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# **ANNUAL FINANCIAL REPORT OVERTON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2014**



**ANNUAL FINANCIAL REPORT  
OVERTON COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

***STEVE REEDER, CPA, CGFM, CFE  
Audit Manager***

***ANITA SCARLETT, CPA  
Auditor 4***

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

**This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)**

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## OVERTON COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Overton County, Tennessee  
For the Year Ended June 30, 2014

## ***Scope***

We have audited the basic financial statements of Overton County as of and for the year ended June 30, 2014.

## ***Results***

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

Our audit resulted in two 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***

The following are summaries of the audit findings:

### **OFFICE OF SHERIFF**

- ◆ Overton County had deficiencies related to Section 1033 excess federal property.

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### **THE AMBULANCE SERVICE DEPARTMENT AND OFFICES OF REGISTER OF DEEDS AND SHERIFF**

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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Overton County Officials  
June 30, 2014

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**Officials**

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

**Board of Education**

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

**Budget and Purchasing Committee**

Rick Moles, Chairman  
Randall Boswell  
Frank Martin  
Gregg Nivens  
Billy Parrott

**Audit Committee**

Steven Bryant, Chairman  
Rick Moles  
Ron Moore  
James Scarlett  
Tina Williams

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## FINANCIAL SECTION

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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, 2014, 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 28.7 percent, 30.5 percent, and 19.1 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Overton/Pickett County Emergency Communications District, which represent 3.3 percent, 6.1 percent, and 2.9 percent, respectively, of the assets, net position, and revenues of the aggregate 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 audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons 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.

### ***Change in Accounting Principle***

As described in Note V.B., Overton County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to

supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 81-83 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 by us. In our opinion, based on our audit and the procedures performed as described above, 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

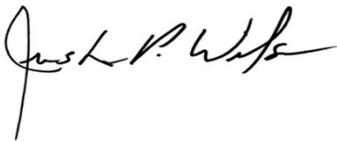
(a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 January 26, 2015, 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

January 26, 2015

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Overton County, Tennessee  
Statement of Net Position  
June 30, 2014

	Component Units			
	Primary Governmental Activities	Overton County School Department	Overton County Nursing Home	Overton/ Pickett County Emergency Communica- tions District
<u>ASSETS</u>				
Cash	\$ 37,986	\$ 459	\$ 5,596,623	\$ 128,065
Equity in Pooled Cash and Investments	6,089,237	5,887,172	0	0
Inventories	0	49,009	0	111,371
Accounts Receivable	410,026	204	1,066,715	0
Allowance for Uncollectibles	(55,735)	0	(130,000)	0
Due from Other Governments	665,223	644,872	0	0
Due from Component Units	12,760,000	0	0	0
Property Taxes Receivable	5,025,312	1,871,496	0	0
Allowance for Uncollectible Property Taxes	(136,720)	(50,917)	0	0
Prepaid Items	0	458	15,503	14,325
Capital Assets:				
Assets Not Depreciated:				
Land	574,225	460,517	115,000	90,550
Intangibles	10,701	0	0	0
Construction in Progress	0	0	2,792,407	132,323
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	8,672,336	14,141,183	0	0
Infrastructure	7,775,972	716,220	0	0
Other Capital Assets	2,957,824	1,571,522	1,214,805	758,032
Total Assets	\$ 44,786,387	\$ 25,292,195	\$ 10,671,053	\$ 1,234,666
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 166,624	\$ 0	\$ 0	\$ 0
Total Deferred Outflows of Resources	\$ 166,624	\$ 0	\$ 0	\$ 0
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 32	\$ 569,015	\$ 11,981
Accrued Payroll	102,211	57,248	73,751	30,524
Payroll Deductions Payable	0	0	4,331	0
Retainage Payable	0	0	95,751	0
Accrued Interest Payable	91,882	0	23,821	0
Due to Primary Government	0	8,930,000	3,830,000	0
Customer Deposits Payable	0	0	12,773	0
Noncurrent Liabilities:				
Due Within One Year	1,669,935	25,782	101,308	0
Due in More Than One Year	18,081,803	2,155,385	0	10,928
Total Liabilities	\$ 19,945,831	\$ 11,168,447	\$ 4,710,750	\$ 53,433
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,681,030	\$ 1,743,280	\$ 0	\$ 0
Total Deferred Inflow of Resources	\$ 4,681,030	\$ 1,743,280	\$ 0	\$ 0
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 14,096,666	\$ 16,889,442	\$ 2,138,803	\$ 980,905
Restricted for:				
General Government	18,721	0	0	0
Administration of Justice	75,421	0	0	0
Public Safety	90,507	0	0	0
Highways/Public Works	801,842	0	0	0
Education	0	188,463	0	0
Capital Projects	142,520	0	1,924,113	0
Unrestricted	5,100,473	(4,697,437)	1,897,387	200,328
Total Net Position	\$ 20,326,150	\$ 12,380,468	\$ 5,960,303	\$ 1,181,233

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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position																			
	Program Revenues					Component Units														
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Overton County School Department	Overton County Nursing Home	Overton County Emergency Communications District	Pickett County	Overton/										
Primary Government:																				
Governmental Activities:																				
General Government	\$ 2,348,738	\$ 132,483	\$ 275,334	\$ 53,367	\$ (1,887,554)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	582,504	503,675	0	0	(78,829)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administration of Justice	610,772	512,472	9,000	0	(89,300)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	3,462,161	1,080,384	112,467	798,743	(1,470,567)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Health and Welfare	2,792,973	1,338,548	197,729	1,665	(1,255,031)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	242,296	200	38,257	1,500	(202,339)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agriculture and Natural Resources	109,405	0	55,153	0	(54,252)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Highways/Public Works	2,024,818	7,514	1,700,641	518,390	201,727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Long-term Debt	750,253	0	0	0	(750,253)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 12,923,920</b>	<b>\$ 3,575,276</b>	<b>\$ 2,388,581</b>	<b>\$ 1,373,665</b>	<b>\$ (5,586,398)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:																				
School Department	\$ 27,703,401	\$ 483,129	\$ 3,675,524	\$ 343,859	\$ 0	\$ (23,200,889)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Nursing Home	6,848,014	6,808,186	20,806	0	0	0	0	0	0	0	(19,022)	0	0	0	0	0	0	0	0	0
Emergency Communications District	1,045,280	263,668	405,839	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(375,773)
<b>Total Component Units</b>	<b>\$ 35,596,695</b>	<b>\$ 7,554,983</b>	<b>\$ 4,102,169</b>	<b>\$ 343,859</b>	<b>\$ 0</b>	<b>\$ (23,200,889)</b>	<b>\$ (19,022)</b>	<b>\$ 0</b>	<b>\$ (375,773)</b>	<b>\$ 0</b>										

(Continued)

Exhibit B

Overton County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				Component Units			
	Program Revenues		Primary Government Total Governmental Activities	Overton County School Department	Overton County Nursing Home	Overton/ Pickett County Emergency Communica- tions District	Overton/ Pickett County	
	Charges for Services	Expenses					Operating Grants and Contributions	Capital Grants and Contributions
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes			\$ 4,082,017	\$ 1,644,744	\$ 0	\$ 0		
Property Taxes Levied for Debt Service			335,031	0	0	0		
Local Option Sales Tax			792,709	1,570,091	0	0		
Hotel/Motel Tax			25,578	0	0	0		
Wheel Tax			0	594,036	0	0		
Wholesale Beer Tax			13,328	129,756	0	0		
Litigation Taxes			95,242	0	0	0		
Mineral Severance Tax			136,161	0	0	0		
Business Tax			115,908	0	0	0		
Other Local Taxes			0	4,051	0	0		
Grants and Contributions Not Restricted for Specific Programs			1,511,565	19,321,673	0	374,429		
Unrestricted Investment Income			13,720	374	14,590	188		
Sale of Equipment			0	0	0	1,548		
Miscellaneous			130,103	22,181	0	6,468		
Total General Revenues			\$ 7,251,362	\$ 23,286,906	\$ 14,590	\$ 382,633		
Insurance Recovery			0	0	0	16,904		
Change in Net Position			\$ 1,664,964	\$ 86,017	\$ (4,432)	\$ 23,764		
Prior-period Adjustments			(815,332)	0	(23,840)	0		
Net Position, July 1, 2013			19,476,518	12,294,451	5,988,575	1,157,469		
Net Position, June 30, 2014			\$ 20,326,150	\$ 12,380,468	\$ 5,960,303	\$ 1,181,233		

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, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental	Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 37,986	\$ 37,986	\$ 37,986
Equity in Pooled Cash and Investments	3,564,415	478,306	1,231,734	814,782	6,089,237	6,089,237
Accounts Receivable	390,365	160	0	19,501	410,026	410,026
Allowance for Uncollectibles	(55,735)	0	0	0	(55,735)	(55,735)
Due from Other Governments	253,921	313,355	0	97,947	665,223	665,223
Due from Other Funds	1,050	0	0	0	1,050	1,050
Property Taxes Receivable	3,956,636	340,872	381,231	346,573	5,025,312	5,025,312
Allowance for Uncollectible Property Taxes	(108,897)	(8,022)	(10,372)	(9,429)	(136,720)	(136,720)
Total Assets	\$ 8,001,755	\$ 1,124,671	\$ 1,602,593	\$ 1,307,360	\$ 12,036,379	\$ 12,036,379
<u>LIABILITIES</u>						
Accrued Payroll	\$ 100,681	\$ 0	\$ 0	\$ 1,530	\$ 102,211	\$ 102,211
Due to Other Funds	0	0	0	1,050	1,050	1,050
Total Liabilities	\$ 100,681	\$ 0	\$ 0	\$ 2,580	\$ 103,261	\$ 103,261
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 3,680,257	\$ 322,830	\$ 355,113	\$ 322,830	\$ 4,681,030	\$ 4,681,030
Deferred Delinquent Property Taxes	159,000	9,513	14,949	13,590	197,052	197,052
Other Deferred/Unavailable Revenue	251,203	146,782	0	44,326	442,311	442,311
Total Deferred Inflows of Resources	\$ 4,090,460	\$ 479,125	\$ 370,062	\$ 380,746	\$ 5,320,393	\$ 5,320,393

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 7,009	\$ 0	\$ 0	\$ 11,712	\$ 18,721	\$ 18,721
Restricted for Administration of Justice	75,421	0	0	0	75,421	75,421
Restricted for Public Safety	0	0	0	90,507	90,507	90,507
Restricted for Highways/Public Works	0	645,546	0	0	645,546	645,546
Restricted for Capital Outlay	142,520	0	0	0	142,520	142,520
Committed:						
Committed for Public Health and Welfare	0	0	0	821,815	821,815	821,815
Committed for Debt Service	0	0	1,232,531	0	1,232,531	1,232,531
Unassigned	3,585,664	0	0	0	3,585,664	3,585,664
Total Fund Balances	\$ 3,810,614	\$ 645,546	\$ 1,232,531	\$ 924,034	\$ 6,612,725	\$ 6,612,725
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,001,755	\$ 1,124,671	\$ 1,602,593	\$ 1,307,360	\$ 12,036,379	\$ 12,036,379

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, 2014

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)		\$ 6,612,725	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	574,225	
Add: intangible assets		10,701	
Add: buildings and improvements net of accumulated depreciation		8,672,336	
Add: infrastructure net of accumulated depreciation		7,775,972	
Add: other capital assets net of accumulated depreciation		<u>2,957,824</u>	19,991,058
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,079,500)	
Less: bonds payable		(17,574,892)	
Add: debt to be contributed by the School Department		8,930,000	
Add: debt to be contributed by the Nursing Home		3,830,000	
Less: accrued interest on bonds, notes, and other loans		(91,882)	
Less: unamortized premium on debt		(102,632)	
Add: deferred charge on refunding		166,624	
Less: compensated absences payable		(100,031)	
Less: other postemployment benefits liability		(868,380)	
Less: landfill postclosure care costs		<u>(26,303)</u>	(6,916,996)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>639,363</u>
Net position of governmental activities (Exhibit A)			<u>\$ 20,326,150</u>

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

Exhibit C-3

Overton County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 4,486,447	\$ 293,592	\$ 362,452	\$ 806,461	\$ 5,948,952	
Licenses and Permits	18,938	0	0	0	18,938	
Fines, Forfeitures, and Penalties	147,083	0	0	39,250	186,333	
Charges for Current Services	1,197,806	0	0	230,209	1,428,015	
Other Local Revenues	169,494	24,953	69,620	84,115	348,182	
Fees Received from County Officials	883,249	0	0	0	883,249	
State of Tennessee	1,284,758	2,170,198	554,033	31,429	4,040,418	
Federal Government	334,992	0	0	0	334,992	
Other Governments and Citizens Groups	186,223	0	1,286,704	0	1,472,927	
Total Revenues	\$ 8,708,990	\$ 2,488,743	\$ 2,272,809	\$ 1,191,464	\$ 14,662,006	
<u>Expenditures</u>						
Current:						
General Government	\$ 1,781,231	\$ 0	\$ 0	\$ 69,473	\$ 1,850,704	
Finance	602,657	0	0	306	602,963	
Administration of Justice	588,697	0	0	12,785	601,482	
Public Safety	3,030,913	0	0	60,197	3,091,110	
Public Health and Welfare	1,798,266	0	0	841,972	2,640,238	
Social, Cultural, and Recreational Services	208,743	0	0	0	208,743	
Agriculture and Natural Resources	109,589	0	0	0	109,589	
Other Operations	443,510	0	0	4	443,514	
Highways	44,048	2,097,131	0	0	2,141,179	
Debt Service:						
Principal on Debt	0	0	1,599,330	0	1,599,330	
Interest on Debt	0	0	692,958	0	692,958	
Other Debt Service	0	0	89,113	0	89,113	
Total Expenditures	\$ 8,607,654	\$ 2,097,131	\$ 2,381,401	\$ 984,737	\$ 14,070,923	

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 101,336 \$	391,612 \$	(108,592) \$	206,727 \$		591,083
Other Financing Sources (Uses)						
Notes Issued	\$ 300,000 \$	0 \$	0 \$	0 \$		300,000
Refunding Debt Issued	0	0	4,215,000	0		4,215,000
Premiums on Debt Issued	0	0	111,557	0		111,557
Transfers In	32,000	0	40,000	0		72,000
Transfers Out	0	(40,000)	0	(32,000)		(72,000)
Payments to Refunded Debt Escrow Agent	0	0	(4,297,484)	0		(4,297,484)
Total Other Financing Sources (Uses)	\$ 332,000 \$	(40,000) \$	69,073 \$	(32,000) \$		329,073
Net Change in Fund Balances	\$ 433,336 \$	351,612 \$	(39,519) \$	174,727 \$		920,156
Fund Balance, July 1, 2013	3,377,278	293,934	1,272,050	749,307		5,692,569
Fund Balance, June 30, 2014	\$ 3,810,614 \$	645,546 \$	1,232,531 \$	924,034 \$		6,612,725

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, 2014

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)		\$ 920,156
(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	\$ 545,686	
Less: current-year depreciation expense	<u>(879,354)</u>	(333,668)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 798,743	
Less: book value of assets disposed	<u>(133,071)</u>	665,672
(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, 2014	\$ 639,363	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(661,814)</u>	(22,451)
(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	\$ 420,543	
Add: principal payments on bonds	1,178,787	
Less: note proceeds	(300,000)	
Less: refunding bond proceeds	(4,215,000)	
Add: payment to refunding agent	4,297,484	
Less: change in premium on debt issuances	(102,632)	
Add: change in deferred charge on refunding debt	166,624	
Less: contributions from the School Department for bonds	(640,000)	
Less: contributions from the Nursing Home for bonds	<u>(160,000)</u>	645,806
(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 payable	\$ (139,779)	
Change in postclosure care costs	4,111	
Change in compensated absences payable	(11,434)	
Change in other postemployment benefits liability	<u>(63,449)</u>	(210,551)
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,664,964</u>

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 and Budget  
General Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues</b>				
Local Taxes	\$ 4,486,447	\$ 4,306,115	\$ 4,306,115	\$ 180,332
Licenses and Permits	18,938	5,675	5,675	13,263
Fines, Forfeitures, and Penalties	147,083	131,907	131,907	15,176
Charges for Current Services	1,197,806	1,096,100	1,096,100	101,706
Other Local Revenues	169,494	64,571	116,510	52,984
Fees Received from County Officials	883,249	869,500	869,500	13,749
State of Tennessee	1,284,758	1,179,981	1,256,863	27,895
Federal Government	334,992	626,658	766,301	(431,309)
Other Governments and Citizens Groups	186,223	135,700	135,700	50,523
<b>Total Revenues</b>	<b>\$ 8,708,990</b>	<b>\$ 8,416,207</b>	<b>\$ 8,684,671</b>	<b>\$ 24,319</b>
<b>Expenditures</b>				
<u>General Government</u>				
County Commission	\$ 82,228	\$ 104,064	\$ 104,064	\$ 21,836
Board of Equalization	1,550	2,500	2,500	950
County Mayor/Executive	183,819	177,127	194,463	10,644
County Attorney	25,482	67,829	67,829	42,347
Election Commission	189,794	155,608	202,794	13,000
Register of Deeds	151,623	158,491	158,491	6,868
Planning	14,173	16,994	16,994	2,821
County Buildings	472,754	280,149	548,413	75,659
Other General Administration	658,506	832,626	810,269	151,763
Preservation of Records	1,302	1,200	1,400	98
<u>Finance</u>				
Accounting and Budgeting	41,190	41,211	41,211	21
Property Assessor's Office	205,580	188,730	215,062	9,482
County Trustee's Office	165,005	167,819	170,919	5,914
County Clerk's Office	190,882	198,384	198,384	7,502
<u>Administration of Justice</u>				
Circuit Court	229,251	236,809	236,809	7,558
General Sessions Court	139,267	139,959	139,959	692
Chancery Court	188,072	203,192	205,192	17,120
Juvenile Court	9,344	14,689	16,689	7,345
District Attorney General	2,714	35,821	35,821	33,107
Judicial Commissioners	20,049	23,920	23,920	3,871
<u>Public Safety</u>				
Sheriff's Department	1,305,026	1,592,469	1,643,069	338,043
Special Patrols	31,857	36,642	36,642	4,785
Jail	1,391,897	1,602,306	1,652,672	260,775
Fire Prevention and Control	99,009	99,200	99,700	691
Civil Defense	7,444	9,506	9,506	2,062
Rescue Squad	8,000	8,000	8,000	0
Other Emergency Management	150,000	150,000	150,000	0
County Coroner/Medical Examiner	34,680	32,760	44,760	10,080
Other Public Safety	3,000	0	3,694	694
<u>Public Health and Welfare</u>				
Local Health Center	188,392	214,050	283,011	94,619
Ambulance/Emergency Medical Services	1,603,547	1,772,046	1,937,046	333,499
Other Local Health Services	0	2,500	2,500	2,500

