

**ANNUAL FINANCIAL REPORT
OF
OVERTON COUNTY, TENNESSEE
AND
OVERTON COUNTY SCHOOL DEPARTMENT**

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
OVERTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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This financial report is available at www.comptroller.state.tn.us

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Audit Highlights

Annual Financial Report
Overton County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of Overton County as of and for the year ended June 30, 2007.

Results

Our report on Overton County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.

Our audit resulted in nine findings and recommendations, which we have reviewed with Overton County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

OVERTON COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ The county had not completed the steps set forth in their implementation plan for GASB Statement No. 34 filed with the Comptroller of the Treasury.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ Expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) in the General, Solid Waste/Sanitation, and General Debt Service funds.
 - ◆ Ambulance Service funds were not always deposited within three days of collection.
-

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ A list of county roads was not prepared and submitted to the County Commission as required by state statute.
-

OFFICE OF COUNTY CLERK

- ◆ The County Commission's minutes did not include necessary information to describe the actions of the commission accurately.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not issue receipts to individuals for traffic school payments.
-

OFFICE OF SHERIFF

- ◆ The Sheriff's Department had deficiencies in the maintenance of commissary records.
-

OTHER FINDING

- ◆ Duties were not segregated adequately in the Offices of County Mayor, Director of Accounts and Budgets, Highway Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

Overton County School Officials
June 30, 2007

Official

Michael Gilpatrick, Director of Schools

Board of Education

Tim Coffee, Chairman
Patricia Bowman
Dolphus Dial
Kelly Hill
Lenard Ledbetter
Mark Peek
Sam Pendergrass
Tonya Sells
Joey Smith
Tim Vaughn

Overton County Officials

June 30, 2007

Officials

Kenneth Copeland, County Mayor
Charles Parrott, Highway Superintendent
Peggy Clark Smith, Trustee
Larry King, Assessor of Property
Hugh Ogletree, Jr., County Clerk
Johnny Brown, Circuit and General Sessions Courts Clerk
Dorothy Stanton, Clerk and Master
Franklin Smith, Register
W.B. Melton, Sheriff
Debra Maberry, Director of Accounts and Budgets

Board of County Commissioners

Kenneth Copeland, Chairman
Dr. Alan Atnip
Randall Boswell
Stanley Carter, Jr.
Darwin Clark
Ben Danner
Bruce Ledford
Rick Moles
Jean Moore
Gregg Nivens
Billy Parrott
Billie Phipps
Cindy Robbins
Chris Speck
Jeff Staggs
Johnie Webb

Budget and Purchasing Committee

Randall Boswell, Chairman
Stanley Carter, Jr.
Jean Moore
Chris Speck
Johnie Webb

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

March 5, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Overton County, Tennessee, as of and for the year ended June 30, 2007, as shown on pages 15 through 37, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Overton County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial

statements. The amounts that would be reported in government-wide financial statements for the county's governmental activities and discretely presented component units are not reasonably determinable.

As described in Note I, Overton County, Tennessee, has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county governments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Overton County, Tennessee, as of June 30, 2007, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Overton County, Tennessee, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2008, on our consideration of Overton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison and pension information on pages 41 through 47 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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,

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, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Overton County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2007

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,114	\$ 1,114
Equity in Pooled Cash and Investments	2,172,100	478,381	1,523,962	327,666	995,986	5,498,095
Accounts Receivable	628,936	0	300	0	43,517	672,753
Allowance for Uncollectibles	(251,574)	0	0	0	0	(251,574)
Due from Other Governments	138,623	485,149	0	0	84,413	708,185
Due from Other Funds	1,114	0	9,043	0	0	10,157
Property Taxes Receivable	2,710,639	124,353	497,381	0	248,675	3,581,048
Allowance for Uncollectible Property Taxes	(51,223)	(2,351)	(9,402)	0	(4,698)	(67,674)
Total Assets	\$ 5,348,615	\$ 1,085,532	\$ 2,021,284	\$ 327,666	\$ 1,369,007	\$ 10,152,104
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 2,681	\$ 233,406	\$ 0	\$ 0	\$ 0	\$ 236,087
Payroll Deductions Payable	26,881	15,118	0	0	2,456	44,455
Contracts Payable	0	0	0	0	11,000	11,000
Retainage Payable	0	0	0	68,192	0	68,192
Due to Other Funds	9,043	0	0	0	1,114	10,157
Due to State of Tennessee	11,625	0	0	0	0	11,625
Matured Bonds Payable	0	0	477	0	0	477
Matured Interest on Bonds	0	0	675	0	0	675
Capital Outlay Notes Payable	0	0	97,752	0	0	97,752
Deferred Revenue - Current Property Taxes	2,521,261	115,654	462,617	0	231,309	3,330,841
Deferred Revenue - Delinquent Property Taxes	129,242	5,938	23,726	0	11,851	170,757
Other Deferred Revenues	402,598	154,154	0	0	43,460	600,212
Total Liabilities	\$ 3,103,331	\$ 524,270	\$ 585,247	\$ 68,192	\$ 301,190	\$ 4,582,230
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 220,510	\$ 0	\$ 220,510
Reserved for Alcohol and Drug Treatment	20,923	0	0	0	0	20,923
Reserved for Sexual Offender Registration	2,421	0	0	0	0	2,421
Reserved for Computer System - Register	74,954	0	0	0	0	74,954

(Continued)

Exhibit A

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

	Major Funds				Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Automation Purposes - Circuit Court	\$ 724	\$ 0	\$ 0	\$ 0	\$ 0	\$ 724
Reserved for Automation Purposes - Sheriff	3,970	0	0	0	0	3,970
Reserved for Capital Outlay	28,020	0	0	0	41,050	69,070
Unreserved, Reported In:						
General Fund	2,114,272	0	0	0	0	2,114,272
Special Revenue Funds	0	561,262	0	0	839,717	1,400,979
Debt Service Funds	0	0	1,436,037	0	0	1,436,037
Capital Projects Funds	0	0	0	38,964	187,050	226,014
Total Fund Balances	<u>\$ 2,245,284</u>	<u>\$ 561,262</u>	<u>\$ 1,436,037</u>	<u>\$ 259,474</u>	<u>\$ 1,067,817</u>	<u>\$ 5,569,874</u>
Total Liabilities and Fund Balances	<u>\$ 5,348,615</u>	<u>\$ 1,085,532</u>	<u>\$ 2,021,284</u>	<u>\$ 327,666</u>	<u>\$ 1,369,007</u>	<u>\$ 10,152,104</u>

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

Exhibit B

Overton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 3,187,453	\$ 218,766	\$ 478,453	\$ 0	\$ 686,694	\$ 4,571,366
Licenses and Permits	5,705	0	0	0	0	5,705
Fines, Forfeitures, and Penalties	104,062	0	0	0	25,451	129,513
Charges for Current Services	967,011	0	0	0	209,456	1,176,467
Other Local Revenues	180,155	9,958	475,561	0	156,783	822,457
Fees Received from County Officials	816,495	0	0	0	0	816,495
State of Tennessee	995,676	2,080,021	387,320	0	37,983	3,501,000
Federal Government	139,936	0	0	891,255	0	1,031,191
Other Governments and Citizens Groups	28,270	0	0	0	0	28,270
Total Revenues	\$ 6,424,763	\$ 2,308,745	\$ 1,341,334	\$ 891,255	\$ 1,116,367	\$ 12,082,464
Expenditures						
Current:						
General Government	\$ 1,774,346	\$ 0	\$ 0	\$ 0	\$ 92,244	\$ 1,866,590
Finance	513,630	0	0	0	983	514,613
Administration of Justice	529,739	0	0	0	2,804	532,543
Public Safety	2,417,813	0	0	0	60,110	2,477,923
Public Health and Welfare	1,143,599	0	0	0	842,309	1,985,908
Social, Cultural, and Recreational Services	142,797	0	0	0	0	142,797
Agriculture and Natural Resources	82,908	0	0	0	0	82,908
Other Operations	134,270	0	0	0	100	134,370
Highways	38,662	2,104,147	0	0	0	2,142,809
Debt Service:						
Principal on Debt	0	0	637,094	0	0	637,094
Interest on Debt	0	0	453,718	0	0	453,718
Other Debt Service	0	0	19,968	0	0	19,968
Capital Projects	0	0	0	1,406,581	1,283,869	2,690,450
Total Expenditures	\$ 6,777,764	\$ 2,104,147	\$ 1,110,780	\$ 1,406,581	\$ 2,282,419	\$ 13,681,691
Excess (Deficiency) of Revenues Over Expenditures	\$ (353,001)	\$ 204,598	\$ 230,554	\$ (515,326)	\$ (1,166,052)	\$ (1,599,227)
Other Financing Sources (Uses)						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 850,000	\$ 0	\$ 850,000
Insurance Recovery	7,285	0	0	0	1,290	8,575

(Continued)

Exhibit B

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 107,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 107,200
Transfers Out	0	0	0	(75,200)	(32,000)	(107,200)
Total Other Financing Sources (Uses)	\$ 114,485	\$ 0	\$ 0	\$ 774,800	\$ (30,710)	\$ 858,575
Net Change in Fund Balances	\$ (238,516)	\$ 204,598	\$ 230,554	\$ 259,474	\$ (1,196,762)	\$ (740,652)
Fund Balance, July 1, 2006	2,483,800	356,664	1,205,483	0	2,264,579	6,310,526
Fund Balance, June 30, 2007	\$ 2,245,284	\$ 561,262	\$ 1,436,037	\$ 259,474	\$ 1,067,817	\$ 5,569,874

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

Exhibit C

Overton County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 396,499
Accounts Receivable	924
Due from Other Governments	<u>138,104</u>
Total Assets	<u>\$ 535,527</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 138,104
Due to Litigants, Heirs, and Others	<u>397,423</u>
Total Liabilities	<u>\$ 535,527</u>

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

OVERTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overton County's financial statements are not 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.

Overton County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement No. 34 and accounting principles generally accepted in the United States of America. Overton County has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused Overton County's auditor to issue an adverse opinion on the county's financial statements.

Although Overton County's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement No. 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement No. 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

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).

Blended Component Units – There are no legally separate component units of Overton County that meet the criteria for being reported as part of the primary government by the blending method.

Excluded Component Units – The following entities meet the criteria for discretely presented component units of the county. Since Overton County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements, as required by generally accepted accounting principles. These entities would have been presented as separate columns in those statements to emphasize that they are legally separate from the county.

The Overton County School Department operates the public school system in the county, and the voters of Overton County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Overton County Nursing Home provides residential health care to the citizens of Overton County. The Board of Directors of the Overton County Nursing Home is appointed by the County Commission. The nursing home may not issue debt without county approval, and its budget is subject to approval of the County Commission.

The Overton/Pickett Emergency Communications District was established with the merger of the Pickett County Emergency Communications District into 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 the Overton County Commission's approval.

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

The Overton County School Department, the Overton County Nursing Home, and the Overton/Pickett Emergency Communications District issue separate financial statements from those of the county. The Industrial Development Authority did not have any financial activity during the year; therefore, there were no financial statements to report. The School Department's financial statements are published as a separate report but under the same cover as the county's financial statements. The Overton County Nursing Home's and the Overton/Pickett Emergency Communications District's financial statements are published as separate reports. Complete financial statements of the Overton County Nursing Home and the Overton/Pickett Emergency

Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Overton County Nursing Home
418 Bilbrey Street
Livingston, TN 38570

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

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

Fund financial statements of Overton County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, the county does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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 General Debt Service Fund for payments to be made early in the following year.

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

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. 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 fund accounts for the transactions of the county’s Highway Department.

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.

Community Development/Industrial Park Fund – This fund accounts for financial resources to be used for improving the county’s industrial park.

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.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all Overton County and Overton County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Overton County and the Overton County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

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

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

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

the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

Retainage payable in the Community Development/Industrial Park Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. This amount is held by the county trustee as Equity in Pooled Cash and Investments at June 30, 2007.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Overton County does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, Overton County does not present government-wide statements.

4. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick leave 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. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. Long-term Obligations

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 landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

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.

6. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. 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 Public Library Fund (special revenue fund) and the Constitutional Officers - Fees Fund (special revenue fund) which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the State 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 Mayor, 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.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in the following funds' major appropriation categories (the legal level of control):

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Other General Administration	\$ 19,126
General Sessions Court	1,251
Other Administration of Justice	267
County Coroner/Medical Examiner	1,909
Senior Citizens Assistance	1,554
Libraries	635
Soil Conservation	685
Solid Waste/Sanitation:	
Convenience Centers	326
General Debt Service:	
Other Debt Service	1,868

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balances.

C. Appropriations Exceeded Estimated Available Funding

The budget and subsequent amendments submitted to and approved by the County Commission for the Drug Control Fund (nonmajor special revenue fund) resulted in appropriations exceeding estimated available funding causing a budget deficit of \$1,358 at June 30, 2007.

III. 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 Overton County School Department meets the criteria for a discretely presented component unit of Overton County. Since Overton County is

presenting fund financial statements only, the financial information for the Overton County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements 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 the 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2007, Overton County had the following investments carried at fair value or cost. Except for the investments in the money market account which were contributed by a local donor for library construction, 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	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	Daily	\$ 8,922,333
Columbia Cash Reserves Daily Money Market Portfolio	On Demand	626,933
Total		\$ 9,549,266

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, 2007, Overton County's investment in the State Treasurer's Investment Pool and the Columbia Cash Reserves Daily Money Market Portfolio were unrated.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Overton County does not have a formal policy that limits custodial credit risk for investments.

B. Construction Commitments

At June 30, 2007, the Community Development/Industrial Park Fund had uncompleted construction contracts of approximately \$220,510 for improvements to the industrial park. Funding has been received for these future expenditures.

C. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,114
General Debt Service	General	9,043

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u> <u>General</u> <u>Fund</u>
Community Development/Industrial Park	\$ 75,200
Nonmajor governmental funds	<u>32,000</u>
Total	<u>\$ 107,200</u>

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.

D. Long-term Debt

Since Overton County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but Overton County is not presenting government-wide financial statements.

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to ten years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	3.6 to 5.625 %	\$ 8,800,000	\$ 7,387,456
Capital Outlay Notes	2.15 to 5.07	3,134,935	2,939,735
Other Loan	variable	115,279	67,789

In prior years, Overton County entered into a loan agreement with the Montgomery County Public Building Authority. This agreement provided for the authority to make \$135,120 available to Overton County on an as-needed basis for an airport runway expansion. At June 30, 2007, the county had borrowed \$115,279 of the available amount. This loan is repayable at a tax-exempt variable rate of interest determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2007, the variable interest rate was 3.95 percent on this loan. In addition, the county pays various fees (remarketing, administrative, letter of credit, etc.) in connection with this loan, which totals approximately .48 percent of the outstanding loan principal, and a trustee fee of \$85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2007, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 254,291	\$ 343,901	\$ 346,035	\$ 134,503
2009	265,459	333,169	352,034	119,170
2010	276,684	321,744	227,500	104,916
2011	287,969	309,721	227,500	95,023
2012	299,315	297,055	232,500	85,209
2013-2017	1,709,214	1,269,582	1,252,500	256,568
2018-2022	2,149,284	823,704	301,666	18,923

Year Ending June 30 (Cont.)	Bonds		Notes	
	Principal	Interest	Principal	Interest
2023-2027	\$ 1,137,954	\$ 323,437	\$ 0	\$ 0
2028-2032	242,555	205,776	0	0
2033-2037	302,269	146,062	0	0
2038-2042	376,682	71,649	0	0
2043	85,780	3,861	0	0
Total	<u>\$ 7,387,456</u>	<u>\$ 4,449,661</u>	<u>\$ 2,939,735</u>	<u>\$ 814,312</u>

Year Ending June 30	Other Loan (\$135,120)			Total
	Principal	Interest	Other Fees	
2008	\$ 13,380	\$ 2,678	\$ 1,345	\$ 17,403
2009	13,850	2,149	1,281	17,280
2010	14,330	1,602	1,215	17,147
2011	14,830	1,036	1,146	17,012
2012	11,399	450	1,075	12,924
Total	<u>\$ 67,789</u>	<u>\$ 7,915</u>	<u>\$ 6,062</u>	<u>\$ 81,766</u>

There is \$1,436,037 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$367, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$517, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:	Bonds	Notes	Other Loan
Balance, July 1, 2006	\$ 7,630,632	\$ 2,470,723	\$ 80,719
Additions	0	850,000	0
Deductions	(243,176)	(380,988)	(12,930)
Balance, June 30, 2007	<u>\$ 7,387,456</u>	<u>\$ 2,939,735</u>	<u>\$ 67,789</u>
Balance Due Within One Year	<u>\$ 254,291</u>	<u>\$ 346,035</u>	<u>\$ 13,380</u>

Governmental Activities (Cont.):	Landfill Postclosure Care Costs
	<hr/>
Balance, July 1, 2006	\$ 273,000
Deductions	(13,000)
	<hr/>
Balance, June 30, 2007	\$ 260,000
	<hr/> <hr/>
Balance Due Within One Year	\$ 13,000
	<hr/> <hr/>

IV. 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, 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.

B. Contingent Liabilities

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

C. Change in Administration

On August 31, 2006, William Swallows left the Office of Sheriff and was succeeded by W.B. Melton.

