 301,217	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 301,217
Disaster Relief	0	0	0	0	0	116,439	0	116,439
Other Federal through State	21,671	0	0	0	0	0	0	21,671
Direct Federal Revenue								
Other Direct Federal Revenue	414,734	0	0	0	0	0	0	414,734
Total Federal Government	$ 737,622	$ 0	$ 0	$ 0	$ 0	$ 116,439	$ 0	$ 854,061
Other Governments and Citizens Groups								
Other Governments								
Prisoner Board	$ 136,990	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 136,990
Contributions	65,000	0	0	0	0	0	1,281,715	1,346,715
Other								
Other	7,691	0	0	0	0	0	0	7,691
Total Other Governments and Citizens Groups	$ 209,681	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,281,715	$ 1,491,396
Total	$ 9,238,629	$ 405	$ 1,104,018	$ 57,233	$ 11,443	$ 2,075,184	$ 2,235,586	$ 14,722,498

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, 2013

	General Purpose School	Special Revenue Funds: School Federal Projects	Special Revenue Funds: Central Cafeteria	Debt Service Fund: Education Debt Service	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 1,629,076	$ 0	$ 0	$ 0	$ 1,629,076
Trustee's Collections - Prior Year	82,586	0	0	0	82,586
Circuit/Clerk & Master Collections - Prior Years	30,642	0	0	0	30,642
Interest and Penalty	31,668	0	0	0	31,668
Payments in-Lieu-of Taxes - Other	2,258	0	0	0	2,258
County Local Option Taxes					
Local Option Sales Tax	1,585,174	0	0	0	1,585,174
Wheel Tax	0	0	0	583,320	583,320
Statutory Local Taxes					
Bank Excise Tax	22,934	0	0	0	22,934
Wholesale Beer Tax	130,593	0	0	0	130,593
Interstate Telecommunications Tax	3,264	0	0	0	3,264
Total Local Taxes	$ 3,518,195	$ 0	$ 0	$ 583,320	$ 4,101,515
Licenses and Permits					
Licenses					
Marriage Licenses	$ 1,416	$ 0	$ 0	$ 0	$ 1,416
Total Licenses and Permits	$ 1,416	$ 0	$ 0	$ 0	$ 1,416
Charges for Current Services					
Fees					
Vending Machine Collections	$ 175	$ 0	$ 0	$ 0	$ 175
Education Charges					
Lunch Payments - Children	0	0	214,657	0	214,657
Lunch Payments - Adults	0	0	55,040	0	55,040
Income from Breakfast	0	0	30,855	0	30,855
Special Milk Sales	0	0	4,796	0	4,796
A la carte Sales	0	0	140,563	0	140,563
Receipts from Individual Schools	24,102	0	0	0	24,102
Total Charges for Current Services	$ 24,277	$ 0	$ 445,911	$ 0	$ 470,188
Other Local Revenues					
Recurring Items					
Investment Income	$ 0	$ 0	$ 331	$ 0	$ 331
Refund of Telecommunication & Internet Fees (E-Rate)	56,851	0	0	0	56,851
Miscellaneous Refunds	16,043	0	4,281	0	20,324
Nonrecurring Items					
Sale of Equipment	5,515	0	0	0	5,515
Contributions and Gifts	43,302	0	0	0	43,302
Total Other Local Revenues	$ 121,711	$ 0	$ 4,612	$ 0	$ 126,323
State of Tennessee					
General Government Grants					
On-Behalf Contributions for OPEB	$ 145,476	$ 0	$ 0	$ 0	$ 145,476
State Education Funds					
Basic Education Program	17,609,761	0	0	0	17,609,761
Early Childhood Education	519,139	0	0	0	519,139
School Food Service	0	0	19,634	0	19,634
Energy Efficient School Initiative	2,810	0	0	0	2,810
Driver Education	13,344	0	0	0	13,344
Other State Education Funds	165,708	0	0	0	165,708
Career Ladder Program	103,712	0	0	0	103,712
Career Ladder - Extended Contract	47,200	0	0	0	47,200
Other State Revenues					
Mixed Drink Tax	3,383	0	0	0	3,383
Total State of Tennessee	$ 18,610,533	$ 0	$ 19,634	$ 0	$ 18,630,167

(Continued)

Exhibit J-6

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

		Special Revenue Funds		Debt Service Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
Federal Government					
Federal Through State					
USDA School Lunch Program	$ 0	$ 0	$ 864,725	$ 0	$ 864,725
USDA - Commodities	0	0	73,646	0	73,646
Breakfast	0	0	352,674	0	352,674
USDA - Other	0	0	100,622	0	100,622
Adult Education State Grant Program	66,736	0	0	0	66,736
Vocational Education - Basic Grants to States	0	61,306	0	0	61,306
Title I Grants to Local Education Agencies	0	1,170,346	0	0	1,170,346
Special Education - Grants to States	45,475	797,445	0	0	842,920
Special Education Preschool Grants	0	18,582	0	0	18,582
Rural Education	0	62,697	0	0	62,697
Eisenhower Professional Development State Grants	0	167,674	0	0	167,674
Job Training Partnership Act	11,000	0	0	0	11,000
Other Federal through State	532,500	0	0	0	532,500
Total Federal Government	$ 655,711	$ 2,278,050	$ 1,391,667	$ 0	$ 4,325,428
Total	$ 22,931,843	$ 2,278,050	$ 1,861,824	$ 583,320	$ 27,655,037

Exhibit J-7

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

General Fund				
General Government				
County Commission				
Board and Committee Members Fees	$	50,720		
Social Security		3,880		
State Retirement		529		
Accounting Services		28,286		
Audit Services		7,125		
Dues and Memberships		11,568		
Total County Commission			$	102,108
Board of Equalization				
Board and Committee Members Fees	$	2,100		
Total Board of Equalization				2,100
County Mayor/Executive				
County Official/Administrative Officer	$	67,843		
Supervisor/Director		23,000		
Deputy(ies)		21,423		
Social Security		8,430		
State Retirement		2,457		
Medical Insurance		3,237		
Communication		4,489		
Data Processing Services		8,351		
Legal Notices, Recording, and Court Costs		2,440		
Travel		2,903		
Office Supplies		11,764		
Other Charges		4,390		
Total County Mayor/Executive				160,727
County Attorney				
Social Security	$	551		
Legal Services		51,334		
Judgments		90,000		
Total County Attorney				141,885
Election Commission				
County Official/Administrative Officer	$	52,865		
Deputy(ies)		22,645		
Election Commission		3,400		
Election Workers		20,110		
In-Service Training		235		
Social Security		6,694		
State Retirement		4,176		
Communication		1,311		
Data Processing Services		5,969		
Legal Notices, Recording, and Court Costs		1,865		
Maintenance and Repair Services - Equipment		565		
Postal Charges		2,897		
Printing, Stationery, and Forms		3,783		
Rentals		300		
Travel		2,360		
Other Contracted Services		23,078		