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Regional Mental Health Center	\$ 6,327	\$ 6,327	\$ 6,327	\$ 0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	47,987	52,111	52,111	4,124
Libraries	130,056	129,805	132,179	2,123
Other Social, Cultural, and Recreational	30,700	31,200	31,200	500
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	51,368	51,186	53,238	1,870
Soil Conservation	58,221	59,255	59,285	1,064
<u>Other Operations</u>				
Tourism	5,519	6,000	6,000	481
Industrial Development	35,575	60,000	70,000	34,425
Other Economic and Community Development	339,610	500,000	500,000	160,390
Airport	7,200	7,200	7,200	0
Veterans' Services	41,504	43,667	43,667	2,163
Contributions to Other Agencies	14,102	14,102	14,102	0
<u>Highways</u>				
Traffic Control	7,776	11,995	11,995	4,219
Litter and Trash Collection	36,272	37,100	37,100	828
Total Expenditures	\$ 8,607,654	\$ 9,576,549	\$ 10,286,187	\$ 1,678,533
Excess (Deficiency) of Revenues Over Expenditures	\$ 101,336	\$ (1,160,342)	\$ (1,601,516)	\$ 1,702,852
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Insurance Recovery	0	0	874	(874)
Transfers In	32,000	42,000	32,000	0
Total Other Financing Sources	\$ 332,000	\$ 42,000	\$ 332,874	\$ (874)
Net Change in Fund Balance	\$ 433,336	\$ (1,118,342)	\$ (1,268,642)	\$ 1,701,978
Fund Balance, July 1, 2013	3,377,278	3,140,467	3,140,467	236,811
Fund Balance, June 30, 2014	\$ 3,810,614	\$ 2,022,125	\$ 1,871,825	\$ 1,938,789

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 293,592	\$ 291,635	\$ 291,635	\$ 1,957
Other Local Revenues	24,953	1,000	24,089	864
State of Tennessee	2,170,198	2,244,795	2,244,795	(74,597)
Federal Government	0	50,000	50,000	(50,000)
Total Revenues	\$ 2,488,743	\$ 2,587,430	\$ 2,610,519	\$ (121,776)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 129,663	\$ 121,162	\$ 134,212	\$ 4,549
Highway and Bridge Maintenance	730,995	827,884	744,643	13,648
Operation and Maintenance of Equipment	291,782	306,208	311,065	19,283
Quarry Operations	110,473	80,933	116,233	5,760
Other Charges	231,420	265,887	253,989	22,569
Employee Benefits	319,484	329,219	364,228	44,744
Capital Outlay	283,314	820,909	850,921	567,607
Total Expenditures	\$ 2,097,131	\$ 2,752,202	\$ 2,775,291	\$ 678,160
Excess (Deficiency) of Revenues Over Expenditures	\$ 391,612	\$ (164,772)	\$ (164,772)	\$ 556,384
<u>Other Financing Sources (Uses)</u>				
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	\$ 351,612	\$ (204,772)	\$ (204,772)	\$ 556,384
Fund Balance, July 1, 2013	293,934	523,536	523,536	(229,602)
Fund Balance, June 30, 2014	\$ 645,546	\$ 318,764	\$ 318,764	\$ 326,782

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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 869,144
Due from Other Governments	<u>138,255</u>
Total Assets	<u>\$ 1,007,399</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 138,255
Due to Litigants, Heirs, and Others	<u>869,144</u>
Total Liabilities	<u>\$ 1,007,399</u>

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

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## OVERTON COUNTY, TENNESSEE

### Index of Notes to Financial Statements

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**OVERTON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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 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

**Related Organization** – 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.

**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, 2014.

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 1.45 percent of total taxes levied.

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

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

**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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

**4. Capital Assets**

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

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

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

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

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

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

**5. 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 one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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. .

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 by resolution 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 Adjustment**

Capital assets were restated \$815,332 from the prior year because property previously sold by the county had been included.

**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**

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, 2014, the Overton County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Major Fund:		
General Purpose School	Buses	\$ 246,675
"	Roofing project	125,740
"	Technology infrastructure	44,630

**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. On February 18, 2014, the defendant pled guilty to theft of property over \$1,000 and received a three-year sentence suspended to three years of supervised probation and 100 hours community service, as well as, being ordered to pay restitution of \$3,709.95. This shortage is not reflected in the financial statements of Overton County at June 30, 2014, due to the uncertainty of collection. No restitution has been paid as of January 5, 2015. Details of the shortage may be found on the Comptroller’s website at [www.comptroller.tn.gov](http://www.comptroller.tn.gov).

**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, 2014, 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	109	N/A	\$ 12,209,014

**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, 2014, 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, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	*Restated Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 610,931	\$ 0	\$ (36,706)	\$ 574,225
Intangibles Assets - Indefinite Life	10,701	0	0	10,701
Total Capital Assets Not Depreciated	\$ 621,632	\$ 0	\$ (36,706)	\$ 584,926
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,082,327	\$ 0	\$ 0	\$ 12,082,327
Infrastructure	11,511,987	264,585	0	11,776,572
Other Capital Assets	6,281,746	1,079,844	(202,750)	7,158,840
Total Capital Assets Depreciated	\$ 29,876,060	\$ 1,344,429	\$ (202,750)	\$ 31,017,739

**Governmental Activities (Cont.):**

	*Restated			
	Balance			Balance
	7-1-13	Increases	Decreases	6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,187,886	\$ 222,105	\$ 0	\$ 3,409,991
Infrastructure	3,948,457	52,143	0	4,000,600
Other Capital Assets	3,702,295	605,106	(106,385)	4,201,016
Total Accumulated Depreciation	<u>\$ 10,838,638</u>	<u>\$ 879,354</u>	<u>\$ (106,385)</u>	<u>\$ 11,611,607</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,037,422</u>	<u>\$ 465,075</u>	<u>\$ (96,365)</u>	<u>\$ 19,406,132</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,659,054</u>	<u>\$ 465,075</u>	<u>\$ (133,071)</u>	<u>\$ 19,991,058</u>

\* See Note I.D.9. for prior-period adjustment.

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

**Governmental Activities:**

General Government	\$ 51,525
Finance	1,066
Administration of Justice	8,438
Public Safety	490,497
Public Health and Welfare	152,012
Social, Cultural, and Recreational Services	27,592
Highways/Public Works	<u>148,224</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 879,354</u>

**Discretely Presented Overton County School Department**

**Governmental Activities:**

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 460,517	\$ 0	\$ 460,517
Total Capital Assets Not Depreciated	\$ 460,517	\$ 0	\$ 460,517
Capital Assets Depreciated:			
Buildings and Improvements	\$ 23,494,314	\$ 0	\$ 23,494,314
Infrastructure	963,193	0	963,193
Other Capital Assets	2,847,529	239,199	3,086,728
Total Capital Assets Depreciated	\$ 27,305,036	\$ 239,199	\$ 27,544,235
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 8,828,752	\$ 524,379	\$ 9,353,131
Infrastructure	225,903	21,070	246,973
Other Capital Assets	1,334,108	181,098	1,515,206
Total Accumulated Depreciation	\$ 10,388,763	\$ 726,547	\$ 11,115,310
Total Capital Assets Depreciated, Net	\$ 16,916,273	\$ (487,348)	\$ 16,428,925
Governmental Activities Capital Assets, Net	\$ 17,376,790	\$ (487,348)	\$ 16,889,442

There were no decreases in capital assets to report during the year ended June 30, 2014.

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

**Governmental Activities:**

Instruction	\$ 541,487
Support Services	<u>185,060</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 726,547</u>

C. **Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 1,050
Discretely Presented School Department: General Purpose School	Nonmajor governmental	98,400

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

**Due to/from Primary Government and Component Units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General Debt Service	Component Units: School Department	\$ 8,930,000
"	Nursing Home	3,830,000

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, 2014, consisted of the following amounts:

**Primary Government**

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

**Discretely Presented Overton County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 459,678
Nonmajor governmental fund	16,757	0
<b>Total</b>	<b>\$ 16,757</b>	<b>\$ 459,678</b>

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.

**D. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

Overton County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government, the discretely presented School Department, and the discretely presented Overton County Nursing Home. 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 and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 24 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and capital outlay notes payable included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	2.58 to 4.5 %	4-1-33	\$ 5,800,000	\$ 4,689,892
General Obligation Bond - Refunding	2 to 4.3	6-30-25	14,825,000	12,885,000
Capital Outlay Notes	2.95 to 5.07	4-1-19	2,551,000	1,079,500

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,260,983	\$ 561,599	\$ 1,822,582
2016	1,278,277	530,905	1,809,182
2017	1,315,675	498,722	1,814,397
2018	1,353,180	465,257	1,818,437
2019	1,390,798	430,289	1,821,087
2020-2024	7,707,576	1,465,492	9,173,068
2025-2029	2,273,403	302,691	2,576,094
2030-2033	995,000	77,200	1,072,200
Total	\$ 17,574,892	\$ 4,332,155	\$ 21,907,047

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 312,611	\$ 39,914	\$ 352,525
2016	312,611	27,749	340,360
2017	312,612	15,784	328,396
2018	70,833	7,282	78,115
2019	70,833	3,702	74,535
Total	\$ 1,079,500	\$ 94,431	\$ 1,173,931

There is \$1,232,531 available in the General Debt Service Fund and \$448,973 in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$845, based on the 2010 federal census.

The School Department and the Overton County Nursing Home are currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. 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 the Nursing Home as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-14
<u>Bonds Payable</u>	
<u>Contributions from the Overton County Nursing Home</u>	
Nursing Home Improvements	\$ 3,830,000
<u>Contributions from the Education Debt Service Fund</u>	
School Refunding Series 2005	4,740,000
School Refunding Series 2014	4,190,000
Total	\$ 12,760,000

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2013	\$ 18,658,679	\$ 1,200,043
Additions	4,215,000	300,000
Reductions	(1,178,787)	(420,543)
Debt Refunded	<u>(4,120,000)</u>	<u>0</u>
Balance, June 30, 2014	<u>\$ 17,574,892</u>	<u>\$ 1,079,500</u>
Balance Due Within One Year	<u>\$ 1,260,983</u>	<u>\$ 312,611</u>

	Other Postemployment Benefits	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2013	\$ 804,931	\$ 88,597	\$ 30,414
Additions	66,829	188,762	389
Reductions	<u>(3,380)</u>	<u>(177,328)</u>	<u>(4,500)</u>
Balance, June 30, 2014	<u>\$ 868,380</u>	<u>\$ 100,031</u>	<u>\$ 26,303</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 88,597</u>	<u>\$ 7,744</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 19,649,106
Less: Balance Due Within One Year	(1,669,935)
Add: Unamortized Premium on Debt	<u>102,632</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 18,081,803</u>

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

Advance or Current Refunding

On January 8, 2014, Overton County advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued general obligation refunding bonds of \$4,215,000 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next seven years will be reduced by \$304,280, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$286,706 was obtained.

**Discretely Presented Overton County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Overton County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Other	
	Postemployment Benefits	Compensated Absences
Balance, July 1, 2013	\$ 1,717,906	\$ 180,862
Additions	544,770	47,705
Reductions	(297,224)	(12,852)
Balance, June 30, 2014	<u>\$ 1,965,452</u>	<u>\$ 215,715</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 25,782</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 2,181,167
Less: Balance Due Within One Year	<u>(25,782)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,155,385</u>

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, 2014, were \$118,388 and \$41,544, 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**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

**C. Subsequent Events**

On August 31, 2014, Ron Cyrus left the Office of County Executive and was succeeded by Ben Danner; Hugh Ogletree, Jr., left the Office of County Clerk and was succeeded by Victoria Looper; and W.B. Melton left the Office of Sheriff and was succeeded by John Garrett.

On November 10, 2014, the County Commission approved school refunding bonds of \$4,900,000 to refund the School Refunding Bonds, Series 2005.

On January 13, 2015, Pamela Gordon-Smith resigned her position as director of schools effective January 28, 2015. On January 23, 2015, the Board of Education appointed Dr. Terry Webb as the interim director of schools.

**D. Contingent Liabilities**

The county is involved in several pending lawsuits. Attorneys representing the county estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

**E. Change in Administration**

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.

**F. Landfill 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 \$26,303 reported as landfill postclosure care liability at June 30, 2014, 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, 2014. Overton County does not have an equity interest in the DTF. Complete financial statements for the DTF can be obtained from its 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**

#### 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, 2014, was 5.53 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, 2014, the county's annual pension cost of \$557,965 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was five 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
6-30-14	\$557,965	100%	\$0
6-30-13	580,828	100	0
6-30-12	532,153	100	0

### Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 96.17 percent funded. The actuarial accrued liability for benefits was \$23.52 million, and the actuarial value of assets was \$22.62 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.18 million, and the ratio of the UAAL to the covered payroll was 9.81 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](http://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, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$1,053,143, \$1,091,582, and \$1,073,830, 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://tn.gov/finance/act/cafr.html>.

#### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The 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. During the year ended June 30, 2014, Overton County and the School Department contributed \$3,380 and \$297,224, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Education Medicare Supplement Plan	Local Government Group Plan	Local Government Medicare Supplement Plan
ARC	\$ 472,000	\$ 71,000	\$ 46,000	\$ 20,000
Interest on the NOPEBO	68,716	0	19,536	12,661
Adjustment to the ARC	(66,946)	0	(19,033)	(12,335)
Annual OPEB cost	\$ 473,770	\$ 71,000	\$ 46,503	\$ 20,326
Amount of contribution	(291,674)	(5,550)	(1,730)	(1,650)
Increase/decrease in NOPEBO	\$ 182,096	\$ 65,450	\$ 44,773	\$ 18,676
Net OPEB obligation, 7-1-13	1,717,906	0	488,407	316,524
Net OPEB obligation, 6-30-14	\$ 1,900,002	\$ 65,450	\$ 533,180	\$ 335,200

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 629,429	45 %	\$ 1,390,701
6-30-13	"	635,580	49	1,717,906
6-30-14	"	473,770	62	1,900,002
6-30-14	Local Education Medicare Supplement *	71,000	8	65,450
6-30-12	Local Government Group	112,334	4	378,173
6-30-13	"	114,899	4	488,407
6-30-14	"	46,503	4	533,180
6-30-12	Local Government Medicare Supplement	73,577	2	243,774
6-30-13	"	74,401	2	316,524
6-30-14	"	20,326	8	335,200

\* Three years will be reported as the data becomes available.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Local Education Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 4,389,000	\$ 1,178,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,389,000	\$ 1,178,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 12,205,710	N/A
UAAL as a % of covered payroll	36%	N/A

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Government Group Plan	Local Government Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 297,000	\$ 274,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 297,000	\$ 274,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 2,796,943	N/A
UAAL as a % of covered payroll	11%	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, 2013, actuarial valuation for the Local Government Plan and the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual healthcare cost trend rate for the Medicare Supplement Plan was two percent for fiscal year 2014. The trend will increase to six percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. 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 nonprofit 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, 2014, there was a note payable between Overton County and the nursing home. This is described in detail in Note L. 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, 2014, 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 \$130,000 at June 30, 2014. 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 \$98,211 of interest capitalized during the year ended June 30, 2014. 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:

<u>Assets</u>	<u>Years</u>
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. Nursing home employees accrue 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.