D. Landfill Postclosure Care Costs

State and federal laws and regulations require landfill operators to place a final cover on landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The Overton County Landfill was closed in December 1995. The \$260,000 reported as landfill postclosure care liability at June 30, 2007, represents the cumulative amount of estimated remaining postclosure care costs reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, and changes in regulations.

E. Subsequent Event

On October 1, 2007, Overton County issued three separate capital outlay notes totaling \$1,226,000 for the purchase of highway equipment (\$901,000), a backhoe (\$55,000), and vehicles (\$270,000).

F. Retirement Commitments

Employees

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.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Overton County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 5.12 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.

Annual Pension Cost

For the year ended June 30, 2007, Overton County’s annual pension cost of \$393,760 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three 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 five-year period. Overton 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, 2005, was 11 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$393,760	100%	\$0
6-30-06	310,319	100	0
6-30-05	321,276	100	0

G. Purchasing Laws

Offices of County Mayor 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 \$2,500 (\$10,000 for the Highway Department) to be made on the basis of competitive bids solicited through public advertisement. The county mayor serves as purchasing agent for Overton County.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,187,453	\$ 0	\$ 3,187,453	\$ 3,138,579	\$ 3,138,579	\$ 48,874
Licenses and Permits	5,705	0	5,705	3,000	3,000	2,705
Fines, Forfeitures, and Penalties	104,062	0	104,062	98,500	98,500	5,562
Charges for Current Services	967,011	0	967,011	985,250	985,250	(18,239)
Other Local Revenues	180,155	0	180,155	8,500	31,500	148,655
Fees Received from County Officials	816,495	0	816,495	686,000	686,000	130,495
State of Tennessee	995,676	0	995,676	1,090,336	1,131,336	(135,660)
Federal Government	139,936	0	139,936	500,000	625,698	(485,762)
Other Governments and Citizens Groups	28,270	0	28,270	20,000	30,000	(1,730)
Total Revenues	\$ 6,424,763	\$ 0	\$ 6,424,763	\$ 6,530,165	\$ 6,729,863	\$ (305,100)
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 81,173	\$ 0	\$ 81,173	\$ 104,977	\$ 104,977	\$ 23,804
Board of Equalization	1,000	0	1,000	1,600	1,600	600
County Mayor/Executive	168,784	0	168,784	171,987	171,987	3,203
County Attorney	2,907	0	2,907	62,918	22,918	20,011
Election Commission	302,732	(45,550)	257,182	133,729	258,127	945
Register of Deeds	146,818	0	146,818	160,320	160,320	13,502
Planning	12,052	0	12,052	19,420	19,420	7,368
County Buildings	293,550	(200)	293,350	300,772	300,772	7,422
Other General Administration	765,330	0	765,330	676,175	746,204	(19,126)
<u>Finance</u>						
Accounting and Budgeting	45,715	0	45,715	45,716	45,716	1
Property Assessor's Office	134,462	(972)	133,490	143,676	143,676	10,186
Reappraisal Program	36,856	(361)	36,495	39,443	39,443	2,948
County Trustee's Office	123,490	0	123,490	125,685	125,685	2,195

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Clerk's Office	\$ 173,107	\$ 0	\$ 173,107	\$ 170,106	\$ 175,906	\$ 2,799
<u>Administration of Justice</u>						
Circuit Court	222,834	(6,149)	216,685	230,918	230,918	14,233
General Sessions Court	117,091	0	117,091	115,840	115,840	(1,251)
Chancery Court	151,015	0	151,015	159,973	159,973	8,958
Juvenile Court	11,349	0	11,349	15,150	15,150	3,801
Judicial Commissioners	16,464	0	16,464	16,988	17,288	824
Other Administration of Justice	267	0	267	0	0	(267)
Courtroom Security	10,719	0	10,719	45,685	11,774	1,055
<u>Public Safety</u>						
Sheriff's Department	898,026	(241)	897,785	828,432	970,031	72,246
Jail	1,199,491	(8,465)	1,191,026	1,183,575	1,277,326	86,300
Fire Prevention and Control	97,956	0	97,956	98,100	98,100	144
Civil Defense	5,848	0	5,848	9,159	9,159	3,311
Rescue Squad	4,583	0	4,583	5,000	5,000	417
Other Emergency Management	190,000	0	190,000	190,000	190,000	0
County Coroner/Medical Examiner	21,909	0	21,909	20,000	20,000	(1,909)
<u>Public Health and Welfare</u>						
Local Health Center	55,650	0	55,650	51,900	56,400	750
Ambulance/Emergency Medical Services	1,078,971	0	1,078,971	1,229,411	1,229,411	150,440
Alcohol and Drug Programs	2,283	0	2,283	2,500	2,500	217
Regional Mental Health Center	6,327	0	6,327	6,327	6,327	0
Aid to Dependent Children	368	0	368	500	500	132
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	24,290	0	24,290	22,736	22,736	(1,554)
Libraries	78,507	0	78,507	76,372	77,872	(635)

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services (Cont.)</u>						
Other Social, Cultural, and Recreational	\$ 40,000	\$ 0	\$ 40,000	\$ 43,500	\$ 43,500	\$ 3,500
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	50,953	0	50,953	55,074	55,074	4,121
Soil Conservation	31,955	0	31,955	19,532	31,270	(685)
<u>Other Operations</u>						
Industrial Development	65,375	0	65,375	69,500	69,500	4,125
Other Economic and Community Development	0	0	0	500,000	500,000	500,000
Airport	9,909	0	9,909	56,000	56,000	46,091
Veterans' Services	53,786	0	53,786	57,027	57,027	3,241
Contributions to Other Agencies	5,200	0	5,200	5,200	5,200	0
<u>Highways</u>						
Traffic Control	6,900	0	6,900	14,198	14,198	7,298
Litter and Trash Collection	31,762	0	31,762	30,622	31,860	98
Total Expenditures	\$ 6,777,764	\$ (61,938)	\$ 6,715,826	\$ 7,315,743	\$ 7,696,685	\$ 980,859
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (353,001)	\$ 61,938	\$ (291,063)	\$ (785,578)	\$ (966,822)	\$ 675,759
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 40,000	\$ 40,000	\$ (40,000)
Other Loans Issued	0	0	0	50,000	50,000	(50,000)
Insurance Recovery	7,285	0	7,285	0	17,557	(10,272)
Transfers In	107,200	0	107,200	32,000	32,000	75,200
Total Other Financing Sources (Uses)	\$ 114,485	\$ 0	\$ 114,485	\$ 122,000	\$ 139,557	\$ (25,072)
Net Change in Fund Balance						
Fund Balance, July 1, 2006	\$ 2,483,800	(61,938)	\$ 2,421,862	(663,578)	\$ 2,173,587	\$ 248,275
Fund Balance, June 30, 2007						
	\$ 2,245,284	\$ 0	\$ 2,245,284	\$ 1,510,009	\$ 1,346,322	\$ 898,962

Exhibit D-2

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 218,766	\$ 191,305	\$ 191,305	\$ 27,461
Other Local Revenues	9,958	1,000	1,000	8,958
State of Tennessee	2,080,021	2,339,795	2,339,795	(259,774)
Total Revenues	<u>\$ 2,308,745</u>	<u>\$ 2,532,100</u>	<u>\$ 2,532,100</u>	<u>\$ (223,355)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 108,504	\$ 109,935	\$ 109,935	\$ 1,431
Highway and Bridge Maintenance	912,843	975,200	975,200	62,357
Operation and Maintenance of Equipment	250,248	336,000	336,000	85,752
Quarry Operations	114,518	142,600	142,600	28,082
Other Charges	213,580	209,939	230,137	16,557
Employee Benefits	233,723	290,684	290,684	56,961
Capital Outlay	270,731	554,539	554,539	283,808
Total Expenditures	<u>\$ 2,104,147</u>	<u>\$ 2,618,897</u>	<u>\$ 2,639,095</u>	<u>\$ 534,948</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 204,598</u>	<u>\$ (86,797)</u>	<u>\$ (106,995)</u>	<u>\$ 311,593</u>
Net Change in Fund Balance	\$ 204,598	\$ (86,797)	\$ (106,995)	\$ 311,593
Fund Balance, July 1, 2006	<u>356,664</u>	<u>224,756</u>	<u>224,756</u>	<u>131,908</u>
Fund Balance, June 30, 2007	<u>\$ 561,262</u>	<u>\$ 137,959</u>	<u>\$ 117,761</u>	<u>\$ 443,501</u>

Exhibit D-3

Overton County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 12,875	\$ 12,875	0	100 %	\$ 7,660	0 %
6-30-03	11,431	11,431	0	100	6,781	0
6-30-01	10,333	10,333	0	100	6,297	0

OVERTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 State 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 Mayor, 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 generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

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

Major Category	Amount Overspent
Other General Administration	\$ 19,126
General Sessions Court	1,251
Other Administration of Justice	267
County Coroner/Medical Examiner	1,909
Senior Citizens Assistance	1,554
Libraries	635
Soil Conservation	685

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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.

Public Library Fund – The Public Library Fund is used to account for donations for the new public library.

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

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

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

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit E-1

Overton County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2007

	Special Revenue Funds					Capital	Total	
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Projects Fund		Nonmajor Governmental Funds
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,114	\$ 1,114	\$ 0	\$ 1,114
Equity in Pooled Cash and Investments	10,707	626,933	146,311	20,114	0	804,065	191,921	995,986
Accounts Receivable	0	0	37,388	0	0	37,388	6,129	43,517
Due from Other Governments	0	0	84,413	0	0	84,413	0	84,413
Property Taxes Receivable	0	0	248,675	0	0	248,675	0	248,675
Allowance for Uncollectible Property Taxes	0	0	(4,698)	0	0	(4,698)	0	(4,698)
Total Assets	\$ 10,707	\$ 626,933	\$ 512,089	\$ 20,114	\$ 1,114	\$ 1,170,957	\$ 198,050	\$ 1,369,007
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Payroll Deductions Payable	\$ 0	\$ 0	\$ 2,144	\$ 312	\$ 0	\$ 2,456	\$ 0	\$ 2,456
Contracts Payable	0	0	0	0	0	0	11,000	11,000
Due to Other Funds	0	0	0	0	1,114	1,114	0	1,114
Deferred Revenue - Current Property Taxes	0	0	231,309	0	0	231,309	0	231,309
Deferred Revenue - Delinquent Property Taxes	0	0	11,851	0	0	11,851	0	11,851
Other Deferred Revenues	0	0	43,460	0	0	43,460	0	43,460
Total Liabilities	\$ 0	\$ 0	\$ 288,764	\$ 312	\$ 1,114	\$ 290,190	\$ 11,000	\$ 301,190
<u>Fund Balances</u>								
Reserved for Capital Outlay	\$ 0	\$ 0	\$ 41,050	\$ 0	\$ 0	\$ 41,050	\$ 0	\$ 41,050
Unreserved	10,707	626,933	182,275	19,802	0	839,717	187,050	1,026,767
Total Fund Balances	\$ 10,707	\$ 626,933	\$ 223,325	\$ 19,802	\$ 0	\$ 880,767	\$ 187,050	\$ 1,067,817
Total Liabilities and Fund Balances	\$ 10,707	\$ 626,933	\$ 512,089	\$ 20,114	\$ 1,114	\$ 1,170,957	\$ 198,050	\$ 1,369,007

Exhibit E-2

Overton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds					Total	Capital	Total
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees		Projects Fund	
<u>Revenues</u>								
Local Taxes	\$ 3,834	\$ 0	\$ 682,860	\$ 0	\$ 0	\$ 686,694	\$ 0	\$ 686,694
Fines, Forfeitures, and Penalties	0	0	0	25,451	0	25,451	0	25,451
Charges for Current Services	0	0	205,669	0	3,787	209,456	0	209,456
Other Local Revenues	0	27,782	64,521	1,549	0	93,852	62,931	156,783
State of Tennessee	0	0	28,150	9,833	0	37,983	0	37,983
Total Revenues	\$ 3,834	\$ 27,782	\$ 981,200	\$ 36,833	\$ 3,787	\$ 1,053,436	\$ 62,931	\$ 1,116,367
<u>Expenditures</u>								
Current:								
General Government	\$ 6,745	\$ 0	\$ 85,499	\$ 0	\$ 0	\$ 92,244	\$ 0	\$ 92,244
Finance	0	0	0	0	983	983	0	983
Administration of Justice	0	0	0	0	2,804	2,804	0	2,804
Public Safety	0	0	0	60,110	0	60,110	0	60,110
Public Health and Welfare	0	0	842,309	0	0	842,309	0	842,309
Other Operations	100	0	0	0	0	100	0	100
Capital Projects	0	0	0	0	0	0	1,283,869	1,283,869
Total Expenditures	\$ 6,845	\$ 0	\$ 927,808	\$ 60,110	\$ 3,787	\$ 998,550	\$ 1,283,869	\$ 2,282,419
Excess (Deficiency) of Revenues								
Over Expenditures	\$ (3,011)	\$ 27,782	\$ 53,392	\$ (23,277)	\$ 0	\$ 54,886	\$ (1,220,938)	\$ (1,166,052)
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 0	\$ 0	\$ 1,290	\$ 0	\$ 0	\$ 1,290	\$ 0	\$ 1,290
Transfers Out	0	0	(32,000)	0	0	(32,000)	0	(32,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (30,710)	\$ 0	\$ 0	\$ (30,710)	\$ 0	\$ (30,710)
Net Change in Fund Balances	\$ (3,011)	\$ 27,782	\$ 22,682	\$ (23,277)	\$ 0	\$ 24,176	\$ (1,220,938)	\$ (1,196,762)
Fund Balance, July 1, 2006	13,718	599,151	200,643	43,079	0	856,591	1,407,988	2,264,579
Fund Balance, June 30, 2007	\$ 10,707	\$ 626,933	\$ 223,325	\$ 19,802	\$ 0	\$ 880,767	\$ 187,050	\$ 1,067,817

Exhibit E-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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,834	\$ 4,300	\$ 4,300	\$ (466)
Total Revenues	\$ 3,834	\$ 4,300	\$ 4,300	\$ (466)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 6,745	\$ 5,000	\$ 6,775	\$ 30
<u>Other Operations</u>				
Other Charges	100	110	110	10
Total Expenditures	\$ 6,845	\$ 5,110	\$ 6,885	\$ 40
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,011)	\$ (810)	\$ (2,585)	\$ (426)
Net Change in Fund Balance	\$ (3,011)	\$ (810)	\$ (2,585)	\$ (426)
Fund Balance, July 1, 2006	13,718	11,978	11,978	1,740
Fund Balance, June 30, 2007	\$ 10,707	\$ 11,168	\$ 9,393	\$ 1,314

Exhibit E-4

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 682,860	\$ 0	\$ 682,860	\$ 657,883	\$ 657,883	\$ 24,977
Charges for Current Services	205,669	0	205,669	204,000	204,000	1,669
Other Local Revenues	64,521	0	64,521	47,000	47,000	17,521
State of Tennessee	28,150	0	28,150	15,609	15,609	12,541
Total Revenues	\$ 981,200	\$ 0	\$ 981,200	\$ 924,492	\$ 924,492	\$ 56,708
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 85,499	\$ 0	\$ 85,499	\$ 88,911	\$ 90,656	\$ 5,157
<u>Public Health and Welfare</u>						
Convenience Centers	125,648	(250)	125,398	125,072	125,072	(326)
Transfer Stations	669,319	0	669,319	708,428	708,428	39,109
Recycling Center	37,418	0	37,418	41,899	41,899	4,481
Other Waste Disposal	700	0	700	2,000	2,000	1,300
Postclosure Care Costs	9,224	0	9,224	15,000	15,000	5,776
Total Expenditures	\$ 927,808	\$ (250)	\$ 927,558	\$ 981,310	\$ 983,055	\$ 55,497
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,392	\$ 250	\$ 53,642	\$ (56,818)	\$ (58,563)	\$ 112,205
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,290	\$ 0	\$ 1,290	\$ 0	\$ 1,745	\$ (455)
Transfers Out	(32,000)	0	(32,000)	(32,000)	(32,000)	0
Total Other Financing Sources (Uses)	\$ (30,710)	\$ 0	\$ (30,710)	\$ (32,000)	\$ (30,255)	\$ (455)
Net Change in Fund Balance	\$ 22,682	\$ 250	\$ 22,932	\$ (88,818)	\$ (88,818)	\$ 111,750
Fund Balance, July 1, 2006	200,643	(250)	200,393	178,132	178,132	22,261
Fund Balance, June 30, 2007	\$ 223,325	\$ 0	\$ 223,325	\$ 89,314	\$ 89,314	\$ 134,011