(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.)				
Electricity	$	22		
Office Supplies		1,818		
Office Equipment		882		
Total Election Commission			$	154,975
Register of Deeds				
County Official/Administrative Officer	$	58,739		
Deputy(ies)		25,624		
Accountants/Bookkeepers		23,574		
Part-time Personnel		9,630		
Social Security		8,847		
State Retirement		5,969		
Communication		2,624		
Data Processing Services		16,400		
Other Contracted Services		2,212		
Office Supplies		2,136		
Total Register of Deeds				155,755
Planning				
Board and Committee Members Fees	$	3,000		
Social Security		230		
Contracts with Government Agencies		9,000		
Total Planning				12,230
County Buildings				
Custodial Personnel	$	26,016		
Maintenance Personnel		26,016		
Overtime Pay		225		
Social Security		3,998		
State Retirement		2,890		
Medical Insurance		750		
Communication		7,000		
Maintenance and Repair Services - Buildings		40,516		
Maintenance and Repair Services - Vehicles		479		
Travel		14		
Remittance of Revenue Collected		4,719		
Custodial Supplies		8,180		
Electricity		87,218		
Gasoline		3,213		
Natural Gas		23,117		
Uniforms		1,912		
Utilities		1,915		
Other Charges		1,228		
Total County Buildings				239,406
Other General Administration				
Teachers	$	1,500		
Social Security		114		
State Retirement		7		
Medical Insurance		18		

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
General Government (Cont.)				
Other General Administration (Cont.)				
Unemployment Compensation	$	10,977		
Evaluation and Testing		654		
Licenses		2,164		
Matching Share		800		
Medical and Dental Services		618		
Remittance of Revenue Collected		6,048		
Other Contracted Services		14,995		
Other Supplies and Materials		7,600		
Liability Insurance		273,700		
Premiums on Corporate Surety Bonds		8,163		
Trustee's Commission		113,450		
Workers' Compensation Insurance		293,187		
Other Charges		1,304		
Total Other General Administration			$	735,299
Finance				
Accounting and Budgeting				
County Official/Administrative Officer	$	36,050		
Social Security		2,758		
State Retirement		1,994		
Total Accounting and Budgeting				40,802
Property Assessor's Office				
County Official/Administrative Officer	$	58,739		
Deputy(ies)		25,370		
Assessment Personnel		25,370		
Clerical Personnel		20,640		
Social Security		9,648		
State Retirement		7,196		
Medical Insurance		11,026		
Communication		2,515		
Maintenance and Repair Services - Vehicles		985		
Postal Charges		450		
Travel		1,266		
Other Contracted Services		7,094		
Gasoline		1,121		
Office Supplies		2,295		
Other Charges		5,410		
Office Equipment		3,127		
Total Property Assessor's Office				182,252
County Trustee's Office				
County Official/Administrative Officer	$	58,739		
Deputy(ies)		23,429		
Accountants/Bookkeepers		20,907		
Social Security		7,572		
State Retirement		5,700		
Medical Insurance		11,194		
Communication		2,508		
Data Processing Services		8,483		

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
Finance (Cont.)				
County Trustee's Office (Cont.)				
Legal Notices, Recording, and Court Costs	$	404		
Postal Charges		8,172		
Office Supplies		4,671		
Other Charges		2,582		
Office Equipment		223		
Total County Trustee's Office			$	154,584
County Clerk's Office				
County Official/Administrative Officer	$	58,739		
Deputy(ies)		21,636		
Accountants/Bookkeepers		20,292		
Clerical Personnel		36,905		
Social Security		9,727		
State Retirement		6,953		
Medical Insurance		16,003		
Communication		2,777		
Data Processing Services		22,685		
Other Contracted Services		3,000		
Office Supplies		6,718		
Office Equipment		996		
Total County Clerk's Office				206,431
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	58,739		
Deputy(ies)		23,874		
Accountants/Bookkeepers		39,983		
Clerical Personnel		39,188		
Jury and Witness Expense		6,077		
Social Security		12,133		
State Retirement		9,052		
Medical Insurance		13,392		
Communication		3,678		
Data Processing Services		9,402		
Travel		284		
Office Supplies		5,615		
Office Equipment		1,631		
Total Circuit Court				223,048
General Sessions Court				
Judge(s)	$	93,765		
Deputy(ies)		24,139		
Social Security		8,758		
State Retirement		6,520		
Medical Insurance		3,791		
Office Supplies		1,000		
Total General Sessions Court				137,973
Chancery Court				
County Official/Administrative Officer	$	58,739		

(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.)				
Deputy(ies)	$	25,119		
Accountants/Bookkeepers		22,415		
Clerical Personnel		26,378		
Social Security		9,663		
State Retirement		3,672		
Medical Insurance		7,655		
Communication		2,641		
Data Processing Services		8,086		
Office Supplies		6,168		
Office Equipment		500		
Total Chancery Court			$	171,036
Juvenile Court				
Guidance Personnel	$	9,000		
Social Security		688		
Other Contracted Services		2,322		
Total Juvenile Court				12,010
District Attorney General				
Law Enforcement Supplies	$	1,932		
Office Supplies		358		
Office Equipment		3,559		
Other Equipment		3,294		
Total District Attorney General				9,143
Judicial Commissioners				
County Official/Administrative Officer	$	18,200		
Social Security		1,392		
Total Judicial Commissioners				19,592
Public Safety				
Sheriff's Department				
County Official/Administrative Officer	$	64,613		
Deputy(ies)		415,031		
Investigator(s)		96,220		
Captain(s)		40,076		
Sergeant(s)		131,720		
Salary Supplements		12,600		
Secretary(ies)		20,535		
Maintenance Personnel		31,776		
Overtime Pay		23,661		
In-Service Training		5,613		
Social Security		62,067		
State Retirement		41,314		
Medical Insurance		43,120		
Communication		17,643		
Data Processing Services		6,286		
Freight Expenses		875		
Maintenance and Repair Services - Equipment		918		
Maintenance and Repair Services - Vehicles		27,502		