#### 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 nonoperating revenues and expenses and consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

#### Subsequent Events

Management has evaluated subsequent events through 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, 2014, 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, 2014, the carrying amount of cash deposits, including patient funds, was \$3,149,473, and the bank balance was \$3,176,560. At June 30, 2014, the carrying amount of the certificate of deposit was \$2,446,950, and the bank balance was \$2,446,950. At June 30, 2014, 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, 2014, the nursing home held funds totaling \$12,773 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	33.75	
Insurance	15.74	
Private	13.37	

**E. Capital Assets**

Capital assets are summarized as follows:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 115,000	\$ 0	\$ 0	\$ 115,000
Construction in Progress	446,089	2,346,318	0	2,792,407
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 561,089</b>	<b>\$ 2,346,318</b>	<b>\$ 0</b>	<b>\$ 2,907,407</b>
Capital Assets Depreciated:				
Land/Improvements	\$ 102,708	\$ 0	\$ (1,600)	\$ 101,108
Buildings/Improvements	3,080,518	9,916	(31,954)	3,058,480
Tranportation Equipment	74,369	0	(11,500)	62,869
Equipment	1,200,132	22,216	(76,044)	1,146,304
<b>Total Capital Assets Depreciated</b>	<b>\$ 4,457,727</b>	<b>\$ 32,132</b>	<b>\$ (121,098)</b>	<b>\$ 4,368,761</b>
Less Accumulated Depreciation For:				
Land/Improvements	\$ 48,789	\$ 4,877	\$ (1,600)	\$ 52,066
Buildings/Improvements	2,002,612	90,870	(31,954)	2,061,528
Tranportation Equipment	52,705	11,692	(11,500)	52,897
Equipment	1,021,166	42,343	(76,044)	987,465
<b>Total Accumulated Depreciation</b>	<b>\$ 3,125,272</b>	<b>\$ 149,782</b>	<b>\$ (121,098)</b>	<b>\$ 3,153,956</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 1,332,455</b>	<b>\$ (117,650)</b>	<b>\$ 0</b>	<b>\$ 1,214,805</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 1,893,544</b>	<b>\$ 2,228,668</b>	<b>\$ 0</b>	<b>\$ 4,122,212</b>

**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, 2014, totaled \$138,560.

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, 2014, 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 asset and liability were recorded at the fair value of the asset. The asset was capitalized for \$19,695. The lease term expired in July 2013. As of September 2013, the nursing home was notified that it owned the asset. The accumulated amortization/depreciation related to this asset was \$7,878 at June 30, 2014. Depreciation expense of \$1,313 was incurred during the year. The lease is payable to Marlin Leasing Corporation and was secured by the equipment purchased. Payments were \$470 per month, including principal and interest at 15.151 percent imputed fixed annual rate.

Activity related to the capital lease obligation for the year ended June 30, 2014, was as follows:

Balance 7-1-13	Reductions	Balance 6-30-14	Due Within One Year
\$ 923	\$ 923	\$ 0	\$ 0

**K. Cash - Restricted**

Restricted cash is in a separate cash account created during the fiscal year ended June 30, 2012, with the net proceeds from the General Obligation Bonds, Series 2012, issued by Overton County, Tennessee, as further explained in Note L. 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 L. 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, 2014, was \$2,327,567. In addition, cash held as retainage that is due to the contractor at the end of the project is being deposited into a separate bank account. The carrying amount of this cash account at June 30, 2014, was \$77,522. Total restricted cash at June 30, 2014, was \$2,405,089.

**L. 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, 2014. 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 were being amortized over the life of the bonds using the

straight line method, but have been written off as a prior-period adjustment as of July 1, 2013, as described in Note O below. 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
2015	\$ 165,000	\$ 95,806
2016	165,000	92,506
2017	165,000	89,206
2018	170,000	85,906
2019	175,000	82,506
2020-2024	925,000	357,181
2025-2029	1,070,000	240,319
2030-2033	995,000	77,200
Total	<u>\$ 3,830,000</u>	<u>\$ 1,120,630</u>

Activity related to the note payable for the year ended June 30, 2014, was as follows:

Balance 7-1-13	Reductions	Balance 6-30-14	Due Within One Year
\$ 3,990,000	\$ 160,000	\$ 3,830,000	\$ 165,000

**M. Commitments**

The nursing home entered into an agreement during the year for the construction of a nursing home facility (the "Cottage") of the county. The status of the agreement at June 30, 2014, is as follows:

	Project Authorization	Expended To Date	Remaining Commitment
J. Cumby Construction	\$ 4,837,926	\$ (1,915,011)	\$ 2,922,915

**N. Net Position – Restricted for Capital Project**

The portion of net position that is restricted for the capital project as described in Notes K., L., and M. is made up of the following components:

Cash - Restricted	\$ 2,405,089
Less:	
Accounts Payable for Project	(361,404)
Retainage Payable	(95,751)
Accrued Interest Payable	<u>(23,821)</u>
Restricted for Capital Projects	<u>\$ 1,924,113</u>

**O. Change in Accounting Principal**

The nursing home adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2014. The statement established accounting and financial reporting standards that, among other things, recognized as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. As a result, costs related to the issuance of debt, previously deferred, were restated as if they had been reported as an outflow of resources when incurred. The impact on the financial statements was a decrease in beginning net position in the amount of \$23,840.

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

**A. Summary of Significant Accounting Policies**

**1. Financial Reporting Entity**

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.

**2. Method of Accounting**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the district, the reporting entity. Revenues are recorded when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.

**3. Income Taxes**

The district is exempt from federal income taxes because of its creation by the Overton County Government.

**4. Revenue**

Operating revenues consist primarily from local telephone companies authorization to charge residents of Pickett and Overton counties \$1.50 and businesses \$3 per month. As of June 30, 2014, the district had 8,300 residential customers and 2,346 business customers. Wireless communications income is from a share of state collected revenues from cell phone usage based upon population. All other revenues and expenses are reported as nonoperating revenues and expenses.

**5. Cash**

The organization treats as cash: checking account balances, savings accounts, certificates of deposit with original maturities of less than three months, and cash on hand.

**6. Cash Management**

Cash temporarily idle during the year was invested in a savings account and certificates of deposit. Certificates of deposit have maturities of 36 months. The district earned \$188 on all investments for the year ended June 30, 2014.

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 entity.

The carrying value of the district's deposits was \$128,065, and the bank balance was \$147,354, all of which was insured by Federal

Deposit Insurance Corporation (FDIC) insurance. No accounts exceeded FDIC limits.

**7. Compensated Absences**

It is the district's policy to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the district does not have a policy to pay any amount when employees separate from service with the district. In 2008 a "sick pay bank" was established by the board of directors allowing employees to surrender unused sick time into a pool to be used by any employee of the district when needed. In March 2014, the board of directors used about one-half of these hours to pay for a two-week delay in payroll.

Accumulated vacation pay is reported as an expenditure and a liability of the fund when accumulated.

**8. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair market value at the date of the donation. The straight-line method of depreciation is used to calculate depreciation over a five-year period. Depreciation expense for the current year was \$159,029. Although mapping expenses have a useful life of more than one year, the life is very difficult to measure. Mapping expenses, therefore, are treated as expenses as incurred.

	Balance 7-1-13	Additions	Balance 6-30-14
<u>Non-Depreciable Assets</u>			
Land	\$ 90,550	\$ 0	\$ 90,550
Construction in Progress	54,907	77,416	132,323
	<hr/>		
Total Non-Depreciable Assets	\$ 145,457	\$ 77,416	\$ 222,873
<u>Depreciable Assets</u>			
Land Improvements	\$ 34,035	\$ 0	\$ 34,035
Building/Improvements	352,018	0	352,018
Furniture/Fixtures	80,880	11,611	92,491
Office Equipment	212,494	89,769	302,263
Communication Equipment	690,855	77,767	768,622
Vehicles	112,679	0	112,679
	<hr/>		
Total Depreciable Assets	\$ 1,482,961	\$ 179,147	\$ 1,662,108
	<hr/>		
Total Assets	\$ 1,628,418	\$ 256,563	\$ 1,884,981
<u>Accumulated Depreciation</u>			
Land Improvements	\$ 9,200	\$ 1,575	\$ 10,775
Building/Improvements	156,426	17,506	173,932
Furniture/Fixtures	64,369	4,163	68,532
Office Equipment	151,047	19,611	170,658
Communication Equipment	307,226	101,923	409,149
Vehicles	56,779	14,251	71,030
	<hr/>		
Total Accumulated Depreciation	\$ 745,047	\$ 159,029	\$ 904,076
	<hr/>		
Net Investment in Capital Assets	\$ 883,371	\$ 97,534	\$ 980,905
	<hr/>		

## 9. Deposits and Investments

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 be equal to 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 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 the purpose of credit risk disclosure.

**10. Risk Management**

The district is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district has obtained commercial insurance to manage these risks. Management does not believe any claims will exceed the insurance amount. Settlements have not exceeded insurance amounts in the past three years.

**11. Budgets**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. On or before May 31 of each year, the proposed budget is prepared and presented to the board for review. The board adopts the budget and amends the budget throughout the year as needed.

The district is required by state statute to adopt the annual budget. The annual budget is 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 Board of Directors and any authorized revisions. Unencumbered appropriations lapse at the end of each year.

The budgetary level of control is at the line-item level established by the Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasurer of the State of Tennessee.

The district's budgetary basis of accounting is on the modified cash basis. Reconciliation to GAAP is presented on the face of the budgetary schedule.

**12. Net Position and Fund Balance**

In the 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.
- 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) laws 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.

It is the district'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 balances are available.

### **13. Use of 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 be different from those estimates.

#### **B. Officers and Employees of the District Bonds**

The district maintains a surety bond against officers and employee forgery or alteration as required by Section 7-86-119, *Tennessee Code Annotated* with policy limits of \$78,500.

#### **C. Accounting Standards**

The district has adopted the GASB Statement No. 62. This statement incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinion and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedures 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.

#### **D. Pension Plan**

Information for this footnote for the year ended June 30, 2014, was not made available from the state Treasurer's Office in time for inclusion in the district's report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

##### 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 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/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, 2013, was 5.2 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, 2013, Overton/Pickett County Emergency Communications District's annual pension cost of \$19,325 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, 2011, 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, 2011, was zero years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 19,325	100 %	\$ 0
6-30-12	18,653	100	0
6-30-11	18,853	100	0

### Funded Status and Funding Progress

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

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Overton County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Overton County School Department  
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-13	\$ 22,624	\$ 23,525	\$ 900	96.2 %	\$ 9,176	9.81 %
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

Exhibit E-2

Overton County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Overton County School Department  
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	\$ 1,186	\$ 1,186	0 %	\$ 2,320	51 %
"	7-1-11	0	932	932	0	2,643	35
"	7-1-13	0	297	297	0	2,797	11
Medicare Supplement	7-1-10	0	697	697	0	N/A	N/A
"	7-1-11	0	689	689	0	N/A	N/A
"	7-1-13	0	274	274	0	N/A	N/A
<u>DISCRETELY PRESENTED OVERTON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	5,312	5,312	0	11,438	46
"	7-1-11	0	5,659	5,659	0	12,428	46
"	7-1-13	0	4,389	4,389	0	12,206	36
Medicare Supplement *	7-1-13	0	1,178	1,178	0	N/A	N/A

\* - Three years will be reported as the data becomes available.

**OVERTON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

NONE

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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 of deeds, and sheriff.

Overton County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

Special Revenue Funds						Total
Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees			Nonmajor Governmental Funds
\$ 0	\$ 36,936	\$ 0	\$ 1,050			\$ 37,986
11,712	711,033	92,037	0			814,782
0	19,501	0	0			19,501
0	97,947	0	0			97,947
0	346,573	0	0			346,573
0	(9,429)	0	0			(9,429)
\$ 11,712	\$ 1,202,561	\$ 92,037	\$ 1,050			\$ 1,307,360

ASSETS

Cash	\$ 0
Equity in Pooled Cash and Investments	\$ 36,936
Accounts Receivable	711,033
Due from Other Governments	19,501
Property Taxes Receivable	97,947
Allowance for Uncollectible Property Taxes	(9,429)
Total Assets	\$ 1,307,360

LIABILITIES

Accrued Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,530	\$ 1,530
Due to Other Funds	0	0	0	0	0	0
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,530	\$ 1,530

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 0	\$ 322,830	\$ 0	\$ 0	\$ 0	\$ 322,830
Deferred Delinquent Property Taxes	0	13,590	0	0	0	13,590
Other Deferred/Unavailable Revenue	0	44,326	0	0	0	44,326
Total Deferred Inflows of Resources	\$ 0	\$ 380,746	\$ 0	\$ 0	\$ 0	\$ 380,746

FUND BALANCES

Restricted:						
Restricted for General Government	\$ 11,712	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,712
Restricted for Public Safety	0	0	90,507	0	0	90,507
Committed:						
Committed for Public Health and Welfare	0	821,815	0	0	0	821,815
Total Fund Balances	\$ 11,712	\$ 821,815	\$ 90,507	\$ 0	\$ 0	\$ 924,034
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,712	\$ 1,202,561	\$ 92,037	\$ 1,050	\$ 0	\$ 1,307,360

Overton County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constituti- onal Officers - Fees		
<u>Revenues</u>						
Local Taxes	\$ 351	\$ 806,110	\$ 0	\$ 0	\$ 0	\$ 806,461
Fines, Forfeitures, and Penalties	0	0	39,250	0	0	39,250
Charges for Current Services	0	217,118	0	13,091	0	230,209
Other Local Revenues	0	83,955	160	0	0	84,115
State of Tennessee	0	31,429	0	0	0	31,429
<b>Total Revenues</b>	<b>\$ 351</b>	<b>\$ 1,138,612</b>	<b>\$ 39,410</b>	<b>\$ 13,091</b>	<b>\$ 0</b>	<b>\$ 1,191,464</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 69,473	\$ 0	\$ 0	\$ 0	\$ 69,473
Finance	0	0	0	306	0	306
Administration of Justice	0	0	0	12,785	0	12,785
Public Safety	0	0	60,197	0	0	60,197
Public Health and Welfare	0	841,972	0	0	0	841,972
Other Operations	4	0	0	0	0	4
<b>Total Expenditures</b>	<b>\$ 4</b>	<b>\$ 911,445</b>	<b>\$ 60,197</b>	<b>\$ 13,091</b>	<b>\$ 0</b>	<b>\$ 984,737</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 347</b>	<b>\$ 227,167</b>	<b>\$ (20,787)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 206,727</b>
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ (32,000)	\$ 0	\$ 0	\$ 0	\$ (32,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ (32,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (32,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 347</b>	<b>\$ 195,167</b>	<b>\$ (20,787)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 174,727</b>
<b>Fund Balance, July 1, 2013</b>	<b>11,365</b>	<b>626,648</b>	<b>111,294</b>	<b>0</b>	<b>0</b>	<b>749,307</b>
<b>Fund Balance, June 30, 2014</b>	<b>\$ 11,712</b>	<b>\$ 821,815</b>	<b>\$ 90,507</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 924,034</b>

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 351	\$ 400	\$ 400	\$ (49)
Total Revenues	\$ 351	\$ 400	\$ 400	\$ (49)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 4,900	\$ 4,900	\$ 4,900
<u>Other Operations</u>				
Other Charges	4	27	27	23
Total Expenditures	\$ 4	\$ 4,927	\$ 4,927	\$ 4,923
Excess (Deficiency) of Revenues Over Expenditures	\$ 347	\$ (4,527)	\$ (4,527)	\$ 4,874
Net Change in Fund Balance	\$ 347	\$ (4,527)	\$ (4,527)	\$ 4,874
Fund Balance, July 1, 2013	11,365	11,360	11,360	5
Fund Balance, June 30, 2014	\$ 11,712	\$ 6,833	\$ 6,833	\$ 4,879

Exhibit F-4

Overton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 806,110	\$ 794,266	\$ 794,266	\$ 11,844
Charges for Current Services	217,118	179,000	179,000	38,118
Other Local Revenues	83,955	88,000	88,000	(4,045)
State of Tennessee	31,429	11,800	11,800	19,629
Total Revenues	<u>\$ 1,138,612</u>	<u>\$ 1,073,066</u>	<u>\$ 1,073,066</u>	<u>\$ 65,546</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 69,473	\$ 99,175	\$ 99,175	\$ 29,702
<u>Public Health and Welfare</u>				
Convenience Centers	116,252	145,252	139,252	23,000
Transfer Stations	698,045	868,602	868,602	170,557
Recycling Center	22,215	33,010	39,010	16,795
Other Waste Disposal	960	2,000	2,000	1,040
Postclosure Care Costs	4,500	25,000	25,000	20,500
Total Expenditures	<u>\$ 911,445</u>	<u>\$ 1,173,039</u>	<u>\$ 1,173,039</u>	<u>\$ 261,594</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 227,167</u>	<u>\$ (99,973)</u>	<u>\$ (99,973)</u>	<u>\$ 327,140</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (32,000)	\$ (32,000)	\$ (32,000)	\$ 0
Total Other Financing Sources	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 195,167	(131,973)	(131,973)	327,140
Fund Balance, July 1, 2013	<u>626,648</u>	<u>602,911</u>	<u>602,911</u>	<u>23,737</u>
Fund Balance, June 30, 2014	<u>\$ 821,815</u>	<u>\$ 470,938</u>	<u>\$ 470,938</u>	<u>\$ 350,877</u>

Exhibit F-5

Overton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 39,250	\$ 37,100	\$ 37,100	\$ 2,150
Other Local Revenues	160	0	0	160
Total Revenues	<u>\$ 39,410</u>	<u>\$ 37,100</u>	<u>\$ 37,100</u>	<u>\$ 2,310</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 60,197	\$ 89,339	\$ 89,339	\$ 29,142
Total Expenditures	<u>\$ 60,197</u>	<u>\$ 89,339</u>	<u>\$ 89,339</u>	<u>\$ 29,142</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (20,787)</u>	<u>\$ (52,239)</u>	<u>\$ (52,239)</u>	<u>\$ 31,452</u>
Net Change in Fund Balance	\$ (20,787)	\$ (52,239)	\$ (52,239)	\$ 31,452
Fund Balance, July 1, 2013	111,294	110,007	110,007	1,287
Fund Balance, June 30, 2014	<u>\$ 90,507</u>	<u>\$ 57,768</u>	<u>\$ 57,768</u>	<u>\$ 32,739</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 362,452	\$ 359,577	\$ 359,577	\$ 2,875
Other Local Revenues	69,620	18,500	18,500	51,120
State of Tennessee	554,033	570,458	570,458	(16,425)
Other Governments and Citizens Groups	1,286,704	0	1,286,704	0
<b>Total Revenues</b>	<b>\$ 2,272,809</b>	<b>\$ 948,535</b>	<b>\$ 2,235,239</b>	<b>\$ 37,570</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 959,330	\$ 735,667	\$ 962,667	\$ 3,337
Education	640,000	0	640,000	0
<u>Interest on Debt</u>				
General Government	351,119	247,115	352,992	1,873
Education	341,839	0	341,839	0
<u>Other Debt Service</u>				
General Government	14,181	15,500	15,500	1,319
Education	74,932	0	74,932	0
<b>Total Expenditures</b>	<b>\$ 2,381,401</b>	<b>\$ 998,282</b>	<b>\$ 2,387,930</b>	<b>\$ 6,529</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (108,592)	\$ (49,747)	\$ (152,691)	\$ 44,099
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,215,000	\$ 0	\$ 4,215,000	\$ 0
Premiums on Debt Issued	111,557	0	111,557	0
Transfers In	40,000	40,000	40,000	0
Payments to Refunded Debt Escrow Agent	(4,297,484)	0	(4,297,484)	0
<b>Total Other Financing Sources</b>	<b>\$ 69,073</b>	<b>\$ 40,000</b>	<b>\$ 69,073</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ (39,519)	\$ (9,747)	\$ (83,618)	\$ 44,099
Fund Balance, July 1, 2013	1,272,050	1,266,621	1,266,621	5,429
<b>Fund Balance, June 30, 2014</b>	<b>\$ 1,232,531</b>	<b>\$ 1,256,874</b>	<b>\$ 1,183,003</b>	<b>\$ 49,528</b>

# Fiduciary Funds

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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.