Exhibit E-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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 25,451	\$ 15,900	\$ 15,900	\$ 9,551
Other Local Revenues	1,549	0	0	1,549
State of Tennessee	9,833	0	0	9,833
Total Revenues	<u>\$ 36,833</u>	<u>\$ 15,900</u>	<u>\$ 15,900</u>	<u>\$ 20,933</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 60,110	\$ 39,124	\$ 60,786	\$ 676
Total Expenditures	<u>\$ 60,110</u>	<u>\$ 39,124</u>	<u>\$ 60,786</u>	<u>\$ 676</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,277)</u>	<u>\$ (23,224)</u>	<u>\$ (44,886)</u>	<u>\$ 21,609</u>
Net Change in Fund Balance	\$ (23,277)	\$ (23,224)	\$ (44,886)	\$ 21,609
Fund Balance, July 1, 2006	<u>43,079</u>	<u>43,528</u>	<u>43,528</u>	<u>(449)</u>
Fund Balance, June 30, 2007	<u>\$ 19,802</u>	<u>\$ 20,304</u>	<u>\$ (1,358)</u>	<u>\$ 21,160</u>

Major Governmental Fund

General Debt Service Fund

The General 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 F

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 478,453	\$ 474,720	\$ 474,720	\$ 3,733
Other Local Revenues	475,561	260,800	260,800	214,761
State of Tennessee	387,320	336,000	336,000	51,320
Total Revenues	<u>\$ 1,341,334</u>	<u>\$ 1,071,520</u>	<u>\$ 1,071,520</u>	<u>\$ 269,814</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 637,094	\$ 661,369	\$ 661,369	\$ 24,275
<u>Interest on Debt</u>				
General Government	453,718	498,327	498,327	44,609
<u>Other Debt Service</u>				
General Government	19,968	18,100	18,100	(1,868)
Total Expenditures	<u>\$ 1,110,780</u>	<u>\$ 1,177,796</u>	<u>\$ 1,177,796</u>	<u>\$ 67,016</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 230,554</u>	<u>\$ (106,276)</u>	<u>\$ (106,276)</u>	<u>\$ 336,830</u>
Net Change in Fund Balance	\$ 230,554	\$ (106,276)	\$ (106,276)	\$ 336,830
Fund Balance, July 1, 2006	<u>1,205,483</u>	<u>1,121,231</u>	<u>1,121,231</u>	<u>84,252</u>
Fund Balance, June 30, 2007	<u>\$ 1,436,037</u>	<u>\$ 1,014,955</u>	<u>\$ 1,014,955</u>	<u>\$ 421,082</u>

Fiduciary Funds

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

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

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

Exhibit G-1

Overton County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 396,499	\$ 396,499
Accounts Receivable	0	924	924
Due from Other Governments	138,104	0	138,104
Total Assets	<u>\$ 138,104</u>	<u>\$ 397,423</u>	<u>\$ 535,527</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 138,104	\$ 0	\$ 138,104
Due to Litigants, Heirs, and Others	0	397,423	397,423
Total Liabilities	<u>\$ 138,104</u>	<u>\$ 397,423</u>	<u>\$ 535,527</u>

Exhibit G-2

Overton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 746,447	\$ 746,447	\$ 0
Due from Other Governments	128,534	138,104	128,534	138,104
Total Assets	\$ 128,534	\$ 884,551	\$ 874,981	\$ 138,104
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 128,534	\$ 884,551	\$ 874,981	\$ 138,104
Total Liabilities	\$ 128,534	\$ 884,551	\$ 874,981	\$ 138,104
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 576,773	\$ 5,235,177	\$ 5,415,451	\$ 396,499
Accounts Receivable	323	924	323	924
Total Assets	\$ 577,096	\$ 5,236,101	\$ 5,415,774	\$ 397,423
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 577,096	\$ 5,236,101	\$ 5,415,774	\$ 397,423
Total Liabilities	\$ 577,096	\$ 5,236,101	\$ 5,415,774	\$ 397,423
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 746,447	\$ 746,447	\$ 0
Cash	576,773	5,235,177	5,415,451	396,499
Accounts Receivable	323	924	323	924
Due from Other Governments	128,534	138,104	128,534	138,104
Total Assets	\$ 705,630	\$ 6,120,652	\$ 6,290,755	\$ 535,527
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 128,534	\$ 884,551	\$ 874,981	\$ 138,104
Due to Litigants, Heirs, and Others	577,096	5,236,101	5,415,774	397,423
Total Liabilities	\$ 705,630	\$ 6,120,652	\$ 6,290,755	\$ 535,527

MISCELLANEOUS SCHEDULES

Exhibit H-1

Overton County, Tennessee
Schedule of Changes in Long-term Notes, Bonds, and Other Loans
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Equipment	\$ 338,349	2.15 %	11-10-03	11-10-06	\$ 112,786	\$ 0	\$ 112,786	\$ 0
Volunteer State Community College	500,000	3	11-23-04	11-23-16	458,333	0	41,667	416,666
Airport Improvements	125,000	3.9	7-12-05	7-1-08	125,000	0	40,000	85,000
Convenience Center and Library Land	125,000	3.75	9-27-05	9-2-08	125,000	0	41,667	83,333
Library	1,515,000	4.35 to 5	12-21-05	6-30-18	1,515,000	0	100,000	1,415,000
Patrol Cars	134,604	4.85	6-28-06	6-28-09	134,604	0	44,868	89,736
Industrial Park	850,000	5.07	3-29-07	4-1-19	0	850,000	0	850,000
Total Notes Payable					<u>\$ 2,470,723</u>	<u>\$ 850,000</u>	<u>\$ 380,988</u>	<u>\$ 2,939,735</u>
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse Renovation - F.H.A.	450,000	5	Various	1-1-18	\$ 240,000	\$ 0	\$ 15,000	\$ 225,000
Senior Citizens Building - F.H.A.	200,000	5.625	2-23-1993	2-23-23	149,005	0	5,584	143,421
General Obligation Bond - Jail Renovation	6,500,000	3.6 to 4.9	12-30-1998	6-1-24	5,640,000	0	205,000	5,435,000
Industrial Park Land - F.H.A.	1,650,000	4.5	4-21-03	4-21-43	1,601,627	0	17,592	1,584,035
Total Bonds Payable					<u>\$ 7,630,632</u>	<u>\$ 0</u>	<u>\$ 243,176</u>	<u>\$ 7,387,456</u>
OTHER LOANS PAYABLE								
<u>Montgomery County Public Building Authority</u>								
<u>Payable through General Debt Service Fund</u>								
Airport Runway Expansion	(1)	Variable	8-14-03	8-14-13	<u>\$ 80,719</u>	<u>\$ 0</u>	<u>\$ 12,930</u>	<u>\$ 67,789</u>

(1) Amount available under a loan agreement with the Montgomery County Public Building Authority is \$135,120, of which \$115,279 had been received at June 30, 2007.

Exhibit H-2

Overton County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	F.H.A. Bond Requirements	F.H.A. Interest Requirements	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 39,291	\$ 90,449	\$ 215,000	\$ 253,452	\$ 598,192
2009	40,459	88,531	225,000	244,638	598,628
2010	41,684	86,556	235,000	235,188	598,428
2011	47,969	84,521	240,000	225,200	597,690
2012	49,315	82,175	250,000	214,880	596,370
2013	50,729	79,761	260,000	204,005	594,495
2014	52,213	77,277	275,000	192,565	597,055
2015	53,766	74,724	290,000	180,190	598,680
2016	60,397	72,093	295,000	166,850	594,340
2017	62,109	69,132	310,000	152,985	594,226
2018	68,906	66,084	320,000	138,260	593,250
2019	40,785	62,706	370,000	122,900	596,391
2020	42,759	60,731	385,000	104,955	593,445
2021	44,831	58,659	405,000	86,282	594,772
2022	47,003	56,487	425,000	66,640	595,130
2023	43,892	54,253	450,000	45,815	593,960
2024	37,180	52,487	485,000	23,765	598,432
2025	38,853	50,814	0	0	89,667
2026	40,601	49,065	0	0	89,666
2027	42,428	47,238	0	0	89,666
2028	44,337	45,329	0	0	89,666
2029	46,332	43,334	0	0	89,666
2030	48,417	41,250	0	0	89,667
2031	50,596	39,070	0	0	89,666
2032	52,873	36,793	0	0	89,666
2033	55,252	34,414	0	0	89,666
2034	57,739	31,928	0	0	89,667
2035	60,337	29,329	0	0	89,666
2036	63,052	26,614	0	0	89,666
2037	65,889	23,777	0	0	89,666
2038	68,854	20,812	0	0	89,666
2039	71,953	17,713	0	0	89,666
2040	75,191	14,476	0	0	89,667
2041	78,574	11,092	0	0	89,666
2042	82,110	7,556	0	0	89,666
2043	85,780	3,861	0	0	89,641
Total	\$ 1,952,456	\$ 1,791,091	\$ 5,435,000	\$ 2,658,570	\$ 11,837,117

Exhibit H-3

Overton County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Solid Waste/Sanitation	General	Administrative costs	\$ 32,000
Community Development/Industrial Park	General	Industrial park costs	<u>75,200</u>
Total Transfers			<u>\$ 107,200</u>

Exhibit H-4

Overton County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 60,136	\$ 100,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	57,276	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	52,069	724,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	52,069	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	52,069	50,000	Western Surety Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	52,069	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	54,429 (1)	75,000	"
Register	Section 8-24-102, <u>TCA</u>	52,069	25,000	Western Surety Company
Sheriff:				
William Swallows (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,546	25,000	RLI Insurance Company
W.B. Melton (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	47,730	25,000	RLI Insurance Company
Public Employee Blanket Bond:				
County Employees			150,000	Local Government Property and Casualty

(1) Includes special commissioner fees of \$2,360.

Exhibit H-5

Overton County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2007

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,398,558	\$ 0	\$ 0	\$ 219,256	\$ 0
Trustee's Collections - Prior Year	124,141	0	0	10,975	0
Circuit/Clerk & Master Collections - Prior Years	17,589	0	0	1,380	0
Interest and Penalty	23,861	0	0	1,987	0
Payments in-Lieu-of Taxes - Other	2,225	0	0	204	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	289,125	0	0	445,431	0
Litigation Tax - General	117,724	222	0	0	0
Litigation Tax - Special Purpose	0	3,612	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	24,121	0	0	0	0
Business Tax	97,221	0	0	0	0
Mineral Severance Tax	48,556	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	44,332	0	0	3,627	0
Total Local Taxes	\$ 3,187,453	\$ 3,834	\$ 0	\$ 682,860	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 4,705	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	1,000	0	0	0	0
Total Licenses and Permits	\$ 5,705	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 1,420	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	4,532	0	0	0	0
Game and Fish Fines	278	0	0	0	0
Drug Control Fines	48	0	0	0	3,678
Jail Fees	869	0	0	0	0
DUI Treatment Fines	380	0	0	0	0
Data Entry Fee - Circuit Court	384	0	0	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Criminal Court</u>					
District Attorney General Fees	\$ 5,527	\$ 0	\$ 0	\$ 0	0
<u>General Sessions Court</u>					
Fines	22,942	0	0	0	0
Officers Costs	37,394	0	0	0	0
Drug Control Fines	0	0	0	0	2,840
Jail Fees	13,797	0	0	0	0
DUI Treatment Fines	3,751	0	0	0	0
Data Entry Fee - General Sessions Court	4,631	0	0	0	0
Courtroom Security Fee	18	0	0	0	0
<u>Juvenile Court</u>					
Fines	895	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	5,525	0	0	0	0
Data Entry Fee - Chancery Court	102	0	0	0	0
Courtroom Security Fee	15	0	0	0	0
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	1,554	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	18,933
Total Fines, Forfeitures, and Penalties	\$ 104,062	\$ 0	\$ 0	\$ 0	25,451
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	27	\$ 0
Tipping Fees	0	0	0	205,642	0
Patient Charges	866,726	0	0	0	0
<u>Fees</u>					
Engineer Review Fees	182	0	0	0	0
Copy Fees	1,972	0	0	0	0
Telephone Commissions	2,490	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	9,182	0	0	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Probation Fees	\$ 151	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Sheriff	3,638	0	0	0	0
Sexual Offender Registration Fees - Sheriff	510	0	0	0	0
<u>Education Charges</u>					
Tuition - Other	82,160	0	0	0	0
Total Charges for Current Services	\$ 967,011	\$ 0	\$ 0	\$ 205,669	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 27,782	\$ 0	\$ 0
Lease/Rentals	2,500	0	0	500	0
Commissary Sales	30,000	0	0	0	0
Sale of Recycled Materials	0	0	0	63,421	0
Miscellaneous Refunds	9,160	0	0	0	1,549
<u>Nonrecurring Items</u>					
Sale of Property	119,250	0	0	0	0
Damages Recovered from Individuals	4,400	0	0	600	0
Contributions and Gifts	11,550	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	3,295	0	0	0	0
Total Other Local Revenues	\$ 180,155	\$ 0	\$ 27,782	\$ 64,521	\$ 1,549
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 183,178	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	181,763	0	0	0	0
Clerk and Master	120,036	0	0	0	0
Register	107,124	0	0	0	0
Sheriff	8,110	0	0	0	0
Trustee	216,284	0	0	0	0
Total Fees Received from County Officials	\$ 816,495	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit H-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	8,635	0	0	0	0
Solid Waste Grants	0	0	0	15,609	0
Other General Government Grants	2,000	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	10,800	0	0	0	0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	3,893	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	24,787	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	42,101	0	0	0	0
Beer Tax	18,753	0	0	0	0
Alcoholic Beverage Tax	35,372	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0
Emergency Hospital - Prisoners	684	0	0	0	0
Contracted Prisoner Boarding	806,120	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	1,325	0	0	12,541	0
Other State Revenues	15,826	0	0	0	9,833
Total State of Tennessee	\$ 995,676	\$ 0	\$ 0	\$ 28,150	\$ 9,833
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 14,558	\$ 0	\$ 0	\$ 0	0
Other Federal through State	124,400	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	978	0	0	0	0
Total Federal Government	\$ 139,936	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 28,270	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	<u>\$ 28,270</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 6,424,763</u>	<u>\$ 3,834</u>	<u>\$ 27,782</u>	<u>\$ 981,200</u>	<u>\$ 36,833</u>

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 109,629	\$ 440,003	\$ 0	\$ 0	\$ 3,167,446
Trustee's Collections - Prior Year	0	6,055	22,572	0	0	163,743
Circuit/Clerk & Master Collections - Prior Years	0	642	3,066	0	0	22,677
Interest and Penalty	0	1,086	4,344	0	0	31,278
Payments in-Lieu-of Taxes - Other	0	102	408	0	0	2,939
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	734,556
Litigation Tax - General	0	0	0	0	0	117,946
Litigation Tax - Special Purpose	0	0	0	0	0	3,612
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	24,121
Business Tax	0	0	0	0	0	97,221
Mineral Severance Tax	0	99,237	0	0	0	147,793
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	2,015	8,060	0	0	58,034
Total Local Taxes	\$ 0	\$ 218,766	\$ 478,453	\$ 0	\$ 0	\$ 4,571,366
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,705
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,000
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,705
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,420
Officers Costs	0	0	0	0	0	4,532
Game and Fish Fines	0	0	0	0	0	278
Drug Control Fines	0	0	0	0	0	3,726
Jail Fees	0	0	0	0	0	869
DUI Treatment Fines	0	0	0	0	0	380
Data Entry Fee - Circuit Court	0	0	0	0	0	384

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Criminal Court</u>						
District Attorney General Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,527
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	22,942
Officers Costs	0	0	0	0	0	37,394
Drug Control Fines	0	0	0	0	0	2,840
Jail Fees	0	0	0	0	0	13,797
DUI Treatment Fines	0	0	0	0	0	3,751
Data Entry Fee - General Sessions Court	0	0	0	0	0	4,631
Courtroom Security Fee	0	0	0	0	0	18
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	895
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	5,525
Data Entry Fee - Chancery Court	0	0	0	0	0	102
Courtroom Security Fee	0	0	0	0	0	15
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	0	0	0	0	0	1,554
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	18,933
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	129,513
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	27
Tipping Fees	0	0	0	0	0	205,642
Patient Charges	0	0	0	0	0	866,726
<u>Fees</u>						
Engineer Review Fees	0	0	0	0	0	182
Copy Fees	0	0	0	0	0	1,972
Telephone Commissions	0	0	0	0	0	2,490
Constitutional Officers' Fees and Commissions	3,787	0	0	0	0	3,787
Data Processing Fee - Register	0	0	0	0	0	9,182