(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.)				
Matching Share	$	76		
Other Contracted Services		12,290		
Gasoline		113,542		
Office Supplies		12,608		
Tires and Tubes		6,355		
Uniforms		3,081		
Vehicle Parts		11,163		
Other Supplies and Materials		11,520		
Communication Equipment		3,000		
Motor Vehicles		61,000		
Office Equipment		6,984		
Other Equipment		3,066		
Total Sheriff's Department			$	1,286,255
Special Patrols				
Deputy(ies)	$	19,686		
Social Security		1,412		
State Retirement		1,089		
Medical Insurance		3,372		
Maintenance and Repair Services - Vehicles		446		
Disposal Fees		1,329		
Gasoline		1,146		
Other Supplies and Materials		750		
Total Special Patrols				29,230
Jail				
County Official/Administrative Officer	$	29,000		
Sergeant(s)		97,520		
Guards		449,494		
Clerical Personnel		42,244		
Cafeteria Personnel		22,638		
Overtime Pay		8,743		
Social Security		48,554		
State Retirement		25,637		
Medical Insurance		29,788		
Evaluation and Testing		3,401		
Maintenance and Repair Services - Buildings		74,618		
Medical and Dental Services		182,188		
Travel		3,981		
Other Contracted Services		9,210		
Custodial Supplies		35,033		
Electricity		43,904		
Food Supplies		155,160		
Natural Gas		57,568		
Prisoners Clothing		2,457		
Uniforms		4,373		
Other Supplies and Materials		6,135		
Other Equipment		2,071		
Total Jail				1,333,717

(Continued)

Exhibit J-7

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

General Fund (Cont.)				
Public Safety (Cont.)				
Fire Prevention and Control				
Contracts with Government Agencies	$	1,000		
Contributions		96,000		
Electricity		1,997		
Total Fire Prevention and Control			$	98,997
Civil Defense				
Supervisor/Director	$	3,900		
Social Security		298		
Maintenance and Repair Services - Equipment		338		
Electricity		1,454		
Gasoline		2,000		
Other Charges		100		
Total Civil Defense				8,090
Rescue Squad				
Contributions	$	8,000		
Total Rescue Squad				8,000
Other Emergency Management				
Contributions	$	150,000		
Total Other Emergency Management				150,000
County Coroner/Medical Examiner				
Other Contracted Services	$	20,369		
Total County Coroner/Medical Examiner				20,369
Public Health and Welfare				
Local Health Center				
Other Salaries and Wages	$	85,210		
Social Security		6,519		
Communication		5,395		
Contracts with Other Public Agencies		19,000		
Maintenance and Repair Services - Buildings		2,638		
Travel		3,713		
Custodial Supplies		10,927		
Drugs and Medical Supplies		4,000		
Office Supplies		2,537		
Utilities		16,197		
Other Supplies and Materials		314		
Total Local Health Center				156,450
Ambulance/Emergency Medical Services				
Supervisor/Director	$	47,740		
Accountants/Bookkeepers		30,000		
Paraprofessionals		418,694		
Attendants		343,882		
Overtime Pay		186,392		
In-Service Training		7,221		
Social Security		75,664		
State Retirement		52,051		

(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.)				
Medical Insurance	$	72,657		
Communication		8,807		
Data Processing Services		6,924		
Licenses		2,437		
Maintenance and Repair Services - Buildings		31,416		
Maintenance and Repair Services - Equipment		4,303		
Maintenance and Repair Services - Vehicles		68,828		
Travel		805		
Other Contracted Services		7,273		
Custodial Supplies		8,291		
Drugs and Medical Supplies		70,017		
Electricity		18,546		
Gasoline		66,048		
Natural Gas		6,475		
Office Supplies		8,610		
Tires and Tubes		8,299		
Uniforms		9,381		
Office Equipment		1,519		
Other Equipment		9,835		
Total Ambulance/Emergency Medical Services			$	1,572,115
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	$	31,461		
Part-time Personnel		6,814		
Social Security		2,928		
State Retirement		1,820		
Contributions		2,775		
Data Processing Services		649		
Travel		647		
Custodial Supplies		409		
Food Supplies		265		
Office Supplies		470		
Premiums on Corporate Surety Bonds		187		
Total Senior Citizens Assistance				48,425
Libraries				
Supervisor/Director	$	29,879		
Teachers		1,422		
Other Salaries and Wages		41,933		
Social Security		5,193		
State Retirement		2,209		
Medical Insurance		8,780		
Communication		3,408		
Data Processing Services		2,358		
Dues and Memberships		175		

(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.)				
Maintenance and Repair Services - Buildings	$	3,414		
Travel		953		
Custodial Supplies		2,719		
Office Supplies		4,667		
Utilities		15,879		
Other Supplies and Materials		5,125		
Other Charges		5,306		
Total Libraries			$	133,420
Other Social, Cultural, and Recreational				
Contributions	$	5,700		
Other Charges		25,000		
Total Other Social, Cultural, and Recreational				30,700
Agriculture and Natural Resources				
Agriculture Extension Service				
Salary Supplements	$	30,568		
Other Salaries and Wages		1,394		
Social Security		2,002		
Extension Service Medicare		443		
State Retirement		4,550		
Communication		3,454		
Contributions		475		
Travel		3,424		
Office Equipment		1,000		
Total Agriculture Extension Service				47,310
Soil Conservation				
Deputy(ies)	$	22,967		
Temporary Personnel		28,521		
Social Security		1,500		
State Retirement		1,270		
Medical Insurance		4,043		
Total Soil Conservation				58,301
Other Operations				
Tourism				
Advertising	$	2,650		
Total Tourism				2,650
Industrial Development				
Contributions	$	15,000		
Data Processing Services		15,000		
Engineering Services		20,744		
Other Contracted Services		21,625		
Other Charges		38,834		
Building Construction		408,064		
Right-of-Way		22,912		
Total Industrial Development				542,179

(Continued)

Exhibit J-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Other Economic and Community Development			
Engineering Services	$ 49,949		
Other Contracted Services	224,105		
Other Charges	54,927		
Total Other Economic and Community Development		$ 328,981	
Airport			
Contracts with Government Agencies	$ 7,200		
Total Airport		7,200	
Veterans' Services			
Supervisor/Director	$ 19,855		
Accountants/Bookkeepers	7,451		
Social Security	2,032		
State Retirement	412		
Communication	2,335		
Contributions	9,171		
Rentals	4,200		
Travel	1,808		
Office Supplies	1,556		
Other Charges	1,600		
Office Equipment	699		
Total Veterans' Services		51,119	
Contributions to Other Agencies			
Contributions	$ 13,703		
Total Contributions to Other Agencies		13,703	
Highways			
Traffic Control			
Supervisor/Director	$ 1,472		
Social Security	113		
Maintenance and Repair Services - Vehicles	58		
Gasoline	575		
Road Signs	6,519		
Total Traffic Control		8,737	
Litter and Trash Collection			
Supervisor/Director	$ 23,036		
Social Security	1,755		
Advertising	8,529		
Maintenance and Repair Services - Vehicles	252		
Custodial Supplies	1,037		
Food Supplies	800		
Gasoline	2,854		
Total Litter and Trash Collection		38,263	
Total General Fund			$ 8,841,894

