
ANNUAL FINANCIAL REPORT OVERTON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
OVERTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

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

***DIVISION OF COUNTY AUDIT
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Director***

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State Auditors***

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

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Audit Highlights
Annual Financial Report
Overton County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Overton County as of and for the year ended June 30, 2011.

Results

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

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

Findings and Best Practices

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

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ The Solid Waste Department had a cash shortage of \$18,913.33 at August 19, 2011.
- ◆ Drug court fees were not remitted to the state in accordance with state statute.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Maintenance Department had a cash shortage of \$1,567.60 at August 19, 2011.
- ◆ The School Department did not employ an architect or engineer for construction projects.

OFFICE OF COUNTY CLERK

- ◆ The office had deficiencies in computer system backup procedures.

OFFICE OF REGISTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF SHERIFF

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

OTHER FINDING

- ◆ Duties were not segregated adequately in the Offices of Director of Accounts and Budgets, Register, and Sheriff.
-

BEST PRACTICES

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

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

INTRODUCTORY SECTION

Overton County Officials

June 30, 2011

Officials

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

Board of County Commissioners

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

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

Board of Education

Houston Robbins, Chairman
Dolphus Dial
Ricky Dodson
Mike Gilpatrick
Kelly Hill

Lenard Ledbetter
Larry Looper
Howard Miller
David Sadler
Ray Smith

Budget and Purchasing Committee

Gregg Nivens, Chairman
Randall Boswell
Jackson Carter
James Clouse
Glenn Honeycutt

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

October 4, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Overton County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Overton County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Overton County Nursing Home (which represent 18.5 percent and 22.8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units) or the discretely presented Overton/Pickett County Emergency Communications District (which represent 2.7 percent and 2.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Overton County Nursing Home and the Overton/Pickett County Emergency Communications District, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2011, 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.

As described in Note V.B., Overton County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 72 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Overton County, Tennessee
Statement of Net Assets
June 30, 2011

| | Primary Government Governmental Activities | Component Units | | |
|---|---|---|--------------------------------------|---|
| | | Overton County School Department | Overton County Nursing Home | Overton/ Pickett County Emergency Communica- tions District |
| ASSETS | | | | |
| Cash | \$ 1,622 | \$ 8,019 | \$ 3,417,272 | \$ 256,290 |
| Equity in Pooled Cash and Investments | 4,733,693 | 5,143,587 | 0 | 0 |
| Inventories | 0 | 50,646 | 0 | 0 |
| Accounts Receivable | 378,519 | 15 | 1,310,454 | 2,863 |
| Allowance for Uncollectibles | (43,629) | 0 | (75,000) | 0 |
| Due from Other Governments | 675,683 | 1,280,565 | 0 | 11,218 |
| Property Taxes Receivable | 4,267,181 | 1,927,379 | 0 | 0 |
| Allowance for Uncollectible Property Taxes | (82,018) | (39,125) | 0 | 0 |
| Unamortized Debt Issuance Cost | 166,863 | 0 | 0 | 0 |
| Other Restricted Assets | 0 | 0 | 36,359 | 0 |
| Prepaid Expenses | 0 | 0 | 1,000 | 3,278 |
| Capital Assets: | | | | |
| Assets Not Depreciated: | | | | |
| Land | 1,439,263 | 460,517 | 56,500 | 19,625 |
| Intangibles | 10,701 | 0 | 0 | 0 |
| Construction in Progress | 0 | 206,930 | 0 | 150,857 |
| Assets Net of Accumulated Depreciation: | | | | |
| Buildings and Improvements | 8,206,323 | 15,163,642 | 1,239,870 | 195,552 |
| Other Capital Assets | 1,931,718 | 1,590,132 | 252,310 | 282,740 |
| Infrastructure | 7,207,581 | 779,430 | 0 | 0 |
| Total Assets | <u>\$ 28,893,500</u> | <u>\$ 26,571,737</u> | <u>\$ 6,238,765</u> | <u>\$ 922,423</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 5,209 | \$ 66,881 | \$ 223,101 | \$ 8,770 |
| Accrued Payroll | 0 | 0 | 175,230 | 8,831 |
| Payroll Deductions Payable | 34,859 | 0 | 33,298 | 831 |
| Retainage Payable | 0 | 10,346 | 0 | 0 |
| Claims and Judgments Payable | 23,616 | 0 | 0 | 0 |
| Accrued Interest Payable | 41,142 | 82,745 | 0 | 0 |
| Due to State of Tennessee | 21,591 | 0 | 0 | 0 |
| Other Payables from Restricted Assets | 0 | 0 | 36,359 | 0 |
| Deferred Revenue - Current Property Taxes | 3,931,686 | 1,775,752 | 0 | 0 |
| Noncurrent Liabilities: | | | | |
| Due Within One Year | 911,476 | 583,765 | 119,317 | 20,585 |
| Due in More Than One Year | 7,582,091 | 11,449,966 | 5,604 | 0 |
| Total Liabilities | <u>\$ 12,551,670</u> | <u>\$ 13,969,455</u> | <u>\$ 592,909</u> | <u>\$ 39,017</u> |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 11,062,623 | \$ 7,570,651 | \$ 1,538,655 | \$ 0 |
| Invested in Capital Assets | 0 | 0 | 0 | 648,774 |
| Restricted for: | | | | |
| Debt Service | 1,307,213 | 321,480 | 0 | 0 |
| Courthouse and Jail Maintenance | 8,292 | 0 | 0 | 0 |
| Solid Waste/Sanitation | 438,711 | 0 | 0 | 0 |
| Drug Control | 220,539 | 0 | 0 | 0 |
| Highway/Public Works | 1,031,374 | 0 | 0 | 0 |
| School Federal Projects | 0 | 59,461 | 0 | 0 |
| Central Cafeteria | 0 | 287,139 | 0 | 0 |
| Other Purposes | 159,073 | 4,833,716 | 0 | 0 |
| Unrestricted | 2,114,005 | (470,165) | 4,107,201 | 234,632 |
| Total Net Assets | <u>\$ 16,341,830</u> | <u>\$ 12,602,282</u> | <u>\$ 5,645,856</u> | <u>\$ 883,406</u> |

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

Exhibit B

Overton County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

| Functions/Programs | Net (Expense) Revenue and Changes in Net Assets | | | | | | |
|---|---|----------------------|------------------------------------|--|----------------------------------|-----------------------------|---|
| | Program Revenues | | | Component Units | | | Overton/ Pickett County Emergency Communica- tions District |
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government Total Governmental Activities | Overton County School Department | Overton County Nursing Home | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 2,197,637 | \$ 132,228 | \$ 24,339 | \$ (2,041,070) | \$ 0 | \$ 0 | \$ 0 |
| Finance | 545,408 | 448,676 | 0 | (96,732) | 0 | 0 | 0 |
| Administration of Justice | 554,977 | 427,855 | 0 | (127,122) | 0 | 0 | 0 |
| Public Safety | 3,059,141 | 1,029,178 | 69,307 | (1,960,656) | 0 | 0 | 0 |
| Public Health and Welfare | 2,656,336 | 1,413,069 | 290,813 | (952,454) | 0 | 0 | 0 |
| Social, Cultural, and Recreational Services | 240,401 | 0 | 15,138 | (225,263) | 0 | 0 | 0 |
| Agriculture and Natural Resources | 113,519 | 0 | 0 | (113,519) | 0 | 0 | 0 |
| Other Operations | 189,708 | 0 | 331,087 | 141,379 | 0 | 0 | 0 |
| Highways/Public Works | 1,887,607 | 0 | 1,647,981 | (239,626) | 0 | 0 | 0 |
| Interest on Long-term Debt | 324,713 | 0 | 0 | (324,713) | 0 | 0 | 0 |
| Other Debt Service | 13,937 | 0 | 0 | (13,937) | 0 | 0 | 0 |
| Total Primary Government | \$ 11,783,384 | \$ 3,451,006 | \$ 2,378,665 | \$ (5,953,713) | \$ 0 | \$ 0 | \$ 0 |
| Component Units: | | | | | | | |
| School Department | \$ 28,672,553 | \$ 527,784 | \$ 5,848,113 | 0 | \$ (22,296,656) | \$ 0 | \$ 0 |
| Nursing Home | 7,768,902 | 9,001,609 | 0 | 0 | 0 | 1,232,707 | 0 |
| Emergency Communications District | 956,511 | 246,362 | 363,532 | 0 | 0 | 0 | (346,617) |
| Total Component Units | \$ 37,397,966 | \$ 9,775,755 | \$ 6,211,645 | \$ 0 | \$ (22,296,656) | \$ 1,232,707 | \$ (346,617) |

(Continued)

Exhibit B

Overton County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Program Revenues | | | | Component Units | | | | |
|---|------------------|----------------------|------------------------------------|--|---|-----------------------------|--|------------------------|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government Total Governmental Activities | Net (Expense) Revenue and Changes in Net Assets | | | | |
| | | | | | Overton County School Department | Overton County Nursing Home | Overton County Emergency Communications District | Overton/Pickett County | |
| General Revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property Taxes Levied for General Purposes | | | | \$ 3,573,802 | \$ 1,770,119 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Property Taxes Levied for Debt Service | | | | 348,675 | 0 | 0 | 0 | 0 | 0 |
| Local Option Sales Tax | | | | 776,571 | 1,530,091 | 0 | 0 | 0 | 0 |
| Wheel Tax | | | | 0 | 584,621 | 0 | 0 | 0 | 0 |
| Wholesale Beer Tax | | | | 0 | 126,171 | 0 | 0 | 0 | 0 |
| Litigation Tax - General | | | | 91,726 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | | | | 160,073 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | | | | 102,408 | 0 | 0 | 0 | 0 | 0 |
| Other Local Taxes | | | | 21,335 | 6,116 | 0 | 0 | 0 | 0 |
| Grants and Contributions Not Restricted for Specific Programs | | | | 1,196,836 | 19,154,251 | 0 | 0 | 397,277 | |
| Unrestricted Investment Earnings | | | | 24,909 | 536 | 17,723 | 0 | 2,961 | |
| Sale of Equipment | | | | 68,305 | 0 | 0 | 0 | 0 | |
| Miscellaneous | | | | 59,484 | 60,431 | 0 | 0 | 0 | |
| Total General Revenues | | | | \$ 6,424,124 | \$ 23,232,336 | \$ 17,723 | \$ 400,238 | | |
| Insurance Recovery | | | | \$ 30,837 | 0 | 0 | 0 | 0 | |
| Change in Net Assets | | | | \$ 501,248 | \$ 935,680 | \$ 1,250,430 | \$ 53,621 | | |
| Net Assets, July 1, 2010 | | | | 15,840,582 | 11,666,602 | 4,395,426 | 829,785 | | |
| Net Assets, June 30, 2011 | | | | \$ 16,341,830 | \$ 12,602,282 | \$ 5,645,856 | \$ 883,406 | | |