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Probation Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	151
Data Processing Fee - Sheriff	0	0	0	0	0	3,638
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	510
<u>Education Charges</u>						
Tuition - Other	0	0	0	0	0	82,160
Total Charges for Current Services	\$ 3,787	\$ 0	\$ 0	\$ 0	\$ 0	1,176,467
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 472,261	\$ 39,545	\$ 0	539,588
Lease/Rentals	0	0	3,300	0	0	6,300
Commissary Sales	0	0	0	0	0	30,000
Sale of Recycled Materials	0	772	0	0	0	64,193
Miscellaneous Refunds	0	8,470	0	0	0	19,179
<u>Nonrecurring Items</u>						
Sale of Property	0	0	0	0	0	119,250
Damages Recovered from Individuals	0	716	0	0	0	5,716
Contributions and Gifts	0	0	0	23,386	0	34,936
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	3,295
Total Other Local Revenues	\$ 0	\$ 9,958	\$ 475,561	\$ 62,931	\$ 0	822,457
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	183,178
Circuit Court Clerk	0	0	0	0	0	181,763
Clerk and Master	0	0	0	0	0	120,036
Register	0	0	0	0	0	107,124
Sheriff	0	0	0	0	0	8,110
Trustee	0	0	0	0	0	216,284
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	816,495

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	0	0	0	0	0	8,635
Solid Waste Grants	0	0	0	0	0	15,609
Other General Government Grants	0	0	0	0	0	2,000
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	10,800
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	0	0	0	0	0	3,893
<u>Public Works Grants</u>						
Bridge Program	0	241,453	0	0	0	241,453
State Aid Program	0	182,661	0	0	0	182,661
Litter Program	0	0	0	0	0	24,787
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	42,101
Beer Tax	0	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	0	35,372
State Revenue Sharing - T.V.A.	0	0	387,320	0	0	387,320
Emergency Hospital - Prisoners	0	0	0	0	0	684
Contracted Prisoner Boarding	0	0	0	0	0	806,120
Gasoline and Motor Fuel Tax	0	1,639,723	0	0	0	1,639,723
Petroleum Special Tax	0	16,184	0	0	0	16,184
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	13,866
Other State Revenues	0	0	0	0	0	25,659
Total State of Tennessee	\$ 0	\$ 2,080,021	\$ 387,320	\$ 0	\$ 0	\$ 3,501,000
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,558
Other Federal through State	0	0	0	0	0	124,400
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	891,255	892,233
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 891,255	\$ 1,031,191

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park		
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	28,270
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	28,270
 Total	 \$ 3,787	 \$ 2,308,745	 \$ 1,341,334	 \$ 62,931	 \$ 891,255	 \$ 12,082,464	

Exhibit H-6

Overton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	53,360	
Social Security		4,082	
State Retirement		1,441	
Accounting Services		7,953	
Audit Services		4,687	
Dues and Memberships		8,700	
Travel		950	
Total County Commission			\$ 81,173

Board of Equalization

Board and Committee Members Fees	\$	1,000	
Total Board of Equalization			1,000

County Mayor/Executive

County Official/Administrative Officer	\$	60,136	
Accountants/Bookkeepers		24,307	
Secretary(ies)		20,943	
Social Security		8,019	
State Retirement		5,396	
Medical Insurance		5,132	
Communication		5,088	
Data Processing Services		6,163	
Legal Notices, Recording, and Court Costs		2,163	
Maintenance and Repair Services - Vehicles		231	
Travel		3,054	
Duplicating Supplies		651	
Office Supplies		9,246	
Other Charges		8,397	
Office Equipment		9,858	
Total County Mayor/Executive			168,784

County Attorney

Social Security	\$	207	
Legal Services		2,700	
Total County Attorney			2,907

Election Commission

County Official/Administrative Officer	\$	44,909	
Clerical Personnel		31,862	
Overtime Pay		18	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Commission	\$	5,150	
Election Workers		17,574	
In-Service Training		1,550	
Social Security		5,980	
State Retirement		3,101	
Medical Insurance		3,384	
Communication		880	
Data Processing Services		2,420	
Legal Notices, Recording, and Court Costs		5,269	
Maintenance and Repair Services - Buildings		335	
Printing, Stationery, and Forms		2,432	
Travel		1,621	
Other Contracted Services		3,520	
Electricity		778	
Office Supplies		2,001	
Other Equipment		169,948	
Total Election Commission			\$ 302,732

Register of Deeds

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		22,337	
Clerical Personnel		22,220	
Part-time Personnel		5,518	
Social Security		7,413	
State Retirement		4,947	
Medical Insurance		7,467	
Communication		2,078	
Data Processing Services		8,427	
Maintenance and Repair Services - Records		6,451	
Other Contracted Services		1,912	
Duplicating Supplies		318	
Office Supplies		3,242	
Office Equipment		2,419	
Total Register of Deeds			146,818

Planning

Supervisor/Director	\$	1,700	
Board and Committee Members Fees		1,720	
Social Security		132	
Contracts with Government Agencies		8,500	
Total Planning			12,052

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$	58,629	
Maintenance Personnel		23,886	
Social Security		6,185	
State Retirement		2,001	
Medical Insurance		10,705	
Communication		4,186	
Maintenance and Repair Services - Buildings		56,542	
Maintenance and Repair Services - Vehicles		945	
Custodial Supplies		4,747	
Electricity		84,718	
Gasoline		1,091	
Natural Gas		30,384	
Tires and Tubes		11	
Uniforms		1,024	
Utilities		1,307	
Other Charges		558	
Other Equipment		6,631	
Total County Buildings			\$ 293,550

Other General Administration

Teachers	\$	1,500	
Social Security		115	
Unemployment Compensation		58,458	
Engineering Services		32,665	
Evaluation and Testing		3,688	
Licenses		3,158	
Medical and Dental Services		380	
Remittance of Revenue Collected		1,538	
Other Supplies and Materials		8,564	
Liability Insurance		211,681	
Premiums on Corporate Surety Bonds		7,443	
Trustee's Commission		69,128	
Workers' Compensation Insurance		225,155	
Other Charges		500	
Building Construction		117,613	
Other Construction		23,744	
Total Other General Administration			765,330

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	40,538	
Social Security		3,101	
State Retirement		2,076	
Total Accounting and Budgeting			\$ 45,715

Property Assessor's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		22,102	
Clerical Personnel		17,317	
Social Security		6,999	
State Retirement		4,684	
Medical Insurance		8,719	
Communication		1,640	
Data Processing Services		7,598	
Maintenance and Repair Services - Vehicles		195	
Travel		4,786	
Other Contracted Services		4,330	
Duplicating Supplies		441	
Office Supplies		3,556	
Office Equipment		26	
Total Property Assessor's Office			134,462

Reappraisal Program

Assistant(s)	\$	22,102	
Social Security		1,576	
State Retirement		1,132	
Medical Insurance		3,691	
Data Processing Services		2,435	
Postal Charges		3,489	
Rentals		424	
Travel		859	
Office Supplies		1,148	
Total Reappraisal Program			36,856

County Trustee's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		17,317	
Clerical Personnel		16,720	
Social Security		6,530	
State Retirement		4,409	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Medical Insurance	\$	7,383	
Communication		1,216	
Data Processing Services		5,776	
Legal Notices, Recording, and Court Costs		729	
Travel		220	
Duplicating Supplies		478	
Office Supplies		5,682	
Office Equipment		4,961	
Total County Trustee's Office			\$ 123,490

County Clerk's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		61,053	
Other Salaries and Wages		16,720	
Social Security		9,933	
State Retirement		6,199	
Medical Insurance		15,224	
Communication		1,461	
Data Processing Services		1,549	
Travel		17	
Office Supplies		6,287	
Office Equipment		2,595	
Total County Clerk's Office			173,107

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		21,750	
Clerical Personnel		84,474	
Board and Committee Members Fees		450	
Jury and Witness Fees		9,127	
Social Security		11,881	
State Retirement		8,105	
Medical Insurance		11,074	
Communication		4,469	
Data Processing Services		7,165	
Office Supplies		6,029	
Other Equipment		6,241	
Total Circuit Court			222,834

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	81,206	
Secretary(ies)		21,034	
Social Security		7,781	
State Retirement		4,868	
Travel		745	
Office Supplies		1,457	
Total General Sessions Court			\$ 117,091

Chancery Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		21,984	
Clerical Personnel		37,739	
Social Security		7,946	
State Retirement		3,058	
Medical Insurance		15,375	
Communication		1,785	
Data Processing Services		5,021	
Travel		104	
Office Supplies		5,734	
Office Equipment		200	
Total Chancery Court			151,015

Juvenile Court

Guidance Personnel	\$	9,000	
Social Security		688	
State Retirement		461	
Other Contracted Services		1,200	
Total Juvenile Court			11,349

Judicial Commissioners

County Official/Administrative Officer	\$	14,107	
Social Security		1,079	
State Retirement		355	
Medical Insurance		923	
Total Judicial Commissioners			16,464

Other Administration of Justice

Deputy(ies)	\$	209	
Social Security		16	
Communication		42	
Total Other Administration of Justice			267

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security

Deputy(ies)	\$	183	
Captain(s)		7,442	
Social Security		583	
State Retirement		381	
Medical Insurance		1,093	
Communication		455	
Maintenance and Repair Services - Vehicles		370	
Gasoline		212	
Total Courtroom Security			\$ 10,719

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,276	
Deputy(ies)		315,826	
Investigator(s)		49,819	
Captain(s)		30,599	
Lieutenant(s)		29,149	
Sergeant(s)		92,934	
Secretary(ies)		17,326	
Overtime Pay		22,207	
Other Salaries and Wages		623	
In-Service Training		4,936	
Social Security		46,979	
State Retirement		26,301	
Medical Insurance		18,467	
Communication		12,010	
Maintenance and Repair Services - Equipment		1,117	
Maintenance and Repair Services - Vehicles		15,005	
Other Contracted Services		10,420	
Gasoline		67,840	
Instructional Supplies and Materials		79	
Office Supplies		19,395	
Tires and Tubes		5,095	
Uniforms		4,332	
Vehicle Parts		11,336	
Motor Vehicles		36,750	
Office Equipment		1,163	
Other Equipment		1,042	
Total Sheriff's Department			898,026

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

County Official/Administrative Officer	\$	30,452	
Sergeant(s)		84,433	
Guards		362,745	
Clerical Personnel		32,434	
Cafeteria Personnel		20,115	
Custodial Personnel		3,345	
Overtime Pay		17,919	
Social Security		42,059	
State Retirement		18,590	
Medical Insurance		32,680	
Contracts with Government Agencies		288	
Maintenance and Repair Services - Buildings		38,717	
Medical and Dental Services		204,997	
Other Contracted Services		8,889	
Custodial Supplies		27,681	
Diesel Fuel		294	
Electricity		30,485	
Food Supplies		114,082	
Natural Gas		99,866	
Uniforms		2,711	
Other Supplies and Materials		6,216	
Office Equipment		19,355	
Other Equipment		1,138	
Total Jail			\$ 1,199,491

Fire Prevention and Control

Contracts with Government Agencies	\$	1,000	
Contributions		96,000	
Electricity		956	
Total Fire Prevention and Control			97,956

Civil Defense

Supervisor/Director	\$	3,509	
Social Security		268	
Maintenance and Repair Services - Equipment		140	
Travel		92	
Electricity		1,071	
Gasoline		768	
Total Civil Defense			5,848

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 4,583	
Total Rescue Squad		\$ 4,583

Other Emergency Management

Contributions	\$ 190,000	
Total Other Emergency Management		190,000

County Coroner/Medical Examiner

Other Contracted Services	\$ 21,909	
Total County Coroner/Medical Examiner		21,909

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 3,268	
Social Security	250	
Communication	4,169	
Contracts with Other Public Agencies	17,500	
Contributions	1,500	
Maintenance and Repair Services - Buildings	3,087	
Travel	375	
Custodial Supplies	286	
Drugs and Medical Supplies	2,254	
Electricity	605	
Office Supplies	1,476	
Utilities	12,462	
Other Supplies and Materials	1,800	
Other Charges	6,618	
Total Local Health Center		55,650

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 40,594
Paraprofessionals	306,826
Secretary(ies)	24,695
Attendants	212,201
Overtime Pay	123,132
In-Service Training	2,264
Social Security	50,975
State Retirement	30,821
Medical Insurance	58,403
Communication	6,297

(Continued)

Exhibit H-6

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.)

Maintenance and Repair Services - Buildings	\$	3,831	
Maintenance and Repair Services - Equipment		290	
Maintenance and Repair Services - Vehicles		21,768	
Travel		175	
Other Contracted Services		2,488	
Custodial Supplies		4,191	
Drugs and Medical Supplies		29,560	
Electricity		9,005	
Gasoline		42,697	
Natural Gas		8,881	
Office Supplies		11,304	
Tires and Tubes		4,950	
Uniforms		6,966	
In Service/Staff Development		4,275	
Motor Vehicles		58,975	
Other Equipment		13,407	
Total Ambulance/Emergency Medical Services			\$ 1,078,971

Alcohol and Drug Programs

Maintenance and Repair Services - Vehicles	\$	1,783	
Drugs and Medical Supplies		500	
Total Alcohol and Drug Programs			2,283

Regional Mental Health Center

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

Aid to Dependent Children

Contracts with Other Public Agencies	\$	368	
Total Aid to Dependent Children			368

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	13,277	
Utilities		11,013	
Total Senior Citizens Assistance			24,290

Libraries

Supervisor/Director	\$	28,627	
Other Salaries and Wages		32,144	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Social Security	\$	4,522	
State Retirement		1,466	
Medical Insurance		3,733	
Maintenance and Repair Services - Buildings		347	
Utilities		7,668	
Total Libraries			\$ 78,507

Other Social, Cultural, and Recreational

Contributions	\$	15,000	
Other Charges		25,000	
Total Other Social, Cultural, and Recreational			40,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	41,975	
Other Salaries and Wages		258	
Social Security		526	
Extension Service Medicare		513	
State Retirement		3,325	
Communication		3,160	
Contributions		317	
Office Equipment		879	
Total Agriculture Extension Service			50,953

Soil Conservation

Secretary(ies)	\$	16,721	
Temporary Personnel		11,929	
Overtime Pay		1,037	
Social Security		1,359	
State Retirement		909	
Total Soil Conservation			31,955

Other Operations

Industrial Development

Contributions	\$	15,375	
Other Charges		50,000	
Total Industrial Development			65,375

Airport

Contracts with Government Agencies	\$	6,000	
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(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Airport Improvement	\$ 3,909	
Total Airport		\$ 9,909

Veterans' Services

Supervisor/Director	\$ 12,493	
Secretary(ies)	18,207	
Social Security	2,272	
State Retirement	932	
Communication	1,478	
Contributions	12,933	
Travel	672	
Office Supplies	1,206	
Other Charges	800	
Office Equipment	<u>2,793</u>	
Total Veterans' Services		53,786

Contributions to Other Agencies

Contributions	\$ 5,200	
Total Contributions to Other Agencies		5,200

Highways

Traffic Control

Supervisor/Director	\$ 2,924	
Social Security	224	
State Retirement	150	
Maintenance and Repair Services - Vehicles	98	
Gasoline	243	
Road Signs	<u>3,261</u>	
Total Traffic Control		6,900

Litter and Trash Collection

Supervisor/Director	\$ 20,798	
Social Security	1,591	
State Retirement	1,065	
Medical Insurance	2,769	
Advertising	4,253	
Gasoline	<u>1,286</u>	
Total Litter and Trash Collection		<u>31,762</u>

Total General Fund		\$ 6,777,764
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(Continued)

Exhibit H-6

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 6,745	
Total County Buildings		\$ 6,745

Other Operations

Other Charges

Trustee's Commission	\$ 100	
Total Other Charges		100

Total Courthouse and Jail Maintenance Fund		\$ 6,845
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Solid Waste/Sanitation Fund

General Government

Other General Administration

Medical Insurance	\$ 10,333	
Data Processing Services	3,730	
Evaluation and Testing	130	
Legal Notices, Recording, and Court Costs	150	
Medical and Dental Services	300	
Travel	523	
Remittance of Revenue Collected	600	
Office Supplies	959	
Liability Insurance	26,197	
Trustee's Commission	11,093	
Workers' Compensation Insurance	29,553	
Office Equipment	1,931	
Total Other General Administration		\$ 85,499

Public Health and Welfare

Convenience Centers

Laborers	\$ 93,733	
Social Security	7,171	
State Retirement	1,576	
Medical Insurance	3,733	
Communication	3,357	
Maintenance and Repair Services - Equipment	417	
Rentals	5,700	
Custodial Supplies	657	
Electricity	4,533	
Water and Sewer	3,730	
Other Construction	1,041	
Total Convenience Centers		125,648

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations

Supervisor/Director	\$	30,575	
Equipment Operators		25,126	
Truck Drivers		43,139	
Laborers		17,614	
Attendants		15,086	
Overtime Pay		765	
Social Security		10,121	
State Retirement		6,153	
Communication		1,525	
Maintenance and Repair Services - Equipment		18,524	
Disposal Fees		455,380	
Other Contracted Services		1,150	
Diesel Fuel		22,945	
Lubricants		1,259	
Tires and Tubes		4,340	
Other Supplies and Materials		260	
Other Charges		15,275	
Building Construction		82	
Total Transfer Stations			\$ 669,319