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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 of deeds, 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, 2014

	Agency Funds		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 869,144	\$ 869,144
Due from Other Governments	138,255	0	138,255
Total Assets	\$ 138,255	\$ 869,144	\$ 1,007,399
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 138,255	\$ 0	\$ 138,255
Due to Litigants, Heirs, and Others	0	869,144	869,144
Total Liabilities	\$ 138,255	\$ 869,144	\$ 1,007,399

Exhibit H-2

Overton County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 803,330	\$ 803,330	\$ 0
Due from Other Governments	147,229	138,255	147,229	138,255
Total Assets	\$ 147,229	\$ 941,585	\$ 950,559	\$ 138,255
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 147,229	\$ 941,585	\$ 950,559	\$ 138,255
Total Liabilities	\$ 147,229	\$ 941,585	\$ 950,559	\$ 138,255
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 669,308	\$ 6,672,790	\$ 6,472,954	\$ 869,144
Total Assets	\$ 669,308	\$ 6,672,790	\$ 6,472,954	\$ 869,144
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 669,308	\$ 6,672,790	\$ 6,472,954	\$ 869,144
Total Liabilities	\$ 669,308	\$ 6,672,790	\$ 6,472,954	\$ 869,144
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 669,308	\$ 6,672,790	\$ 6,472,954	\$ 869,144
Equity in Pooled Cash and Investments	0	803,330	803,330	0
Due from Other Governments	147,229	138,255	147,229	138,255
Total Assets	\$ 816,537	\$ 7,614,375	\$ 7,423,513	\$ 1,007,399
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 147,229	\$ 941,585	\$ 950,559	\$ 138,255
Due to Litigants, Heirs, and Others	669,308	6,672,790	6,472,954	869,144
Total Liabilities	\$ 816,537	\$ 7,614,375	\$ 7,423,513	\$ 1,007,399

# Overton County School Department

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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.

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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, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:			Capital Grants and Contributions	Governmental Activities	
Instruction	\$ 15,442,979	\$ 0	\$ 1,380,582	\$ 338,309	\$ (13,724,088)
Support Services	8,842,194	24,617	304,992	0	(8,512,585)
Operation of Non-instructional Services	3,030,780	458,512	1,989,950	5,550	(576,768)
Interest on Long-term Debt	387,448	0	0	0	(387,448)
Total Governmental Activities	\$ 27,703,401	\$ 483,129	\$ 3,675,524	\$ 343,859	\$ (23,200,889)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,644,744
Local Option Sales Taxes					1,570,091
Wheel Tax					594,036
Wholesale Beer Tax					129,756
Other Local Taxes					4,051
Grants and Contributions Not Restricted for Specific Programs					19,321,673
Unrestricted Investment Income					374
Miscellaneous					22,181
Total General Revenues					\$ 23,286,906
Change in Net Position					\$ 86,017
Net Position, July 1, 2013					12,294,451
Net Position, June 30, 2014					\$ 12,380,468

Exhibit I-2

Overton County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Overton County School Department  
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 459	\$ 459
Equity in Pooled Cash and Investments	5,333,925	553,247	5,887,172
Inventories	0	49,009	49,009
Accounts Receivable	204	0	204
Due from Other Governments	504,549	140,323	644,872
Due from Other Funds	98,400	0	98,400
Property Taxes Receivable	1,871,496	0	1,871,496
Allowance for Uncollectible Property Taxes	(50,917)	0	(50,917)
Prepaid Items	458	0	458
Total Assets	<u>\$ 7,758,115</u>	<u>\$ 743,038</u>	<u>\$ 8,501,153</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 32	\$ 0	\$ 32
Accrued Payroll	57,248	0	57,248
Due to Other Funds	0	98,400	98,400
Total Liabilities	<u>\$ 57,280</u>	<u>\$ 98,400</u>	<u>\$ 155,680</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,743,280	\$ 0	\$ 1,743,280
Deferred Delinquent Property Taxes	73,385	0	73,385
Other Deferred/Unavailable Revenue	147,754	0	147,754
Total Deferred Inflows of Resources	<u>\$ 1,964,419</u>	<u>\$ 0</u>	<u>\$ 1,964,419</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 49,009	\$ 49,009
Prepaid Items	458	0	458
Restricted:			
Restricted for Education	105,315	34,139	139,454
Committed:			
Committed for Education	3,288,036	561,490	3,849,526
Assigned:			
Assigned for Education	670,239	0	670,239
Unassigned	1,672,368	0	1,672,368
Total Fund Balances	<u>\$ 5,736,416</u>	<u>\$ 644,638</u>	<u>\$ 6,381,054</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,758,115</u>	<u>\$ 743,038</u>	<u>\$ 8,501,153</u>

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, 2014

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)		\$	6,381,054
(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		14,141,183	
Add: infrastructure net of accumulated depreciation		716,220	
Add: other capital assets net of accumulated depreciation		<u>1,571,522</u>	16,889,442
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for bonds	\$	(8,930,000)	
Less: other postemployment benefits liability		(1,965,452)	
Less: compensated absences payable		<u>(215,715)</u>	(11,111,167)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>221,139</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>12,380,468</u></u>

Exhibit I-4

Overton County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Overton County School Department  
For the Year Ended June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 3,483,262	\$ 594,036	\$ 4,077,298
Licenses and Permits	1,520	0	1,520
Charges for Current Services	23,949	458,408	482,357
Other Local Revenues	139,971	3,970	143,941
State of Tennessee	18,815,952	17,649	18,833,601
Federal Government	594,522	3,648,582	4,243,104
Total Revenues	<u>\$ 23,059,176</u>	<u>\$ 4,722,645</u>	<u>\$ 27,781,821</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,235,050	\$ 1,418,896	\$ 14,653,946
Support Services	7,965,332	810,940	8,776,272
Operation of Non-instructional Services	1,067,754	1,962,970	3,030,724
Capital Outlay	55,544	0	55,544
Debt Service:			
Principal on Debt	0	640,000	640,000
Interest on Debt	0	387,448	387,448
Other Debt Service	0	6,160	6,160
Total Expenditures	<u>\$ 22,323,680</u>	<u>\$ 5,226,414</u>	<u>\$ 27,550,094</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 735,496</u>	<u>\$ (503,769)</u>	<u>\$ 231,727</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 16,757	\$ 459,678	\$ 476,435
Transfers Out	(459,678)	(16,757)	(476,435)
Total Other Financing Sources (Uses)	<u>\$ (442,921)</u>	<u>\$ 442,921</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 292,575	\$ (60,848)	\$ 231,727
Fund Balance, July 1, 2013	<u>5,443,841</u>	<u>705,486</u>	<u>6,149,327</u>
Fund Balance, June 30, 2014	<u>\$ 5,736,416</u>	<u>\$ 644,638</u>	<u>\$ 6,381,054</u>

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, 2014

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)		\$	231,727
(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	\$	239,199	
Less: current-year depreciation expense		<u>(726,547)</u>	(487,348)
(2) 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, 2014	\$	221,139	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(213,542)</u>	7,597
(3) The contributions of long-term debt (e.g., bonds, notes, other loans, leases) by the primary government provides current financial resources to governmental funds, while contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on bonds for primary government	\$	640,000	
Less: difference in refunding debt issued and retired		<u>(95,000)</u>	545,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in accrued interest payable	\$	71,440	
Change in other postemployment benefits liability		(247,546)	
Change in compensated absences payable		<u>(34,853)</u>	<u>(210,959)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$</u> 86,017

Overton County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Overton County School Department  
June 30, 2014

	Special Revenue Funds			Debt Service Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Debt Service		
<u>ASSETS</u>						
Cash	\$ 0	\$ 459	\$ 459	\$ 0	\$ 459	
Equity in Pooled Cash and Investments	103,441	833	104,274	448,973	553,247	
Inventories	0	49,009	49,009	0	49,009	
Due from Other Governments	105,150	35,173	140,323	0	140,323	
Total Assets	\$ 208,591	\$ 85,474	\$ 294,065	\$ 448,973	\$ 743,038	
<u>LIABILITIES</u>						
Due to Other Funds	\$ 98,400	0	\$ 98,400	0	\$ 98,400	
Total Liabilities	\$ 98,400	0	\$ 98,400	0	\$ 98,400	
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory	\$ 0	49,009	\$ 49,009	0	\$ 49,009	
Restricted:						
Restricted for Education	10,191	23,948	34,139	0	34,139	
Committed:						
Committed for Education	100,000	12,517	112,517	448,973	561,490	
Total Fund Balances	\$ 110,191	\$ 85,474	\$ 195,665	\$ 448,973	\$ 644,638	
Total Liabilities and Fund Balances	\$ 208,591	\$ 85,474	\$ 294,065	\$ 448,973	\$ 743,038	

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, 2014

	Special Revenue Funds			Debt Service Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Debt Service		
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 594,036	\$ 594,036	\$ 594,036
Charges for Current Services	0	458,408	458,408	0	458,408	458,408
Other Local Revenues	0	3,970	3,970	0	3,970	3,970
State of Tennessee	0	17,649	17,649	0	17,649	17,649
Federal Government	2,226,674	1,421,908	3,648,582	0	3,648,582	3,648,582
Total Revenues	\$ 2,226,674	\$ 1,901,935	\$ 4,128,609	\$ 594,036	\$ 4,722,645	\$ 4,722,645
<u>Expenditures</u>						
Current:						
Instruction	\$ 1,418,896	\$ 0	\$ 1,418,896	\$ 0	\$ 1,418,896	\$ 1,418,896
Support Services	810,940	0	810,940	0	810,940	810,940
Operation of Non-instructional Services	0	1,962,970	1,962,970	0	1,962,970	1,962,970
Debt Service:						
Principal on Debt	0	0	0	640,000	640,000	640,000
Interest on Debt	0	0	0	387,448	387,448	387,448
Other Debt Service	0	0	0	6,160	6,160	6,160
Total Expenditures	\$ 2,229,836	\$ 1,962,970	\$ 4,192,806	\$ 1,033,608	\$ 5,226,414	\$ 5,226,414
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,162)	\$ (61,035)	\$ (64,197)	\$ (439,572)	\$ (503,769)	\$ (503,769)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 459,678	\$ 459,678	\$ 459,678
Transfers Out	(16,757)	0	(16,757)	0	(16,757)	(16,757)
Total Other Financing Sources (Uses)	\$ (16,757)	\$ 0	\$ (16,757)	\$ 459,678	\$ 442,921	\$ 442,921
Net Change in Fund Balances	\$ (19,919)	\$ (61,035)	\$ (80,954)	\$ 20,106	\$ (60,848)	\$ (60,848)
Fund Balance, July 1, 2013	130,110	146,509	276,619	428,867	705,486	705,486
Fund Balance, June 30, 2014	\$ 110,191	\$ 85,474	\$ 195,665	\$ 448,973	\$ 644,638	\$ 644,638

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 3,483,262	\$ 0	\$ 0	\$ 3,483,262	\$ 3,601,630	\$ 3,601,630	\$ (118,368)
Licenses and Permits	1,520	0	0	1,520	1,400	1,400	120
Charges for Current Services	23,949	0	0	23,949	21,000	21,000	2,949
Other Local Revenues	139,971	0	0	139,971	97,000	97,000	42,971
State of Tennessee	18,815,952	0	0	18,815,952	18,353,939	18,800,666	15,286
Federal Government	594,522	0	0	594,522	518,500	605,520	(10,998)
<b>Total Revenues</b>	<b>\$ 23,059,176</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 23,059,176</b>	<b>\$ 22,593,469</b>	<b>\$ 23,127,216</b>	<b>\$ (68,040)</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 10,869,122	\$ (334,801)	\$ 45,818	\$ 10,580,139	\$ 10,881,968	\$ 10,970,763	\$ 390,624
Alternative Instruction Program	58,211	0	0	58,211	60,418	60,418	2,207
Special Education Program	1,447,655	0	0	1,447,655	1,521,997	1,451,997	4,342
Vocational Education Program	860,062	0	0	860,062	1,003,778	870,478	10,416
<b>Support Services</b>							
Attendance	102,294	0	0	102,294	109,619	109,619	7,325
Health Services	103,702	0	0	103,702	95,279	106,979	3,277
Other Student Support	662,002	0	0	662,002	658,891	677,191	15,189
Regular Instruction Program	696,153	(504)	0	695,649	743,748	723,798	28,149
Special Education Program	176,517	0	0	176,517	181,669	181,669	5,152
Vocational Education Program	14,090	0	0	14,090	73,744	18,744	4,654
Other Programs	159,932	0	0	159,932	0	159,932	0
Board of Education	405,663	(2,564)	0	403,099	348,726	452,726	49,627
Director of Schools	132,899	0	0	132,899	134,098	139,498	6,599
Office of the Principal	1,693,423	0	0	1,693,423	1,729,224	1,722,474	29,051
Fiscal Services	284,185	(756)	0	283,429	280,686	290,286	6,857
Operation of Plant	1,903,360	0	0	1,903,360	1,919,643	2,007,643	104,283
Maintenance of Plant	364,192	(5,800)	13,000	371,392	347,871	481,871	110,479
Transportation	1,266,920	(239,453)	246,675	1,274,142	1,335,344	1,347,344	73,202

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 10,000	\$ 0	
Community Services	545,575	0	0	545,575	472,500	554,956	9,381
Early Childhood Education	512,179	(2,659)	2,006	511,526	519,139	519,139	7,613
<u>Capital Outlay</u>							
Regular Capital Outlay	55,544	(8,820)	137,740	184,464	225,000	325,000	140,536
Total Expenditures	\$ 22,323,680	\$ (595,357)	\$ 445,239	\$ 22,173,562	\$ 22,653,342	\$ 23,182,525	\$ 1,008,963
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 735,496	\$ 595,357	\$ (445,239)	\$ 885,614	\$ (59,873)	\$ (55,309)	\$ 940,923
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 16,757	\$ 0	\$ 0	\$ 16,757	\$ 31,000	\$ 31,000	\$ (14,243)
Transfers Out	(459,678)	0	0	(459,678)	(459,678)	(459,678)	0
Total Other Financing Sources	\$ (442,921)	\$ 0	\$ 0	\$ (442,921)	\$ (428,678)	\$ (428,678)	\$ (14,243)
Net Change in Fund Balance	\$ 292,575	\$ 595,357	\$ (445,239)	\$ 442,693	\$ (488,551)	\$ (483,987)	\$ 926,680
Fund Balance, July 1, 2013	5,443,841	(595,357)	0	4,848,484	5,040,519	5,040,519	(192,035)
Fund Balance, June 30, 2014	\$ 5,736,416	\$ 0	\$ (445,239)	\$ 5,291,177	\$ 4,551,968	\$ 4,556,532	\$ 734,645

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,226,674	\$ 0	\$ 0	\$ 2,226,674	\$ 2,385,571	\$ 2,330,181	\$ (103,507)
Total Revenues	\$ 2,226,674	\$ 0	\$ 0	\$ 2,226,674	\$ 2,385,571	\$ 2,330,181	\$ (103,507)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 784,354	\$ 0	\$ 0	\$ 784,354	\$ 845,766	\$ 827,097	\$ 42,743
Special Education Program	581,523	(758)	0	580,765	541,890	580,691	(74)
Vocational Education Program	53,019	(10,003)	1,458	44,474	43,368	44,077	(397)
<u>Support Services</u>							
Other Student Support	100,552	0	360	100,912	105,075	102,816	1,904
Regular Instruction Program	444,224	0	0	444,224	554,804	472,242	28,018
Special Education Program	138,981	0	0	138,981	142,788	139,220	239
Vocational Education Program	66,434	0	11,163	77,597	85,227	85,227	7,630
Transportation	60,749	0	0	60,749	55,105	61,085	336
Total Expenditures	\$ 2,229,836	\$ (10,761)	\$ 12,981	\$ 2,232,056	\$ 2,374,023	\$ 2,312,455	\$ 80,399
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,162)	\$ 10,761	\$ (12,981)	\$ (5,382)	\$ 11,548	\$ 17,726	\$ (23,108)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (16,757)	\$ 0	\$ 0	\$ (16,757)	\$ (11,548)	\$ (17,726)	\$ 969
Total Other Financing Sources	\$ (16,757)	\$ 0	\$ 0	\$ (16,757)	\$ (11,548)	\$ (17,726)	\$ 969
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (19,919)	\$ 10,761	\$ (12,981)	\$ (22,139)	\$ 0	\$ 0	\$ (22,139)
Fund Balance, July 1, 2013	130,110	(10,761)	0	119,349	0	0	119,349
Fund Balance, June 30, 2014	\$ 110,191	\$ 0	\$ (12,981)	\$ 97,210	\$ 0	\$ 0	\$ 97,210