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

Exhibit C-1

Overton County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

| | Major Funds | | | Nonmajor | Total |
|--|--------------|--------------|--------------|------------|--------------|
| | General | Highway / | General | Other | |
| | | Public | Debt | Govern- | |
| | Works | Service | mental | Govern- | |
| | | | Funds | mental | |
| | | | | Funds | |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 1,622 | \$ 1,622 |
| Equity in Pooled Cash and Investments | 2,161,608 | 740,211 | 1,325,710 | 506,164 | 4,733,693 |
| Accounts Receivable | 295,843 | 17,671 | 300 | 64,705 | 378,519 |
| Allowance for Uncollectibles | (43,629) | 0 | 0 | 0 | (43,629) |
| Due from Other Governments | 293,028 | 301,444 | 0 | 81,211 | 675,683 |
| Due from Other Funds | 1,622 | 0 | 0 | 0 | 1,622 |
| Property Taxes Receivable | 3,372,450 | 172,064 | 378,540 | 344,127 | 4,267,181 |
| Allowance for Uncollectible Property Taxes | (66,079) | (1,779) | (7,417) | (6,743) | (82,018) |
| Total Assets | \$ 6,014,843 | \$ 1,229,611 | \$ 1,697,133 | \$ 991,086 | \$ 9,932,673 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | \$ 4,413 | \$ 796 | \$ 0 | \$ 0 | \$ 5,209 |
| Payroll Deductions Payable | 18,643 | 14,993 | 0 | 1,223 | 34,859 |
| Claims and Judgments Payable | 0 | 23,616 | 0 | 0 | 23,616 |
| Due to Other Funds | 0 | 0 | 0 | 1,622 | 1,622 |
| Due to State of Tennessee | 21,295 | 296 | 0 | 0 | 21,591 |
| Deferred Revenue - Current Property Taxes | 3,107,302 | 158,535 | 348,778 | 317,071 | 3,931,686 |
| Deferred Revenue - Delinquent Property Taxes | 189,650 | 11,300 | 21,287 | 19,352 | 241,589 |
| Other Deferred Revenues | 177,133 | 136,248 | 0 | 38,355 | 351,736 |
| Total Liabilities | \$ 3,518,436 | \$ 345,784 | \$ 370,065 | \$ 377,623 | \$ 4,611,908 |
| <u>Fund Balances</u> | | | | | |
| Restricted: | | | | | |
| Restricted for General Government | \$ 45,063 | \$ 0 | \$ 0 | \$ 8,292 | \$ 53,355 |
| Restricted for Administration of Justice | 76,340 | 0 | 0 | 0 | 76,340 |
| Restricted for Public Safety | 0 | 0 | 0 | 220,539 | 220,539 |
| Restricted for Highways/Public Works | 0 | 847,308 | 0 | 0 | 847,308 |
| Committed: | | | | | |
| Committed for Public Health and Welfare | 0 | 0 | 0 | 384,632 | 384,632 |
| Committed for Highways/Public Works | 0 | 36,519 | 0 | 0 | 36,519 |
| Committed for Debt Service | 0 | 0 | 1,327,068 | 0 | 1,327,068 |
| Assigned: | | | | | |
| Assigned for General Government | 4,321 | 0 | 0 | 0 | 4,321 |
| Assigned for Finance | 709 | 0 | 0 | 0 | 709 |
| Assigned for Administration of Justice | 889 | 0 | 0 | 0 | 889 |
| Assigned for Public Safety | 14,171 | 0 | 0 | 0 | 14,171 |
| Assigned for Public Health and Welfare | 3,025 | 0 | 0 | 0 | 3,025 |
| Assigned for Social, Cultural, and Recreational Services | 14,355 | 0 | 0 | 0 | 14,355 |
| Assigned for Highways/Public Works | 200 | 0 | 0 | 0 | 200 |
| Unassigned | 2,337,334 | 0 | 0 | 0 | 2,337,334 |
| Total Fund Balances | \$ 2,496,407 | \$ 883,827 | \$ 1,327,068 | \$ 613,463 | \$ 5,320,765 |
| Total Liabilities and Fund Balances | \$ 6,014,843 | \$ 1,229,611 | \$ 1,697,133 | \$ 991,086 | \$ 9,932,673 |

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

Exhibit C-2

Overton County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2011

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

| | | |
|---|------------------|----------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit C-1) | | \$ 5,320,765 |
| | | |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Add: land | \$ 1,439,263 | |
| Add: intangible assets | 10,701 | |
| Add: infrastructure net of accumulated depreciation | 7,207,581 | |
| Add: buildings and improvements net of accumulated depreciation | 8,206,323 | |
| Add: other capital assets net of accumulated depreciation | <u>1,931,718</u> | 18,795,586 |
| | | |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Less: bonds payable | \$ (6,045,042) | |
| Less: notes payable | (1,823,544) | |
| Less: other loans payable | (31,240) | |
| Less: accrued interest on bonds, notes, and other loans | (41,142) | |
| Less: compensated absences payable | (93,758) | |
| Less: other postemployment benefits liability | (442,477) | |
| Less: landfill closure/postclosure care costs | (57,506) | |
| Add: deferred charges - debt issuance costs | <u>166,863</u> | (8,367,846) |
| | | |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | <u>593,325</u> |
| | | |
| Net assets of governmental activities (Exhibit A) | | <u>\$ 16,341,830</u> |

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

Exhibit C-3

Overton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|--|---------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| Revenues | | | | | |
| Local Taxes | \$ 3,734,660 | \$ 240,202 | \$ 354,742 | \$ 780,637 | \$ 5,110,241 |
| Licenses and Permits | 6,113 | 0 | 0 | 0 | 6,113 |
| Fines, Forfeitures, and Penalties | 101,564 | 0 | 0 | 43,859 | 145,423 |
| Charges for Current Services | 1,283,846 | 0 | 0 | 259,283 | 1,543,129 |
| Other Local Revenues | 162,906 | 15,831 | 28,509 | 97,734 | 304,980 |
| Fees Received from County Officials | 791,597 | 0 | 0 | 0 | 791,597 |
| State of Tennessee | 1,111,106 | 1,643,080 | 539,338 | 37,024 | 3,330,548 |
| Federal Government | 776,755 | 162,050 | 0 | 0 | 938,805 |
| Other Governments and Citizens Groups | 188,465 | 0 | 0 | 5,296 | 193,761 |
| Total Revenues | \$ 8,157,012 | \$ 2,061,163 | \$ 922,589 | \$ 1,223,833 | \$ 12,364,597 |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | \$ 1,853,519 | \$ 0 | \$ 0 | \$ 71,064 | \$ 1,924,583 |
| Finance | 542,989 | 0 | 0 | 505 | 543,494 |
| Administration of Justice | 541,688 | 0 | 0 | 5,296 | 546,984 |
| Public Safety | 2,937,898 | 0 | 0 | 95,895 | 3,033,793 |
| Public Health and Welfare | 1,923,207 | 0 | 0 | 894,405 | 2,817,612 |
| Social, Cultural, and Recreational Services | 207,466 | 0 | 0 | 0 | 207,466 |
| Agriculture and Natural Resources | 113,388 | 0 | 0 | 0 | 113,388 |
| Other Operations | 189,606 | 0 | 0 | 31 | 189,637 |
| Highways | 37,970 | 1,680,155 | 0 | 0 | 1,718,125 |
| Debt Service: | | | | | |
| Principal on Debt | 0 | 0 | 857,234 | 0 | 857,234 |
| Interest on Debt | 0 | 0 | 329,152 | 0 | 329,152 |
| Other Debt Service | 0 | 0 | 13,937 | 0 | 13,937 |
| Capital Projects | 0 | 0 | 0 | 20,103 | 20,103 |
| Total Expenditures | \$ 8,347,731 | \$ 1,680,155 | \$ 1,200,323 | \$ 1,087,299 | \$ 12,315,508 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | |
| | \$ (190,719) | \$ 381,008 | \$ (277,734) | \$ 136,534 | \$ 49,089 |
| Other Financing Sources (Uses) | | | | | |
| Bonds Issued | \$ 130,000 | \$ 0 | \$ 0 | \$ 0 | \$ 130,000 |
| Insurance Recovery | 13,166 | 17,671 | 0 | 0 | 30,837 |
| Transfers In | 32,000 | 0 | 40,000 | 0 | 72,000 |
| Transfers Out | 0 | (40,000) | 0 | (32,000) | (72,000) |
| Total Other Financing Sources (Uses) | \$ 175,166 | \$ (22,329) | \$ 40,000 | \$ (32,000) | \$ 160,837 |
| Net Change in Fund Balances | | | | | |
| | \$ (15,553) | \$ 358,679 | \$ (237,734) | \$ 104,534 | \$ 209,926 |
| Fund Balance, July 1, 2010 | 2,511,960 | 525,148 | 1,564,802 | 508,929 | 5,110,839 |
| Fund Balance, June 30, 2011 | \$ 2,496,407 | \$ 883,827 | \$ 1,327,068 | \$ 613,463 | \$ 5,320,765 |

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

Exhibit C-4

Overton County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

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

| | | |
|--|------------------|-------------------|
| Net change in fund balances - total governmental funds (Exhibit C-3) | | \$ 209,926 |
| <p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p> | | |
| Add: capital assets purchased in the current period | \$ 503,689 | |
| Less: current-year depreciation expense | <u>(601,504)</u> | (97,815) |
| <p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p> | | |
| Less: loss on disposal of capital assets | | (39,581) |
| <p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p> | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2011 | \$ 593,325 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2010 | <u>(704,127)</u> | (110,802) |
| <p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p> | | |
| Less: change in deferred debt issuance costs | \$ (12,935) | |
| Less: bond proceeds | (130,000) | |
| Add: principal payments on notes | 494,652 | |
| Add: principal payments on bonds | 347,752 | |
| Add: principal payments on other loans | <u>14,830</u> | 714,299 |
| <p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| Change in accrued interest on bonds | \$ (1,355) | |
| Change in accrued interest on notes | 5,794 | |
| Change in closure/postclosure care costs | 10,018 | |
| Change in compensated absences payable | 25,487 | |
| Change in other postemployment benefits liability | <u>(214,723)</u> | <u>(174,779)</u> |
| Change in net assets of governmental activities (Exhibit B) | | <u>\$ 501,248</u> |

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

Exhibit D

Overton County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

| | <u>Agency Funds</u> |
|-------------------------------------|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 693,205 |
| Accounts Receivable | 643 |
| Due from Other Governments | <u>121,851</u> |
| Total Assets | <u>\$ 815,699</u> |
| <u>LIABILITIES</u> | |
| Due to Other Taxing Units | \$ 121,851 |
| Due to Litigants, Heirs, and Others | <u>693,848</u> |
| Total Liabilities | <u>\$ 815,699</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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overton County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

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

A. Reporting Entity

Overton County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Overton County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

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

The Overton County Nursing Home provides residential nursing care to the citizens of Overton County, and the Overton County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the entity must obtain the County Commission's approval.

The Overton/Pickett County Emergency Communications District was established with the merger of the Pickett County Emergency Communications District and the Overton County Emergency Communications District. The merger was adopted by both boards with an effective date of February 1, 2002. The board of the district includes 13 members; nine are appointed by the Overton County Commission, and the remaining four are appointed by the Pickett County Commission. The district is funded primarily through a service charge levied on telephone services. Before the

issuance of most debt, the district must obtain approval of the Overton County Commission.

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

The Overton County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Overton County Nursing Home and the Overton/Pickett County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Overton County Nursing Home
318 Bilbrey Street
Livingston, TN 38570

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

B. Government- wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program

revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Overton County issues all debt for the discretely presented Overton County School Department.

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

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

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

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

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

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

all eligibility requirements imposed by the provider have been met and the revenues are available. Overton County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

Fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Overton County reports the following major governmental funds:

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

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

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

Additionally, Overton County reports the following fund types:

Capital Projects Fund – The Community Development/Industrial Park Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Overton County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do,

however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Overton County School Department reports the following major governmental funds:

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and

loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.1 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.

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

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

3. Inventories

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

4. **Capital Assets**

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

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

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

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

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

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

5. **Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Overton County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. 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.

The general policy of the Overton County School Department permits employees to accumulate vacation and sick days beyond year-end.