(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	$ 4		
Total Other Charges		$ 4	
Total Courthouse and Jail Maintenance Fund			$ 4
Solid Waste/Sanitation Fund			
General Government			
Other General Administration			
Unemployment Compensation	$ 5,728		
Data Processing Services	4,164		
Evaluation and Testing	6,664		
Legal Notices, Recording, and Court Costs	363		
Office Supplies	1,318		
Liability Insurance	23,253		
Trustee's Commission	14,018		
Workers' Compensation Insurance	35,650		
Other Charges	188		
Total Other General Administration		$ 91,346	
Public Health and Welfare			
Convenience Centers			
Laborers	$ 79,865		
Social Security	6,110		
State Retirement	268		
Communication	3,960		
Maintenance and Repair Services - Buildings	563		
Maintenance and Repair Services - Equipment	4,400		
Maintenance and Repair Services - Vehicles	108		
Rentals	5,700		
Custodial Supplies	557		
Electricity	5,773		
Water and Sewer	5,320		
Other Construction	2,349		
Total Convenience Centers		114,973	
Transfer Stations			
Supervisor/Director	$ 39,670		
Foremen	33,800		
Equipment Operators	24,342		
Truck Drivers	49,496		
Laborers	20,098		
Social Security	12,068		
State Retirement	8,061		
Medical Insurance	11,699		
Communication	1,710		
Licenses	2,650		
Maintenance and Repair Services - Equipment	25,897		
Disposal Fees	446,670		
Diesel Fuel	28,941		
Lubricants	216		

(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.)			
Tires and Tubes	$ 6,591		
Other Supplies and Materials	4,000		
Other Charges	21,498		
Other Equipment	4,900		
Total Transfer Stations		$ 742,307	
Recycling Center			
Communication	$ 2,163		
Maintenance and Repair Services - Buildings	1,747		
Maintenance and Repair Services - Equipment	3,131		
Custodial Supplies	544		
Electricity	4,453		
Gasoline	1,910		
Natural Gas	765		
Uniforms	2,927		
Water and Sewer	1,435		
Other Supplies and Materials	645		
Other Equipment	27		
Total Recycling Center		19,747	
Other Waste Disposal			
Crushed Stone	$ 618		
Fertilizer, Lime, and Seed	810		
Gasoline	196		
Other Construction	29,610		
Total Other Waste Disposal		31,234	
Postclosure Care Costs			
Testing	$ 8,555		
Total Postclosure Care Costs		8,555	
Total Solid Waste/Sanitation Fund			$ 1,008,162
Drug Control Fund			
Public Safety			
Drug Enforcement			
Investigator(s)	$ 32,721		
Overtime Pay	1,535		
Social Security	2,581		
State Retirement	1,866		
Confidential Drug Enforcement Payments	3,000		
Dues and Memberships	300		
Towing Services	975		
Veterinary Services	260		
Animal Food and Supplies	256		
Other Supplies and Materials	1,089		
Trustee's Commission	273		
Total Drug Enforcement		$ 44,856	
Total Drug Control Fund			44,856

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund			
Finance			
County Trustee's Office			
Constitutional Officers' Operating Expenses	$ 341		
Total County Trustee's Office		$ 341	
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 206		
Total County Clerk's Office		206	
Administration of Justice			
Chancery Court			
Constitutional Officers' Operating Expenses	$ 10,896		
Total Chancery Court		10,896	
Total Constitutional Officers - Fees Fund			$ 11,443
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 64,613		
Supervisor/Director	22,473		
Overtime Pay	838		
Communication	3,490		
Data Processing Services	500		
Dues and Memberships	3,124		
Evaluation and Testing	2,562		
Legal Notices, Recording, and Court Costs	160		
Licenses	34		
Maintenance and Repair Services - Buildings	1,123		
Postal Charges	280		
Travel	3,970		
Remittance of Revenue Collected	57,611		
Penalties	1,338		
Other Contracted Services	820		
Custodial Supplies	637		
Electricity	3,295		
Office Supplies	962		
Utilities	3,632		
Traffic Control Equipment	63		
Total Administration		$ 171,525	
Highway and Bridge Maintenance			
Supervisor/Director	$ 111,127		
Equipment Operators	151,517		
Truck Drivers	78,901		
Laborers	114,177		
Overtime Pay	12,869		
Freight Expenses	2,240		
Rentals	426		
Asphalt	471,053		
Asphalt - Cold Mix	43,633		
Asphalt - Hot Mix	4,439		

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Highway and Bridge Maintenance (Cont.)			
Asphalt - Liquid	$ 26,993		
Crushed Stone	141,851		
Equipment Parts - Heavy	12,050		
Pipe	7,806		
Pipe - Metal	7,753		
Road Signs	2,671		
Sand	27		
Other Supplies and Materials	4,974		
Other Charges	252		
Total Highway and Bridge Maintenance		$ 1,194,759	
Operation and Maintenance of Equipment			
Supervisor/Director	$ 25,813		
Mechanic(s)	38,586		
Overtime Pay	1,901		
Maintenance and Repair Services - Equipment	9,312		
Equipment and Machinery Parts	43,959		
Gasoline	150,459		
Lubricants	7,148		
Small Tools	2,879		
Tires and Tubes	24,628		
Total Operation and Maintenance of Equipment		304,685	
Quarry Operations			
Supervisor/Director	$ 20,762		
Overtime Pay	84		
Operating Lease Payments	9,600		
Electricity	206		
Equipment and Machinery Parts	371		
Total Quarry Operations		31,023	
Other Charges			
Liability Insurance	$ 147,871		
Premiums on Corporate Surety Bonds	1,190		
Trustee's Commission	21,559		
Workers' Compensation Insurance	84,950		
Total Other Charges		255,570	
Employee Benefits			
Social Security	$ 47,850		
State Retirement	35,761		
Medical Insurance	208,755		
Unemployment Compensation	6,824		
Total Employee Benefits		299,190	
Capital Outlay			
Engineering Services	$ 14,849		
Highway Equipment	4,639		
Total Capital Outlay		19,488	
Total Highway/Public Works Fund			$ 2,276,240