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 458,408	\$ 659,000	\$ 659,000	\$ (200,592)
Other Local Revenues	3,970	15,500	15,500	(11,530)
State of Tennessee	17,649	119,200	25,000	(7,351)
Federal Government	1,421,908	1,578,200	1,672,400	(250,492)
Total Revenues	<u>\$ 1,901,935</u>	<u>\$ 2,371,900</u>	<u>\$ 2,371,900</u>	<u>\$ (469,965)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,903,851	\$ 2,277,700	\$ 2,277,700	\$ 373,849
Community Services	59,119	94,200	94,200	35,081
Total Expenditures	<u>\$ 1,962,970</u>	<u>\$ 2,371,900</u>	<u>\$ 2,371,900</u>	<u>\$ 408,930</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (61,035)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (61,035)</u>
Net Change in Fund Balance	\$ (61,035)	\$ 0	\$ 0	(61,035)
Fund Balance, July 1, 2013	146,509	138,390	138,390	8,119
Fund Balance, June 30, 2014	<u>\$ 85,474</u>	<u>\$ 138,390</u>	<u>\$ 138,390</u>	<u>\$ (52,916)</u>

Exhibit I-11

Overton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Overton County School Department  
Education Debt Service Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 594,036	\$ 580,000	\$ 580,000	\$ 14,036
Total Revenues	\$ 594,036	\$ 580,000	\$ 580,000	\$ 14,036
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 640,000	\$ 615,000	\$ 640,000	\$ 0
<u>Interest on Debt</u>				
Education	387,448	417,878	392,878	5,430
<u>Other Debt Service</u>				
Education	6,160	6,800	6,800	640
Total Expenditures	\$ 1,033,608	\$ 1,039,678	\$ 1,039,678	\$ 6,070
Excess (Deficiency) of Revenues Over Expenditures	\$ (439,572)	\$ (459,678)	\$ (459,678)	\$ 20,106
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 459,678	\$ 459,678	\$ 459,678	\$ 0
Total Other Financing Sources	\$ 459,678	\$ 459,678	\$ 459,678	\$ 0
Net Change in Fund Balance	\$ 20,106	\$ 0	\$ 0	\$ 20,106
Fund Balance, July 1, 2013	428,867	421,644	421,644	7,223
Fund Balance, June 30, 2014	\$ 448,973	\$ 421,644	\$ 421,644	\$ 27,329

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Overton County, Tennessee  
 Schedule of Changes in Long-term Notes and Bonds  
 For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Debt Refunded	Paid and/or Matured	
								During Period	Outstanding 6-30-14
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Volunteer State Community College Library	\$ 500,000	3 %	11-23-04	11-23-16	\$ 166,664	\$ 0	\$ 0	\$ 41,667	\$ 124,997
Industrial Park	1,515,000	4.35 to 5	12-21-05	3-27-14	74,599	0	0	74,599	0
Highway Equipment	850,000	5.07	3-29-07	4-1-19	425,001	0	0	70,833	354,168
Industrial Building and Waterline Extension	901,000	4.31	10-1-07	11-1-16	400,446	0	0	100,111	300,335
County Vehicles	200,000	2.95	12-6-11	6-26-14	133,333	0	0	133,333	0
	300,000	2.95	11-26-13	10-1-16	0	300,000	0	0	300,000
Total Notes Payable					\$ 1,200,043	\$ 300,000	\$ 0	\$ 420,543	\$ 1,079,500
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Industrial Park Land - F.H.A.	1,650,000	4.5	4-21-03	4-21-27	\$ 908,679	\$ 0	\$ 0	\$ 48,787	\$ 859,892
General Obligation Refunding - Series 2009	5,520,000	2 to 4.1	3-31-09	6-1-24	4,285,000	0	0	330,000	3,955,000
Total Payable through General Debt Service Fund					\$ 5,193,679	\$ 0	\$ 0	\$ 378,787	\$ 4,814,892
<u>Contributions Due by the Overton County Nursing Home to the General Debt Service Fund</u>									
Nursing Home Improvements	4,150,000	2.58	5-9-12	4-1-33	\$ 3,990,000	\$ 0	\$ 0	\$ 160,000	\$ 3,830,000
Total Payable through Nursing Home					\$ 3,990,000	\$ 0	\$ 0	\$ 160,000	\$ 3,830,000
<u>Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund</u>									
School Refunding Bonds, Series 2004	7,795,000	2 to 5	3-26-04	1-8-14	\$ 4,695,000	\$ 0	\$ 4,120,000	\$ 575,000	\$ 0
School Refunding Bonds, Series 2005	5,090,000	3.5 to 4.3	7-28-05	6-30-25	4,780,000	0	0	40,000	4,740,000
School Refunding Bonds, Series 2014	4,215,000	2	1-8-14	4-1-20	0	4,215,000	0	25,000	4,190,000
Total Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund					\$ 9,475,000	\$ 4,215,000	\$ 4,120,000	\$ 640,000	\$ 8,930,000
Total Bonds Payable					\$ 18,658,679	\$ 4,215,000	\$ 4,120,000	\$ 1,178,787	\$ 17,574,892

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2015	\$ 312,611	\$ 39,914	\$ 352,525
2016	312,611	27,749	340,360
2017	312,612	15,784	328,396
2018	70,833	7,282	78,115
2019	70,833	3,702	74,535
Total	\$ 1,079,500	\$ 94,431	\$ 1,173,931

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 1,260,983	\$ 561,599	\$ 1,822,582
2016	1,278,277	530,905	1,809,182
2017	1,315,675	498,722	1,814,397
2018	1,353,180	465,257	1,818,437
2019	1,390,798	430,289	1,821,087
2020	1,418,534	393,308	1,811,842
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	\$ 17,574,892	\$ 4,332,155	\$ 21,907,047

Exhibit J-3

Overton County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Overton County School Department  
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Solid Waste/Sanitation	General	Operations	\$ 32,000
Highway/Public Works	General Debt Service	Debt retirement	40,000
Total Transfers Primary Government			<u>\$ 72,000</u>
<u>DISCRETELY PRESENTED OVERTON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ 16,757
General Purpose School	Education Debt Service	Debt retirement	459,678
Total Transfers Discretely Presented Overton County School Department			<u>\$ 476,435</u>

Overton County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Overton County School Department  
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 71,184	\$ 100,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, TCA	67,795	100,000	Western Surety Company
Director of Schools:				
Janet Meadows (7-1-13 through 8-7-14)	State Board of Education and County Board of Education	8,958	(2)	
Pamela Smith-Gordon (8-8-14 through 6-30-14)	State Board of Education and County Board of Education	75,601 (1)	(2)	
Trustee	Section 8-24-102, TCA	61,632	842,000	Western Surety Company
Assessor of Property	Section 8-24-102, TCA	61,632	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	61,632	50,000	Western Surety Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	61,632 (3)	75,000	"
Register of Deeds	Section 8-24-102, TCA	61,632	25,000	"
Sheriff	Section 8-24-102, TCA	67,795 (4)	25,000	RLI Insurance Company
Director of Accounts and Budgets	Section 5-13-103, TCA, and County Commission	36,411	150,000	Western Surety Company
Employee Blanket Bonds:				
Public Employees Dishonesty - County Departments			150,000	Local Government Insurance Pool
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 \$10,975.
- (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, 2014

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,309,756	\$ 0	\$ 282,876	\$ 0	\$ 0	\$ 198,035
Trustee's Collections - Prior Year	150,569	0	12,869	0	0	9,009
Circuit/Clerk and Master Collections - Prior Years	41,515	0	3,498	0	0	2,448
Interest and Penalty	47,407	0	4,052	0	0	2,836
Payments in-Lieu-of Taxes - Local Utilities	259,225	0	22,156	0	0	15,509
Payments in-Lieu-of Taxes - Other	4,652	0	309	0	0	217
<u>County Local Option Taxes</u>						
Local Option Sales Tax	306,571	0	476,606	0	0	0
Hotel/Motel Tax	25,578	0	0	0	0	0
Litigation Tax - General	78,686	240	0	0	0	0
Litigation Tax - Special Purpose	0	111	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	16,205	0	0	0	0	0
Business Tax	115,908	0	0	0	0	0
Mineral Severance Tax	73,244	0	0	0	0	62,917
<u>Statutory Local Taxes</u>						
Bank Excise Tax	43,803	0	3,744	0	0	2,621
Beer Privilege Tax	13,328	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 4,486,447</b>	<b>\$ 351</b>	<b>\$ 806,110</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 293,592</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 18,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	238	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 18,938</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 12,209	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	6,229	0	0	0	0	0
Drug Control Fines	0	0	0	14,635	0	0
Jail Fees	5,356	0	0	0	0	0
DUI Treatment Fines	760	0	0	0	0	0
Data Entry Fee - Circuit Court	1,380	0	0	0	0	0
Courtroom Security Fee	59	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	2,193	0	0	332	0	0
DUI Treatment Fines	3,291	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	28,803	0	0	0	0	0
Fines for Littering	9	0	0	0	0	0
Officers Costs	33,210	0	0	0	0	0
Game and Fish Fines	326	0	0	0	0	0
Drug Control Fines	0	0	0	11,489	0	0
Drug Court Fees	5,135	0	0	946	0	0
Jail Fees	24,574	0	0	0	0	0
DUI Treatment Fines	539	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,862	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	138	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,318	0	0	0	0	0
Data Entry Fee - Chancery Court	2,036	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 12,656	\$ 0	\$ 0	\$ 10,668	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	0	0	0	1,180	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 147,083</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 39,250</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 217,118	\$ 0	\$ 0	\$ 0
Patient Charges	1,104,724	0	0	0	0	0
Service Charges	4,798	0	0	0	0	0
<u>Fees</u>						
Copy Fees	4,656	0	0	0	0	0
Library Fees	200	0	0	0	0	0
Telephone Commissions	10,558	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	2,116	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	10,975	0
Data Processing Fee - Register	8,534	0	0	0	0	0
Data Processing Fee - Sheriff	2,519	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0
Data Processing Fee - County Clerk	304	0	0	0	0	0
<u>Education Charges</u>						
Tuition - Other	58,155	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	958	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 1,197,806</b>	<b>\$ 0</b>	<b>\$ 217,118</b>	<b>\$ 0</b>	<b>\$ 13,091</b>	<b>\$ 0</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0 \$	0 \$	0 \$	0 \$	0 \$	0
Lease/Rentals	7,950	0	0	0	0	0
Sale of Materials and Supplies	430	0	0	0	0	2,733
Commissary Sales	45,852	0	0	0	0	0
Sale of Recycled Materials	1,237	0	79,438	0	0	4,781
E-Rate Funding	2,068	0	0	0	0	0
Miscellaneous Refunds	99,501	0	4,517	0	0	12,439
<u>Nonrecurring Items</u>						
Sale of Equipment	2,000	0	0	0	0	5,000
Sale of Property	0	0	0	0	0	0
Damages Recovered from Individuals	1,455	0	0	0	0	0
Contributions and Gifts	9,001	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	160	0	0
Total Other Local Revenues	\$ 169,494 \$	0 \$	83,955 \$	160 \$	0 \$	24,953
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	238,430 \$	0 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	77,673	0	0	0	0	0
General Sessions Court Clerk	122,259	0	0	0	0	0
Clerk and Master	76,178	0	0	0	0	0
Register	90,738	0	0	0	0	0
Sheriff	13,336	0	0	0	0	0
Trustee	264,635	0	0	0	0	0
Total Fees Received from County Officials	\$ 883,249 \$	0 \$	0 \$	0 \$	0 \$	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
State of Tennessee						
General Government Grants						
Juvenile Services Program	9,000 \$	0 \$	0 \$	0 \$	0 \$	0
Aging Programs	24,689	0	0	0	0	0
Solid Waste Grants	0	0	14,322	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	13,800	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	122,625	0	0	0	0	0
Other Health and Welfare Grants	10,658	0	0	0	0	0
Public Works Grants						
Bridge Program	0	0	0	0	0	253,438
State Aid Program	0	0	0	0	0	264,952
Litter Program	36,188	0	0	0	0	0
Other State Revenues						
Income Tax	20,144	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Alcoholic Beverage Tax	47,733	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
Contracted Prisoner Boarding	828,922	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,635,874
Petroleum Special Tax	0	0	0	0	0	15,934
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	17,119	0	17,107	0	0	0
Other State Revenues	120,910	0	0	0	0	0
Total State of Tennessee	\$ 1,284,758 \$	0 \$	31,429 \$	0 \$	0 \$	2,170,198

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 198,783	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	99,993	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	36,216	0	0	0	0	0
<u>Total Federal Government</u>	\$ 334,992	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 148,675	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	37,548	0	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	\$ 186,223	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Total</u>	\$ 8,708,990	\$ 351	\$ 1,138,612	\$ 39,410	\$ 13,091	\$ 2,488,743

(Continued)

Exhibit J-5

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

	Debt Service Fund	Total
	General Debt Service	Total
<u>Local Taxes</u>		
County Property Taxes		
Current Property Tax	311,163 \$	4,101,830
Trustee's Collections - Prior Year	14,155	186,602
Circuit/Clerk and Master Collections - Prior Years	3,848	51,309
Interest and Penalty	4,457	58,752
Payments in-Lieu-of Taxes - Local Utilities	24,371	321,261
Payments in-Lieu-of Taxes - Other	340	5,518
County Local Option Taxes		
Local Option Sales Tax	0	783,177
Hotel/Motel Tax	0	25,578
Litigation Tax - General	0	78,926
Litigation Tax - Special Purpose	0	111
Litigation Tax - Jail, Workhouse, or Courthouse	0	16,205
Business Tax	0	115,908
Mineral Severance Tax	0	136,161
<u>Statutory Local Taxes</u>		
Bank Excise Tax	4,118	54,286
Beer Privilege Tax	0	13,328
Total Local Taxes	<u>362,452 \$</u>	<u>5,948,952</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	0 \$	18,700
<u>Permits</u>		
Beer Permits	0	238
Total Licenses and Permits	<u>0 \$</u>	<u>18,938</u>

(Continued)

Exhibit J-5

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

	Debt Service		Total
	Fund	Service	
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0 \$		12,209
Officers Costs	0		6,229
Drug Control Fines	0		14,635
Jail Fees	0		5,356
DUI Treatment Fines	0		760
Data Entry Fee - Circuit Court	0		1,380
Courtroom Security Fee	0		59
<u>Criminal Court</u>			
Drug Court Fees	0		2,525
DUI Treatment Fines	0		3,291
General Sessions Court			
Fines	0		28,803
Fines for Littering	0		9
Officers Costs	0		33,210
Game and Fish Fines	0		326
Drug Control Fines	0		11,489
Drug Court Fees	0		6,081
Jail Fees	0		24,574
DUI Treatment Fines	0		539
Data Entry Fee - General Sessions Court	0		5,862
<u>Juvenile Court</u>			
Fines	0		138
<u>Chancery Court</u>			
Officers Costs	0		2,318
Data Entry Fee - Chancery Court	0		2,036

(Continued)

Exhibit J-5

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

	Debt Service Fund	Total
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0 \$	23,324
Other Fines, Forfeitures, and Penalties	0	1,180
Total Fines, Forfeitures, and Penalties	0 \$	186,333
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	0 \$	217,118
Patient Charges	0	1,104,724
Service Charges	0	4,798
<u>Fees</u>		
Copy Fees	0	4,656
Library Fees	0	200
Telephone Commissions	0	10,558
Constitutional Officers' Fees and Commissions	0	2,116
Special Commissioner Fees/Special Master Fees	0	10,975
Data Processing Fee - Register	0	8,534
Data Processing Fee - Sheriff	0	2,519
Sexual Offender Registration Fee - Sheriff	0	2,400
Data Processing Fee - County Clerk	0	304
<u>Education Charges</u>		
Tuition - Other	0	58,155
<u>Other Charges for Services</u>		
Other Charges for Services	0	958
Total Charges for Current Services	0 \$	1,428,015

(Continued)

Exhibit J-5

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

	Debt Service Fund		Total
	General Debt Service		
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	13,720	\$	13,720
Lease/Rentals	0		7,950
Sale of Materials and Supplies	0		3,163
Commissary Sales	0		45,852
Sale of Recycled Materials	0		85,456
E-Rate Funding	0		2,068
Miscellaneous Refunds	0		116,457
<u>Nonrecurring Items</u>			
Sale of Equipment	0		7,000
Sale of Property	55,900		55,900
Damages Recovered from Individuals	0		1,455
Contributions and Gifts	0		9,001
<u>Other Local Revenues</u>			
Other Local Revenues	0		160
Total Other Local Revenues	69,620	\$	348,182
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	0	\$	238,430
Circuit Court Clerk	0		77,673
General Sessions Court Clerk	0		122,259
Clerk and Master	0		76,178
Register	0		90,738
Sheriff	0		13,336
Trustee	0		264,635
Total Fees Received from County Officials	0	\$	883,249