Non-certified 12-month support personnel earn vacation days that may be accumulated beyond year-end. School support personnel earn personal days that do not accumulate; these employees are compensated for any unused days before the end of each fiscal year. The general policy of the School Department for professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, claims and judgments, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the discretely presented School Department totaling \$4,833,716 consists primarily of Basic Education Program funds.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’s Budget/Finance Committee and the Board of Education are authorized bodies to make assignments.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Overton County School Department

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

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

Primary Government

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

Discretely Presented Overton County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the Community Development/Industrial Park Fund (capital projects fund), which adopts a project length budget. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2011, the Overton County School Department reported the following significant encumbrances:

| <u>Fund</u> | <u>Description</u> | <u>Amount</u> |
|------------------------|-------------------------|---------------|
| General Purpose School | Textbooks | \$ 309,758 |
| " | Construction/Renovation | 340,857 |

B. Cash Shortages

The Solid Waste Department and the School Maintenance Department had cash shortages of \$18,913.33 and \$1,567.60, respectively, as of June 30, 2011. Each of these shortages was the result of the misappropriation of funds collected from the sale of scrap metal by employees of these departments. Details of these cash shortages are discussed in the Schedule of Findings and Questioned Costs section of this report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make

investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2011, Overton County had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Overton County and the discretely presented Overton County School Department since both pool their deposits and investments through the county trustee.

| <u>Investment</u> | <u>Maturities</u> | <u>Cost</u> |
|-----------------------------------|-------------------|---------------|
| State Treasurer's Investment Pool | Daily | \$ 11,335,782 |

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, 2011, Overton County’s investment in the State Treasurer’s Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-10 | Increases | Decreases | Balance 6-30-11 |
|--|----------------------|--------------------|---------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 1,439,263 | \$ 0 | \$ 0 | \$ 1,439,263 |
| Intangibles | 10,701 | 0 | 0 | 10,701 |
| Total Capital Assets Not Depreciated | \$ 1,449,964 | \$ 0 | \$ 0 | \$ 1,449,964 |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 11,086,101 | \$ 0 | \$ 0 | \$ 11,086,101 |
| Infrastructure | 11,083,586 | 0 | 0 | 11,083,586 |
| Other Capital Assets | 4,511,381 | 503,689 | (101,875) | 4,913,195 |
| Total Capital Assets Depreciated | \$ 26,681,068 | \$ 503,689 | \$ (101,875) | \$ 27,082,882 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 2,676,353 | \$ 203,425 | \$ 0 | \$ 2,879,778 |
| Infrastructure | 3,834,915 | 41,090 | 0 | 3,876,005 |
| Other Capital Assets | 2,686,782 | 356,989 | (62,294) | 2,981,477 |
| Total Accumulated Depreciation | \$ 9,198,050 | \$ 601,504 | \$ (62,294) | \$ 9,737,260 |
| Total Capital Assets Depreciated, Net | \$ 17,483,018 | \$ (97,815) | \$ (39,581) | \$ 17,345,622 |
| Governmental Activities Capital Assets, Net | \$ 18,932,982 | \$ (97,815) | \$ (39,581) | \$ 18,795,586 |

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

Governmental Activities:

| | |
|---|-------------------|
| General Government | \$ 26,972 |
| Administration of Justice | 8,437 |
| Public Safety | 209,506 |
| Public Health and Welfare | 155,346 |
| Social, Cultural, and Recreational Services | 31,761 |
| Highways/Public Works | 169,482 |
| Total Depreciation Expense - Governmental Activities | \$ 601,504 |

Discretely Presented Overton County School Department

Governmental Activities:

| | Balance 7-1-10 | Increases | Balance 6-30-11 |
|--|----------------------|---------------------|----------------------|
| Capital Assets Not Depreciated: | | | |
| Land | \$ 460,517 | \$ 0 | \$ 460,517 |
| Construction on Progress | 0 | 206,930 | 206,930 |
| Total Capital Assets Not Depreciated | \$ 460,517 | \$ 206,930 | \$ 667,447 |
| Capital Assets Depreciated: | | | |
| Buildings and Improvements | \$ 22,890,505 | \$ 57,119 | \$ 22,947,624 |
| Infrastructure | 963,193 | 0 | 963,193 |
| Other Capital Assets | 2,766,746 | 277,559 | 3,044,305 |
| Total Capital Assets Depreciated | \$ 26,620,444 | \$ 334,678 | \$ 26,955,122 |
| Less Accumulated Depreciation For: | | | |
| Buildings and Improvements | \$ 7,196,094 | \$ 587,888 | \$ 7,783,982 |
| Infrastructure | 162,693 | 21,070 | 183,763 |
| Other Capital Assets | 1,233,446 | 220,727 | 1,454,173 |
| Total Accumulated Depreciation | \$ 8,592,233 | \$ 829,685 | \$ 9,421,918 |
| Total Capital Assets Depreciated, Net | \$ 18,028,211 | \$ (495,007) | \$ 17,533,204 |
| Governmental Activities Capital Assets, Net | \$ 18,488,728 | \$ (288,077) | \$ 18,200,651 |

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

Governmental Activities:

| | |
|---|--------------------------|
| Instruction | \$ 605,341 |
| Support Services | <u>224,344</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 829,685</u> |

C. Construction Commitments

At June 30, 2011, the discretely presented Overton County School Department had uncompleted construction contracts of approximately \$340,857 for renovation projects at two school buildings. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|------------------------|---------------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 1,622 |
| Discretely Presented School Department: | | |
| School Federal Projects | General Purpose School | 1,554 |

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, 2011, consisted of the following amounts:

Primary Government

| <u>Transfers Out</u> | <u>Transfers In</u> | |
|-----------------------------|---------------------|---------------------------|
| | General Fund | General Debt Service Fund |
| Highway/Public Works Fund | \$ 0 | \$ 40,000 |
| Nonmajor governmental funds | 32,000 | 0 |
| Total | \$ 32,000 | \$ 40,000 |

Discretely Presented Overton County School Department

| Transfers Out | Transfers In | |
|------------------------------|-----------------------------|-----------------------------|
| | General Purpose School Fund | Nonmajor Governmental Funds |
| General Purpose School Fund | \$ 0 | \$ 471,090 |
| School Federal Projects Fund | 21,008 | 0 |
| Total | \$ 21,008 | \$ 471,090 |

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

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 24 years for bonds, up to 12 years for notes, and up to nine years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans payable from the primary government included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund. All bonds payable from the primary government included in long-term debt as of June 30, 2011, will be retired from the General and General Debt Service funds.

General obligation bonds, capital outlay notes and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

| Type | Interest Rate | Original Amount of Issue | Balance 6-30-11 |
|-------------------------------------|---------------|--------------------------|-----------------|
| General Obligation Bond | 3.75 to 4.5 % | \$ 1,780,000 | \$ 1,130,042 |
| General Obligation Bond - Refunding | 2 to 4.1 | 5,520,000 | 4,915,000 |
| Capital Outlay Notes | 3 to 5.07 | 4,341,980 | 1,823,544 |
| Other Loan | variable | 135,120 | 31,240 |

In prior years, Overton County entered into a loan agreement with the Montgomery County Public Building Authority. Under this agreement, the authority loaned \$135,120 to Overton County for an airport runway expansion. This loan is repayable at a tax-exempt variable rate of interest determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2011, the variable interest rate was .27 percent on this loan. In addition, the county pays various fees (remarketing, administrative, letter of credit, etc.) in connection with this loan, which totals approximately .53 percent of the outstanding loan principal and a trustee fee of \$85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2011, including interest payments and other loan fees, are presented in the following tables:

| Year Ending June 30 | Bonds | | |
|------------------------|--------------|--------------|--------------|
| | Principal | Interest | Total |
| 2012 | \$ 378,797 | \$ 225,398 | \$ 604,195 |
| 2013 | 391,713 | 213,183 | 604,896 |
| 2014 | 404,752 | 200,544 | 605,296 |
| 2015 | 417,922 | 187,474 | 605,396 |
| 2016 | 426,226 | 173,969 | 600,195 |
| 2017-2021 | 2,229,580 | 638,895 | 2,868,475 |
| 2022-2026 | 1,724,561 | 179,439 | 1,904,000 |
| 2027 | 71,491 | 3,218 | 74,709 |
| Total | \$ 6,045,042 | \$ 1,822,120 | \$ 7,867,162 |

| Year Ending June 30 | Notes | | |
|------------------------|--------------|------------|--------------|
| | Principal | Interest | Total |
| 2012 | \$ 416,223 | \$ 79,507 | \$ 495,730 |
| 2013 | 337,611 | 61,201 | 398,812 |
| 2014 | 290,210 | 45,685 | 335,895 |
| 2015 | 212,610 | 32,539 | 245,149 |
| 2016 | 212,611 | 23,324 | 235,935 |
| 2017-2019 | 354,279 | 24,931 | 379,210 |
| Total | \$ 1,823,544 | \$ 267,187 | \$ 2,090,731 |

| Year Ending June 30 | Other Loans | | | Total |
|------------------------|-------------|----------|------------|-----------|
| | Principal | Interest | Other Fees | |
| 2012 | \$ 15,350 | \$ 81 | \$ 1,179 | \$ 16,610 |
| 2013 | 15,890 | 39 | 1,097 | 17,026 |
| Total | \$ 31,240 | \$ 120 | \$ 2,276 | \$ 33,636 |

There is \$1,327,068 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$274, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$358, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

| | Bonds | Notes | Other Loan |
|-----------------------------|--------------|--------------|---------------|
| Balance, July 1, 2010 | \$ 6,262,794 | \$ 2,318,196 | \$ 46,070 |
| Additions | 130,000 | 0 | 0 |
| Deductions | (347,752) | (494,652) | (14,830) |
| Balance, June 30, 2011 | \$ 6,045,042 | \$ 1,823,544 | \$ 31,240 |
| Balance Due Within One Year | \$ 378,797 | \$ 416,223 | \$ 15,350 |

| | Other Postemployment Benefits | Compensated Absences | Landfill Postclosure Care Costs |
|-----------------------------|-------------------------------------|-------------------------|--|
| Balance, July 1, 2010 | \$ 227,754 | \$ 119,245 | \$ 67,524 |
| Additions | 224,541 | 163,390 | 0 |
| Deductions | (9,818) | (188,877) | (10,018) |
| Balance, June 30, 2011 | <u>\$ 442,477</u> | <u>\$ 93,758</u> | <u>\$ 57,506</u> |
| Balance Due Within One Year | <u>\$ 0</u> | <u>\$ 93,758</u> | <u>\$ 7,348</u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2011 | \$ 8,493,567 |
| Less: Balance Due Within One Year | <u>(911,476)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 7,582,091</u> |

At year-end, claims and judgments payable of \$23,616 are not included in the above amounts; they are listed as current liabilities in the financial statements of the Highway/Public Works Fund. Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Overton County School Department

General Obligation Bonds

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

These general obligation bonds are direct obligations and pledge the full faith and credit of the government. These general obligation bonds outstanding were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds payable from the discretely presented Overton County School Department included in long-term debt as of June 30, 2011, will be retired from the Education Debt Service Fund.

General obligation bonds outstanding as of June 30, 2011, for governmental activities are as follows:

| Type | Interest Rate | Original Amount of Issue | Balance 6-30-11 |
|--------------------------------------|---------------|--------------------------|-----------------|
| General Obligation Bonds - Refunding | 2 to 5 % | \$ 12,885,000 | \$ 10,630,000 |

The annual requirements to amortize all general obligation bonds of the School Department outstanding as of June 30, 2011, including interest payments, are presented in the following table:

| Year Ending June 30 | Bonds | | |
|---------------------|---------------|--------------|---------------|
| | Principal | Interest | Total |
| 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 |
| 2017-2021 | 3,885,000 | 1,263,290 | 5,148,290 |
| 2022-2025 | 3,655,000 | 393,991 | 4,048,991 |
| Total | \$ 10,630,000 | \$ 3,729,321 | \$ 14,359,321 |

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Overton County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

| | Bonds | Other | |
|-----------------------------|---------------|-------------------------|----------------------|
| | | Postemployment Benefits | Compensated Absences |
| Balance, July 1, 2010 | \$ 11,185,000 | \$ 922,444 | \$ 116,228 |
| Additions | 0 | 636,192 | 25,177 |
| Deductions | (555,000) | (282,545) | (13,765) |
| Balance, June 30, 2011 | \$ 10,630,000 | \$ 1,276,091 | \$ 127,640 |
| Balance Due Within One Year | \$ 570,000 | \$ 0 | \$ 13,765 |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|----------------------|
| Total Noncurrent Liabilities, June 30, 2011 | \$ 12,033,731 |
| Less: Balance Due Within One Year | <u>(583,765)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 11,449,966</u> |

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

Defeasance of Prior Debt

In prior years, the discretely presented Overton County School Department defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2011, the following outstanding bonds are considered defeased:

| | <u>Amount</u> |
|---|---------------|
| 1999 School Construction and Renovation | \$ 5,595,000 |

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Overton County. These payments are made by the state to the Medicare Supplement Plan, which is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$5,432. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Overton County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Overton County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group

Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$98,452 and \$20,292, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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

Overton County provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The discretely presented Overton County School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Overton County and the Overton County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

On August 22, 2011, the Overton County Commission approved a resolution establishing a jailer's fee of \$10 to be collected by the clerk of the appropriate court as part of the fines and costs imposed in each misdemeanor case upon a finding of guilt.