(Continued)

Exhibit J-7

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

General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 526,687		
Principal on Notes	404,278		
Principal on Other Loans	15,890		
Total General Government		$ 946,855	
Education			
Principal on Bonds	$ 585,000		
Total Education		585,000	
Interest on Debt			
General Government			
Interest on Bonds	$ 299,198		
Interest on Notes	66,795		
Interest on Other Loans	53		
Total General Government		366,046	
Education			
Interest on Bonds	$ 446,728		
Total Education		446,728	
Other Debt Service			
General Government			
Fiscal Agent Charges	$ 1,565		
Trustee's Commission	13,057		
Total General Government		14,622	
Total General Debt Service Fund			$ 2,359,251
Total Governmental Funds - Primary Government			$ 14,541,850

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, 2013

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 6,886,440	
Career Ladder Program	49,303	
Career Ladder Extended Contracts	28,905	
Homebound Teachers	2,605	
Educational Assistants	151,459	
Bonus Payments	3,000	
Other Salaries and Wages	130,088	
Certified Substitute Teachers	78,238	
Non-certified Substitute Teachers	132,429	
Social Security	438,513	
State Retirement	630,448	
Life Insurance	3,895	
Medical Insurance	1,125,968	
Unemployment Compensation	11,816	
Employer Medicare	103,151	
Payments to Retirees	134,610	
Maintenance and Repair Services - Equipment	955	
Other Contracted Services	75,921	
Instructional Supplies and Materials	61,669	
Textbooks	31,336	
Other Supplies and Materials	78,992	
In Service/Staff Development	500	
Fee Waivers	50,795	
Other Charges	35,000	
Regular Instruction Equipment	69,223	
Total Regular Instruction Program		$ 10,315,259
Alternative Instruction Program		
Teachers	$ 31,250	
Social Security	1,842	
State Retirement	2,775	
Life Insurance	24	
Medical Insurance	7,203	
Unemployment Compensation	14	
Employer Medicare	431	
Total Alternative Instruction Program		43,539
Special Education Program		
Teachers	$ 873,871	
Career Ladder Program	11,000	
Career Ladder Extended Contracts	1,445	
Homebound Teachers	5,974	
Educational Assistants	153,060	
Speech Pathologist	41,480	
Bonus Payments	500	
Other Salaries and Wages	18,874	
Social Security	64,773	
State Retirement	91,618	
Life Insurance	528	

(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 (Cont.)				
Medical Insurance	$	169,694		
Unemployment Compensation		1,885		
Employer Medicare		15,149		
Other Contracted Services		1,610		
Instructional Supplies and Materials		2,141		
Other Supplies and Materials		336		
Total Special Education Program			$	1,453,938
Vocational Education Program				
Teachers	$	630,436		
Career Ladder Program		4,500		
Certified Substitute Teachers		420		
Non-certified Substitute Teachers		420		
Social Security		37,338		
State Retirement		55,833		
Life Insurance		384		
Medical Insurance		91,560		
Unemployment Compensation		899		
Employer Medicare		8,733		
Tuition		123,637		
Other Contracted Services		195		
Instructional Supplies and Materials		4,211		
Textbooks		12,555		
Other Supplies and Materials		7,686		
Other Charges		231		
Regular Instruction Equipment		166		
Total Vocational Education Program				979,204
Adult Education Program				
Teachers	$	9,729		
Other Salaries and Wages		18,320		
Social Security		1,013		
State Retirement		1,040		
Medical Insurance		4,203		
Unemployment Compensation		93		
Employer Medicare		374		
Instructional Supplies and Materials		398		
Other Supplies and Materials		7,899		
Total Adult Education Program				43,069
Support Services				
Attendance				
Supervisor/Director	$	66,786		
Career Ladder Program		1,000		
Social Security		3,978		
State Retirement		6,019		
Life Insurance		24		
Medical Insurance		10,272		
Unemployment Compensation		54		

(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.)		
Attendance (Cont.)		
Employer Medicare	$ 930	
Travel	1,713	
Other Contracted Services	8,801	
Other Supplies and Materials	281	
Attendance Equipment	3,653	
Total Attendance		$ 103,511
Health Services		
Medical Personnel	$ 66,917	
Social Security	3,573	
State Retirement	4,847	
Life Insurance	24	
Medical Insurance	12,286	
Unemployment Compensation	133	
Employer Medicare	836	
Travel	3,631	
Other Contracted Services	646	
Drugs and Medical Supplies	1,144	
Total Health Services		94,037
Other Student Support		
Career Ladder Program	$ 1,500	
Guidance Personnel	369,220	
Psychological Personnel	2,426	
Career Ladder Extended Contracts	4,200	
Bonus Payments	1,000	
Social Security	22,081	
State Retirement	33,597	
Life Insurance	209	
Medical Insurance	58,809	
Unemployment Compensation	554	
Employer Medicare	5,164	
Evaluation and Testing	33,117	
Other Supplies and Materials	593	
Other Equipment	1,068	
Total Other Student Support		533,538
Regular Instruction Program		
Supervisor/Director	$ 80,435	
Career Ladder Program	8,250	
Career Ladder Extended Contracts	5,950	
Librarians	270,450	
Instructional Computer Personnel	11,987	
Clerical Personnel	17,068	
Other Salaries and Wages	145,045	
Social Security	32,030	
State Retirement	47,310	
Life Insurance	242	
Medical Insurance	59,337	

(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.)				
Unemployment Compensation	$	556		
Employer Medicare		7,491		
Other Fringe Benefits		382		
Dues and Memberships		60		
Travel		15,823		
Other Contracted Services		7,489		
Library Books/Media		2,955		
Other Supplies and Materials		1,435		
In Service/Staff Development		6,862		
Other Equipment		8,967		
Total Regular Instruction Program			$	730,124
Special Education Program				
Supervisor/Director	$	58,463		
Career Ladder Program		1,000		
Psychological Personnel		41,590		
Clerical Personnel		17,100		
Other Salaries and Wages		10,918		
Social Security		7,084		
State Retirement		10,523		
Life Insurance		44		
Medical Insurance		20,879		
Unemployment Compensation		157		
Employer Medicare		1,657		
Travel		3,317		
Other Supplies and Materials		284		
Total Special Education Program				173,016
Vocational Education Program				
Supervisor/Director	$	50,918		
Social Security		2,818		
State Retirement		4,522		
Life Insurance		24		
Medical Insurance		7,852		
Unemployment Compensation		54		
Employer Medicare		659		
Total Vocational Education Program				66,847
Adult Programs				
Supervisor/Director	$	62,274		
Career Ladder Program		1,000		
Social Security		3,713		
State Retirement		5,619		
Life Insurance		24		
Medical Insurance		7,719		
Unemployment Compensation		54		
Employer Medicare		868		
Travel		2,939		
Other Supplies and Materials		160		
Total Adult Programs				84,370