Recycling Center

Materials Supervisor	\$	21,440	
Social Security		1,640	
State Retirement		1,098	
Communication		1,060	
Maintenance and Repair Services - Buildings		1,617	
Maintenance and Repair Services - Equipment		389	
Custodial Supplies		760	
Electricity		3,393	
Gasoline		758	
Uniforms		3,971	
Water and Sewer		575	
Other Supplies and Materials		717	
Total Recycling Center			37,418

Other Waste Disposal

Fertilizer, Lime, and Seed	\$	700	
Total Other Waste Disposal			700

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Postclosure Care Costs

Testing	\$ 9,224	
Total Postclosure Care Costs		\$ 9,224

Total Solid Waste/Sanitation Fund \$ 927,808

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$ 5,219	
Investigator(s)	21,733	
Overtime Pay	730	
Social Security	2,115	
State Retirement	1,396	
Medical Insurance	3,075	
Confidential Drug Enforcement Payments	15,400	
Dues and Memberships	300	
Tow-in Services	300	
Travel	500	
Veterinary Services	78	
Animal Food and Supplies	151	
Other Supplies and Materials	3,747	
Trustee's Commission	66	
Other Equipment	5,300	
Total Drug Enforcement		\$ 60,110

Total Drug Control Fund 60,110

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 983	
Total County Trustee's Office		\$ 983

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 2,804	
Total Chancery Court		2,804

Total Constitutional Officers - Fees Fund 3,787

(Continued)

Exhibit H-6

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,276	
Supervisor/Director		32,938	
Communication		3,422	
Dues and Memberships		2,624	
Legal Notices, Recording, and Court Costs		209	
Maintenance and Repair Services - Buildings		877	
Postal Charges		117	
Travel		135	
Electricity		3,002	
Office Supplies		587	
Utilities		2,739	
Other Charges		4,504	
Traffic Control Equipment		74	
Total Administration			\$ 108,504

Highway and Bridge Maintenance

Supervisor/Director	\$	96,818	
Equipment Operators		160,277	
Truck Drivers		58,957	
Laborers		47,971	
Freight Expenses		3,230	
Rentals		260	
Other Contracted Services		230	
Asphalt		194,672	
Asphalt - Cold Mix		5,137	
Asphalt - Hot Mix		279,343	
Crushed Stone		44,673	
Pipe - Metal		19,581	
Road Signs		465	
Salt		869	
Other Supplies and Materials		33	
Other Charges		15	
Other Capital Outlay		312	
Total Highway and Bridge Maintenance			912,843

Operation and Maintenance of Equipment

Mechanic(s)	\$	59,520	
Maintenance and Repair Services - Equipment		9,605	
Equipment and Machinery Parts		73,586	
Gasoline		88,464	

(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	10,011	
Small Tools		804	
Tires and Tubes		8,258	
Total Operation and Maintenance of Equipment			\$ 250,248

Quarry Operations

Supervisor/Director	\$	18,416	
Equipment Operators		33,634	
Explosive and Drilling Services		27,524	
Operating Lease Payments		9,400	
Electricity		25,544	
Total Quarry Operations			114,518

Other Charges

Other Contracted Services	\$	500	
Liability Insurance		111,337	
Trustee's Commission		19,732	
Workers' Compensation Insurance		82,011	
Total Other Charges			213,580

Employee Benefits

Social Security	\$	42,430	
State Retirement		26,285	
Medical Insurance		153,166	
Unemployment Compensation		11,842	
Total Employee Benefits			233,723

Capital Outlay

Engineering Services	\$	23,827	
Bridge Construction		241,453	
Communication Equipment		1,347	
Highway Equipment		4,104	
Total Capital Outlay			270,731

Total Highway/Public Works Fund \$ 2,104,147

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	243,176	
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(Continued)

Exhibit H-6

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

General Government (Cont.)

Principal on Notes	\$ 380,988	
Principal on Other Loans	12,930	
Total General Government	<u>637,094</u>	\$ 637,094

Interest on Debt

General Government

Interest on Bonds	\$ 347,967	
Interest on Notes	102,691	
Interest on Other Loans	3,060	
Total General Government	<u>453,718</u>	453,718

Other Debt Service

General Government

Fiscal Agent Charges	\$ 1,874	
Trustee's Commission	18,094	
Total General Government	<u>19,968</u>	19,968

Total General Debt Service Fund \$ 1,110,780

General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$ 17,082	
Trustee's Commission	395	
Building Construction	1,264,059	
Site Development	2,333	
Total General Administration Projects	<u>1,283,869</u>	\$ 1,283,869

Total General Capital Projects Fund 1,283,869

Community Development/Industrial Park Fund

Capital Projects

Other General Government Projects

Engineering Services	\$ 22,745	
Contracts for Development Costs	1,363,836	
Other Contracted Services	20,000	
Total Other General Government Projects	<u>1,406,581</u>	\$ 1,406,581

Total Community Development/Industrial Park Fund 1,406,581

Total Governmental Funds - Primary Government \$ 13,681,691

Exhibit H-7

Overton County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 746,447
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 738,983
Trustee's Commission	7,464
Total Cash Disbursements	<u>\$ 746,447</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

ANNUAL FINANCIAL REPORT
OVERTON COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF OVERTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

STEVE REEDER, CPA, CGFM, CFE
Auditor 4

GARY D. RAMSEY, CPA
STEPHEN ALRED
KELLEY J. McNEAL, CPA, CGFM
State Auditors

This financial report is available at www.comptroller.state.tn.us

**OVERTON COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF OVERTON COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Overton County School Department
For the Year Ended June 30, 2007

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Overton County School Department as of and for the year ended June 30, 2007.

Results

Our report on the Overton County School Department's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.

Our audit resulted in four findings and recommendations, which we have reviewed with Overton County School Department management. Detailed findings and recommendations are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

OVERTON COUNTY SCHOOL DEPARTMENT

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ The School Department had not completed the steps set forth in the implementation plan for GASB Statement No. 34 filed with the Comptroller of the Treasury.
- ◆ Expenditures exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) in the General Purpose School and School Federal Projects funds.
- ◆ Duties were not segregated adequately in the Office of Director of Schools.

INTRODUCTORY SECTION

Overton County School Officials
June 30, 2007

Official

Michael Gilpatrick, Director of Schools

Board of Education

Tim Coffee, Chairman
Patricia Bowman
Dolphus Dial
Kelly Hill
Lenard Ledbetter
Mark Peek
Sam Pendergrass
Tonya Sells
Joey Smith
Tim Vaughn

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

INDEPENDENT AUDITOR'S REPORT

March 5, 2008

Overton County Director of Schools and
Board of Education
Overton County, Tennessee

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Overton County School Department, a component unit of Overton County, Tennessee, as of and for the year ended June 30, 2007, as shown on pages 15 through 30, which collectively comprise a portion of the Overton County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Overton County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the

presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the School Department's governmental activities are not reasonably determinable.

As described in Note I, the Overton County School Department has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require school departments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Overton County School Department as of June 30, 2007, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Overton County School Department as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2008, on our consideration of the Overton County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 33 through 35 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Overton County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, 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 miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in dark ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Overton County, Tennessee
Balance Sheet - Governmental Funds
Overton County School Department
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 904	\$ 904
Equity in Pooled Cash and Investments	1,907,828	676,382	2,584,210
Inventories	0	30,135	30,135
Accounts Receivable	109	184	293
Due from Other Governments	739,107	168,336	907,443
Due from Other Funds	2,647	0	2,647
Property Taxes Receivable	1,740,786	0	1,740,786
Allowance for Uncollectible Property Taxes	(32,896)	0	(32,896)
Total Assets	<u>\$ 4,357,581</u>	<u>\$ 875,941</u>	<u>\$ 5,233,522</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 155	\$ 0	\$ 155
Accrued Payroll	51,684	0	51,684
Cash Overdraft	0	55,852	55,852
Due to Other Funds	0	2,647	2,647
Deferred Revenue - Current Property Taxes	1,619,159	0	1,619,159
Deferred Revenue - Delinquent Property Taxes	83,007	0	83,007
Other Deferred Revenues	144,867	0	144,867
Total Liabilities	<u>\$ 1,898,872</u>	<u>\$ 58,499</u>	<u>\$ 1,957,371</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 249,521	\$ 27,299	\$ 276,820
Other Local Education Reserves	57,354	30,135	87,489
Reserved for Career Ladder - Extended Contract	5,392	0	5,392
Reserved for Career Ladder Program	4,772	0	4,772
Reserved for Basic Education Program	1,435,284	0	1,435,284
Reserved for Title I Grants to Local Education Agencies	0	12,039	12,039
Reserved for Special Education - Grants to States	0	16,601	16,601
Other Federal Reserves	0	13,329	13,329
Unreserved, Reported In:			
General Fund	706,386	0	706,386
Special Revenue Funds	0	328,759	328,759
Debt Service Funds	0	389,280	389,280
Total Fund Balances	<u>\$ 2,458,709</u>	<u>\$ 817,442</u>	<u>\$ 3,276,151</u>
Total Liabilities and Fund Balances	<u>\$ 4,357,581</u>	<u>\$ 875,941</u>	<u>\$ 5,233,522</u>

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

Exhibit B

Overton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Overton County School Department
For the Year Ended June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,727,752	\$ 86,822	\$ 3,814,574
Licenses and Permits	1,510	0	1,510
Charges for Current Services	27,369	555,683	583,052
Other Local Revenues	90,129	4,053	94,182
State of Tennessee	15,677,035	73,945	15,750,980
Federal Government	232,574	2,834,064	3,066,638
Total Revenues	<u>\$ 19,756,369</u>	<u>\$ 3,554,567</u>	<u>\$ 23,310,936</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 11,524,287	\$ 1,334,784	\$ 12,859,071
Support Services	6,324,174	525,279	6,849,453
Operation of Non-Instructional Services	475,920	1,542,220	2,018,140
Capital Outlay	33,625	0	33,625
Debt Service:			
Principal on Debt	0	460,000	460,000
Interest on Debt	0	538,923	538,923
Other Debt Service	0	562	562
Total Expenditures	<u>\$ 18,358,006</u>	<u>\$ 4,401,768</u>	<u>\$ 22,759,774</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,398,363</u>	<u>\$ (847,201)</u>	<u>\$ 551,162</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 11,504	\$ 0	\$ 11,504
Transfers In	29,124	939,165	968,289
Transfers Out	(939,165)	(29,124)	(968,289)
Total Other Financing Sources (Uses)	<u>\$ (898,537)</u>	<u>\$ 910,041</u>	<u>\$ 11,504</u>
Net Change in Fund Balances	\$ 499,826	\$ 62,840	\$ 562,666
Fund Balance, July 1, 2006	1,958,883	754,602	2,713,485
Fund Balance, June 30, 2007	<u>\$ 2,458,709</u>	<u>\$ 817,442</u>	<u>\$ 3,276,151</u>

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

**OVERTON COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF OVERTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Overton County School Department's financial statements are not 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 School Department has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement No. 34 and accounting principles generally accepted in the United States of America. The School Department has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused the School Department's auditor to issue an adverse opinion on the School Department's financial statements.

Although the School Department's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement No. 34. These standards require fund financial statements that are presented in conformity with all the provisions of GASB Statement No. 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

The following are the more significant accounting policies of the Overton County School Department:

A. Reporting Entity

The Overton County School Department operates the public school system in the county, and the voters of Overton County elect its ten-member board. The School Department is a component unit of Overton County, the primary government. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and

property tax levy are subject to the Overton 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.

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

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

Separate financial statements are provided for governmental 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.

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 School Department 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. The School Department 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 Education Debt Service Fund for payments to be made early in the following year.

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

The School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund types:

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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.

C. Assets, Liabilities, and Equity

1. Deposits and Investments

State statutes authorize Overton County, the School Department's primary 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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

2. Receivables and Payables

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

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

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

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

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

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

3. Inventories

Inventories of the School Department consist of expendable supplies held for consumption and are recorded at cost, determined on the first-in, first-out method.

4. **Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. The School Department does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, the School Department does not present government-wide statements.

5. **Compensated Absences**

The general policy of the School Department does not permit employees to accumulate vacation and sick days beyond year-end. The general policy of the School Department for professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

6. **Long-term Obligations**

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 are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. **Fund Equity**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. **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. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the State 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 Purpose School Fund major categories: Regular Instruction Program, Special Education Program, Vocational Education Program, Adult Education Program, etc.). Management may make revisions within major categories, but only the Overton County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The School Department'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.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in the following funds' major appropriation categories (the legal level of control):

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Adult Education Program	\$ 423
School Federal Projects:	
Regular Instruction Program	9,241
Special Education Program	456
Transportation	3,243

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balances.

C. Cash Overdraft

The School Federal Projects Fund had a cash overdraft of \$55,852 at June 30, 2007. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2007.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Overton County and the 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, depositing, and investing most county funds. Each fund's portion

of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements 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 the 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. Overton County, the School Department's primary government, is 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2007, Overton County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Overton County and the Overton County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 8,922,333

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, 2007, Overton County's investment in the State Treasurer's Investment Pool was unrated.

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	Nonmajor governmental	\$ 2,647

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 939,165
Nonmajor governmental funds	29,124	0
Total	\$ 29,124	\$ 939,165

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.

C. Long-term Debt

Since the School Department is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but the School Department is not presenting government-wide financial statements.

General Obligation Bonds

Overton County issues general obligation bonds on behalf of the School Department to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2007, will be retired from the Education Debt Service Fund.

General obligation bonds outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds - Refunding	2 to 5 %	\$ 12,885,000	\$ 12,790,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2008	\$ 525,000	\$ 517,206
2009	535,000	506,106
2010	545,000	493,816
2011	555,000	479,791
2012	570,000	464,228
2013-2017	3,235,000	1,930,138
2018-2022	4,025,000	1,094,138
2023-2025	2,800,000	240,817
Total	\$ 12,790,000	\$ 5,726,240

There is \$389,280 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$636, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Bonds
Balance, July 1, 2006	\$ 13,250,000
Deductions	(460,000)
Balance, June 30, 2007	\$ 12,790,000
Balance Due Within One Year	\$ 525,000

Defeasance of Prior Debt

In prior years, Overton County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2007, the following outstanding bonds are considered defeased:

	<u>Amount</u>
1999 School Construction and Renovation	\$ 7,375,000

IV. OTHER INFORMATION

A. Risk Management

The discretely presented Overton County School Department joined 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 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, 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.

B. Contingent Liabilities

The School Department is the defendant in a suit filed in the U.S. District Court alleging the civil rights of several students were violated by allowing a surveillance video camera to operate in a locker room at one of the schools. The suit seeks an unspecified amount of damages and punitive damages as a result of the alleged negligence on behalf of the school board and/or its employees. An estimate or range of any potential loss to the county as a result of this lawsuit cannot be reasonably estimated.

There are no other pending lawsuits in which the School Department is involved. The School Department's attorney estimates that any potential claims against the School Department would not materially affect the School Department's financial statements.

C. Change in Administration

On July 1, 2006, Michael Gilpatrick became the Overton County Director of Schools succeeding William Needham.

D. Retirement Commitments

Employees

Plan Description

Employees of Overton County, including the School Department, 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.treasury.state.tn.us/tcrs/PS/>.

Since the Overton County School Department participates in Overton County's plan, retirement information for the Overton County School Department is not available separately from the retirement information provided for the county. Complete disclosure for the county's participation in the TCRS is described in footnote IV.F. of the Annual Financial Report of Overton County, Tennessee.

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 SETHEPP. 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.treasury.state.tn.us>.

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 Overton County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Overton County 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, 2007, 2006, and 2005, were \$690,593, \$594,454, and \$569,877, respectively, equal to the required contributions for each year.

E. Other Post-employment Benefits

In addition to the retirement commitments described above, the School Department provides post-retirement health care benefits, in accordance with contract provisions, to teachers who retire from the School Department with 30 years of service or have reached age 55 and continue the payment until the teacher reaches 67 or becomes eligible for medical coverage. Currently, 20 school retirees meet those eligibility requirements. The School

Department pays up to \$1,150 annually for medical premiums for retirees and their dependents. Those retirees not having insurance through the group plan receive an equal cash payment from the School Department. During the year, expenditures totaling \$29,612 were recognized for post-employment health care.