On September 19, 2011, the County Commission approved a contract totaling \$1,062,000 with W&O Construction Company for the construction of a speculative building and associated water line extension at the Overton Count Industrial Park.

D. Contingent Liabilities

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

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

E. Changes in Administration

On August 31, 2010, Kenneth Copeland left the Office of County Executive and was succeeded by Ron Cyrus, and Johnny Brown left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Barbara Matthews.

On July 1, 2010, Connie Hadynski assumed the duties of director of accounts and budgets succeeding Debra Mayberry who retired effective May 15, 2010.

F. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Overton County closed its landfill in 1994. The Solid Waste/Sanitation Fund reports the postclosure care costs of the closed landfill as expenditures in each period in which they are incurred. The \$57,506 reported as landfill postclosure care liability at June 30, 2011, represents the net amount reported to date based on 100 percent use of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Retirement Commitments

Plan Description

Employees of Overton County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Overton County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Overton County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 11.72 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county’s annual pension cost of \$531,244 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 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), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was seven years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-11 | \$531,244 | 100% | \$0 |
| 6-30-10 | 468,875 | 100 | 0 |
| 6-30-09 | 430,271 | 100 | 0 |

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 92.97 percent funded. The actuarial accrued liability for benefits was \$18 million, and the actuarial value of assets was \$16 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8 million, and the ratio of the UAAL to the covered payroll was 14.55 percent.

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

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

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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is

granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009 were \$1,103,810, 770,127, and \$749,799, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Overton County and the Overton County School Department participate in the state-administered Local Education Group Insurance Plan, Local Government Group Insurance Plan, and Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, Section 8-27-207, *TCA*, for local governments, and Section 8-27-701, *TCA*, for the Medicare Supplement Plan. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for pre-65 retirees ranges from 55 to 75 percent based on the years of service less a subsidy of up to \$2,400 annually, which is paid by the School Department. For retirees who choose the TCRS supplemental insurance in addition to Medicare, the county and the School Department provide monthly support based on years of service. During the year ended June 30, 2011, Overton County and the Overton County School Department contributed \$9,818 and \$282,545, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

Primary Government

| | Local Government Group Plan | Local Government Medicare Supplement Plan |
|------------------------------|--------------------------------------|---|
| ARC | \$ 147,000 | \$ 77,000 |
| Interest on the NPO | 5,925 | 4,324 |
| Adjustment to the ARC | (5,612) | (4,096) |
| Annual OPEB cost | <u>\$ 147,313</u> | <u>\$ 77,228</u> |
| Amount of contribution | (8,343) | (1,475) |
| Increase/decrease in NPO | \$ 138,970 | \$ 75,753 |
| Net OPEB obligation, 7-1-10 | <u>131,661</u> | <u>96,093</u> |
| Net OPEB obligation, 6-30-11 | <u><u>\$ 270,631</u></u> | <u><u>\$ 171,846</u></u> |

Annual OPEB Cost and Net OPEB Obligation (Cont.)

Discretely Presented Overton

County School Department

| | Local Education Group Plan | Local Education Medicare Supplement Plan |
|------------------------------|-------------------------------------|--|
| ARC | \$ 551,000 | \$ 83,000 |
| Interest on the NPO | 34,679 | 6,831 |
| Adjustment to the ARC | (32,848) | (6,470) |
| Annual OPEB cost | \$ 552,831 | \$ 83,361 |
| Amount of contribution | (278,207) | (4,338) |
| Increase/decrease in NPO | \$ 274,624 | \$ 79,023 |
| Net OPEB obligation, 7-1-10 | 770,651 | 151,793 |
| Net OPEB obligation, 6-30-11 | \$ 1,045,275 | \$ 230,816 |

| Fiscal Year Ended | Plans | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------------|---|------------------------|---|---------------------------------------|
| 6-30-10 | Local Government Group | \$ 142,000 | 7 % | \$ 131,661 |
| 6-30-11 | " | 147,313 | 6 | 270,631 |
| 6-30-09 | Medicare Supplement - Primary Government | 12,202 | 11 | 21,392 |
| 6-30-10 | " | 76,051 | 11 | 96,093 |
| 6-30-11 | " | 77,228 | 2 | 171,846 |
| 6-30-09 | Local Education Group | 387,291 | 37 | 485,039 |
| 6-30-10 | " | 542,152 | 47 | 770,651 |
| 6-30-11 | " | 552,831 | 50 | 1,045,275 |
| 6-30-09 | Medicare Supplement - School Department | 40,856 | 10 | 74,666 |
| 6-30-10 | " | 81,177 | 5 | 151,793 |
| 6-30-11 | " | 83,361 | 5 | 230,816 |

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

Primary Government

| | Local Government Group Plan | Local Government Medicare Supplement Plan |
|---|--------------------------------------|---|
| Actuarial valuation date | 7-1-10 | 7-1-10 |
| Actuarial accrued liability (AAL) | \$ 1,186,000 | \$ 697,000 |
| Actuarial value of plan assets | \$ 0 | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 1,186,000 | \$ 697,000 |
| Actuarial value of assets as a % of the AAL | 0% | 0% |
| Covered payroll (active plan members) | \$ 2,319,607 | \$ N/A |
| UAAL as a % of covered payroll | 51% | N/A |

Discretely Presented Overton
County School Department

| | Local Education Group Plan | Local Education Medicare Supplement Plan |
|---|-------------------------------------|--|
| Actuarial valuation date | 7-1-10 | 7-1-10 |
| Actuarial accrued liability (AAL) | \$ 5,312,000 | \$ 1,182,000 |
| Actuarial value of plan assets | \$ 0 | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 5,312,000 | \$ 1,182,000 |
| Actuarial value of assets as a % of the AAL | 0% | 0% |
| Covered payroll (active plan members) | \$ 11,438,234 | \$ N/A |
| UAAL as a % of covered payroll | 46% | N/A |

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

Actuarial Methods and Assumptions

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

perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare premium trend rate for the Medicare Supplement Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Office of Central Accounting and Budgeting

Office of Director of Accounts and Budgets

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

J. Purchasing Laws

Offices of County Executive and Highway Superintendent

Purchasing procedures for these offices are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated (TCA)*. Purchasing procedures in the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, *TCA*. These statutes provide for the purchasing agent to make all purchases for these departments, with purchases exceeding \$2,500 (\$10,000 for the Highway Department) to be made on the basis of competitive bids solicited through public advertisement. The county executive serves as purchasing agent for Overton County.

Office of Director of Schools

Purchasing procedures for the discretely presented Overton County School Department are governed by purchasing laws applicable to the schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and the chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. **OTHER NOTES – DISCRETELY PRESENTED OVERTON COUNTY NURSING HOME**

A. **Summary of Significant Accounting Policies**

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

1. **Organization**

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

2. **Financial Reporting Entity – Component Unit**

As specified and described by Statement No. 14 of the Governmental Accounting Standards Board (GASB); the nursing home is a component unit of the primary government of Overton County, Tennessee. The nursing home reports its financial statements separately from Overton County; however, the county, in its financial statements, also presents the nursing home's financial information.

Legally, the nursing home is a separate nonprofit entity that has considerable legal, financial, and administrative autonomy. However, as the governing body is not elected but instead is entirely appointed by the county's board of Commissioners, the nursing home cannot be a primary government. Instead, it qualifies as a component unit according to the directives of GASB.

GASB Statement No. 14 specifies that component units must be legally separate organizations, which have financial accountability to a primary government. Financial accountability exists prima facie if a special purpose government is not fiscally independent. GASB states that to be fiscally independent, the government has to have the authority to do all of three activities. One of these activities is to issue bonded debt without approval by another government. Overton County Nursing Home may not issue debt without approval of Overton County, Tennessee, and the county remains contingently liable for all debt obligations. Because the nursing home is both a legal entity and financially accountable to the primary government of Overton County as the County Commission appoints all members of the governing board and by nature of its fiscal dependence on Overton County as described above, it is a component unit of Overton County, Tennessee.

At June 30, 2011, there were no related receivables or payables between Overton County and the nursing home. The nursing home did not engage in any activities that were subject to the approval of Overton County.

3. Basis of Presentation

The financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The nursing home has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Funds that Use Proprietary Fund Accounting*, to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

As a component unit of Overton County, the accounts of the nursing home are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the nursing home's assets, liabilities, net assets, revenues, and expenses. Enterprise funds account for activities (1) that are financed with debt that is secured by a pledge of the net revenues from fees and charges of the activity, or (2) that are required by laws or regulations that the activity's cost of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the nursing home is determined by its measurement focus. The transactions of the nursing home are accounted for on a flow of

economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e. total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted for debt services; and unrestricted components.

4. Cash Flow - Cash and Cash Equivalents

The nursing home presents its cash flow statement using the direct method. For purposes of cash flow presentation, the nursing home considers cash in operating bank accounts, cash on hand, and certificates of deposit, which have original maturities of three months or less, as cash and cash equivalents. At June 30, 2011, there were no certificates of deposit that qualified as cash equivalents.

5. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount that the nursing home expects to collect from outstanding balances. The nursing home provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful accounts was \$75,000 at June 30, 2011. Account balances are charged against the allowance after reasonable collection efforts have been exhausted and the potential for recovery is considered remote.

6. Net Patient Revenue

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

7. Property and Equipment

Property and equipment are stated at cost. Purchases in excess of \$1,000 are capitalized. For financial statement purposes, depreciation of property and equipment is provided using the straight-line method. The nursing home estimates the useful lives of the respective classes of plant and equipment as follows:

| <u>Assets</u> | <u>Years</u> |
|---------------------------|--------------|
| Land Improvements | 5 - 20 |
| Building and Improvements | 5 - 50 |
| Transportation Equipment | 4 - 5 |
| Equipment | 3 - 25 |

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

8. Compensated Absences

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

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Income Taxes

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

11. Operating Revenues and Expenses

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

12. Subsequent Events

Management has evaluated subsequent events through August 26, 2011, the date the nursing home's financial statements were available to be issued.

B. Cash and Certificates of Deposits

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

During the year ended June 30, 2011, the board of directors chose to limit the investment of funds to demand deposits and certificates of deposit accounts at banking institutions.

At June 30, 2011, the carrying amount of cash deposits, including patient funds, was \$2,049,665, and the bank balance was \$2,087,426. At June 30, 2011, the carrying amount of the certificate of deposit was \$1,403,767, and the bank balance was \$1,403,767. At June 30, 2011, the entire bank balance was covered by federal depository insurance, or pledged securities held as collateral in another institution in the name of the nursing home.

C. Restricted Cash

Restricted cash consists of amounts set aside for retainage in accordance with the agreement with the contractor for the remodeling of the therapy wing of the nursing home. At June 30, 2010, \$11,666 was restricted for this purpose.

D. Patient Funds Held in Trust

At June 30, 2011, the nursing home held funds totaling \$36,359 on behalf of the residents.