(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.)				
Other Programs				
On-Behalf Payments to OPEB	$	145,476		
Total Other Programs			$	145,476
Board of Education				
Secretary to Board	$	2,950		
Board and Committee Members Fees		34,210		
Social Security		1,635		
State Retirement		324		
Unemployment Compensation		4		
Employer Medicare		520		
Audit Services		4,500		
Legal Services		7,348		
Medical and Dental Services		1,854		
Travel		6,226		
Other Contracted Services		6,834		
Other Supplies and Materials		114		
Liability Insurance		26,990		
Trustee's Commission		94,310		
Workers' Compensation Insurance		182,768		
Other Charges		6,089		
Total Board of Education				376,676
Director of Schools				
County Official/Administrative Officer	$	80,314		
Career Ladder Program		1,000		
Social Security		4,864		
State Retirement		7,221		
Life Insurance		24		
Medical Insurance		10,562		
Unemployment Compensation		54		
Employer Medicare		1,137		
Communication		6,771		
Dues and Memberships		13,667		
Maintenance and Repair Services - Equipment		616		
Postal Charges		1,273		
Travel		1,511		
Office Supplies		240		
Other Charges		683		
Total Director of Schools				129,937
Office of the Principal				
Principals	$	471,016		
Career Ladder Program		9,155		
Assistant Principals		328,690		
Secretary(ies)		432,787		
Other Salaries and Wages		17,114		
Social Security		72,718		
State Retirement		96,691		
Life Insurance		348		

(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.)		
Office of the Principal (Cont.)		
Medical Insurance	$ 143,430	
Unemployment Compensation	1,866	
Employer Medicare	17,007	
Other Fringe Benefits	8,440	
Communication	51,893	
Travel	18,689	
Other Contracted Services	39,830	
Other Supplies and Materials	353	
Excess Risk Insurance	13,131	
In Service/Staff Development	214	
Administration Equipment	1,980	
Total Office of the Principal		$ 1,725,352
Fiscal Services		
Accountants/Bookkeepers	$ 118,584	
Secretary(ies)	67,667	
Other Salaries and Wages	31,424	
Social Security	12,517	
State Retirement	12,048	
Medical Insurance	11,263	
Unemployment Compensation	324	
Employer Medicare	2,927	
Other Fringe Benefits	1,347	
Maintenance and Repair Services - Equipment	120	
Travel	4,428	
Other Contracted Services	5,257	
Data Processing Supplies	3,642	
Office Supplies	1,326	
Total Fiscal Services		272,874
Operation of Plant		
Custodial Personnel	$ 598,726	
Bonus Payments	500	
Social Security	34,470	
State Retirement	31,124	
Medical Insurance	64,989	
Unemployment Compensation	1,992	
Employer Medicare	8,082	
Other Fringe Benefits	2,790	
Janitorial Services	7,725	
Maintenance and Repair Services - Equipment	3,705	
Pest Control	10,960	
Other Contracted Services	54,944	
Custodial Supplies	71,288	
Electricity	646,612	
Natural Gas	84,239	
Propane Gas	39,136	
Water and Sewer	46,010	
Chemicals	9,447	

(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.)				
Other Supplies and Materials	$	21,200		
Boiler Insurance		6,169		
Building and Contents Insurance		112,393		
In Service/Staff Development		700		
Other Charges		1,115		
Plant Operation Equipment		32,448		
Total Operation of Plant			$	1,890,764
Maintenance of Plant				
Maintenance Personnel	$	168,550		
Social Security		10,299		
State Retirement		9,321		
Medical Insurance		11,963		
Unemployment Compensation		269		
Employer Medicare		2,409		
Other Fringe Benefits		6,204		
Communication		1,423		
Maintenance and Repair Services - Buildings		10,840		
Maintenance and Repair Services - Equipment		12,323		
Travel		421		
Other Contracted Services		29,408		
Custodial Supplies		1,024		
Equipment Parts - Light		34,011		
Equipment and Machinery Parts		13,304		
General Construction Materials		20,865		
Small Tools		14,061		
Uniforms		1,871		
Other Supplies and Materials		32,618		
Vehicle and Equipment Insurance		4,164		
Other Charges		125		
Maintenance Equipment		3,323		
Total Maintenance of Plant				388,796
Transportation				
Supervisor/Director	$	56,245		
Mechanic(s)		96,578		
Bus Drivers		460,547		
Social Security		35,656		
State Retirement		20,534		
Life Insurance		24		
Medical Insurance		30,468		
Unemployment Compensation		1,976		
Employer Medicare		8,603		
Communication		694		
Contracts with Parents		886		
Maintenance and Repair Services - Equipment		5,065		
Medical and Dental Services		1,919		
Towing Services		1,000		
Travel		545		

(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.)				
Other Contracted Services	$	767		
Crushed Stone		9,257		
Custodial Supplies		209		
Diesel Fuel		180,269		
Garage Supplies		2,910		
Gasoline		8,604		
Lubricants		7,337		
Small Tools		1,819		
Tires and Tubes		2,308		
Uniforms		1,598		
Vehicle Parts		60,840		
Other Supplies and Materials		984		
Vehicle and Equipment Insurance		30,536		
In Service/Staff Development		64		
Other Charges		2,730		
Transportation Equipment		155,605		
Total Transportation			$	1,186,577
Operation of Non-Instructional Services				
Food Service				
Other Supplies and Materials	$	438		
Food Service Equipment		18,958		
Total Food Service				19,396
Community Services				
Supervisor/Director	$	24,965		
Teachers		289,886		
Medical Personnel		1,810		
Bus Drivers		24,000		
Other Salaries and Wages		64,954		
Non-certified Substitute Teachers		1,110		
Social Security		22,901		
State Retirement		29,627		
Unemployment Compensation		692		
Employer Medicare		5,376		
Other Fringe Benefits		2,433		
Travel		12,459		
Instructional Supplies and Materials		16,650		
Other Supplies and Materials		19,596		
In Service/Staff Development		2,579		
Regular Instruction Equipment		5,865		
Total Community Services				524,903
Early Childhood Education				
Supervisor/Director	$	48,261		
Teachers		210,316		
Career Ladder Program		750		
Bus Drivers		84		
Clerical Personnel		3,868		