(Continued)

Exhibit J-5

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

	Debt Service Fund	General Debt Service	Total
State of Tennessee			
General Government Grants			
Juvenile Services Program	0	0	9,000
Aging Programs	0	0	24,689
Solid Waste Grants	0	0	14,322
Public Safety Grants			
Law Enforcement Training Programs	0	0	13,800
Health and Welfare Grants			
Health Department Programs	0	0	122,625
Other Health and Welfare Grants	0	0	10,658
Public Works Grants			
Bridge Program	0	0	253,438
State Aid Program	0	0	264,952
Litter Program	0	0	36,188
Other State Revenues			
Income Tax	0	0	20,144
Beer Tax	0	0	17,806
Alcoholic Beverage Tax	0	0	47,733
State Revenue Sharing - T.V.A.	554,033	0	554,033
Contracted Prisoner Boarding	0	0	828,922
Gasoline and Motor Fuel Tax	0	0	1,635,874
Petroleum Special Tax	0	0	15,934
Registrar's Salary Supplement	0	0	15,164
Other State Grants	0	0	34,226
Other State Revenues	0	0	120,910
Total State of Tennessee	\$ 554,033	\$	\$ 4,040,418

(Continued)

Exhibit J-5

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

	Debt Service Fund	General Debt Service	Total
<u>Federal Government</u>			
Federal Through State			
Community Development	0 \$		198,783
Other Federal through State	0		99,993
<u>Direct Federal Revenue</u>			
Other Direct Federal Revenue	0		36,216
<u>Total Federal Government</u>	<u>0 \$</u>		<u>334,992</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Prisoner Board	0 \$		148,675
Contributions	1,286,704		1,324,252
<u>Total Other Governments and Citizens Groups</u>	<u>1,286,704 \$</u>		<u>1,472,927</u>
<u>Total</u>	<u>0 \$</u>	<u>2,272,809 \$</u>	<u>14,662,006</u>

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, 2014

	Special Revenue Funds				Debt Service Fund		Total
	General Purpose School	School Federal Projects	Central Cafeteria		Education Debt Service		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,527,573	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,527,573
Trustee's Collections - Prior Year	69,492	0	0	0	0	0	69,492
Circuit/Clerk and Master Collections - Prior Years	18,888	0	0	0	0	0	18,888
Interest and Penalty	21,881	0	0	0	0	0	21,881
Payments in-Lieu-of Taxes - Local Utilities	119,642	0	0	0	0	0	119,642
Payments in-Lieu-of Taxes - Other	1,671	0	0	0	0	0	1,671
<u>County Local Option Taxes</u>							
Local Option Sales Tax	1,570,091	0	0	0	0	0	1,570,091
Wheel Tax	0	0	0	0	594,036	0	594,036
<u>Statutory Local Taxes</u>							
Bank Excise Tax	20,217	0	0	0	0	0	20,217
Wholesale Beer Tax	129,756	0	0	0	0	0	129,756
Interstate Telecommunications Tax	4,051	0	0	0	0	0	4,051
Total Local Taxes	\$ 3,483,262	\$ 0	\$ 0	\$ 0	\$ 594,036	\$ 0	4,077,298
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 1,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,520
Total Licenses and Permits	\$ 1,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,520
<u>Charges for Current Services</u>							
<u>Fees</u>							
Vending Machine Collections	\$ 104	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	104

(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		Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service			
<u>Charges for Current Services (Cont.)</u>							
<u>Education Charges</u>							
Lunch Payments - Children	\$ 0	\$ 0	212,976	\$ 0	\$ 0		212,976
Lunch Payments - Adults	0	0	53,031	0	0		53,031
Income from Breakfast	0	0	28,978	0	0		28,978
Special Milk Sales	0	0	1,712	0	0		1,712
A la carte Sales	0	0	161,711	0	0		161,711
Receipts from Individual Schools	23,845	0	0	0	0		23,845
Total Charges for Current Services	\$ 23,949	\$ 0	\$ 458,408	\$ 0	\$ 0		\$ 482,357
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	374	\$ 0	\$ 0		374
Sale of Materials and Supplies	231	0	0	0	0		231
Sale of Recycled Materials	541	0	0	0	0		541
E-Rate Funding	90,812	0	0	0	0		90,812
Miscellaneous Refunds	18,585	0	3,596	0	0		22,181
<u>Nonrecurring Items</u>							
Contributions and Gifts	29,802	0	0	0	0		29,802
Total Other Local Revenues	\$ 139,971	\$ 0	\$ 3,970	\$ 0	\$ 0		\$ 143,941
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-behalf Contributions for OPEB	\$ 159,932	\$ 0	\$ 0	\$ 0	\$ 0		159,932
<u>State Education Funds</u>							
Basic Education Program	17,540,000	0	0	0	0		17,540,000

(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		Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service			
State of Tennessee (Cont.)							
State Education Funds (Cont.)							
Early Childhood Education	\$ 519,139	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	519,139
School Food Service	0		17,649				17,649
Energy Efficient School Initiative	12,730	0	0	0	0	0	12,730
Driver Education	11,250	0	0	0	0	0	11,250
Other State Education Funds	430,633	0	0	0	0	0	430,633
Career Ladder Program	98,419	0	0	0	0	0	98,419
Career Ladder - Extended Contract	37,270	0	0	0	0	0	37,270
Other State Revenues							
Mixed Drink Tax	6,579	0	0	0	0	0	6,579
Total State of Tennessee	\$ 18,815,952	\$ 0	\$ 17,649	\$ 0	\$ 0	\$ 0	\$ 18,833,601
Federal Government							
Federal Through State							
USDA School Lunch Program	\$ 0	\$ 0	\$ 869,109	\$ 0	\$ 0	\$ 0	869,109
USDA - Commodities	0	0	109,407	0	0	0	109,407
Breakfast	0	0	329,183	0	0	0	329,183
USDA - Other	0	0	114,209	0	0	0	114,209
Vocational Education - Basic Grants to States	0	131,931	0	0	0	0	131,931
Title I Grants to Local Education Agencies	0	1,112,218	0	0	0	0	1,112,218
Special Education - Grants to States	39,563	747,132	0	0	0	0	786,695
Special Education Preschool Grants	0	27,010	0	0	0	0	27,010
Rural Education	0	66,428	0	0	0	0	66,428
Eisenhower Professional Development State Grants	0	141,955	0	0	0	0	141,955
Other Federal through State	554,959	0	0	0	0	0	554,959
Total Federal Government	\$ 594,522	\$ 2,226,674	\$ 1,421,908	\$ 0	\$ 0	\$ 0	\$ 4,243,104
Total	\$ 23,059,176	\$ 2,226,674	\$ 1,901,935	\$ 594,036	\$ 0	\$ 0	\$ 27,781,821

Exhibit J-7

Overton County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	55,040	
Social Security		4,211	
State Retirement		575	
Accounting Services		9,891	
Audit Services		7,125	
Dues and Memberships		5,386	
Total County Commission			\$ 82,228

Board of Equalization

Board and Committee Members Fees	\$	1,550	
Total Board of Equalization			1,550

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Supervisor/Director		23,182	
Deputy(ies)		21,636	
Social Security		8,656	
State Retirement		2,478	
Medical Insurance		2,998	
Communication		4,102	
Data Processing Services		8,609	
Dues and Memberships		1,621	
Legal Notices, Recording, and Court Costs		3,232	
Maintenance and Repair Services - Vehicles		642	
Travel		825	
Office Supplies		12,136	
Other Charges		3,537	
Motor Vehicles		17,336	
Office Equipment		1,645	
Total County Mayor/Executive			183,819

County Attorney

Social Security	\$	536	
Legal Services		20,946	
Judgments		4,000	
Total County Attorney			25,482

Election Commission

County Official/Administrative Officer	\$	55,468	
Deputy(ies)		22,645	
Election Commission		2,800	
Election Workers		9,391	
In-service Training		1,620	
Social Security		6,510	
State Retirement		4,320	
Communication		1,392	
Data Processing Services		4,060	

(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.)

Legal Notices, Recording, and Court Costs	\$	2,845	
Maintenance and Repair Services - Equipment		9,977	
Postal Charges		871	
Printing, Stationery, and Forms		5,924	
Travel		1,745	
Other Contracted Services		8,675	
Office Supplies		1,793	
Office Equipment		49,758	
Total Election Commission			\$ 189,794

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		25,624	
Accountants/Bookkeepers		23,794	
Part-time Personnel		10,315	
Social Security		9,138	
State Retirement		6,141	
Communication		2,602	
Data Processing Services		6,589	
Dues and Memberships		407	
Travel		24	
Office Supplies		762	
Office Equipment		4,595	
Total Register of Deeds			151,623

Planning

Board and Committee Members Fees	\$	2,718	
Social Security		205	
Contracts with Government Agencies		11,250	
Total Planning			14,173

County Buildings

Custodial Personnel	\$	26,276	
Maintenance Personnel		26,276	
Social Security		4,020	
State Retirement		2,906	
Medical Insurance		750	
Communication		6,747	
Maintenance and Repair Services - Buildings		232,734	
Maintenance and Repair Services - Vehicles		2,443	
Travel		40	
Custodial Supplies		8,662	
Electricity		92,044	
Gasoline		6,357	
Natural Gas		35,597	
Small Tools		823	
Tires and Tubes		92	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Uniforms	\$	41	
Utilities		2,089	
Other Charges		441	
Motor Vehicles		24,416	
Total County Buildings			\$ 472,754

Other General Administration

Teachers	\$	1,500	
Social Security		115	
Unemployment Compensation		2,742	
Evaluation and Testing		502	
Medical and Dental Services		2,232	
Remittance of Revenue Collected		9,518	
Other Supplies and Materials		8,727	
Liability Insurance		274,442	
Premiums on Corporate Surety Bonds		7,655	
Trustee's Commission		108,448	
Workers' Compensation Insurance		240,674	
Other Charges		1,951	
Total Other General Administration			658,506

Preservation of Records

Office Supplies	\$	683	
Office Equipment		619	
Total Preservation of Records			1,302

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	36,411	
Social Security		2,765	
State Retirement		2,014	
Total Accounting and Budgeting			41,190

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		25,624	
Assessment Personnel		25,624	
Clerical Personnel		20,846	
Social Security		9,725	
State Retirement		7,395	
Medical Insurance		6,000	
Communication		2,584	
Data Processing Services		2,855	
Dues and Memberships		1,400	
Maintenance and Repair Services - Vehicles		833	
Postal Charges		1,000	
Travel		1,535	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Contracted Services	\$	3,016	
Gasoline		1,548	
Office Supplies		3,373	
Other Charges		5,533	
Motor Vehicles		24,130	
Office Equipment		927	
Total Property Assessor's Office			\$ 205,580

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		23,663	
Accountants/Bookkeepers		21,116	
Social Security		7,572	
State Retirement		5,884	
Medical Insurance		9,000	
Communication		4,769	
Data Processing Services		8,836	
Dues and Memberships		517	
Legal Notices, Recording, and Court Costs		294	
Postal Charges		7,685	
Office Supplies		3,976	
Other Charges		2,941	
Office Equipment		7,120	
Total County Trustee's Office			165,005

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		21,853	
Accountants/Bookkeepers		20,495	
Clerical Personnel		37,557	
Social Security		10,115	
State Retirement		7,827	
Medical Insurance		7,250	
Communication		2,941	
Dues and Memberships		407	
Legal Notices, Recording, and Court Costs		89	
Licenses		2,177	
Postal Charges		8,793	
Other Contracted Services		6,840	
Office Supplies		1,676	
Office Equipment		1,230	
Total County Clerk's Office			190,882

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		23,874	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Accountants/Bookkeepers	\$	40,383	
Clerical Personnel		37,557	
Jury and Witness Expense		5,022	
Social Security		11,925	
State Retirement		9,158	
Medical Insurance		12,000	
Communication		3,859	
Data Processing Services		9,786	
Dues and Memberships		467	
Legal Notices, Recording, and Court Costs		325	
Postal Charges		2,330	
Travel		2	
Office Supplies		6,205	
Office Equipment		4,726	
Total Circuit Court			\$ 229,251

General Sessions Court

Judge(s)	\$	95,734	
Deputy(ies)		24,380	
Social Security		8,845	
State Retirement		6,642	
Medical Insurance		3,000	
Office Supplies		666	
Total General Sessions Court			139,267

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		25,370	
Accountants/Bookkeepers		22,639	
Clerical Personnel		32,685	
Social Security		10,188	
State Retirement		3,800	
Medical Insurance		6,000	
Communication		2,735	
Data Processing Services		7,441	
Dues and Memberships		407	
Office Supplies		7,696	
Office Equipment		7,479	
Total Chancery Court			188,072

Juvenile Court

Guidance Personnel	\$	4,500	
Social Security		344	
Other Contracted Services		4,500	
Total Juvenile Court			9,344

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General

Office Equipment	\$	2,079	
Other Equipment		635	
Total District Attorney General			\$ 2,714

Judicial Commissioners

County Official/Administrative Officer	\$	18,639	
Social Security		1,410	
Total Judicial Commissioners			20,049

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Deputy(ies)		386,720	
Investigator(s)		91,945	
Captain(s)		40,478	
Sergeant(s)		129,838	
Salary Supplements		13,800	
Secretary(ies)		21,840	
Maintenance Personnel		37,814	
Overtime Pay		19,757	
In-service Training		5,885	
Social Security		59,201	
State Retirement		39,434	
Medical Insurance		37,008	
Communication		16,980	
Data Processing Services		6,339	
Dues and Memberships		1,650	
Legal Notices, Recording, and Court Costs		500	
Maintenance and Repair Services - Equipment		200	
Maintenance and Repair Services - Vehicles		15,651	
Postal Charges		766	
Other Contracted Services		8,380	
Gasoline		102,545	
Instructional Supplies and Materials		1,940	
Law Enforcement Supplies		1,788	
Office Supplies		6,967	
Tires and Tubes		9,362	
Uniforms		8,076	
Vehicle Parts		13,189	
Other Supplies and Materials		24,145	
Motor Vehicles		125,693	
Office Equipment		9,340	
Total Sheriff's Department			1,305,026

Special Patrols

Deputy(ies)	\$	20,218	
Social Security		1,423	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

State Retirement	\$	1,117	
Medical Insurance		2,990	
Maintenance and Repair Services - Vehicles		301	
Disposal Fees		1,285	
Gasoline		3,996	
Other Supplies and Materials		527	
Total Special Patrols			\$ 31,857

Jail

County Official/Administrative Officer	\$	31,000	
Sergeant(s)		126,130	
Guards		379,482	
Clerical Personnel		41,503	
Cafeteria Personnel		40,223	
Overtime Pay		11,024	
Social Security		45,764	
State Retirement		23,504	
Medical Insurance		36,368	
Evaluation and Testing		2,921	
Maintenance and Repair Services - Buildings		116,444	
Medical and Dental Services		197,016	
Travel		4,981	
Other Contracted Services		15,312	
Custodial Supplies		47,453	
Diesel Fuel		1,473	
Electricity		43,849	
Food Supplies		151,461	
Natural Gas		62,856	
Prisoners Clothing		2,136	
Uniforms		3,779	
Other Supplies and Materials		5,004	
Office Equipment		348	
Other Equipment		1,866	
Total Jail			1,391,897

Fire Prevention and Control

Contracts with Government Agencies	\$	1,000	
Contributions		96,000	
Electricity		2,009	
Total Fire Prevention and Control			99,009

Civil Defense

Supervisor/Director	\$	3,939	
Social Security		301	
Electricity		1,214	
Gasoline		1,990	
Total Civil Defense			7,444

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

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	\$ 34,680	
Total County Coroner/Medical Examiner		34,680

Other Public Safety

Other Charges	\$ 3,000	
Total Other Public Safety		3,000

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 104,523	
Social Security	7,996	
Communication	5,684	
Contracts with Other Public Agencies	9,500	
Maintenance and Repair Services - Buildings	14,838	
Travel	5,147	
Other Contracted Services	10,800	
Custodial Supplies	2,041	
Drugs and Medical Supplies	2,443	
Office Supplies	4,281	
Utilities	15,018	
Other Supplies and Materials	1,793	
Other Charges	1,287	
Furniture and Fixtures	1,230	
Office Equipment	1,811	
Total Local Health Center		188,392

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 48,218	
Accountants/Bookkeepers	30,300	
Paraprofessionals	449,295	
Attendants	317,985	
Overtime Pay	173,310	
In-service Training	7,832	
Social Security	74,300	
State Retirement	53,686	
Medical Insurance	61,776	
Communication	11,926	
Data Processing Services	4,940	
Dues and Memberships	760	

(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.)