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

E. Concentration of Credit Risk

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

| | |
|-----------|---------|
| Medicaid | 42.21 % |
| Medicare | 35.43 |
| Insurance | 17.75 |
| Private | 4.61 |

F. Capital Assets

Capital assets are summarized as follows:

| | Balance 7-1-10 | Increases | Decreases | Balance 6-30-11 |
|--|---------------------|-------------------|---------------------|---------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 56,500 | \$ 0 | \$ 0 | \$ 56,500 |
| Construction in Progress | 142,239 | 100,602 | (242,841) | 0 |
| Total Capital Assets Not Depreciated | <u>\$ 198,739</u> | <u>\$ 100,602</u> | <u>\$ (242,841)</u> | <u>\$ 56,500</u> |
| Capital Assets Depreciated: | | | | |
| Land Improvements | \$ 96,508 | \$ 6,200 | \$ 0 | \$ 102,708 |
| Buildings and Improvements | 2,630,441 | 395,352 | (24,993) | 3,000,800 |
| Transportation Equipment | 27,600 | 21,548 | 0 | 49,148 |
| Equipment | 1,220,655 | 55,792 | (49,372) | 1,227,075 |
| Total Capital Assets Depreciated | <u>\$ 3,975,204</u> | <u>\$ 478,892</u> | <u>\$ (74,365)</u> | <u>\$ 4,379,731</u> |
| Less Accumulated Depreciation For: | | | | |
| Land Improvements | \$ 32,884 | \$ 5,328 | \$ 0 | \$ 38,212 |
| Buildings and Improvements | 1,762,765 | 87,553 | (24,892) | 1,825,426 |
| Transportation Equipment | 24,190 | 5,729 | 0 | 29,919 |
| Equipment | 1,003,708 | 39,658 | (49,372) | 993,994 |
| Total Accumulated Depreciation | <u>\$ 2,823,547</u> | <u>\$ 138,268</u> | <u>\$ (74,264)</u> | <u>\$ 2,887,551</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 1,151,657</u> | <u>\$ 340,624</u> | <u>\$ (101)</u> | <u>\$ 1,492,180</u> |
| Capital Assets, Net | <u>\$ 1,350,396</u> | <u>\$ 441,226</u> | <u>\$ (242,942)</u> | <u>\$ 1,548,680</u> |

G. Pension Plan

Plan Description

Employees of Overton County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The retirement plan for Overton County Nursing Home is included in the total retirement program for Overton County. Therefore, separate retirement information for the nursing home is not available. Details relative to the funding status and progress, actuarially determined contribution requirements and contribution made, and trend information regarding the retirement plan can be found in the Annual Financial Report for Overton County. Total contributions to the plan by the nursing home for the year ended June 30, 2011, totaled \$141,085.

The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *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. Overton County requires employees to contribute five percent of earnable compensation, and the county is required to contribute at an actuarially determined rate. The rate for fiscal year ended June 30, 2011, was 5.46 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.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

H. Risk Management

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

I. Health Care Regulations

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

J. Professional Liability Claims and Insurance

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

K. Capital Lease Obligation

The nursing home entered into a capital lease agreement to purchase equipment during the year ended June 30, 2009. The lease term expires in July 2013. The asset and liability were recorded at the fair value of the asset. The asset was capitalized for \$19,695, and accumulated amortization related to this asset was \$3,939 at June 30, 2011. This amortization expense of \$1,313 was included in depreciation expense. The lease is payable to Marlin Leasing Corporation and is secured by the equipment purchased. Payments are \$470.11 per month, including principal and interest at 15.151 percent imputed fixed annual rate.

The future minimum lease payments due under the capital lease are as follows:

| Year Ending June 30 | Future Minimum Lease Payments | Less Amount Representing Interest | Principal Portion |
|------------------------|----------------------------------|--|----------------------|
| 2012 | \$ 5,641 | \$ (1,220) | \$ 4,421 |
| 2013 | 5,642 | (502) | 5,140 |
| 2014 | 470 | (6) | 464 |
| Total | <u>\$ 11,753</u> | <u>\$ (1,728)</u> | <u>\$ 10,025</u> |

Activity related to the capital lease obligation for the year ended June 30, 2011, was as follows:

| Balance 7-1-10 | Deductions | Balance 6-30-11 | Due Within One Year |
|-------------------|------------|--------------------|------------------------|
| \$ 13,828 | \$ (3,803) | \$ 10,025 | \$ 4,421 |

L. Contingencies

The nursing home received an Internal Revenue Service (IRS) notice dated July 18, 2011, stating its tax-exempt status under Internal Revenue Code Section 501(c)(3) had been revoked effective November, 15, 2011. The revocation occurred automatically as required by law due to the organization's failure to file the appropriate income tax return for three consecutive years.

In several private letter rulings, the IRS has ruled that the income of a corporation formed by a county in certain cases has been considered exempt from federal income tax under Section 115 of the Internal Revenue Code. Therefore it is conceivable that exempt status would be in effect under Section 115 and that exempt status under 501(c)(3) would be redundant. However, management feels that it is a prudent course of action to reinstate the status under Section 501(c)(3). In order to reinstate its tax-exempt status, the nursing home is in the process of completing the Application for Recognition of Exemption Under Section 501(c)(3). Management expects approval of this application as well as the reinstatement of its tax-exempt status retroactive from the date it was revoked.

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

A. Organization

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

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

B. Summary of Significant Accounting Policies

1. Financial Statement Presentation

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

2. Capital Assets

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

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

C. Cash and Investments

Tennessee Code Annotated (TCA) requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging

government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of bank accounts at June 30, 2011:

| | |
|--|------------------------------|
| Checking - First National Bank | \$ 27,371 |
| Checking - American Bank & Trust | 75,342 |
| Certificate of Deposit - American Bank & Trust | 111,613 |
| Money Market - First National Bank | <u>41,964</u> |
| Total | <u><u>\$ 256,290</u></u> |

At June 30, 2011, the carrying amount of the district's cash deposits was \$256,290. The district's deposit accounts are covered up to \$250,000 by the FDIC. Any amounts over \$250,000 are covered by collateralization pledged by First National Bank, held by Compass Bank in the district's name. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, TCA.

D. Risk Management

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

E. Capital Assets

The following is a schedule of equipment and depreciation at June 30, 2011:

| | Cost | Accum. Deprec. | Deprec. Expense | 6-30-11 Net |
|----------------------------------|----------------|-------------------|--------------------|----------------|
| <u>Non-Depreciable Assets</u> | | | | |
| Land | \$ 19,625 | \$ 0 | \$ 0 | \$ 19,625 |
| Construction in Progress | 150,857 | | | <u>150,857</u> |
| Total Non-Depreciable Assets | \$ 170,482 | \$ 0 | \$ 0 | \$ 170,482 |

(Continued)

Capital Assets (Cont.)

| | Cost | Accum. Deprec. | Deprec. Expense | 6-30-11 Net |
|---------------------------|--------------|-------------------|--------------------|----------------|
| <u>Depreciable Assets</u> | | | | |
| Land Improvements | \$ 24,802 | \$ 6,098 | \$ 1,121 | \$ 18,704 |
| Building/Improvements | 298,313 | 121,465 | 15,618 | 176,848 |
| Furniture/Fixtures | 75,542 | 59,193 | 6,287 | 16,349 |
| Office Equipment | 161,516 | 122,168 | 28,892 | 39,348 |
| Communication Equipment | 360,743 | 178,089 | 45,828 | 182,654 |
| Vehicles | 70,229 | 25,840 | 13,071 | 44,389 |
| | <hr/> | | | |
| Total Depreciable Assets | \$ 991,145 | \$ 512,853 | \$ 110,817 | \$ 478,292 |
| | <hr/> | | | |
| Total Assets | \$ 1,161,627 | \$ 512,853 | \$ 110,817 | \$ 648,774 |
| | <hr/> <hr/> | | | |

F. Cash and Cash Equivalents

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

G. Compensated Absences

Compensated absences are calculated for full-time employees for annual and sick leave. However, the sick leave does not vest; therefore, no liability has been recorded for sick leave. The liability shown in these statements of \$20,585 represents the amount owed to employees for annual leave as of June 30, 2011.

H. Funding Sources

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

I. Calculation of Net Assets Invested in Capital Assets

| | |
|----------------------------|-------------------|
| Net Book Value | <u>\$ 648,774</u> |
| Invested in Capital Assets | <u>\$ 648,774</u> |

J. Budgetary Information

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

K. Pension Plan

Plan Description

Employees of the district are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 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/Pickett County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

The district requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011, was 5.27 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the district's annual pension cost of \$19,853 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the calculation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 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 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 14 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-11 | \$ 19,853 | 100 % | \$ 0 |
| 6-30-10 | 18,558 | 100 | 0 |
| 6-30-09 | 18,513 | 100 | 0 |

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 56.54 percent funded. The actuarial accrued liability for benefits was zero, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was 42.49 percent.

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

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information

about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Overton County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2011

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2010 | Add: Encumbrances 6/30/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 3,734,660 | \$ 0 | \$ 0 | \$ 3,734,660 | \$ 3,622,690 | \$ 3,622,690 | \$ 111,970 |
| Licenses and Permits | 6,113 | 0 | 0 | 6,113 | 5,675 | 5,675 | 438 |
| Fines, Forfeitures, and Penalties | 101,564 | 0 | 0 | 101,564 | 125,510 | 125,510 | (23,946) |
| Charges for Current Services | 1,283,846 | 0 | 0 | 1,283,846 | 1,090,050 | 1,120,382 | 163,464 |
| Other Local Revenues | 162,906 | 0 | 0 | 162,906 | 59,260 | 127,599 | 35,307 |
| Fees Received from County Officials | 791,597 | 0 | 0 | 791,597 | 741,600 | 741,600 | 49,997 |
| State of Tennessee | 1,111,106 | 0 | 0 | 1,111,106 | 1,017,325 | 1,091,814 | 19,292 |
| Federal Government | 776,755 | 0 | 0 | 776,755 | 536,866 | 1,594,513 | (817,758) |
| Other Governments and Citizens Groups | 188,465 | 0 | 0 | 188,465 | 164,600 | 164,600 | 23,865 |
| Total Revenues | \$ 8,157,012 | \$ 0 | \$ 0 | \$ 8,157,012 | \$ 7,363,576 | \$ 8,594,383 | \$ (437,371) |
| <u>Expenditures</u> | | | | | | | |
| <u>General Government</u> | | | | | | | |
| County Commission | \$ 104,204 | \$ 0 | \$ 0 | \$ 104,204 | \$ 114,089 | \$ 109,589 | \$ 5,385 |
| Board of Equalization | 2,000 | 0 | 0 | 2,000 | 1,600 | 2,000 | 0 |
| County Mayor/Executive | 167,896 | 0 | 375 | 168,271 | 178,125 | 173,206 | 4,935 |
| County Attorney | 29,004 | 0 | 0 | 29,004 | 27,207 | 32,569 | 3,565 |
| Election Commission | 159,525 | (1,608) | 100 | 158,017 | 181,719 | 181,719 | 23,702 |
| Register of Deeds | 142,800 | 0 | 69 | 142,869 | 165,498 | 165,498 | 22,629 |
| Planning | 15,989 | 0 | 0 | 15,989 | 14,256 | 16,256 | 267 |
| County Buildings | 257,473 | (2,750) | 3,778 | 258,501 | 304,441 | 273,699 | 15,198 |
| Other General Administration | 974,628 | 0 | 0 | 974,628 | 647,177 | 1,288,052 | 313,424 |
| <u>Finance</u> | | | | | | | |
| Accounting and Budgeting | 38,396 | 0 | 0 | 38,396 | 43,446 | 51,329 | 12,933 |
| Property Assessor's Office | 146,135 | (1,076) | 0 | 145,059 | 154,145 | 153,745 | 8,686 |

(Continued)