(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.)			
Early Childhood Education (Cont.)			
Educational Assistants	$ 85,334		
Bonus Payments	5,675		
Certified Substitute Teachers	735		
Non-certified Substitute Teachers	2,160		
Social Security	19,682		
State Retirement	28,210		
Medical Insurance	58,048		
Unemployment Compensation	662		
Employer Medicare	4,612		
Other Fringe Benefits	1,700		
Communication	935		
Travel	4,091		
Food Supplies	3,481		
Instructional Supplies and Materials	2,729		
Other Supplies and Materials	6,272		
In Service/Staff Development	186		
Other Charges	210		
Other Equipment	24,870		
Total Early Childhood Education		$ 512,871	
Capital Outlay			
Regular Capital Outlay			
Architects	$ 4,180		
Building Improvements	582,554		
Site Development	42,712		
Total Regular Capital Outlay		629,446	
Total General Purpose School Fund			$ 22,423,520
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 272,835		
Clerical Personnel	660		
Educational Assistants	216,112		
Bonus Payments	8,000		
Social Security	29,399		
State Retirement	36,523		
Life Insurance	134		
Medical Insurance	52,877		
Unemployment Compensation	1,177		
Employer Medicare	6,878		
Other Fringe Benefits	2,802		
Instructional Supplies and Materials	19,050		
Other Charges	444		
Regular Instruction Equipment	106,392		
Total Regular Instruction Program		$ 753,283	

(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				
Teachers	$	132,366		
Educational Assistants		326,825		
Other Salaries and Wages		10,729		
Certified Substitute Teachers		805		
Non-certified Substitute Teachers		2,700		
Social Security		27,995		
State Retirement		30,646		
Life Insurance		72		
Medical Insurance		60,268		
Unemployment Compensation		1,352		
Employer Medicare		6,581		
Other Fringe Benefits		2,733		
Evaluation and Testing		1,995		
Instructional Supplies and Materials		927		
Other Supplies and Materials		469		
Special Education Equipment		21,784		
Total Special Education Program			$	628,247
Vocational Education Program				
Educational Assistants	$	8,208		
Social Security		492		
State Retirement		454		
Unemployment Compensation		12		
Employer Medicare		115		
Maintenance and Repair Services - Equipment		2,274		
Instructional Supplies and Materials		255		
Vocational Instruction Equipment		29,912		
Total Vocational Education Program				41,722
Support Services				
Other Student Support				
Guidance Personnel	$	91,874		
Psychological Personnel		11,357		
Bus Drivers		702		
Other Salaries and Wages		100,390		
Social Security		11,631		
State Retirement		16,951		
Life Insurance		103		
Medical Insurance		19,211		
Unemployment Compensation		227		
Employer Medicare		2,869		
Other Fringe Benefits		1,158		
Travel		5,927		
Other Supplies and Materials		1,550		
In Service/Staff Development		1,534		
Other Charges		11,326		
Total Other Student Support				276,810

(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	$ 47,949	
Other Salaries and Wages	149,150	
Certified Substitute Teachers	910	
Non-certified Substitute Teachers	1,850	
Social Security	11,633	
State Retirement	17,055	
Life Insurance	91	
Medical Insurance	20,743	
Unemployment Compensation	225	
Employer Medicare	2,736	
Other Fringe Benefits	1,199	
Travel	2,517	
Other Contracted Services	6,995	
Other Supplies and Materials	2,736	
In Service/Staff Development	88,979	
Other Charges	8,301	
Total Regular Instruction Program		$ 363,069
Special Education Program		
Supervisor/Director	$ 5,315	
Psychological Personnel	46,096	
Other Salaries and Wages	24,534	
Social Security	3,980	
State Retirement	5,249	
Life Insurance	28	
Medical Insurance	7,726	
Unemployment Compensation	125	
Employer Medicare	929	
Other Fringe Benefits	453	
Travel	15,888	
Other Supplies and Materials	142	
In Service/Staff Development	2,916	
Other Charges	4,085	
Total Special Education Program		117,466
Vocational Education Program		
Travel	$ 1,368	
Other Supplies and Materials	229	
In Service/Staff Development	130	
Total Vocational Education Program		1,727
Transportation		
Bus Drivers	$ 38,633	
Other Salaries and Wages	10,868	
Social Security	2,321	
State Retirement	1,342	
Unemployment Compensation	127	
Employer Medicare	543	
Other Fringe Benefits	3,215	

(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	$ 10,653		
Diesel Fuel	560		
Total Transportation		$ 68,262	
Total School Federal Projects Fund			$ 2,250,586
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 61,212		
Clerical Personnel	36,828		
Cafeteria Personnel	700,917		
Temporary Personnel	27,813		
Bonus Payments	26,500		
Social Security	48,921		
State Retirement	45,675		
Life Insurance	24		
Medical Insurance	77,922		
Unemployment Compensation	2,961		
Employer Medicare	11,443		
Other Fringe Benefits	25,352		
Travel	7,273		
Other Contracted Services	18,772		
Food Supplies	712,308		
USDA - Commodities	73,646		
Other Supplies and Materials	72,276		
In Service/Staff Development	2,017		
Total Food Service		$ 1,951,860	
Community Services			
Cafeteria Personnel	$ 14,600		
Social Security	905		
State Retirement	723		
Unemployment Compensation	12		
Employer Medicare	212		
Other Fringe Benefits	6,337		
Travel	792		
Other Contracted Services	203		
Food Supplies	20,898		
Other Supplies and Materials	972		
Total Community Services		45,654	
Total Central Cafeteria Fund			1,997,514
Education Debt Service Fund			
Principal on Debt			
Education			
Debt Service Contribution to Primary Government	$ 585,000		
Total Education		$ 585,000	

(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			
Debt Service Contribution to Primary Government	$ 446,728		
Total Education		$ 446,728	
Other Debt Service			
Education			
Trustee's Commission	$ 5,857		
Other Debt Service	500		
Total Education		6,357	
Total Education Debt Service Fund			$ 1,038,085
Total Governmental Funds - Overton County School Department			$ 27,709,705

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, 2013

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 774,664
Cash Disbursements	
Remittance of Revenues Collected	$ 766,917
Trustee's Commission	7,747
Total Cash Disbursements	$ 774,664
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2012	0
Cash Balance, June 30, 2013	$ 0

SINGLE AUDIT SECTION

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

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements, and have issued our report thereon dated October 14, 2013. Our report includes a reference to other auditors who audited the financial statements of the Overton County Nursing Home and the Overton 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

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

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

a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-001, 2013-003, 2013-004, and 2013-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Overton County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002.