F. Purchasing Law

Purchasing procedures for the School Department are governed by purchasing laws applicable to the schools as set forth in Section 49-2-203, Tennessee Code Annotated, 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Overton County School Department
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,727,752	\$ 0	\$ 0	\$ 3,727,752	\$ 3,628,971	\$ 3,628,971	\$ 98,781
Licenses and Permits	1,510	0	0	1,510	1,570	1,570	(60)
Charges for Current Services	27,369	0	0	27,369	28,879	28,879	(1,510)
Other Local Revenues	90,129	0	0	90,129	50,900	132,917	(42,788)
State of Tennessee	15,677,035	0	0	15,677,035	15,030,598	15,671,788	5,247
Federal Government	232,574	0	0	232,574	90,090	222,740	9,834
Total Revenues	\$ 19,756,369	\$ 0	\$ 0	\$ 19,756,369	\$ 18,831,008	\$ 19,686,865	\$ 69,504
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 9,407,579	\$ (16)	\$ 230,274	\$ 9,637,837	\$ 9,278,886	\$ 9,737,815	\$ 99,978
Alternative Instruction Program	30,907	0	0	30,907	59,580	30,942	35
Special Education Program	1,189,331	0	0	1,189,331	1,252,892	1,223,148	33,817
Vocational Education Program	846,206	(34)	0	846,172	897,958	902,937	56,765
Adult Education Program	50,264	0	0	50,264	36,678	49,841	(423)
<u>Support Services</u>							
Attendance	82,227	0	0	82,227	82,276	85,961	3,734
Health Services	43,028	0	0	43,028	47,987	47,987	4,959
Other Student Support	399,772	(2,509)	4,360	401,623	410,589	417,308	15,685
Regular Instruction Program	497,867	(625)	0	497,242	453,442	511,404	14,162
Special Education Program	146,582	0	0	146,582	150,191	150,777	4,195
Vocational Education Program	70,432	0	0	70,432	80,794	81,087	10,655
Adult Programs	53,682	0	0	53,682	92,683	76,570	22,888
Board of Education	304,056	0	0	304,056	274,937	364,255	60,199
Director of Schools	117,415	0	1,570	118,985	123,424	123,717	4,732
Office of the Principal	1,351,975	0	0	1,351,975	1,273,287	1,362,828	10,853

(Continued)

Exhibit C

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 225,609	\$ 0	\$ 5,516	\$ 231,125	\$ 235,486	\$ 235,486	\$ 4,361
Operation of Plant	1,698,822	0	0	1,698,822	1,790,223	1,790,223	91,401
Maintenance of Plant	265,059	0	7,801	272,860	235,592	311,472	38,612
Transportation	1,067,648	0	0	1,067,648	1,124,827	1,167,208	99,560
<u>Operation of Non-Instructional Services</u>							
Food Service	3,005	0	0	3,005	0	3,005	0
Early Childhood Education	472,915	(12,237)	0	460,678	269,111	464,132	3,454
<u>Capital Outlay</u>							
Regular Capital Outlay	33,625	(24,461)	0	9,164	19,000	19,000	9,836
Total Expenditures	\$ 18,358,006	\$ (39,882)	\$ 249,521	\$ 18,567,645	\$ 18,189,843	\$ 19,157,103	\$ 589,458
<u>Excess (Deficiency) of Revenues Over Expenditures</u>							
	\$ 1,398,363	\$ 39,882	\$ (249,521)	\$ 1,188,724	\$ 641,165	\$ 529,762	\$ 658,962
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,504	\$ 0	\$ 0	\$ 11,504	\$ 0	\$ 50,226	\$ (38,722)
Transfers In	29,124	0	0	29,124	35,000	35,000	(5,876)
Transfers Out	(939,165)	0	0	(939,165)	(939,165)	(939,165)	0
Total Other Financing Sources (Uses)	\$ (898,537)	\$ 0	\$ 0	\$ (898,537)	\$ (904,165)	\$ (853,939)	\$ (44,598)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2006	\$ 1,958,883	\$ (39,882)	\$ 0	\$ 1,919,001	\$ 1,770,319	\$ 1,770,319	\$ 148,682
Fund Balance, June 30, 2007	\$ 2,458,709	\$ 0	\$ (249,521)	\$ 2,209,188	\$ 1,507,319	\$ 1,446,142	\$ 763,046

**OVERTON COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF OVERTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007**

A. BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the State 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 Purpose School Fund major categories: Regular Instruction Program, Special Education Program, Vocational Education Program, Adult Education Program, etc.). Management may make revisions within major categories, but only the Overton County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Adult Education Program major appropriation category (the legal level of control) in the General Purpose School Fund by \$423. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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.

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 D-1

Overton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Overton County School Department
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Total</u>	<u>Education Debt Service</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 904	\$ 904	\$ 0	\$ 904
Equity in Pooled Cash and Investments	0	287,102	287,102	389,280	676,382
Inventories	0	30,135	30,135	0	30,135
Accounts Receivable	0	184	184	0	184
Due from Other Governments	125,175	43,161	168,336	0	168,336
Total Assets	\$ 125,175	\$ 361,486	\$ 486,661	\$ 389,280	\$ 875,941
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Cash Overdraft	\$ 55,852	\$ 0	\$ 55,852	\$ 0	\$ 55,852
Due to Other Funds	55	2,592	2,647	0	2,647
Total Liabilities	\$ 55,907	\$ 2,592	\$ 58,499	\$ 0	\$ 58,499
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 27,299	\$ 0	\$ 27,299	\$ 0	\$ 27,299
Other Local Education Reserves	0	30,135	30,135	0	30,135
Reserved for Title I Grants to Local Education Agencies	12,039	0	12,039	0	12,039
Reserved for Special Education - Grants to States	16,601	0	16,601	0	16,601
Other Federal Reserves	13,329	0	13,329	0	13,329
Unreserved	0	328,759	328,759	389,280	718,039
Total Fund Balances	\$ 69,268	\$ 358,894	\$ 428,162	\$ 389,280	\$ 817,442
Total Liabilities and Fund Balances	\$ 125,175	\$ 361,486	\$ 486,661	\$ 389,280	\$ 875,941

Exhibit D-2

Overton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Overton County School Department
For the Year Ended June 30, 2007

	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	\$ 86,822	\$ 86,822
Charges for Current Services	0	555,683	555,683	0	555,683
Other Local Revenues	0	4,053	4,053	0	4,053
State of Tennessee	0	73,945	73,945	0	73,945
Federal Government	1,865,767	968,297	2,834,064	0	2,834,064
Total Revenues	<u>\$ 1,865,767</u>	<u>\$ 1,601,978</u>	<u>\$ 3,467,745</u>	<u>\$ 86,822</u>	<u>\$ 3,554,567</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,334,784	\$ 0	\$ 1,334,784	\$ 0	\$ 1,334,784
Support Services	525,279	0	525,279	0	525,279
Operation of Non-Instructional Services	0	1,542,220	1,542,220	0	1,542,220
Debt Service:					
Principal on Debt	0	0	0	460,000	460,000
Interest on Debt	0	0	0	538,923	538,923
Other Debt Service	0	0	0	562	562
Total Expenditures	<u>\$ 1,860,063</u>	<u>\$ 1,542,220</u>	<u>\$ 3,402,283</u>	<u>\$ 999,485</u>	<u>\$ 4,401,768</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,704</u>	<u>\$ 59,758</u>	<u>\$ 65,462</u>	<u>\$ (912,663)</u>	<u>\$ (847,201)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 939,165	\$ 939,165
Transfers Out	(26,532)	(2,592)	(29,124)	0	(29,124)
Total Other Financing Sources (Uses)	<u>\$ (26,532)</u>	<u>\$ (2,592)</u>	<u>\$ (29,124)</u>	<u>\$ 939,165</u>	<u>\$ 910,041</u>
Net Change in Fund Balances	\$ (20,828)	\$ 57,166	\$ 36,338	\$ 26,502	\$ 62,840
Fund Balance, July 1, 2006	90,096	301,728	391,824	362,778	754,602
Fund Balance, June 30, 2007	<u>\$ 69,268</u>	<u>\$ 358,894</u>	<u>\$ 428,162</u>	<u>\$ 389,280</u>	<u>\$ 817,442</u>

Exhibit D-3

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Overton County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,865,767	\$ 0	\$ 0	\$ 1,865,767	\$ 1,914,751	\$ 1,915,530	\$ (49,763)
Total Revenues	\$ 1,865,767	\$ 0	\$ 0	\$ 1,865,767	\$ 1,914,751	\$ 1,915,530	\$ (49,763)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 769,319	\$ 0	\$ 7,646	\$ 776,965	\$ 793,539	\$ 767,724	\$ (9,241)
Special Education Program	521,154	0	142	521,296	557,679	557,679	36,383
Vocational Education Program	44,311	(3,210)	5,365	46,466	48,138	48,872	2,406
<u>Support Services</u>							
Health Services	22,105	0	0	22,105	24,034	24,034	1,929
Other Student Support	285,505	0	9,348	294,853	310,289	332,574	37,721
Regular Instruction Program	143,687	(320)	4,798	148,165	155,825	159,421	11,256
Special Education Program	26,531	0	0	26,531	26,075	26,075	(456)
Vocational Education Program	3,169	0	0	3,169	3,514	3,514	345
Transportation	44,282	0	0	44,282	41,039	41,039	(3,243)
Total Expenditures	\$ 1,860,063	\$ (3,530)	\$ 27,299	\$ 1,883,832	\$ 1,960,132	\$ 1,960,932	\$ 77,100
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,704	\$ 3,530	\$ (27,299)	\$ (18,065)	\$ (45,381)	\$ (45,402)	\$ 27,337
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,500	\$ (9,500)
Transfers Out	(26,532)	0	0	(26,532)	(26,502)	(35,981)	9,449
Total Other Financing Sources (Uses)	\$ (26,532)	\$ 0	\$ 0	\$ (26,532)	\$ (26,502)	\$ (26,481)	\$ (51)
Net Change in Fund Balance	\$ (20,828)	\$ 3,530	\$ (27,299)	\$ (44,597)	\$ (71,883)	\$ (71,883)	\$ 27,286
Fund Balance, July 1, 2006	90,096	(3,530)	0	86,566	71,883	71,883	14,683
Fund Balance, June 30, 2007	\$ 69,268	\$ 0	\$ (27,299)	\$ 41,969	\$ 0	\$ 0	\$ 41,969

Exhibit D-4

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Overton County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 555,683	\$ 0	\$ 555,683	\$ 581,600	\$ 581,600	\$ (25,917)
Other Local Revenues	4,053	0	4,053	2,500	2,500	1,553
State of Tennessee	73,945	0	73,945	83,500	83,500	(9,555)
Federal Government	968,297	0	968,297	953,000	953,000	15,297
Total Revenues	\$ 1,601,978	\$ 0	\$ 1,601,978	\$ 1,620,600	\$ 1,620,600	\$ (18,622)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,484,965	\$ 0	\$ 1,484,965	\$ 1,556,600	\$ 1,556,600	\$ 71,635
Community Services	57,255	(2,492)	54,763	59,000	59,000	4,237
Total Expenditures	\$ 1,542,220	\$ (2,492)	\$ 1,539,728	\$ 1,615,600	\$ 1,615,600	\$ 75,872
Excess (Deficiency) of Revenues Over Expenditures	\$ 59,758	\$ 2,492	\$ 62,250	\$ 5,000	\$ 5,000	\$ 57,250
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (2,592)	\$ 0	\$ (2,592)	\$ (5,000)	\$ (5,000)	\$ 2,408
Total Other Financing Sources (Uses)	\$ (2,592)	\$ 0	\$ (2,592)	\$ (5,000)	\$ (5,000)	\$ 2,408
Net Change in Fund Balance	\$ 57,166	\$ 2,492	\$ 59,658	\$ 0	\$ 0	\$ 59,658
Fund Balance, July 1, 2006	301,728	(2,492)	299,236	269,583	269,583	29,653
Fund Balance, June 30, 2007	\$ 358,894	\$ 0	\$ 358,894	\$ 269,583	\$ 269,583	\$ 89,311

Exhibit D-5

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Overton County School Department
Education Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 86,822	\$ 60,000	\$ 61,400	\$ 25,422
Total Revenues	\$ 86,822	\$ 60,000	\$ 61,400	\$ 25,422
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 460,000	\$ 0	\$ 460,000	\$ 0
<u>Interest on Debt</u>				
Education	538,923	999,165	539,165	242
<u>Other Debt Service</u>				
Education	562	0	1,400	838
Total Expenditures	\$ 999,485	\$ 999,165	\$ 1,000,565	\$ 1,080
Excess (Deficiency) of Revenues Over Expenditures	\$ (912,663)	\$ (939,165)	\$ (939,165)	\$ 26,502
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 939,165	\$ 939,165	\$ 939,165	\$ 0
Total Other Financing Sources (Uses)	\$ 939,165	\$ 939,165	\$ 939,165	\$ 0
Net Change in Fund Balance	\$ 26,502	\$ 0	\$ 0	\$ 26,502
Fund Balance, July 1, 2006	362,778	345,684	345,684	17,094
Fund Balance, June 30, 2007	\$ 389,280	\$ 345,684	\$ 345,684	\$ 43,596

MISCELLANEOUS SCHEDULES

Exhibit E-1

Overton County, Tennessee
Schedule of Changes in Long-term Bonds
Overton County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Paid and/or Matured During Period	Outstanding 6-30-07
<u>BONDS PAYABLE</u>							
<u>Payable through Education Debt Service Fund</u>							
School Construction and Renovation	\$ 9,500,000	4.8 to 5.45 %	9-23-1999	6-1-07	\$ 395,000	\$ 395,000	\$ 0
School Refunding Bonds, Series 2004	7,795,000	2 to 5	3-26-04	4-1-20	7,795,000	25,000	7,770,000
School Refunding Bonds, Series 2005	5,090,000	3.5 to 4.3	7-28-05	6-30-25	5,060,000	40,000	5,020,000
Total Bonds Payable					<u>\$ 13,250,000</u>	<u>\$ 460,000</u>	<u>\$ 12,790,000</u>

Exhibit E-2

Overton County, Tennessee
Schedule of Bond and Interest Requirements by Year
Overton County School Department

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 525,000	\$ 517,206	\$ 1,042,206
2009	535,000	506,106	1,041,106
2010	545,000	493,816	1,038,816
2011	555,000	479,791	1,034,791
2012	570,000	464,228	1,034,228
2013	585,000	446,728	1,031,728
2014	615,000	417,878	1,032,878
2015	645,000	387,528	1,032,528
2016	675,000	355,678	1,030,678
2017	715,000	322,328	1,037,328
2018	750,000	287,028	1,037,028
1019	790,000	249,978	1,039,978
2020	820,000	218,378	1,038,378
2021	810,000	185,578	995,578
2022	855,000	153,178	1,008,178
2023	895,000	118,123	1,013,123
2024	935,000	80,980	1,015,980
2025	970,000	41,710	1,011,710
Total	<u>\$ 12,790,000</u>	<u>\$ 5,726,240</u>	<u>\$ 18,516,240</u>

Exhibit E-3

Overton County, Tennessee
Schedule of Transfers
Overton County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 26,532
Central Cafeteria	"	"	2,592
General Purpose School	Education Debt Service	Debt retirement	<u>939,165</u>
Total Transfers			<u><u>\$ 968,289</u></u>

Exhibit E-4

Overton County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Overton County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and Overton County Board of Education	\$ 79,272 (1)	(2)	
Public Employee Blanket Bond: School Employees			\$ 150,000	Tennessee Risk Management Trust

(1) Includes chief executive officer training supplement of \$1,000.

(2) The director of schools is covered under the public employee dishonesty bond.