Exhibit E-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2010 | Add: Encumbrances 6/30/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|-----------|--|
| | | | | | Original | | |
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Finance (Cont.)</u> | | | | | | | |
| Reappraisal Program | \$ 34,381 | \$ 0 | \$ 0 | \$ 34,381 | \$ 38,871 | \$ 38,871 | \$ 4,490 |
| County Trustee's Office | 140,451 | 0 | 675 | 141,126 | 142,874 | 142,874 | 1,748 |
| County Clerk's Office | 183,626 | 0 | 34 | 183,660 | 189,399 | 189,399 | 5,739 |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court | 215,562 | (110) | 0 | 215,452 | 258,987 | 258,987 | 43,535 |
| General Sessions Court | 131,741 | 0 | 364 | 132,105 | 132,949 | 132,949 | 844 |
| Chancery Court | 168,049 | (415) | 524 | 168,158 | 181,929 | 181,929 | 13,771 |
| Juvenile Court | 10,336 | 0 | 0 | 10,336 | 14,689 | 14,689 | 4,353 |
| Judicial Commissioners | 16,000 | 0 | 0 | 16,000 | 16,000 | 16,000 | 0 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 1,294,784 | (4,381) | 5,075 | 1,295,478 | 1,151,397 | 1,396,769 | 101,291 |
| Special Patrols | 20,579 | 0 | 107 | 20,686 | 31,996 | 31,996 | 11,310 |
| Jail | 1,338,115 | (13,812) | 8,839 | 1,333,142 | 1,488,440 | 1,523,790 | 190,648 |
| Fire Prevention and Control | 98,680 | 0 | 0 | 98,680 | 98,500 | 98,680 | 0 |
| Civil Defense | 9,190 | 0 | 150 | 9,340 | 11,674 | 11,674 | 2,334 |
| Rescue Squad | 8,000 | 0 | 0 | 8,000 | 8,000 | 8,000 | 0 |
| Other Emergency Management | 150,000 | 0 | 0 | 150,000 | 150,000 | 150,000 | 0 |
| County Coroner/Medical Examiner | 18,550 | 0 | 0 | 18,550 | 31,500 | 31,500 | 12,950 |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 148,167 | 0 | 0 | 148,167 | 60,250 | 152,466 | 4,299 |
| Ambulance/Emergency Medical Services | 1,768,213 | (2,400) | 3,025 | 1,768,838 | 1,486,278 | 1,818,760 | 49,922 |
| Alcohol and Drug Programs | 0 | 0 | 0 | 0 | 5,000 | 4,450 | 4,450 |
| Regional Mental Health Center | 6,327 | 0 | 0 | 6,327 | 6,327 | 6,327 | 0 |
| Aid to Dependent Children | 500 | 0 | 0 | 500 | 500 | 500 | 0 |

(Continued)

Exhibit E-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2010 | Add: Encumbrances 6/30/2011 | 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</u> | | | | | | | |
| Senior Citizens Assistance | \$ 17,557 | \$ 0 | \$ 0 | \$ 17,557 | \$ 26,762 | \$ 26,762 | \$ 9,205 |
| Libraries | 148,909 | 0 | 14,355 | 163,264 | 129,805 | 180,293 | 17,029 |
| Other Social, Cultural, and Recreational Agriculture and Natural Resources | 41,000 | 0 | 0 | 41,000 | 42,800 | 42,800 | 1,800 |
| Agriculture Extension Service | 62,833 | 0 | 0 | 62,833 | 63,483 | 63,483 | 650 |
| Soil Conservation | 50,555 | 0 | 0 | 50,555 | 51,560 | 51,560 | 1,005 |
| <u>Other Operations</u> | | | | | | | |
| Industrial Development | 56,724 | 0 | 0 | 56,724 | 44,500 | 61,238 | 4,514 |
| Other Economic and Community Development | 0 | 0 | 0 | 0 | 500,000 | 500,000 | 500,000 |
| Airport | 73,910 | 0 | 0 | 73,910 | 56,000 | 74,511 | 601 |
| Veterans' Services | 45,958 | 0 | 0 | 45,958 | 51,738 | 51,738 | 5,780 |
| Contributions to Other Agencies | 13,014 | 0 | 0 | 13,014 | 13,014 | 13,014 | 0 |
| ARRA Grant # 2 | 0 | 0 | 0 | 0 | 21,866 | 0 | 0 |
| <u>Highways</u> | | | | | | | |
| Traffic Control | 6,262 | 0 | 0 | 6,262 | 13,756 | 13,756 | 7,494 |
| Litter and Trash Collection | 31,708 | 0 | 200 | 31,908 | 34,424 | 34,424 | 2,516 |
| Total Expenditures | \$ 8,347,731 | \$ (26,552) | \$ 37,670 | \$ 8,358,849 | \$ 8,386,971 | \$ 9,771,851 | \$ 1,413,002 |
| <u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u> | \$ (190,719) | \$ 26,552 | \$ (37,670) | \$ (201,837) | \$ (1,023,395) | \$ (1,177,468) | \$ 975,631 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Bonds Issued | \$ 130,000 | \$ 0 | \$ 0 | \$ 130,000 | \$ 0 | \$ 130,000 | \$ 0 |
| Insurance Recovery | 13,166 | 0 | 0 | 13,166 | 0 | 7,336 | 5,830 |

(Continued)

Exhibit E-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2010 | Add: Encumbrances 6/30/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| <u>Other Financing Sources (Uses) (Cont.)</u> | | | | | | | |
| Transfers In | \$ 32,000 | \$ 0 | \$ 0 | \$ 32,000 | \$ 32,000 | \$ 32,000 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 175,166 | \$ 0 | \$ 0 | \$ 175,166 | \$ 32,000 | \$ 169,336 | \$ 5,830 |
| Net Change in Fund Balance Fund Balance, July 1, 2010 | \$ (15,553) | \$ 26,552 | \$ (37,670) | \$ (26,671) | \$ (991,395) | \$ (1,008,132) | \$ 981,461 |
| | 2,511,960 | (26,552) | 0 | 2,485,408 | 2,572,659 | 2,572,659 | (87,251) |
| Fund Balance, June 30, 2011 | \$ 2,496,407 | \$ 0 | \$ (37,670) | \$ 2,458,737 | \$ 1,581,264 | \$ 1,564,527 | \$ 894,210 |

Exhibit E-2

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2011

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 240,202 | \$ 215,935 | \$ 215,935 | \$ 24,267 |
| Other Local Revenues | 15,831 | 1,000 | 3,868 | 11,963 |
| State of Tennessee | 1,643,080 | 1,659,441 | 1,659,441 | (16,361) |
| Federal Government | 162,050 | 0 | 0 | 162,050 |
| Total Revenues | <u>\$ 2,061,163</u> | <u>\$ 1,876,376</u> | <u>\$ 1,879,244</u> | <u>\$ 181,919</u> |
| <u>Expenditures</u> | | | | |
| <u>Highways</u> | | | | |
| Administration | \$ 106,224 | \$ 113,631 | \$ 114,927 | \$ 8,703 |
| Highway and Bridge Maintenance | 694,033 | 998,800 | 1,015,550 | 321,517 |
| Operation and Maintenance of Equipment | 248,657 | 278,965 | 278,965 | 30,308 |
| Quarry Operations | 113,482 | 171,037 | 156,037 | 42,555 |
| Other Charges | 223,967 | 225,944 | 231,390 | 7,423 |
| Employee Benefits | 293,792 | 304,280 | 304,280 | 10,488 |
| Capital Outlay | 0 | 96,146 | 91,818 | 91,818 |
| Total Expenditures | <u>\$ 1,680,155</u> | <u>\$ 2,188,803</u> | <u>\$ 2,192,967</u> | <u>\$ 512,812</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 381,008</u> | <u>\$ (312,427)</u> | <u>\$ (313,723)</u> | <u>\$ 694,731</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 17,671 | \$ 0 | \$ 0 | \$ 17,671 |
| Transfers Out | (40,000) | (40,000) | (40,000) | 0 |
| Total Other Financing Sources (Uses) | <u>\$ (22,329)</u> | <u>\$ (40,000)</u> | <u>\$ (40,000)</u> | <u>\$ 17,671</u> |
| Net Change in Fund Balance | \$ 358,679 | \$ (352,427) | \$ (353,723) | \$ 712,402 |
| Fund Balance, July 1, 2010 | <u>525,148</u> | <u>474,437</u> | <u>474,437</u> | <u>50,711</u> |
| Fund Balance, June 30, 2011 | <u>\$ 883,827</u> | <u>\$ 122,010</u> | <u>\$ 120,714</u> | <u>\$ 763,113</u> |

Exhibit E-3

Overton County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Overton County School Department
June 30, 2011

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-09 | \$ 16,293 | \$ 17,526 | \$ 1,233 | 92.97 % | \$ 8,473 | 14.55 % |
| 7-1-07 | 14,966 | 15,322 | 356 | 97.68 | 7,535 | 4.72 |

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method went into effect during the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Overton County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Overton/Pickett County Emergency Communications District
June 30, 2011

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-07 | \$ 117 | \$ 253 | \$ 136 | 46.25 % | \$ 350 | 38.86 % |
| 7-1-09 | 181 | 321 | 139 | 56.54 | 328 | 42.49 |

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method went into effect during the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-5

Overton County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Overton County School Department
June 30, 2011

(Dollar amounts in thousands)

| Plans | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--|--------------------------|-------------------------------|---------------------------------------|------------------------------|--------------------|---------------------|--|
| <u>PRIMARY GOVERNMENT</u> | | | | | | | |
| Local Government Group * | 7-1-09 | \$ 0 | \$ 1,105 | \$ 1,105 | 0 % | \$ 2,320 | 48 % |
| " | 7-1-10 | 0 | 1,186 | 1,186 | 0 | 2,320 | 51 |
| Medicare Supplement | 7-1-07 | 0 | 101 | 101 | 0 | N/A | N/A |
| " | 7-1-09 | 0 | 106 | 106 | 0 | N/A | N/A |
| " | 7-1-10 | 0 | 697 | 697 | 0 | N/A | N/A |
| <u>DISCRETELY PRESENTED OVERTON COUNTY SCHOOL DEPARTMENT</u> | | | | | | | |
| Local Education Group | 7-1-07 | 0 | 3,801 | 3,801 | 0 | 11,949 | 32 |
| " | 7-1-09 | 0 | 5,312 | 5,312 | 0 | 11,438 | 46 |
| " | 7-1-10 | 0 | 5,312 | 5,312 | 0 | 11,438 | 46 |
| Medicare Supplement | 7-1-07 | 0 | 359 | 359 | 0 | N/A | N/A |
| " | 7-1-09 | 0 | 1,182 | 1,182 | 0 | N/A | N/A |
| " | 7-1-10 | 0 | 1,182 | 1,182 | 0 | N/A | N/A |

* Data was only available for two actuarial valuations.

OVERTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

BUDGETARY INFORMATION

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

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

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

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

Exhibit F-1

Overton County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|--|---------------------------------------|--------------------------------|-----------------|---|--|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu- tional Officers - Fees | |
| \$ | 0 \$ | 0 \$ | 0 \$ | 1,622 \$ | 1,622 |
| Equity in Pooled Cash and Investments | 8,292 | 277,333 | 220,539 | 0 | 506,164 |
| Accounts Receivable | 0 | 64,705 | 0 | 0 | 64,705 |
| Due from Other Governments | 0 | 81,211 | 0 | 0 | 81,211 |
| Property Taxes Receivable | 0 | 344,127 | 0 | 0 | 344,127 |
| Allowance for Uncollectible Property Taxes | 0 | (6,743) | 0 | 0 | (6,743) |
| Total Assets | \$ 8,292 \$ | 760,633 \$ | 220,539 \$ | 1,622 \$ | 991,086 |

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

| | | | | | | |
|--|-------------|------------|------------|----------|------|---------|
| <u>Liabilities</u> | \$ | 0 \$ | 1,223 \$ | 0 \$ | 0 \$ | 1,223 |
| Payroll Deductions Payable | 0 | 0 | 0 | 1,622 | 0 | 1,622 |
| Due to Other Funds | 0 | 317,071 | 0 | 0 | 0 | 317,071 |
| Deferred Revenue - Current Property Taxes | 0 | 19,352 | 0 | 0 | 0 | 19,352 |
| Deferred Revenue - Delinquent Property Taxes | 0 | 38,355 | 0 | 0 | 0 | 38,355 |
| Other Deferred Revenues | 0 | 376,001 | 0 | 0 | 0 | 376,001 |
| Total Liabilities | \$ 0 \$ | 760,633 \$ | 220,539 \$ | 1,622 \$ | 0 \$ | 991,086 |
| <u>Fund Balances</u> | \$ | 8,292 \$ | 0 \$ | 0 \$ | 0 \$ | 8,292 |
| Restricted: | 0 | 0 | 220,539 | 0 | 0 | 220,539 |
| Restricted for General Government | 0 | 384,632 | 0 | 0 | 0 | 384,632 |
| Restricted for Public Safety | 0 | 0 | 0 | 0 | 0 | 0 |
| Committed: | 0 | 384,632 | 0 | 0 | 0 | 384,632 |
| Committed for Public Health and Welfare | 8,292 | 384,632 | 220,539 | 0 | 0 | 613,463 |
| Total Fund Balances | \$ 8,292 \$ | 760,633 \$ | 220,539 \$ | 1,622 \$ | 0 \$ | 991,086 |
| Total Liabilities and Fund Balances | \$ 8,292 \$ | 760,633 \$ | 220,539 \$ | 1,622 \$ | 0 \$ | 991,086 |