Licenses	\$	1,750	
Maintenance and Repair Services - Buildings		6,842	
Maintenance and Repair Services - Equipment		2,223	
Maintenance and Repair Services - Vehicles		46,918	
Travel		525	
Other Contracted Services		7,375	
Custodial Supplies		9,598	
Drugs and Medical Supplies		61,082	
Electricity		19,568	
Gasoline		63,014	
Natural Gas		7,164	
Office Supplies		5,949	
Tires and Tubes		11,281	
Uniforms		7,641	
Motor Vehicles		92,379	
Office Equipment		16,910	
Other Equipment		9,000	
Total Ambulance/Emergency Medical Services			\$ 1,603,547

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	\$	31,443	
Part-time Personnel		7,368	
Social Security		2,969	
State Retirement		1,848	
Contributions		1,900	
Data Processing Services		651	
Travel		435	
Custodial Supplies		431	
Food Supplies		349	
Office Supplies		406	
Premiums on Corporate Surety Bonds		187	
Total Senior Citizens Assistance			47,987

Libraries

Supervisor/Director	\$	30,178	
Other Salaries and Wages		43,144	
Social Security		4,971	
State Retirement		2,691	
Medical Insurance		6,000	
Communication		4,204	
Data Processing Services		2,492	
Dues and Memberships		213	

(Continued)

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	\$	5,098	
Travel		737	
Custodial Supplies		1,713	
Office Supplies		5,312	
Utilities		18,390	
Other Charges		4,913	
Total Libraries			\$ 130,056

Other Social, Cultural, and Recreational

Contributions	\$	5,700	
Other Charges		25,000	
Total Other Social, Cultural, and Recreational			30,700

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	32,274	
Other Salaries and Wages		3,145	
Social Security		2,348	
Extension Service Medicare		361	
State Retirement		4,751	
Communication		3,015	
Contributions		65	
Travel		3,409	
Office Equipment		2,000	
Total Agricultural Extension Service			51,368

Soil Conservation

Deputy(ies)	\$	23,197	
Temporary Personnel		28,299	
Social Security		1,413	
State Retirement		1,283	
Medical Insurance		3,000	
Travel		1,029	
Total Soil Conservation			58,221

Other Operations

Tourism

Advertising	\$	5,519	
Total Tourism			5,519

Industrial Development

Contributions	\$	15,000	
Engineering Services		1,500	
Other Charges		19,075	
Total Industrial Development			35,575

(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	\$	68,430	
Other Contracted Services		190,576	
Other Charges		36,114	
Building Construction		44,490	
Total Other Economic and Community Development	\$		339,610

Airport

Contracts with Government Agencies	\$	7,200	
Total Airport			7,200

Veterans' Services

Supervisor/Director	\$	18,416	
Social Security		1,352	
Communication		2,401	
Contributions		10,054	
Rentals		4,200	
Travel		982	
Office Supplies		1,076	
Other Charges		1,600	
Office Equipment		1,423	
Total Veterans' Services			41,504

Contributions to Other Agencies

Contributions	\$	14,102	
Total Contributions to Other Agencies			14,102

Highways

Traffic Control

Supervisor/Director	\$	1,344	
Social Security		103	
Maintenance and Repair Services - Vehicles		1,199	
Gasoline		440	
Road Signs		4,690	
Total Traffic Control			7,776

Litter and Trash Collection

Supervisor/Director	\$	23,136	
Social Security		1,770	
Advertising		7,105	
Maintenance and Repair Services - Vehicles		600	
Custodial Supplies		938	
Gasoline		2,723	
Total Litter and Trash Collection			36,272

Total General Fund \$ 8,607,654

(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	\$ 117	
Data Processing Services	4,325	
Evaluation and Testing	355	
Legal Notices, Recording, and Court Costs	214	
Travel	567	
Office Supplies	1,012	
Liability Insurance	22,799	
Trustee's Commission	14,260	
Workers' Compensation Insurance	25,824	
Total Other General Administration		\$ 69,473

Public Health and Welfare

Convenience Centers

Laborers	\$ 81,924	
Social Security	6,267	
State Retirement	698	
Communication	4,137	
Maintenance and Repair Services - Buildings	1,537	
Maintenance and Repair Services - Equipment	304	
Maintenance and Repair Services - Vehicles	105	
Rentals	5,700	
Custodial Supplies	387	
Electricity	6,849	
Water and Sewer	8,344	
Total Convenience Centers		116,252

Transfer Stations

Supervisor/Director	\$ 44,301	
Foremen	18,364	
Equipment Operators	24,579	
Truck Drivers	51,034	
Laborers	20,562	
Social Security	11,225	
State Retirement	8,483	
Medical Insurance	7,250	
Communication	1,318	
Licenses	2,500	
Maintenance and Repair Services - Equipment	9,679	
Disposal Fees	429,374	

(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.)

Other Contracted Services	\$	9,991	
Diesel Fuel		32,668	
Lubricants		219	
Tires and Tubes		5,019	
Other Supplies and Materials		953	
Other Charges		20,526	
Total Transfer Stations			\$ 698,045

Recycling Center

Communication	\$	2,166	
Maintenance and Repair Services - Buildings		8,964	
Maintenance and Repair Services - Equipment		435	
Electricity		4,527	
Gasoline		1,941	
Propane Gas		548	
Uniforms		2,534	
Water and Sewer		348	
Other Supplies and Materials		752	
Total Recycling Center			22,215

Other Waste Disposal

Fertilizer, Lime, and Seed	\$	960	
Total Other Waste Disposal			960

Postclosure Care Costs

Testing	\$	4,500	
Total Postclosure Care Costs			4,500

Total Solid Waste/Sanitation Fund \$ 911,445

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$	32,432	
Social Security		2,385	
State Retirement		1,792	
Medical Insurance		1,875	
Contributions		1,000	
Confidential Drug Enforcement Payments		7,500	
Dues and Memberships		355	
Maintenance and Repair Services - Buildings		915	
Towing Services		350	
Travel		135	
Veterinary Services		255	
Animal Food and Supplies		181	
Other Supplies and Materials		933	
Trustee's Commission		274	
Other Equipment		9,815	
Total Drug Enforcement			\$ 60,197

Total Drug Control Fund 60,197

(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	\$ 225	
Total County Trustee's Office		\$ 225

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 81	
Total County Clerk's Office		81

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 10,975	
Constitutional Officers' Operating Expenses	1,810	
Total Chancery Court		<u>12,785</u>

Total Constitutional Officers - Fees Fund		\$ 13,091
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,795	
Supervisor/Director	24,963	
Overtime Pay	1,317	
State Retirement	17	
Communication	4,519	
Dues and Memberships	5,228	
Evaluation and Testing	1,865	
Legal Notices, Recording, and Court Costs	421	
Licenses	92	
Maintenance and Repair Services - Buildings	2,211	
Postal Charges	190	
Travel	10,398	
Penalties	200	
Other Contracted Services	991	
Custodial Supplies	920	
Electricity	3,883	
Office Supplies	993	
Utilities	3,591	
Traffic Control Equipment	69	
Total Administration		\$ 129,663

Highway and Bridge Maintenance

Supervisor/Director	\$ 96,488
Equipment Operators	177,091
Truck Drivers	68,358
Laborers	125,434
Overtime Pay	17,602
Freight Expenses	1,059
Rentals	1,006

(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.)

Other Contracted Services	\$	179	
Asphalt - Cold Mix		74,416	
Asphalt - Hot Mix		30,095	
Asphalt - Liquid		48,521	
Concrete		141	
Crushed Stone		61,253	
Equipment Parts - Heavy		423	
General Construction Materials		5,345	
Pipe		5,959	
Pipe - Metal		4,080	
Road Signs		3,009	
Salt		3,364	
Other Supplies and Materials		5,007	
Other Charges		2,165	
Total Highway and Bridge Maintenance			\$ 730,995

Operation and Maintenance of Equipment

Supervisor/Director	\$	28,080	
Mechanic(s)		12,442	
Overtime Pay		830	
Maintenance and Repair Services - Equipment		14,030	
Equipment and Machinery Parts		40,691	
Gasoline		160,786	
Lubricants		6,589	
Small Tools		2,946	
Tires and Tubes		13,288	
Highway Equipment		3,200	
Motor Vehicles		8,900	
Total Operation and Maintenance of Equipment			291,782

Quarry Operations

Supervisor/Director	\$	26,472	
Laborers		19,461	
Overtime Pay		775	
Explosive and Drilling Services		24,690	
Operating Lease Payments		9,600	
Electricity		25,352	
Equipment and Machinery Parts		4,123	
Total Quarry Operations			110,473

Other Charges

Liability Insurance	\$	145,461	
Trustee's Commission		21,908	
Workers' Compensation Insurance		64,051	
Total Other Charges			231,420

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	48,411	
State Retirement		35,023	
Medical Insurance		229,152	
Unemployment Compensation		6,898	
Total Employee Benefits			\$ 319,484

Capital Outlay

Engineering Services	\$	29,876	
Bridge Construction		253,438	
Total Capital Outlay			283,314

Total Highway/Public Works Fund \$ 2,097,131

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	538,787	
Principal on Notes		420,543	
Total General Government			\$ 959,330

Education

Principal on Bonds	\$	640,000	
Total Education			640,000

Interest on Debt

General Government

Interest on Bonds	\$	296,517	
Interest on Notes		54,602	
Total General Government			351,119

Education

Interest on Bonds	\$	341,839	
Total Education			341,839

Other Debt Service

General Government

Fiscal Agent Charges	\$	350	
Trustee's Commission		12,879	
Other Debt Service		952	
Total General Government			14,181

Education

Underwriter's Discount	\$	28,007	
Other Debt Issuance Charges		46,675	
Other Debt Service		250	
Total Education			74,932

Total General Debt Service Fund 2,381,401

Total Governmental Funds - Primary Government \$ 14,070,923

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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,788,335	
Career Ladder Program		46,600	
Career Ladder Extended Contracts		25,500	
Homebound Teachers		9,052	
Educational Assistants		227,153	
Other Salaries and Wages		135,696	
Certified Substitute Teachers		62,141	
Non-certified Substitute Teachers		122,343	
Social Security		434,542	
State Retirement		623,922	
Life Insurance		4,294	
Medical Insurance		1,164,246	
Unemployment Compensation		11,429	
Employer Medicare		102,080	
Payments to Retirees		86,991	
Maintenance and Repair Services - Equipment		220	
Other Contracted Services		76,373	
Instructional Supplies and Materials		48,110	
Textbooks		363,428	
Other Supplies and Materials		83,823	
In Service/Staff Development		1,576	
Fee Waivers		44,168	
Other Charges		25,273	
Regular Instruction Equipment		381,827	
Total Regular Instruction Program			\$ 10,869,122

Alternative Instruction Program

Teachers	\$	39,636	
Career Ladder Program		1,000	
Social Security		2,331	
State Retirement		3,609	
Life Insurance		24	
Medical Insurance		11,012	
Unemployment Compensation		54	
Employer Medicare		545	
Total Alternative Instruction Program			58,211

Special Education Program

Teachers	\$	863,022	
Career Ladder Program		10,290	
Career Ladder Extended Contracts		1,400	
Homebound Teachers		3,347	
Educational Assistants		168,972	
Speech Pathologist		41,537	
Certified Substitute Teachers		140	
Non-certified Substitute Teachers		60	

(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.)

Social Security	\$	63,581	
State Retirement		88,688	
Life Insurance		528	
Medical Insurance		181,798	
Unemployment Compensation		1,881	
Employer Medicare		14,871	
Maintenance and Repair Services - Equipment		255	
Other Contracted Services		1,902	
Instructional Supplies and Materials		1,002	
Other Supplies and Materials		1,761	
Special Education Equipment		2,620	
Total Special Education Program			\$ 1,447,655

Vocational Education Program

Teachers	\$	596,028	
Career Ladder Program		4,000	
Certified Substitute Teachers		1,400	
Non-certified Substitute Teachers		1,260	
Social Security		35,040	
State Retirement		53,283	
Life Insurance		360	
Medical Insurance		100,236	
Unemployment Compensation		837	
Employer Medicare		8,196	
Tuition		40,898	
Other Contracted Services		79	
Instructional Supplies and Materials		6,519	
Textbooks		3,673	
Other Supplies and Materials		5,999	
Regular Instruction Equipment		99	
Vocational Instruction Equipment		2,155	
Total Vocational Education Program			860,062

Support Services

Attendance

Supervisor/Director	\$	66,786	
Career Ladder Program		1,000	
Social Security		3,964	
State Retirement		6,019	
Life Insurance		24	
Medical Insurance		11,253	
Unemployment Compensation		54	
Employer Medicare		927	
Travel		658	
Other Contracted Services		8,699	
Other Supplies and Materials		307	

(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.)

In Service/Staff Development	\$	200	
Attendance Equipment		2,403	
Total Attendance			\$ 102,294

Health Services

Medical Personnel	\$	73,064	
Social Security		3,692	
State Retirement		5,244	
Life Insurance		24	
Medical Insurance		17,479	
Unemployment Compensation		158	
Employer Medicare		863	
Travel		3,006	
Other Supplies and Materials		172	
Total Health Services			103,702

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		455,304	
Career Ladder Extended Contracts		2,100	
Social Security		26,831	
State Retirement		40,706	
Life Insurance		264	
Medical Insurance		75,271	
Unemployment Compensation		591	
Employer Medicare		6,275	
Evaluation and Testing		48,891	
Other Supplies and Materials		522	
Other Equipment		4,247	
Total Other Student Support			662,002

Regular Instruction Program

Supervisor/Director	\$	80,435	
Career Ladder Program		8,798	
Career Ladder Extended Contracts		1,400	
Librarians		272,898	
Clerical Personnel		17,437	
Other Salaries and Wages		113,844	
Social Security		29,400	
State Retirement		43,358	
Life Insurance		228	
Medical Insurance		56,260	
Unemployment Compensation		516	
Employer Medicare		6,876	
Other Fringe Benefits		386	
Travel		15,320	

(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.)

Other Contracted Services	\$	8,713	
Library Books/Media		3,431	
Other Supplies and Materials		7,577	
In Service/Staff Development		18,854	
Other Equipment		10,422	
Total Regular Instruction Program			\$ 696,153

Special Education Program

Supervisor/Director	\$	58,463	
Career Ladder Program		1,000	
Psychological Personnel		42,088	
Clerical Personnel		17,437	
Other Salaries and Wages		11,073	
Social Security		7,110	
State Retirement		10,594	
Life Insurance		44	
Medical Insurance		22,081	
Unemployment Compensation		161	
Employer Medicare		1,663	
Travel		4,375	
Other Supplies and Materials		31	
In Service/Staff Development		119	
Other Charges		278	
Total Special Education Program			176,517

Vocational Education Program

Supervisor/Director	\$	12,039	
Social Security		733	
State Retirement		1,069	
Life Insurance		24	
Unemployment Compensation		54	
Employer Medicare		171	
Total Vocational Education Program			14,090

Other Programs

On-behalf Payments to OPEB	\$	159,932	
Total Other Programs			159,932

Board of Education

Secretary to Board	\$	2,425	
Board and Committee Members Fees		38,070	
Social Security		1,810	
State Retirement		328	
Unemployment Compensation		3	
Employer Medicare		567	
Audit Services		8,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Legal Services	\$	19,761	
Medical and Dental Services		2,104	
Travel		4,097	
Other Contracted Services		2,500	
Other Supplies and Materials		208	
Liability Insurance		27,673	
Trustee's Commission		93,171	
Workers' Compensation Insurance		200,125	
Other Charges		4,821	
Total Board of Education			\$ 405,663

Director of Schools

County Official/Administrative Officer	\$	83,559	
Career Ladder Program		1,000	
Social Security		4,584	
State Retirement		6,713	
Life Insurance		24	
Medical Insurance		7,127	
Unemployment Compensation		162	
Employer Medicare		1,202	
Communication		6,795	
Dues and Memberships		11,971	
Maintenance and Repair Services - Equipment		320	
Postal Charges		3,002	
Travel		4,408	
Office Supplies		303	
Other Charges		361	
Administration Equipment		1,368	
Total Director of Schools			132,899

Office of the Principal

Principals	\$	477,193	
Career Ladder Program		8,648	
Assistant Principals		315,072	
Secretary(ies)		414,419	
Other Salaries and Wages		17,273	
Social Security		70,494	
State Retirement		94,758	
Life Insurance		348	
Medical Insurance		152,621	
Unemployment Compensation		1,797	
Employer Medicare		16,486	
Communication		50,871	
Dues and Memberships		3,550	
Travel		14,033	
Other Contracted Services		35,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Excess Risk Insurance	\$	12,846	
In Service/Staff Development		1,009	
Administration Equipment		7,005	
Total Office of the Principal			\$ 1,693,423

Fiscal Services

Accountants/Bookkeepers	\$	119,840	
Secretary(ies)		67,990	
Other Salaries and Wages		31,615	
Social Security		12,385	
State Retirement		12,146	
Medical Insurance		17,731	
Unemployment Compensation		318	
Employer Medicare		2,897	
Other Fringe Benefits		194	
Dues and Memberships		320	
Maintenance and Repair Services - Equipment		1,565	
Travel		2,979	
Other Contracted Services		244	
Data Processing Supplies		2,248	
Office Supplies		2,281	
Administration Equipment		9,432	
Total Fiscal Services			284,185

Operation of Plant

Custodial Personnel	\$	604,418	
Social Security		34,820	
State Retirement		31,518	
Medical Insurance		60,139	
Unemployment Compensation		1,975	
Employer Medicare		8,150	
Janitorial Services		7,325	
Maintenance and Repair Services - Equipment		10,972	
Pest Control		11,560	
Other Contracted Services		76,710	
Custodial Supplies		59,287	
Electricity		656,042	
Natural Gas		93,173	
Propane Gas		34,891	
Water and Sewer		40,507	
Chemicals		10,924	
Other Supplies and Materials		20,312	
Boiler Insurance		6,325	
Building and Contents Insurance		115,234	
Other Charges		250	
Plant Operation Equipment		18,828	
Total Operation of Plant			1,903,360

(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.)