Exhibit E-5

Overton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Overton County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,539,973	\$ 0	\$ 0	\$ 0	\$ 1,539,973
Trustee's Collections - Prior Year	79,385	0	0	0	79,385
Circuit/Clerk & Master Collections - Prior Years	11,341	0	0	0	11,341
Interest and Penalty	15,205	0	0	0	15,205
Payments in-Lieu-of Taxes - Other	1,429	0	0	0	1,429
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,472,109	0	0	0	1,472,109
Wheel Tax	460,000	0	0	86,822	546,822
<u>Statutory Local Taxes</u>					
Bank Excise Tax	28,211	0	0	0	28,211
Wholesale Beer Tax	113,991	0	0	0	113,991
Interstate Telecommunications Tax	6,108	0	0	0	6,108
Total Local Taxes	\$ 3,727,752	\$ 0	\$ 0	\$ 86,822	\$ 3,814,574
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,510	\$ 0	\$ 0	\$ 0	\$ 1,510
Total Licenses and Permits	\$ 1,510	\$ 0	\$ 0	\$ 0	\$ 1,510
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 256	\$ 0	\$ 0	\$ 0	\$ 256
<u>Education Charges</u>					
Lunch Payments - Children	0	0	268,967	0	268,967
Lunch Payments - Adults	0	0	52,830	0	52,830
Income from Breakfast	0	0	46,366	0	46,366
Special Milk Sales	0	0	3,918	0	3,918
A la carte Sales	0	0	183,602	0	183,602
Receipts from Individual Schools	27,113	0	0	0	27,113
Total Charges for Current Services	\$ 27,369	\$ 0	\$ 555,683	\$ 0	\$ 583,052
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 1,107	\$ 0	\$ 1,107
Refund of Telecommunication & Internet Fees (E-Rate)	21,611	0	0	0	21,611
Miscellaneous Refunds	59,369	0	2,946	0	62,315
<u>Nonrecurring Items</u>					
Contributions and Gifts	9,149	0	0	0	9,149
Total Other Local Revenues	\$ 90,129	\$ 0	\$ 4,053	\$ 0	\$ 94,182
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 14,400,218	\$ 0	\$ 0	\$ 0	\$ 14,400,218
Early Childhood Education	462,666	0	0	0	462,666
School Food Service	0	0	19,182	0	19,182
Driver Education	12,442	0	0	0	12,442
Other State Education Funds	396,156	0	0	0	396,156
Career Ladder Program	220,344	0	0	0	220,344

(Continued)

Exhibit E-5

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder - Extended Contract	\$ 120,209	\$ 0	\$ 0	\$ 0	\$ 120,209
<u>Other State Revenues</u>					
Other State Grants	65,000	0	54,763	0	119,763
Total State of Tennessee	\$ 15,677,035	\$ 0	\$ 73,945	\$ 0	\$ 15,750,980
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 668,201	\$ 0	\$ 668,201
Breakfast	0	0	283,268	0	283,268
USDA - Other	0	0	16,828	0	16,828
Adult Education State Grant Program	71,424	0	0	0	71,424
Vocational Education - Basic Grants to States	0	93,788	0	0	93,788
Title I Grants to Local Education Agencies	0	747,669	0	0	747,669
Innovative Education Program Strategies	0	109,508	0	0	109,508
Special Education - Grants to States	28,150	695,721	0	0	723,871
Special Education Preschool Grants	0	22,944	0	0	22,944
Eisenhower Professional Development State Grants	0	182,559	0	0	182,559
Job Training Partnership Act	17,000	0	0	0	17,000
Other Federal through State	116,000	13,578	0	0	129,578
Total Federal Government	\$ 232,574	\$ 1,865,767	\$ 968,297	\$ 0	\$ 3,066,638
Total	\$ 19,756,369	\$ 1,865,767	\$ 1,601,978	\$ 86,822	\$ 23,310,936

Exhibit E-6

Overton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Overton County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,851,399	
Career Ladder Program	121,253	
Career Ladder Extended Contracts	100,300	
Homebound Teachers	7,948	
Educational Assistants	54,323	
Other Salaries and Wages	106,056	
Certified Substitute Teachers	29,173	
In-Service Training	136	
Non-certified Substitute Teachers	113,234	
Social Security	425,463	
State Retirement	433,157	
Life Insurance	3,609	
Medical Insurance	572,691	
Unemployment Compensation	4,536	
Employer Medicare	100,870	
Payments to Retirees	29,612	
Maintenance and Repair Services - Equipment	1,060	
Other Contracted Services	37,268	
Instructional Supplies and Materials	51,828	
Textbooks	32,924	
Other Supplies and Materials	149,297	
Fee Waivers	45,361	
Other Charges	9,044	
Regular Instruction Equipment	127,037	
Total Regular Instruction Program		\$ 9,407,579

Alternative Instruction Program

Teachers	\$ 24,618	
Career Ladder Program	667	
Social Security	1,509	
State Retirement	1,727	
Life Insurance	16	
Medical Insurance	2,003	
Unemployment Compensation	14	
Employer Medicare	353	
Total Alternative Instruction Program		30,907

Special Education Program

Teachers	\$ 883,048	
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(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	16,515	
Career Ladder Extended Contracts		6,500	
Homebound Teachers		12,024	
Other Salaries and Wages		48,224	
Certified Substitute Teachers		60	
Non-certified Substitute Teachers		250	
Social Security		56,091	
State Retirement		58,732	
Life Insurance		546	
Medical Insurance		88,260	
Unemployment Compensation		558	
Employer Medicare		13,118	
Contracts with Private Agencies		350	
Other Contracted Services		20	
Instructional Supplies and Materials		3,020	
Other Supplies and Materials		880	
Special Education Equipment		1,135	
Total Special Education Program			\$ 1,189,331

Vocational Education Program

Teachers	\$	603,255	
Career Ladder Program		11,413	
Certified Substitute Teachers		60	
Non-certified Substitute Teachers		2,575	
Social Security		35,031	
State Retirement		37,664	
Life Insurance		370	
Medical Insurance		72,289	
Unemployment Compensation		342	
Employer Medicare		8,193	
Tuition		65,951	
Other Contracted Services		190	
Instructional Supplies and Materials		1,941	
Propane Gas		620	
Textbooks		5,001	
Other Supplies and Materials		464	
Other Charges		34	
Vocational Instruction Equipment		813	
Total Vocational Education Program			846,206

(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	4,380	
Other Salaries and Wages		24,716	
Social Security		1,717	
State Retirement		1,342	
Medical Insurance		3,280	
Unemployment Compensation		40	
Employer Medicare		402	
Maintenance and Repair Services - Equipment		125	
Other Contracted Services		105	
Instructional Supplies and Materials		2,921	
Other Supplies and Materials		326	
Other Charges		821	
Other Equipment		10,089	
Total Adult Education Program			\$ 50,264

Support Services

Attendance

Supervisor/Director	\$	55,766	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		2,900	
Social Security		3,443	
State Retirement		3,658	
Life Insurance		24	
Medical Insurance		6,416	
Unemployment Compensation		21	
Employer Medicare		805	
Travel		1,843	
Other Supplies and Materials		422	
Attendance Equipment		5,929	
Total Attendance			82,227

Health Services

Medical Personnel	\$	31,533	
Social Security		1,590	
State Retirement		1,559	
Medical Insurance		6,988	
Unemployment Compensation		45	
Employer Medicare		372	
Travel		941	
Total Health Services			43,028

(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	7,125	
Guidance Personnel		315,994	
Career Ladder Extended Contracts		3,500	
Social Security		18,755	
State Retirement		20,023	
Life Insurance		168	
Medical Insurance		27,386	
Unemployment Compensation		166	
Employer Medicare		4,386	
Evaluation and Testing		1,440	
Other Supplies and Materials		829	
Total Other Student Support			\$ 399,772

Regular Instruction Program

Supervisor/Director	\$	26,574	
Career Ladder Program		11,500	
Career Ladder Extended Contracts		8,400	
Librarians		215,682	
Instructional Computer Personnel		26,059	
Clerical Personnel		14,136	
Other Salaries and Wages		83,752	
Social Security		22,298	
State Retirement		23,443	
Life Insurance		156	
Medical Insurance		25,867	
Unemployment Compensation		160	
Employer Medicare		5,237	
Maintenance and Repair Services - Equipment		200	
Travel		14,778	
Other Contracted Services		3,153	
Library Books/Media		3,638	
Other Supplies and Materials		989	
In Service/Staff Development		4,811	
Other Charges		206	
Other Equipment		6,828	
Total Regular Instruction Program			497,867

Special Education Program

Supervisor/Director	\$	54,870	
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(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	4,000	
Psychological Personnel		45,235	
Career Ladder Extended Contracts		2,800	
Clerical Personnel		13,552	
Social Security		7,103	
State Retirement		7,257	
Life Insurance		46	
Medical Insurance		7,538	
Unemployment Compensation		53	
Employer Medicare		1,661	
Travel		1,318	
Other Equipment		1,149	
Total Special Education Program			\$ 146,582

Vocational Education Program

Supervisor/Director	\$	55,439	
Career Ladder Program		1,510	
Social Security		3,266	
State Retirement		3,518	
Life Insurance		24	
Medical Insurance		5,873	
Unemployment Compensation		38	
Employer Medicare		764	
Total Vocational Education Program			70,432

Adult Programs

Supervisor/Director	\$	27,021	
Career Ladder Program		500	
Clerical Personnel		18,920	
Social Security		1,173	
State Retirement		969	
Unemployment Compensation		41	
Employer Medicare		673	
Travel		3,928	
Other Supplies and Materials		30	
Other Charges		96	
Other Equipment		331	
Total Adult Programs			53,682

(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	1,855	
Board and Committee Members Fees		25,975	
Social Security		1,561	
State Retirement		945	
Unemployment Compensation		1	
Employer Medicare		397	
Audit Services		4,500	
Legal Services		35,154	
Travel		1,770	
Other Contracted Services		2,500	
Other Supplies and Materials		140	
Liability Insurance		18,255	
Trustee's Commission		90,320	
Workers' Compensation Insurance		120,060	
Other Charges		623	
Total Board of Education			\$ 304,056

Director of Schools

County Official/Administrative Officer	\$	78,272	
Career Ladder Program		1,000	
Social Security		4,826	
State Retirement		4,861	
Life Insurance		24	
Medical Insurance		3,260	
Unemployment Compensation		21	
Employer Medicare		1,129	
Communication		9,103	
Dues and Memberships		7,895	
Postal Charges		3,893	
Travel		2,545	
Office Supplies		190	
Other Charges		396	
Total Director of Schools			117,415

Office of the Principal

Principals	\$	436,234	
Career Ladder Program		16,045	
Career Ladder Extended Contracts		2,800	
Assistant Principals		204,832	

(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Secretary(ies)	\$	385,967	
Other Salaries and Wages		14,566	
Social Security		58,662	
State Retirement		59,557	
Life Insurance		262	
Medical Insurance		96,855	
Unemployment Compensation		738	
Employer Medicare		14,069	
Communication		28,407	
Travel		12,342	
Other Contracted Services		4,010	
Other Supplies and Materials		540	
Excess Risk Insurance		8,475	
In Service/Staff Development		980	
Administration Equipment		6,634	
Total Office of the Principal			\$ 1,351,975

Fiscal Services

Accountants/Bookkeepers	\$	101,545	
Secretary(ies)		52,967	
Other Salaries and Wages		25,603	
Social Security		10,832	
State Retirement		9,292	
Medical Insurance		13,120	
Unemployment Compensation		125	
Employer Medicare		2,533	
Other Fringe Benefits		194	
Maintenance and Repair Services - Equipment		263	
Travel		1,690	
Other Contracted Services		3,125	
Data Processing Supplies		1,939	
Office Supplies		1,199	
Administration Equipment		1,182	
Total Fiscal Services			225,609

Operation of Plant

Custodial Personnel	\$	508,178	
Social Security		30,044	
State Retirement		25,302	

(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Medical Insurance	\$	50,071	
Unemployment Compensation		737	
Employer Medicare		7,026	
Communication		813	
Janitorial Services		6,010	
Laundry Service		531	
Maintenance and Repair Services - Equipment		2,254	
Pest Control		9,275	
Other Contracted Services		48,959	
Custodial Supplies		47,605	
Electricity		616,880	
Natural Gas		141,006	
Propane Gas		44,448	
Water and Sewer		41,619	
Chemicals		13,434	
Other Supplies and Materials		6,649	
Boiler Insurance		4,173	
Building and Contents Insurance		67,618	
Other Charges		552	
Plant Operation Equipment		25,638	
Total Operation of Plant			\$ 1,698,822

Maintenance of Plant

Supervisor/Director	\$	22,054
Maintenance Personnel		137,285
Social Security		9,368
State Retirement		8,311
Life Insurance		12
Medical Insurance		14,047
Unemployment Compensation		92
Employer Medicare		2,191
Communication		840
Maintenance and Repair Services - Buildings		6,180
Maintenance and Repair Services - Equipment		3,393
Maintenance and Repair Services - Vehicles		221
Rentals		700
Other Contracted Services		1,766
Crushed Stone		288
Custodial Supplies		293

(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Equipment Parts - Light	\$	28,448	
Equipment and Machinery Parts		1,187	
General Construction Materials		4,350	
Small Tools		11,895	
Uniforms		1,893	
Other Supplies and Materials		7,096	
Other Charges		157	
Maintenance Equipment		2,992	
Total Maintenance of Plant			\$ 265,059

Transportation

Supervisor/Director	\$	45,917
Mechanic(s)		69,288
Bus Drivers		385,644
Social Security		30,477
State Retirement		13,016
Life Insurance		24
Medical Insurance		8,771
Unemployment Compensation		794
Employer Medicare		7,221
Communication		448
Maintenance and Repair Services - Equipment		356
Maintenance and Repair Services - Vehicles		5,486
Medical and Dental Services		2,154
Tow-in Services		750
Other Contracted Services		417
Custodial Supplies		47
Diesel Fuel		153,131
Equipment and Machinery Parts		45
Garage Supplies		2,211
Gasoline		16,196
Lubricants		5,376
Small Tools		3,929
Tires and Tubes		20,863
Uniforms		1,029
Vehicle Parts		19,500
Other Supplies and Materials		253
Vehicle and Equipment Insurance		23,471
Other Charges		3,314

(Continued)

Exhibit E-6

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Transportation Equipment	\$ 247,520	
Total Transportation		\$ 1,067,648

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 129	
Employer Medicare	2	
Food Service Equipment	2,874	
Total Food Service		3,005

Early Childhood Education

Supervisor/Director	\$ 9,197	
Teachers	172,072	
Educational Assistants	70,420	
Non-certified Substitute Teachers	3,625	
Social Security	14,407	
State Retirement	14,588	
Life Insurance	120	
Medical Insurance	23,014	
Unemployment Compensation	276	
Employer Medicare	3,369	
Communication	397	
Travel	2,218	
Other Contracted Services	315	
Instructional Supplies and Materials	15,801	
Other Supplies and Materials	5,790	
In Service/Staff Development	2,704	
Other Charges	3,380	
Other Equipment	131,222	
Total Early Childhood Education		472,915

Capital Outlay

Regular Capital Outlay

Building Construction	\$ 5,389	
Building Improvements	24,236	
Site Development	4,000	
Total Regular Capital Outlay		33,625

Total General Purpose School Fund		\$ 18,358,006
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(Continued)

Exhibit E-6

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	451,813	
Guidance Personnel		8,400	
Educational Assistants		124,169	
Other Salaries and Wages		20,080	
Social Security		35,436	
State Retirement		35,100	
Life Insurance		260	
Medical Insurance		58,965	
Unemployment Compensation		439	
Employer Medicare		8,288	
Other Fringe Benefits		3,745	
Other Contracted Services		2,500	
Instructional Supplies and Materials		20,124	
Total Regular Instruction Program			\$ 769,319

Special Education Program

Teachers	\$	116,581	
Educational Assistants		272,573	
Certified Substitute Teachers		540	
Non-certified Substitute Teachers		4,575	
Social Security		23,265	
State Retirement		20,962	
Life Insurance		72	
Medical Insurance		36,134	
Unemployment Compensation		499	
Employer Medicare		5,441	
Other Fringe Benefits		4,265	
Contracts with Private Agencies		700	
Maintenance and Repair Services - Equipment		100	
Instructional Supplies and Materials		15,088	
Other Charges		3,026	
Special Education Equipment		17,333	
Total Special Education Program			521,154

Vocational Education Program

Travel	\$	3,417	
Instructional Supplies and Materials		11,296	
Other Supplies and Materials		332	
Vocational Instruction Equipment		29,266	
Total Vocational Education Program			44,311

(Continued)

Exhibit E-6

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

Medical Personnel	\$	17,880	
Social Security		1,101	
State Retirement		903	
Medical Insurance		273	
Unemployment Compensation		43	
Employer Medicare		257	
Other Fringe Benefits		56	
Travel		712	
Other Supplies and Materials		880	
Total Health Services			\$ 22,105

Other Student Support

Guidance Personnel	\$	95,540	
Psychological Personnel		44,946	
Attendants		8,204	
Other Salaries and Wages		58,814	
Social Security		11,945	
State Retirement		11,929	
Life Insurance		84	
Medical Insurance		18,488	
Unemployment Compensation		131	
Employer Medicare		2,794	
Other Fringe Benefits		1,366	
Evaluation and Testing		8,935	
Travel		4,742	
In Service/Staff Development		7,143	
Other Charges		10,444	
Total Other Student Support			285,505

Regular Instruction Program

Supervisor/Director	\$	63,766	
Librarians		28,335	
Social Security		5,344	
State Retirement		5,646	
Life Insurance		42	
Medical Insurance		9,780	
Unemployment Compensation		38	
Employer Medicare		1,250	
Other Fringe Benefits		553	

(Continued)

Exhibit E-6

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Evaluation and Testing	\$	2,000	
Travel		4,718	
Tuition		923	
Other Supplies and Materials		907	
In Service/Staff Development		19,929	
Other Equipment		456	
Total Regular Instruction Program			\$ 143,687

Special Education Program

Supervisor/Director	\$	4,965	
Social Security		281	
State Retirement		304	
Medical Insurance		518	
Employer Medicare		66	
Travel		18,468	
In Service/Staff Development		1,929	
Total Special Education Program			26,531

Vocational Education Program

Travel	\$	3,109	
In Service/Staff Development		60	
Total Vocational Education Program			3,169

Transportation

Bus Drivers	\$	32,859	
Social Security		2,020	
State Retirement		503	
Unemployment Compensation		54	
Employer Medicare		472	
Other Fringe Benefits		1,064	
Contracts with Parents		7,310	
Total Transportation			44,282