Total Liabilities and Fund Balances

Exhibit F-2

Overton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

| | Special Revenue Funds | | | | | | Total | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|---|---------------------------------|--------------------------|-----------------|--------------------------------|--|------------------|-----------------|-----------------------|------------------|-----------------------------------|
| | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Community Development/ Industrial Park | | | | | |
| <u>Revenues</u> | | | | | | | | | | |
| Local Taxes | 2,917 | 777,720 | 0 | 0 | 0 | 780,637 | 0 | 0 | 780,637 | |
| Fines, Forfeitures, and Penalties | 0 | 0 | 43,859 | 0 | 0 | 43,859 | 0 | 0 | 43,859 | |
| Charges for Current Services | 0 | 253,313 | 0 | 5,970 | 0 | 259,283 | 0 | 0 | 259,283 | |
| Other Local Revenues | 0 | 85,024 | 12,710 | 0 | 0 | 97,734 | 0 | 0 | 97,734 | |
| State of Tennessee | 0 | 8,562 | 0 | 0 | 0 | 8,562 | 28,462 | 0 | 37,024 | |
| Other Governments and Citizens Groups | 0 | 0 | 0 | 0 | 0 | 0 | 5,296 | 0 | 5,296 | |
| Total Revenues | <u>2,917</u> | <u>1,124,619</u> | <u>56,569</u> | <u>5,970</u> | <u>0</u> | <u>1,190,075</u> | <u>33,758</u> | <u>0</u> | <u>1,223,833</u> | |
| <u>Expenditures</u> | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | 0 | 71,064 | 0 | 0 | 0 | 71,064 | 0 | 0 | 71,064 | |
| Finance | 0 | 0 | 0 | 505 | 0 | 505 | 0 | 0 | 505 | |
| Administration of Justice | 0 | 0 | 0 | 5,296 | 0 | 5,296 | 0 | 0 | 5,296 | |
| Public Safety | 0 | 0 | 95,726 | 169 | 0 | 95,895 | 0 | 0 | 95,895 | |
| Public Health and Welfare | 0 | 894,405 | 0 | 0 | 0 | 894,405 | 0 | 0 | 894,405 | |
| Other Operations | 31 | 0 | 0 | 0 | 0 | 31 | 0 | 0 | 31 | |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 20,103 | 0 | 20,103 | |
| Total Expenditures | <u>31</u> | <u>965,469</u> | <u>95,726</u> | <u>5,970</u> | <u>0</u> | <u>1,067,196</u> | <u>20,103</u> | <u>0</u> | <u>1,087,299</u> | |
| Excess (Deficiency) of Revenues Over Expenditures | <u>2,886</u> | <u>159,150</u> | <u>(39,157)</u> | <u>0</u> | <u>0</u> | <u>122,879</u> | <u>13,655</u> | <u>0</u> | <u>136,534</u> | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | | | | |
| Transfers Out | 0 | (32,000) | 0 | 0 | 0 | (32,000) | 0 | 0 | (32,000) | |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(32,000)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(32,000)</u> | <u>0</u> | <u>0</u> | <u>(32,000)</u> | |
| Net Change in Fund Balances | <u>2,886</u> | <u>127,150</u> | <u>(39,157)</u> | <u>0</u> | <u>0</u> | <u>90,879</u> | <u>13,655</u> | <u>0</u> | <u>104,534</u> | |
| Fund Balance, July 1, 2010 | <u>5,406</u> | <u>257,482</u> | <u>259,696</u> | <u>0</u> | <u>0</u> | <u>522,584</u> | <u>(13,655)</u> | <u>0</u> | <u>508,929</u> | |
| Fund Balance, June 30, 2011 | <u>8,292</u> | <u>384,632</u> | <u>220,539</u> | <u>0</u> | <u>0</u> | <u>613,463</u> | <u>0</u> | <u>0</u> | <u>613,463</u> | |

Exhibit F-3

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2011

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|----------|------------------|----------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 2,917 | \$ 4,300 | \$ 4,300 | \$ (1,383) |
| Total Revenues | \$ 2,917 | \$ 4,300 | \$ 4,300 | \$ (1,383) |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Buildings | \$ 0 | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| <u>Other Operations</u> | | | | |
| Other Charges | 31 | 110 | 110 | 79 |
| Total Expenditures | \$ 31 | \$ 5,110 | \$ 5,110 | \$ 5,079 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 2,886 | \$ (810) | \$ (810) | \$ 3,696 |
| Net Change in Fund Balance | \$ 2,886 | \$ (810) | \$ (810) | \$ 3,696 |
| Fund Balance, July 1, 2010 | 5,406 | 5,389 | 5,389 | 17 |
| Fund Balance, June 30, 2011 | \$ 8,292 | \$ 4,579 | \$ 4,579 | \$ 3,713 |

Exhibit F-4

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2011

| | Actual (GAAP Basis) | Add: Encumbrances 6/30/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 777,720 | \$ 0 | \$ 777,720 | \$ 735,700 | \$ 735,700 | \$ 42,020 |
| Charges for Current Services | 253,313 | 0 | 253,313 | 195,000 | 195,000 | 58,313 |
| Other Local Revenues | 85,024 | 0 | 85,024 | 45,000 | 47,630 | 37,394 |
| State of Tennessee | 8,562 | 0 | 8,562 | 11,800 | 11,800 | (3,238) |
| Total Revenues | \$ 1,124,619 | \$ 0 | \$ 1,124,619 | \$ 987,500 | \$ 990,130 | \$ 134,489 |
| <u>Expenditures</u> | | | | | | |
| <u>General Government</u> | | | | | | |
| Other General Administration | \$ 71,064 | \$ 0 | \$ 71,064 | \$ 74,331 | \$ 76,961 | \$ 5,897 |
| <u>Public Health and Welfare</u> | | | | | | |
| Convenience Centers | 111,946 | 1,544 | 113,490 | 124,000 | 125,700 | 12,210 |
| Transfer Stations | 757,261 | 326 | 757,587 | 845,290 | 843,590 | 86,003 |
| Recycling Center | 14,610 | 0 | 14,610 | 21,700 | 21,700 | 7,090 |
| Other Waste Disposal | 0 | 0 | 0 | 21,000 | 21,000 | 21,000 |
| Postclosure Care Costs | 10,588 | 0 | 10,588 | 25,000 | 25,000 | 14,412 |
| Total Expenditures | \$ 965,469 | \$ 1,870 | \$ 967,339 | \$ 1,111,321 | \$ 1,113,951 | \$ 146,612 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 159,150 | \$ (1,870) | \$ 157,280 | \$ (123,821) | \$ (123,821) | \$ 281,101 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Transfers Out | \$ (32,000) | \$ 0 | \$ (32,000) | \$ (32,000) | \$ (32,000) | \$ 0 |
| Total Other Financing Sources (Uses) | \$ (32,000) | \$ 0 | \$ (32,000) | \$ (32,000) | \$ (32,000) | \$ 0 |
| Net Change in Fund Balance Fund Balance, July 1, 2010 | \$ 127,150 | \$ (1,870) | \$ 125,280 | \$ (155,821) | \$ (155,821) | \$ 281,101 |
| | 257,482 | 0 | 257,482 | 258,177 | 258,177 | (695) |
| Fund Balance, June 30, 2011 | \$ 384,632 | \$ (1,870) | \$ 382,762 | \$ 102,356 | \$ 102,356 | \$ 280,406 |

Exhibit F-5

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2011

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2010 | Add: Encumbrances 6/30/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Fines, Forfeitures, and Penalties | \$ 43,859 \$ | 0 \$ | 0 \$ | 43,859 \$ | 51,850 \$ | 51,850 \$ | (7,991) |
| Other Local Revenues | 12,710 | 0 | 0 | 12,710 | 0 | 0 | 12,710 |
| Total Revenues | \$ 56,569 \$ | 0 \$ | 0 \$ | 56,569 \$ | 51,850 \$ | 51,850 \$ | 4,719 |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Safety</u> | | | | | | | |
| Drug Enforcement | \$ 95,726 \$ | (585) \$ | 292 \$ | 95,433 \$ | 259,218 \$ | 262,267 \$ | 166,834 |
| Total Expenditures | \$ 95,726 \$ | (585) \$ | 292 \$ | 95,433 \$ | 259,218 \$ | 262,267 \$ | 166,834 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (39,157) \$ | 585 \$ | (292) \$ | (38,864) \$ | (207,368) \$ | (210,417) \$ | 171,553 |
| Net Change in Fund Balance Fund Balance, July 1, 2010 | \$ (39,157) \$ | 585 \$ | (292) \$ | (38,864) \$ | (207,368) \$ | (210,417) \$ | 171,553 |
| | 259,696 | (585) | 0 | 259,111 | 259,717 | 259,717 | (606) |
| Fund Balance, June 30, 2011 | \$ 220,539 \$ | 0 \$ | (292) \$ | 220,247 \$ | 52,349 \$ | 49,300 \$ | 170,947 |

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for financial resources to be used for improving the county's industrial park.

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2011

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 354,742 | \$ 348,167 | \$ 348,167 | \$ 6,575 |
| Other Local Revenues | 28,509 | 43,300 | 43,300 | (14,791) |
| State of Tennessee | 539,338 | 525,000 | 525,000 | 14,338 |
| Total Revenues | <u>\$ 922,589</u> | <u>\$ 916,467</u> | <u>\$ 916,467</u> | <u>\$ 6,122</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| General Government | \$ 857,234 | \$ 882,189 | \$ 882,189 | \$ 24,955 |
| <u>Interest on Debt</u> | | | | |
| General Government | 329,152 | 331,405 | 331,405 | 2,253 |
| <u>Other Debt Service</u> | | | | |
| General Government | 13,937 | 15,000 | 15,000 | 1,063 |
| Total Expenditures | <u>\$ 1,200,323</u> | <u>\$ 1,228,594</u> | <u>\$ 1,228,594</u> | <u>\$ 28,271</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (277,734)</u> | <u>\$ (312,127)</u> | <u>\$ (312,127)</u> | <u>\$ 34,393</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 40,000 | \$ 40,000 | \$ 40,000 | \$ 0 |
| Total Other Financing Sources (Uses) | <u>\$ 40,000</u> | <u>\$ 40,000</u> | <u>\$ 40,000</u> | <u>\$ 0</u> |
| Net Change in Fund Balance | \$ (237,734) | \$ (272,127) | \$ (272,127) | \$ 34,393 |
| Fund Balance, July 1, 2010 | <u>1,564,802</u> | <u>1,559,202</u> | <u>1,559,202</u> | <u>5,600</u> |
| Fund Balance, June 30, 2011 | <u>\$ 1,327,068</u> | <u>\$ 1,287,075</u> | <u>\$ 1,287,075</u> | <u>\$ 39,993</u> |

Fiduciary Funds

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

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

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

Exhibit H-1

Overton County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

| | <u>Agency Funds</u> | | |
|-------------------------------------|--------------------------|---|-------------------|
| | Cities - Sales Tax | Constitu- tional Officers - Agency | Total |
| <u>ASSETS</u> | | | |
| Cash | \$ 0 | \$ 693,205 | \$ 693,205 |
| Accounts Receivable | 0 | 643 | 643 |
| Due from Other Governments | 121,851 | 0 | 121,851 |
| | | | |
| Total Assets | <u>\$ 121,851</u> | <u>\$ 693,848</u> | <u>\$ 815,699</u> |
| <u>LIABILITIES</u> | | | |
| Due to Other Taxing Units | \$ 121,851 | \$ 0 | \$ 121,851 |
| Due to Litigants, Heirs, and Others | 0 | 693,848 | 693,848 |
| | | | |
| Total Liabilities | <u>\$ 121,851</u> | <u>\$ 693,848</u> | <u>\$ 815,699</u> |