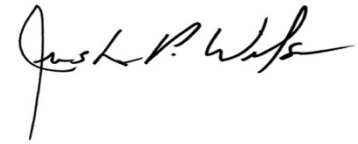
Overton County's Response to Findings

Overton County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Overton County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 14, 2013

JPW/kp

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 For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Overton County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Overton County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Overton County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide legal determination of Overton County's compliance.

Opinion on Each Major Federal Program

In our opinion, Overton County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Overton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Overton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

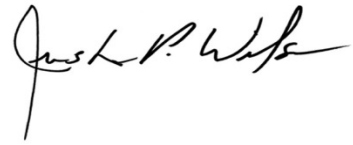
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements. We issued our report thereon dated October 14, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 14, 2013

JPW/kp

Overton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass through Entity Identifying Number	Expenditures	
U.S. Department of Agriculture:				
Direct Programs:				
Environmental Quality Incentives Program	10.912	N/A	$ 9,229	
Emergency Watershed Protection Program	10.923	N/A	14,995	
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	352,674	
National School Lunch Program	10.555	N/A	918,700	(3)
Passed-through State Department of Agriculture:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	73,646	(3)
Passed-through State Department of Human Services:				
Summer Food Service Program for Children	10.559	N/A	46,647	
Total U.S. Department of Agriculture			$ 1,415,891	
U.S. Department of Commerce:				
Direct Program:				
Community Trade Adjustment Assistance	11.010	N/A	$ 386,670	
U.S. Department of Housing and Urban Development:				
Passed-through State Department of Economic and Community Development:				
Community Development Block Grants/State's Program	14.228	GG-12-38631-00	$ 301,217	
U.S. Department of Justice:				
Passed-through Tennessee Bureau of Investigation:				
Public Safety Partnership and Community Policing Grants	16.710	(2)	$ 1,082	
U.S. Department of Labor:				
Passed-through Upper Cumberland Human Resource Agency:				
WIA Youth Activities	17.259	(2)	$ 11,000	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Alcohol Open Container Requirements	20.607	(4)	$ 18,700	
U.S. Institute of Museum and Library Services:				
Passed-through Tennessee Secretary of State:				
Grants to States	45.310	30504-01213-70	$ 1,889	
U.S. Department of Education:				
Passed-through State Department of Labor and Workforce Development:				
Adult Education - State Grant Program	84.002	(2)	$ 66,736	
Passed-through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	1,158,216	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	849,765	
Special Education - Preschool Grants	84.173	N/A	22,219	
Career and Technical Education - Basic Grants to States	84.048	N/A	51,072	
Twenty-first Century Community Learning Centers	84.287	N/A	532,500	
Rural Education	84.358	N/A	62,999	
Improving Teacher Quality State Grants	84.367	N/A	169,279	
Total U.S. Department of Education			$ 2,912,786	
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	$ 116,439	
Total Expenditures of Federal Awards			$ 5,165,674	

(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	Contract Number	Expenditures
State Grants			
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	$ 9,000
Aging Program - Upper Cumberland Development District	N/A	(2)	25,902
Law Enforcement Training - State Department of Safety	N/A	(2)	12,600
Rural Local Health Services - State Department of Health	N/A	GG-13-38830-00	95,441
Litter Program - State Department of Transportation	N/A	(2)	37,987
Disaster Relief Grant Program - State Department of the Military	N/A	(2)	39,783
Waste Tire Recycling Grant - State Department of Environment and Conservation	N/A	(2)	11,800
Adult Basic Education - State Department of Labor and Workforce Development	N/A	(2)	22,245
Voluntary PreK for Tennessee - State Department of Education	N/A	(2)	519,139
Coordinated School Health Project - State Department of Education	N/A	(2)	100,000
Safe Schools Act - State Department of Education	N/A	(2)	19,900
Total State Grants			$ 893,797

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) Total for CFDA No. 10.555 is $992,346.
(4) Z-12-G231-00: $4,671; Z-13-GHS245-00: $14,029

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

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

OFFICE OF REGISTER OF DEEDS

Finding Number	Page Number	Subject
12.07	162	Multiple employees operated from the same cash drawer
12.08	163	Usernames and passwords were shared by employees

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

Finding Number	Page Number	Subject
12.11	164	Duties were not segregated adequately

OVERTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Overton County is unmodified.

2. The audit of the financial statements of Overton County disclosed significant deficiencies in internal control. None 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 unmodified opinion was issued on compliance for major programs.

6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The 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 Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Improving Teacher Quality State Grants (CFDA No. 84.367), and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) 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 provided a written response, which is included in in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2013-001 **USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES OF THE SOLID WASTE DEPARTMENT**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

A unique username and password for accessing the office's accounting software had not been assigned to all employees of the Solid Waste Department. Instead, some employees processed transactions using another user's login. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Each employee should be assigned a unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should remain confidential and should not be shared by employees.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-002 **THE OFFICE MADE UNAUTHORIZED SALARY EXPENDITURES**
(Noncompliance Under *Government Auditing Standards*)

We noted the following unauthorized salary expenditures, which exist because management failed to stay within the spending limits authorized by the County Commission:

A. Salaries exceeded line-item appropriations approved by the County Commission in the General Purpose School, School Federal Projects, and Central Cafeteria funds in 33 instances totaling $207,254 in amounts ranging from $45 to $64,954. The budget resolution approved by the County Commission provides that the salary, wages, or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts authorized by existing law or as set forth in the estimate of appropriations.

Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

B. The School Department paid one-time bonuses to its employees, which were in addition to their regular salaries. These bonuses totaled $227,500 and included $190,325 in 2011-12 year-end payroll accruals and $37,125 expended during 2012-13. School officials stated that these bonuses were discussed and approved during informal Board of Education work sessions; however, no documentation was presented as evidence that these bonuses were ever formally approved by either the Board of Education or the Overton County Commission. 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 of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. All School Department compensation should be approved by both the Board of Education and the Overton County Commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management will ensure that expenditures do not exceed appropriations approved by the County Commission. We do believe that both the Board of Education and the County Commission were aware that bonuses were paid. In the future, we will be certain that such expenditures are formally approved by both governing bodies.

OFFICE OF REGISTER OF DEEDS

FINDING 2013-003 **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 of deeds 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 of deeds should assign each employee their own cash drawer.

FINDING 2013-004 **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 is also a result of management's failure to correct the finding noted in the prior-year audit report.

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.

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

FINDING 2013-005 **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 of Deeds 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 PRACTICE

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

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

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, 2013

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