Total School Federal Projects Fund \$ 1,860,063

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	23,042	
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(Continued)

Exhibit E-6

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Clerical Personnel	\$	29,404	
Cafeteria Personnel		585,286	
Temporary Personnel		31,558	
Other Salaries and Wages		12,336	
Social Security		37,110	
State Retirement		29,439	
Medical Insurance		66,966	
Unemployment Compensation		1,208	
Employer Medicare		9,006	
Other Fringe Benefits		17,000	
Maintenance and Repair Services - Equipment		140	
Travel		3,828	
Other Contracted Services		12,328	
Food Supplies		562,665	
Other Supplies and Materials		60,206	
In Service/Staff Development		1,256	
Food Service Equipment		2,187	
Total Food Service			\$ 1,484,965

Community Services

Supervisor/Director	\$	9,354	
Cafeteria Personnel		13,449	
Social Security		1,367	
State Retirement		1,161	
Medical Insurance		1,061	
Unemployment Compensation		7	
Employer Medicare		320	
Other Fringe Benefits		3,448	
Travel		1,756	
Other Contracted Services		975	
Food Supplies		19,768	
Other Supplies and Materials		4,589	
Total Community Services			57,255

Total Central Cafeteria Fund \$ 1,542,220

(Continued)

Exhibit E-6

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

<u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 460,000	
Total Education		\$ 460,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Trustee's Commission	\$ 858	
Interest on Bonds	<u>538,065</u>	
Total Education		538,923
 <u>Other Debt Service</u>		
<u>Education</u>		
Other Debt Service	\$ <u>562</u>	
Total Education		<u>562</u>
 Total Education Debt Service Fund		 <u>\$ 999,485</u>
Total Governmental Funds - Overton County School Department		<u><u>\$ 22,759,774</u></u>

SINGLE AUDIT REPORT
OVERTON COUNTY, TENNESSEE
AND
OVERTON COUNTY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

STEVE REEDER, CPA, CGFM, CFE
Auditor 4

GARY D. RAMSEY, CPA
STEPHEN ALRED
KELLEY J. McNEAL, CPA, CGFM
State Auditors

This report is available at www.comptroller.state.tn.us

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

March 5, 2008

Overton County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Overton County, Tennessee

To the County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education:

We have audited the financial statements of each major fund and the aggregate remaining fund information of Overton County, Tennessee, and the Overton County School Department as of and for the year ended June 30, 2007, which collectively comprise a portion of Overton County's and the Overton County School Department's basic financial statements and have issued our reports thereon dated March 5, 2008. Our reports on the financial statements of Overton County, Tennessee, and the Overton County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Overton County's and the Overton County School Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness

of Overton County's and the Overton County School Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Overton County's and the Overton County School Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.07, 07.09, and 07.10.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Overton County's and the Overton County School Department's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

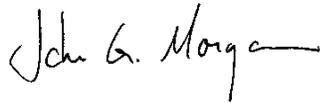
As part of obtaining reasonable assurance about whether Overton County's and the Overton County School Department's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 07.01, 07.02, 07.03, 07.04, 07.05, 07.06, and 07.08.

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

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

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

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 5, 2008

Overton County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Overton County, Tennessee

To the County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education:

Compliance

We have audited the compliance of Overton County and the Overton County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2007. Overton County's and the Overton County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Overton County's and the Overton County School Department's management. Our responsibility is to express an opinion on Overton County's and the Overton County School Department's compliance based on our audit.

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

basis, evidence about Overton County's and the Overton County School Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Overton County's and the Overton County School Department's compliance with those requirements.

In our opinion, Overton County and the Overton County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Overton County and the Overton County School Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Overton County's and the Overton County School Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 and the Overton County School Department's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

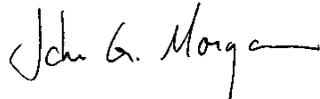
We have audited the financial statements of each major fund, and the aggregate remaining fund information of Overton County and the Overton County School Department as of and for the year ended June 30, 2007, and have issued our report thereon dated March 5, 2008. Our reports on the financial statements of Overton County and the Overton County School

Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise a portion of Overton County's and the Overton County School Department's 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Yours very truly,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

Overton County, Tennessee, and the Overton County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 49,297
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	283,268
National School Lunch Program	10.555	N/A	668,201
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	16,828
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	54,763
Total U.S. Department of Agriculture			<u>\$ 1,072,357</u>
U.S. Department of Economic Development Administration:			
Direct Program:			
Grants for Public Works and Economic Development Facilities	11.300	N/A	<u>\$ 850,000</u>
U.S. Department of Justice:			
Direct Program:			
High Intensity Drug Trafficking Area	16.XXX	N/A	<u>\$ 978</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 17,000
Passed-through State Department of Education:			
WIA Incentive Grants_Section 503 Grants to States	17.267	(2)	23,500
Total U.S. Department of Labor			<u>\$ 40,500</u>
U.S. Department of Appalachian Regional Commission:			
Direct Program:			
Appalachian Regional Development	23.001	N/A	<u>\$ 41,255</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 71,424
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	737,430
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	773,363
Special Education - Preschool Grants	84.173	N/A	22,944
Vocational Education - Basic Grants to States	84.048	N/A	61,540
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	16,025
Twenty-First Century Community Learning Centers	84.287	(2)	116,000
State Grants for Innovative Programs	84.298	N/A	8,489
Education Technology State Grants	84.318	N/A	3,573
Rural Education	84.358	N/A	93,373
Improving Teacher Quality State Grants	84.367	N/A	174,507
Total U.S. Department of Education			<u>\$ 2,078,668</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Office of the Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Z-06-032982-00	<u>\$ 124,400</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	Z-05-025196-00	<u>\$ 14,558</u>
Total Expenditures of Federal Awards			<u>\$ 4,222,716</u>

(Continued)

Overton County, Tennessee, and the Overton County School Department
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
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 8,635
Rural Local Health Services - State Department of Health	N/A	(2)	3,893
Litter Program - State Department of Transportation	N/A	(2)	24,787
Archive Development Program - Tennessee Secretary of State	N/A	(2)	2,000
Vote Wise Training Grant - Tennessee Secretary of State	N/A	(2)	1,325
Youth Services Officer Grant - State Commission on Children and Youth	N/A	(2)	9,000
Law Enforcement Training - State Department of Safety	N/A	(2)	10,800
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)	12,541
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	15,609
Adult Basic Education - State Department of Education	N/A	(2)	23,808
Safe Schools Act - State Department of Education	N/A	(2)	20,701
Lottery for Education - State Department of Education	N/A	(2)	274,379
Voluntary Pre K for Tennessee - State Department of Education	N/A	(2)	462,666
Star Student Management Regional User Group - State Department of Education	N/A	(2)	5,000
Coordinated School Health - State Department of Education	N/A	(2)	<u>60,000</u>
 Total State Grants			 <u>\$ 935,144</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

Overton County, Tennessee, and the Overton County School Department
Schedule of Audit Findings Not Corrected
June 30, 2007

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, and Overton County School Department for the year ended June 30, 2006, which have not been corrected.

OVERTON COUNTY AND OVERTON COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	13	Expenditures exceeded appropriations approved by the County Commission

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.03(A)	13	Expenditures exceeded appropriations approved by the County Commission

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.04	15	The County Commission minutes were not maintained properly

OFFICE OF GENERAL SESSIONS COURT CLERK

Finding Number	Page Number	Subject
06.06	16	Receipts were not issued for traffic school payments

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
06.08(A)	16	The Sheriff's Department did not provide auditors a trial balance of inmate accounts in the commissary operation

OTHER FINDING

Finding Number	Page Number	Subject
06.09	17	Duties were not segregated adequately in the Offices of County Mayor, Director of Accounts and Budgets, Highway Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

**OVERTON COUNTY, TENNESSEE, AND THE
OVERTON COUNTY SCHOOL DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Overton County and the Overton County School Department.
2. The audit of the financial statements of Overton County and the Overton County School Department disclosed significant deficiencies in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed two instances of noncompliance that were material to the financial statements of Overton County and the Overton County School Department.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program, the National School Lunch Program, and the Summer Food Service Program (CFDA Nos. 10.553, 10.555, and 10.559); the Title I Grants to Local Educational Agencies (CFDA No. 84.010); the Special Education Cluster: Special Education - Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); and the Grants for Public Works and Economic Development Facilities (CFDA No. 11.300) 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 and the Overton County School Department did not qualify as low-risk auditees.

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 written responses of the county mayor are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OVERTON COUNTY AND OVERTON COUNTY SCHOOL DEPARTMENT

FINDING 07.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**
(Material Noncompliance Under Government Auditing Standards)

Overton County and the Overton County School Department did not identify and determine the historical value of their capital assets and the related depreciation amounts of these assets. Therefore, Overton County and the Overton County School Department were unable to provide the information necessary to prepare government-wide financial statements for all of their activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. As a result of this omission, Overton County’s and the Overton County School Department’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued adverse opinions on their financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement No. 34 to issue a financial report in compliance with Financial Reporting Standards for County Governments, Component Units of County Governments, and Special School Districts That Do Not Implement Governmental Accounting Standards Board Statement No. 34, established by the Comptroller of the Treasury. Overton County’s and the Overton County School Department’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

Overton County and the Overton County School Department should present government-wide financial statements in conformity with generally accepted accounting principles, and should compile and maintain records that properly account for their capital assets. These records should document the historical costs of their capital assets and the related depreciation amounts of these assets. This information is necessary to present their financial statements in accordance with generally accepted accounting principles.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur. Overton County is in the process of implementing the provisions of GASB Statement No. 34. The County Commission has adopted a capitalization policy including

defining terms, inventorying methods, threshold amounts for recording capital assets and infrastructure, and the determination of useful lives and depreciation methods for various classes of assets and infrastructure. We are in the process of identifying and valuing our capital assets and have completed approximately 90 percent. We have established useful lives, salvage values, and depreciation schedules for these capital assets. We are still in the process of establishing useful lives, salvage values, and depreciation schedules for our infrastructure.

FINDING 07.02 OVERTON COUNTY AND THE OVERTON COUNTY SCHOOL DEPARTMENT HAVE NOT COMPLETED THE STEPS SET FORTH IN THEIR IMPLEMENTATION PLAN FOR GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 34 FILED WITH THE COMPTROLLER OF THE TREASURY
(Material Noncompliance Government Auditing Standards)

As noted in finding 07.01, Overton County and the Overton County School Department have not taken the necessary steps to present their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. To encourage local governments to comply with GASB Statement No. 34, the Tennessee General Assembly passed legislation (Sections 9-3-401 through 9-3-405, Tennessee Code Annotated) requiring local governments that were not in compliance with GASB Statement No. 34 to file an implementation plan with the Comptroller of the Treasury showing the steps and the timeline the local government would follow to implement the standard no later than June 30, 2008. An examination of the plan Overton County and the Overton County School Department filed with the Comptroller's Office shows that the county and School Department have failed to perform the steps in accordance with the timeline set forth in their plan. If Overton County and the Overton County School Department do not comply with GASB Statement No. 34 by June 30, 2008, the statutes further provide that the state may withhold certain state funds from the county and the School Department.

RECOMMENDATION

Overton County and the Overton County School Department should take the necessary steps to ensure compliance with GASB Statement No. 34 by June 30, 2008.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur. As noted in our response to finding 07.01, Overton County is in the process of implementing the provisions of GASB Statement No. 34. Like several county governments in Tennessee, Overton County has never maintained cost records or detailed ownership records of its capital assets. The amount of effort it has taken to identify and value our capital assets was underestimated at the time we completed our work plan for implementation of the provisions of GASB Statement No. 34. We are confident that we will finish the steps for compliance by June 30, 2008.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 07.03 **EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under Government Auditing Standards)**

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General Fund:	
Other General Administration	\$ 19,126
General Sessions Court	1,251
Other Administration of Justice	267
County Coroner/Medical Examiner	1,909
Senior Citizens Assistance	1,554
Libraries	635
Soil Conservation	685
Solid Waste/Sanitation:	
Convenience Centers	326
General Debt Service:	
Other Debt Service - General Government	1,868

Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of the county governments shall be appropriated by the county legislative bodies."

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur. At the regular meeting of the County Commission on the first Monday in June, budget amendments were approved by the Commission in amounts that we thought would be adequate to finish the fiscal year. Before the end of June, we noted that some major categories would be overspent, but instead of having a called meeting, which would have cost taxpayers, we decided to leave the budget as it was.

**FINDING 07.04 AMBULANCE SERVICE FUNDS WERE NOT DEPOSITED
WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under Government Auditing Standards)

The Ambulance Service Office did not always deposit funds to the office bank account within three days of collection. Section 5-8-207, Tennessee Code Annotated, requires county officials to deposit funds within three days of collection.

RECOMMENDATION

All funds should be deposited to the office bank account within three days of collection as required by state statute.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur.

OFFICE OF HIGHWAY SUPERINTENDENT

**FINDING 07.05 A COUNTY ROAD LIST WAS NOT SUBMITTED TO THE
COUNTY COMMISSION FOR APPROVAL**
(Noncompliance Under Government Auditing Standards)

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

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.06 **EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under Government Auditing Standards)**

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General Purpose School Fund:	
Adult Education Program - Instruction	\$ 423
School Federal Projects Fund:	
Regular Instruction Program	9,241
Special Education Program	456
Transportation	3,243

Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of the county governments shall be appropriated by the county legislative bodies.”

RECOMMENDATION

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

OFFICE OF COUNTY CLERK

**FINDING 07.07 **THE COUNTY COMMISSION’S MINUTES WERE NOT
MAINTAINED PROPERLY**
(Internal Control – Significant Deficiency Under Government
Auditing Standards)**

The County Commission’s official minutes maintained by the county clerk were routinely prepared by employees of the County Mayor’s Office using notes from the meetings taken by the county clerk and county mayor. These minutes did not include the necessary information to describe accurately the actions of the County Commission. We noted several instances where copies of resolutions adopted by the County Commission were not included in the minutes. Also, several pages of the adopted budget resolution were not included in the minute book, and the pages included were out-of-sequence. The minutes are the official record of the County Commission and should accurately reflect the actions of the commission. Section 18-6-104, Tennessee Code Annotated, provides that the county clerk serve as the clerk of the county legislative body; therefore, the county clerk is responsible for the preparation, accuracy, and proper maintenance of the minutes.

RECOMMENDATION

The county clerk should ensure that the minutes provide a clear, accurate, and complete description of the County Commission's actions.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur.

OFFICE OF GENERAL SESSIONS COURT CLERK

FINDING 07.08 **RECEIPTS WERE NOT ISSUED FOR TRAFFIC SCHOOL PAYMENTS**
(Noncompliance Under Government Auditing Standards)

Receipts were not issued for collections received from individuals attending the county's traffic school. The traffic school was conducted at the courthouse after normal business hours, and office employees collected payments at the time the class was conducted. On the day following the class, payments were receipted in General Sessions Court on a single receipt for the total amount collected. Section 9-2-103, Tennessee Code Annotated, requires that receipts be issued for all collections as they are received.

RECOMMENDATION

Individual receipts should be issued for all traffic school collections when the payments are received as required by state statute.

OFFICE OF SHERIFF

FINDING 07.09 **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF THE COMMISSARY RECORDS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following deficiencies were noted in the maintenance of the commissary records:

- A. The Sheriff's Department did not provide auditors a trial balance of inmates' accounts. Therefore, we were unable to determine if the records accurately reflected the commissary operations.

- B. The official cash journal of the commissary was not properly maintained. Between November 2006 and June 2007, cash journal pages were not properly footed and account balances were not properly maintained. We verified the account balances of the office at June 30, 2007, using substantive testing and alternative auditing procedures.

- C. Attempts were made each month to reconcile the bank statements with the general ledger; however, these reconciliations did not balance. Therefore, any errors that would have been identified by properly reconciling the bank statements with the cash journal were not identified and corrected.

RECOMMENDATION

The Sheriff's Department should generate a trial balance of inmate accounts monthly. This trial balance should be reconciled with the commissary's general ledger. The official cash journal should be properly maintained. Bank statements should be reconciled with cash journal accounts monthly, and any errors noted should be corrected promptly.

OTHER FINDING

FINDING 07.10 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, DIRECTOR OF ACCOUNTS AND BUDGETS, HIGHWAY SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of County Mayor, Director of Accounts and Budgets, Highway Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur.

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

There were no findings and questioned costs for federal awards.

**OVERTON COUNTY, TENNESSEE, AND THE
OVERTON COUNTY SCHOOL DEPARTMENT
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007**

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

Director of Schools – Summary Schedule of Prior Year's Findings

FINDINGS 06.09 and 06.10

Although the School Department as a whole lacks sufficient segregation of duties, additional controls are in place over the expenditure of federal funds and reporting to federal agencies that we feel mitigate the lack of segregation of duties as it pertains to federal awards.