Maintenance of Plant

Supervisor/Director	\$	25,973	
Maintenance Personnel		170,913	
Social Security		11,231	
State Retirement		11,758	
Life Insurance		12	
Medical Insurance		19,708	
Unemployment Compensation		268	
Employer Medicare		2,627	
Communication		1,459	
Maintenance and Repair Services - Buildings		6,943	
Rentals		187	
Travel		1,223	
Other Contracted Services		4,250	
Custodial Supplies		738	
Equipment Parts - Light		41,094	
Equipment and Machinery Parts		13,547	
General Construction Materials		15,294	
Small Tools		7,006	
Uniforms		2,059	
Other Supplies and Materials		11,568	
Vehicle and Equipment Insurance		4,269	
In Service/Staff Development		1,223	
Other Charges		128	
Maintenance Equipment		10,099	
Plant Operation Equipment		615	
Total Maintenance of Plant			\$ 364,192

Transportation

Supervisor/Director	\$	25,973
Mechanic(s)		96,890
Bus Drivers		465,334
Social Security		33,876
State Retirement		19,454
Life Insurance		12
Medical Insurance		42,608
Unemployment Compensation		1,802
Employer Medicare		8,155
Communication		1,182
Maintenance and Repair Services - Equipment		3,377
Medical and Dental Services		2,556
Towing Services		950
Travel		1,643
Other Contracted Services		1,501
Crushed Stone		7,416
Custodial Supplies		207
Diesel Fuel		165,138

(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.)

Garage Supplies	\$	5,434	
Gasoline		10,144	
Lubricants		8,025	
Small Tools		1,843	
Tires and Tubes		14,596	
Uniforms		1,169	
Vehicle Parts		42,143	
Other Supplies and Materials		4,400	
Vehicle and Equipment Insurance		31,309	
In Service/Staff Development		484	
Other Charges		2,520	
Transportation Equipment		266,779	
Total Transportation			\$ 1,266,920

Operation of Non-instructional Services

Food Service

Food Service Equipment	\$	10,000	
Total Food Service			10,000

Community Services

Supervisor/Director	\$	44,266	
Teachers		287,348	
Bus Drivers		26,658	
Other Salaries and Wages		71,544	
Non-certified Substitute Teachers		180	
Social Security		23,770	
State Retirement		30,543	
Medical Insurance		1,617	
Unemployment Compensation		671	
Employer Medicare		5,577	
Other Fringe Benefits		2,761	
Travel		12,329	
Instructional Supplies and Materials		21,060	
Other Supplies and Materials		14,368	
In Service/Staff Development		2,793	
Regular Instruction Equipment		90	
Total Community Services			545,575

Early Childhood Education

Supervisor/Director	\$	48,261	
Teachers		196,324	
Career Ladder Program		750	
Clerical Personnel		3,868	
Educational Assistants		86,320	
Other Salaries and Wages		60	
Certified Substitute Teachers		1,365	

(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.)

Non-certified Substitute Teachers	\$	1,290	
Social Security		18,534	
State Retirement		25,992	
Medical Insurance		55,788	
Unemployment Compensation		623	
Employer Medicare		4,336	
Other Fringe Benefits		2,172	
Communication		1,002	
Travel		2,306	
Food Supplies		3,681	
Instructional Supplies and Materials		6,804	
Other Supplies and Materials		6,755	
In Service/Staff Development		401	
Other Charges		110	
Other Equipment		45,437	
Total Early Childhood Education			\$ 512,179

Capital Outlay

Regular Capital Outlay

Architects	\$	18,713	
Engineering Services		6,750	
Building Improvements		364	
Plant Operation Equipment		29,652	
Other Capital Outlay		65	
Total Regular Capital Outlay			<u>55,544</u>

Total General Purpose School Fund \$ 22,323,680

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	345,972	
Clerical Personnel		539	
Educational Assistants		81,371	
Certified Substitute Teachers		1,680	
Non-certified Substitute Teachers		5,970	
Social Security		25,550	
State Retirement		35,222	
Life Insurance		193	
Medical Insurance		60,526	
Unemployment Compensation		694	
Employer Medicare		5,979	
Other Fringe Benefits		2,581	
Other Contracted Services		2,785	
Instructional Supplies and Materials		25,026	
Other Charges		1,190	
Regular Instruction Equipment		189,076	
Total Regular Instruction Program			\$ 784,354

(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	\$	137,906	
Educational Assistants		300,285	
Certified Substitute Teachers		875	
Non-certified Substitute Teachers		2,070	
Social Security		25,104	
State Retirement		28,523	
Life Insurance		79	
Medical Insurance		66,883	
Unemployment Compensation		1,162	
Employer Medicare		5,878	
Other Fringe Benefits		98	
Evaluation and Testing		1,337	
Instructional Supplies and Materials		66	
Other Supplies and Materials		847	
Special Education Equipment		10,410	
Total Special Education Program			\$ 581,523

Vocational Education Program

Educational Assistants	\$	15,120	
Social Security		780	
State Retirement		836	
Unemployment Compensation		54	
Employer Medicare		182	
Other Fringe Benefits		97	
Maintenance and Repair Services - Equipment		642	
Instructional Supplies and Materials		8,111	
Vocational Instruction Equipment		27,197	
Total Vocational Education Program			53,019

Support Services

Other Student Support

Bus Drivers	\$	1,217	
Social Security		75	
Unemployment Compensation		3	
Employer Medicare		18	
Travel		7,272	
Other Contracted Services		60,000	
Other Supplies and Materials		164	
In Service/Staff Development		10,989	
Other Charges		20,814	
Total Other Student Support			100,552

Regular Instruction Program

Supervisor/Director	\$	48,155	
Other Salaries and Wages		212,886	
Certified Substitute Teachers		2,170	

(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 (Cont.)

Non-certified Substitute Teachers	\$	3,780	
Social Security		15,155	
State Retirement		22,102	
Life Insurance		146	
Medical Insurance		24,991	
Unemployment Compensation		324	
Employer Medicare		3,732	
Other Fringe Benefits		1,676	
Travel		8,449	
Other Supplies and Materials		19,809	
In Service/Staff Development		75,991	
Other Equipment		4,858	
Total Regular Instruction Program			\$ 444,224

Special Education Program

Supervisor/Director	\$	5,315	
Psychological Personnel		57,775	
Other Salaries and Wages		33,486	
Social Security		5,789	
State Retirement		7,027	
Life Insurance		27	
Medical Insurance		10,501	
Unemployment Compensation		154	
Employer Medicare		1,354	
Travel		12,356	
In Service/Staff Development		1,914	
Other Charges		3,283	
Total Special Education Program			138,981

Vocational Education Program

Supervisor/Director	\$	28,887	
Social Security		1,781	
State Retirement		2,565	
Medical Insurance		3,785	
Unemployment Compensation		54	
Employer Medicare		417	
Other Fringe Benefits		185	
Travel		7,400	
Other Supplies and Materials		8,345	
In Service/Staff Development		3,832	
Other Charges		5,568	
Vocational Instruction Equipment		3,615	
Total Vocational Education Program			66,434

Transportation

Bus Drivers	\$	38,402	
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(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Salaries and Wages	\$	10,483	
Social Security		2,380	
State Retirement		1,374	
Unemployment Compensation		161	
Employer Medicare		557	
Contracts with Parents		6,650	
Diesel Fuel		742	
Total Transportation			\$ 60,749

Total School Federal Projects Fund \$ 2,229,836

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	51,894	
Clerical Personnel		36,932	
Cafeteria Personnel		661,230	
Temporary Personnel		33,775	
Social Security		44,778	
State Retirement		42,897	
Life Insurance		26	
Medical Insurance		90,333	
Unemployment Compensation		2,792	
Employer Medicare		10,472	
Other Fringe Benefits		26,129	
Maintenance and Repair Services - Equipment		2,408	
Travel		8,944	
Other Contracted Services		19,017	
Food Supplies		701,113	
USDA - Commodities		109,407	
Other Supplies and Materials		59,826	
In Service/Staff Development		1,878	
Total Food Service			\$ 1,903,851

Community Services

Supervisor/Director	\$	10,380	
Cafeteria Personnel		16,376	
Social Security		1,293	
State Retirement		1,217	
Medical Insurance		930	
Unemployment Compensation		9	
Employer Medicare		302	
Other Fringe Benefits		6,402	
Travel		1,248	
Other Contracted Services		184	
Food Supplies		19,921	
Other Supplies and Materials		857	
Total Community Services			\$ 59,119

Total Central Cafeteria Fund 1,962,970

(Continued)

Exhibit J-8

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

<u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$ 640,000	
Total Education		\$ 640,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$ 387,448	
Total Education		387,448
 <u>Other Debt Service</u>		
<u>Education</u>		
Trustee's Commission	\$ 5,910	
Debt Service Contribution to Primary Government	250	
Total Education		<u>6,160</u>
Total Education Debt Service Fund		<u>\$ 1,033,608</u>
Total Governmental Funds - Overton County School Department		<u>\$ 27,550,094</u>

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, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 803,330</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 795,965
Trustee's Commission	<u>7,365</u>
Total Cash Disbursements	<u>\$ 803,330</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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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 Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements, and have issued our report thereon dated January 26, 2015. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Overton County Nursing Home and the Overton/Pickett County Emergency Communications District as described in our report on Overton County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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: 2014-001(A,B) and 2014-002.

### **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 matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001(C).

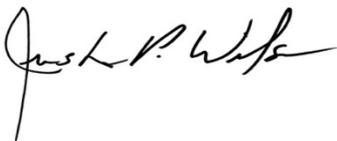
### **Overton County's Response to Findings**

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

January 26, 2015

JPW/kp



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
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NASHVILLE, TENNESSEE 37243-1402  
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**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, 2014. 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 a 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, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003. Our opinion on each major federal program is not modified with respect to this matter.

Overton County's response to the noncompliance finding 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 compliance and, accordingly, we express no opinion on the response.

### **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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be

material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003, which we consider to be a significant deficiency.

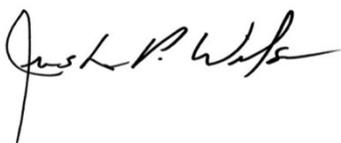
Overton County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Overton County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2014, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements. We issued our report thereon dated January 26, 2015, 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 basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 26, 2015

JPW/kp

Overton County, Tennessee  
 Schedule of Expenditures of Federal Awards and State Grants (1)  
 For the Year Ended June 30, 2014

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	\$ 6,577
Emergency Watershed Protection Program	10.923	N/A	24,788
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	329,183
National School Lunch Program	10.555	N/A	929,716 (3)
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	53,602
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	109,407 (3)
Total U.S. Department of Agriculture			<u>\$ 1,453,273</u>
U.S. Department of Commerce:			
Direct Program:			
Community Trade Adjustment Assistance	11.010	N/A	<u>\$ 451</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.Unknown	N/A	<u>\$ 919,486</u>
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	\$ 198,783
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnership Program	14.239	HM-10-37	51,107
Total U.S. Department of Housing and Urban Development			<u>\$ 249,890</u>
U.S. Department of Justice:			
Passed-through Tennessee Bureau of Investigation:			
Public Safety Partnership and Community Policing Grants	16.710	(2)	<u>\$ 832</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-14-GHS269-00	<u>\$ 6,287</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	<u>\$ 1,500</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,129,316
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	791,790
Special Education - Preschool Grants	84.173	N/A	27,010
Career and Technical Education - Basic Grants to States	84.048	N/A	129,066
Twenty-first Century Community Learning Centers	84.287	N/A	554,959
Rural Education	84.358	N/A	66,655
Improving Teacher Quality State Grants	84.367	N/A	142,319
Total U.S. Department of Education			<u>\$ 2,841,115</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	<u>\$ 40,267</u>
Total Expenditures of Federal Awards			<u>\$ 5,513,101</u>

(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
<b>State Grants</b>			
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Aging Program - Upper Cumberland Development District	N/A	(2)	24,689
Law Enforcement Training - State Department of Safety	N/A	(2)	13,800
Rural Local Health Services - State Department of Health	N/A	GG-1437620-00	122,625
Family Health and Wellness/Project Diabetes - State Department of Health	N/A	GG-14-38577-00	10,658
Litter Program - State Department of Transportation	N/A	Z-14-LIT0067	36,188
Election Assistance Grant - Tennessee Secretary of State	N/A	(2)	2,119
ThreeStar Grant Program - State Department of Economic and Community Development	N/A	(2)	15,000
Waste Tire Recycling Grant - State Department of Environment and Conservation	N/A	(2)	14,322
Old Closed Landfill Grant - State Department of Environment and Conservation	N/A	(2)	17,107
ConnectTenn - State Department of Education	N/A	(2)	9,618
Coordinated School Health Project - State Department of Education	N/A	(2)	100,000
Early Childhood Education - State Department of Education	N/A	(2)	519,139
Energy Efficient Schools Initiative Grant - State Energy Efficient Schools Initiative	N/A	(2)	12,730
Safe Schools Act - State Department of Education	N/A	(2)	21,300
<b>Total State Grants</b>			<b>\$ 928,295</b>

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 \$1,039,123.

Overton County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*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, 2013, which have not been corrected.

**AMBULANCE SERVICE AND OFFICES OF REGISTER OF DEEDS AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-005	162	Duties were not segregated adequately

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**OVERTON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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**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 one significant deficiency in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed one finding that was required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559) and the Section 1033 Excess Property Program (CFDA No. 12. UNKNOWN) 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 qualified 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 sheriff provided a written response, which is included in this report. Other management officials did not provide responses for inclusion in this report.

### OFFICE OF SHERIFF

#### FINDING 2014-001

#### **OVERTON COUNTY HAD DEFICIENCIES RELATED TO SECTION 1033 EXCESS FEDERAL PROPERTY**

(A. and B. – Internal Control – Significant Deficiency Under *Government Auditing Standards* and OMB Circular A-133; C. – Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

During the year, Overton County received surplus property items through the State of Tennessee, Department of General Services under the federal Department of Defense Section 1033 Excess Property Program. The state and the Department of Defense established guidelines for participants that receive property through the program. These guidelines provide directives as to the use, accountability, reporting, and disposal of property received through the program. The county had the following deficiencies related to the excess federal property:

- A. While the county did have an inventory list of property items that had been received through the program, this list did not include a detailed description of the property or other identifying number, the location of the property, who had custody of the property, or any other identifying information. Program guidelines require the maintenance of an inventory, which should include information concerning the property description, an identifying number, the location of, and other pertinent information for adequate identification. Without proper identification of items and control of the inventory, there is no means to determine the status of program property.
- B. We noted that formal tracking procedures had not been implemented, and property received had not been stored in a secure central location. Property was being stored and/or used in several locations. No procedures were in place to document the location or use of the property, and in some storage areas, access was not limited to authorized personnel. Program property accountability guidelines require the proper storage and security of the property with asset tracking and sign-out procedures in place. In the absence of these procedures, the county has no way to determine where the property is located, if the property is secure, who has custody of the property, if the property is being used for program purposes, or if the property should be reported/identified as lost, missing, stolen, or unused.
- C. We performed a physical observation and noted that some program property was in the kitchen at the Overton County Jail and was being used in the

preparation of meals for inmates. Program guidelines state that property is to be used for law enforcement and counter-drug activities and not used for jail operations. This deficiency resulted in questioned costs of \$22,671, the value at which those items are reported on the Schedule of Expenditures of Federal Awards.

When Section 1033 Excess Property program guidelines are not followed, the state could suspend or terminate Overton County's participation in the program and initiate corrective action for failure to return or transfer any and all program assets received under the program.

### RECOMMENDATION

Overton County should maintain adequate inventory records of all program property, provide proper storage and security of the property, and implement an asset tracking system where the status of each asset can be readily determined. Management should ensure that program property is being used in accordance with program guidelines.

### MANAGEMENT'S RESPONSE – CURRENT SHERIFF JOHN GARRETT

The Overton County Sheriff's Department is in the process of creating an inventory list of all items that have been received through the Section 1033 Excess Federal Property program. This list will include description, identifying number, location, and other relevant information for adequate identification purposes.

A process is being implemented whereby the location and use of inventory items will be documented. Steps are being taken to ensure that all inventory items are stored in a secure location.

We are in the process of addressing the property being used in the kitchen at the jail for food preparation for inmates who are incarcerated by law enforcement officers for violation of county and state laws. We are in the process of seeking avenues to replace this equipment.

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### THE AMBULANCE SERVICE DEPARTMENT AND OFFICES OF REGISTER OF DEEDS AND SHERIFF

#### FINDING 2014-002

#### **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 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.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Defense: Passed-through State Department of General Services: Section 1033 Excess Property Program	2014-003	12. UNKNOWN	Section 1033 Excess Property Program Guidelines and Circular A-133 Compliance Supplement, Part 3, Sections A., B., F., and N.	Internal Control and Noncompliance - See Finding 2014-001: Overton County had deficiencies related to Section 1033 excess federal property.	\$ 22,671

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below 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.

### **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.

**OVERTON COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2014**

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

**Sheriff – Corrective Action Plan for Current-Year's Finding**

**FINDING 2014-003**

Contact person: John Garrett

Corrective action planned: The Overton County Sheriff's Department is in the process of creating an inventory list of all items that have been received through the Section 1033 Excess Federal Property program. This list will include description, identifying number, location, and other relevant information for adequate identification purposes.

A process is being implemented whereby the location and use of inventory items will be documented. Steps are being taken to ensure that all inventory items are stored in a secure location.

We are in the process of addressing the property being used in the kitchen at the jail for food preparation for inmates who are incarcerated by law enforcement officers for violation of county and state laws. We are in the process of seeking avenues to replace this equipment.

Anticipated completion date: March 2015