Exhibit H-2

Overton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2011

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|--------------|--------------|-------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 759,797 | \$ 759,797 | \$ 0 |
| Due from Other Governments | 127,140 | 121,851 | 127,140 | 121,851 |
| Total Assets | \$ 127,140 | \$ 881,648 | \$ 886,937 | \$ 121,851 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 127,140 | \$ 881,648 | \$ 886,937 | \$ 121,851 |
| Total Liabilities | \$ 127,140 | \$ 881,648 | \$ 886,937 | \$ 121,851 |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 896,362 | \$ 7,520,933 | \$ 7,724,090 | \$ 693,205 |
| Accounts Receivable | 77 | 643 | 77 | 643 |
| Total Assets | \$ 896,439 | \$ 7,521,576 | \$ 7,724,167 | \$ 693,848 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 896,439 | \$ 7,521,576 | \$ 7,724,167 | \$ 693,848 |
| Total Liabilities | \$ 896,439 | \$ 7,521,576 | \$ 7,724,167 | \$ 693,848 |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 896,362 | \$ 7,520,933 | \$ 7,724,090 | \$ 693,205 |
| Equity in Pooled Cash and Investments | 0 | 759,797 | 759,797 | 0 |
| Accounts Receivable | 77 | 643 | 77 | 643 |
| Due from Other Governments | 127,140 | 121,851 | 127,140 | 121,851 |
| Total Assets | \$ 1,023,579 | \$ 8,403,224 | \$ 8,611,104 | \$ 815,699 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 127,140 | \$ 881,648 | \$ 886,937 | \$ 121,851 |
| Due to Litigants, Heirs, and Others | 896,439 | 7,521,576 | 7,724,167 | 693,848 |
| Total Liabilities | \$ 1,023,579 | \$ 8,403,224 | \$ 8,611,104 | \$ 815,699 |

Overton County School Department

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

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

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

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

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

Exhibit I-1

Overton County, Tennessee
Statement of Activities
Discretely Presented Overton County School Department
For the Year Ended June 30, 2011

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|---|----------------------|----------------------------|---|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities: | | | | |
| Instruction | \$ 16,232,454 | \$ 0 | \$ 3,801,633 | \$ (12,430,821) |
| Support Services | 8,668,828 | 24,151 | 626,800 | (8,017,877) |
| Operation of Non-Instructional Services | 3,288,524 | 503,633 | 1,419,680 | (1,365,211) |
| Interest on Long-term Debt | 476,384 | 0 | 0 | (476,384) |
| Other Debt Service | 6,363 | 0 | 0 | (6,363) |
| Total Governmental Activities | \$ 28,672,553 | \$ 527,784 | \$ 5,848,113 | \$ (22,296,656) |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes Levied for General Purposes | | | | \$ 1,770,119 |
| Local Option Sales Taxes | | | | 1,530,091 |
| Wheel Tax | | | | 584,621 |
| Wholesale Beer Tax | | | | 126,171 |
| Other Local Taxes | | | | 6,116 |
| Grants and Contributions Not Restricted for Specific Programs | | | | 19,154,251 |
| Interest Income | | | | 536 |
| Miscellaneous | | | | 60,431 |
| Total General Revenues | | | | \$ 23,232,336 |
| Change in Net Assets | | | | \$ 935,680 |
| Net Assets, July 1, 2010 | | | | 11,666,602 |
| Net Assets, June 30, 2011 | | | | <u>\$ 12,602,282</u> |

Exhibit I-2

Overton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Overton County School Department
June 30, 2011

| | <u>Major Funds</u> | | <u>Nonmajor</u> | <u>Total</u> |
|--|---------------------|------------------|---------------------|---------------------|
| | <u>General</u> | <u>School</u> | <u>Funds</u> | |
| | <u>Purpose</u> | <u>Federal</u> | <u>Other</u> | |
| | <u>School</u> | <u>Projects</u> | <u>Governmental</u> | <u>Funds</u> |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 0 | \$ 8,019 | \$ 8,019 |
| Equity in Pooled Cash and Investments | 4,631,312 | 40,800 | 471,475 | 5,143,587 |
| Inventories | 0 | 0 | 50,646 | 50,646 |
| Accounts Receivable | 0 | 0 | 15 | 15 |
| Due from Other Governments | 1,102,249 | 17,107 | 161,209 | 1,280,565 |
| Due from Other Funds | 0 | 1,554 | 0 | 1,554 |
| Property Taxes Receivable | 1,927,379 | 0 | 0 | 1,927,379 |
| Allowance for Uncollectible Property Taxes | (39,125) | 0 | 0 | (39,125) |
| Total Assets | \$ 7,621,815 | \$ 59,461 | \$ 691,364 | \$ 8,372,640 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>Liabilities</u> | | | | |
| Accrued Payroll | \$ 66,881 | \$ 0 | \$ 0 | \$ 66,881 |
| Retainage Payable | 10,346 | 0 | 0 | 10,346 |
| Due to Other Funds | 1,554 | 0 | 0 | 1,554 |
| Deferred Revenue - Current Property Taxes | 1,775,752 | 0 | 0 | 1,775,752 |
| Deferred Revenue - Delinquent Property Taxes | 109,771 | 0 | 0 | 109,771 |
| Other Deferred Revenues | 142,141 | 0 | 0 | 142,141 |
| Total Liabilities | \$ 2,106,445 | \$ 0 | \$ 0 | \$ 2,106,445 |
| <u>Fund Balances</u> | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 0 | \$ 0 | \$ 50,646 | \$ 50,646 |
| Restricted: | | | | |
| Restricted for Education | 85,699 | 59,461 | 236,493 | 381,653 |
| Committed: | | | | |
| Committed for Education | 4,009,943 | 0 | 404,225 | 4,414,168 |
| Assigned: | | | | |
| Assigned for Education | 738,074 | 0 | 0 | 738,074 |
| Unassigned | 681,654 | 0 | 0 | 681,654 |
| Total Fund Balances | \$ 5,515,370 | \$ 59,461 | \$ 691,364 | \$ 6,266,195 |
| Total Liabilities and Fund Balances | \$ 7,621,815 | \$ 59,461 | \$ 691,364 | \$ 8,372,640 |

Exhibit I-3

Overton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Overton County School Department
June 30, 2011

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

| | | | |
|---|----|------------------|--------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit I-2) | | \$ | 6,266,195 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 460,517 | |
| Add: construction in progress | | 206,930 | |
| Add: buildings and improvements net of accumulated depreciation | | 15,163,642 | |
| Add: infrastructure net of accumulated depreciation | | 779,430 | |
| Add: other capital assets net of accumulated depreciation | | <u>1,590,132</u> | 18,200,651 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: bonds payable | \$ | (10,630,000) | |
| Less: other postemployment benefits liability | | (1,276,091) | |
| Less: compensated absences payable | | (127,640) | |
| Less: accrued interest on bonds | | <u>(82,745)</u> | (12,116,476) |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>251,912</u> |
| Net assets of governmental activities (Exhibit A) | | \$ | <u><u>12,602,282</u></u> |

Exhibit I-4

Overton County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Overton County School Department
For the Year Ended June 30, 2011

| | Major Funds | | Nonmajor Funds | Total Governmental Funds |
|--|------------------------------|-------------------------------|-------------------------------------|--------------------------------|
| | General Purpose School | School Federal Projects | Other Govern- mental Funds | |
| | | | | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 3,447,604 | \$ 0 | \$ 584,621 | \$ 4,032,225 |
| Licenses and Permits | 1,682 | 0 | 0 | 1,682 |
| Charges for Current Services | 24,151 | 0 | 503,633 | 527,784 |
| Other Local Revenues | 127,595 | 0 | 3,529 | 131,124 |
| State of Tennessee | 18,608,771 | 0 | 18,759 | 18,627,530 |
| Federal Government | 775,992 | 4,104,812 | 1,400,921 | 6,281,725 |
| Total Revenues | <u>\$ 22,985,795</u> | <u>\$ 4,104,812</u> | <u>\$ 2,511,463</u> | <u>\$ 29,602,070</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 12,235,695 | \$ 3,184,940 | \$ 0 | \$ 15,420,635 |
| Support Services | 7,530,374 | 880,246 | 0 | 8,410,620 |
| Operation of Non-Instructional Services | 1,226,530 | 0 | 1,982,971 | 3,209,501 |
| Capital Outlay | 495,914 | 0 | 0 | 495,914 |
| Debt Service: | | | | |
| Principal on Debt | 0 | 0 | 555,000 | 555,000 |
| Interest on Debt | 0 | 0 | 479,790 | 479,790 |
| Other Debt Service | 0 | 0 | 6,363 | 6,363 |
| Total Expenditures | <u>\$ 21,488,513</u> | <u>\$ 4,065,186</u> | <u>\$ 3,024,124</u> | <u>\$ 28,577,823</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 1,497,282</u> | <u>\$ 39,626</u> | <u>\$ (512,661)</u> | <u>\$ 1,024,247</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 21,008 | \$ 0 | \$ 471,090 | \$ 492,098 |
| Transfers Out | (471,090) | (21,008) | 0 | (492,098) |
| Total Other Financing Sources (Uses) | <u>\$ (450,082)</u> | <u>\$ (21,008)</u> | <u>\$ 471,090</u> | <u>\$ 0</u> |
| Net Change in Fund Balances | \$ 1,047,200 | \$ 18,618 | \$ (41,571) | \$ 1,024,247 |
| Fund Balance, July 1, 2010 | 4,468,170 | 40,843 | 732,935 | 5,241,948 |
| Fund Balance, June 30, 2011 | <u>\$ 5,515,370</u> | <u>\$ 59,461</u> | <u>\$ 691,364</u> | <u>\$ 6,266,195</u> |

Exhibit I-5

Overton County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Overton County School Department
For the Year Ended June 30, 2011

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

| | | |
|--|------------------|-------------------|
| Net change in fund balances - total governmental funds (Exhibit I-4) | | \$ 1,024,247 |
| <p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p> | | |
| Add: capital assets purchased in the current period | \$ 541,608 | |
| Less: current-year depreciation expense | <u>(829,685)</u> | (288,077) |
| <p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p> | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2011 | \$ 251,912 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2010 | <u>(245,749)</u> | 6,163 |
| <p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p> | | |
| Add: principal payments on bonds | | 555,000 |
| <p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| Change in accrued interest | \$ 3,406 | |
| Change in other postemployment benefits liability | (353,647) | |
| Change in compensated absences payable | <u>(11,412)</u> | <u>(361,653)</u> |
| Change in net assets of governmental activities (Exhibit B) | | <u>\$ 935,680</u> |

Exhibit I-6

Overton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Overton County School Department
June 30, 2011

| | Special Revenue Fund | Debt Service Fund Education Debt Service | Total Nonmajor Governmental Funds |
|---------------------------------------|----------------------------|---|--|
| | Central Cafeteria | | |
| <u>ASSETS</u> | | | |
| Cash | \$ 8,019 | \$ 0 | \$ 8,019 |
| Equity in Pooled Cash and Investments | 67,250 | 404,225 | 471,475 |
| Inventories | 50,646 | 0 | 50,646 |
| Accounts Receivable | 15 | 0 | 15 |
| Due from Other Governments | 161,209 | 0 | 161,209 |
| Total Assets | <u>\$ 287,139</u> | <u>\$ 404,225</u> | <u>\$ 691,364</u> |

| <u>FUND BALANCES</u> | | | |
|--------------------------|-------------------|-------------------|-------------------|
| Nonspendable: | | | |
| Inventory | \$ 50,646 | \$ 0 | \$ 50,646 |
| Restricted: | | | |
| Restricted for Education | 236,493 | 0 | 236,493 |
| Committed: | | | |
| Committed for Education | 0 | 404,225 | 404,225 |
| Total Fund Balances | <u>\$ 287,139</u> | <u>\$ 404,225</u> | <u>\$ 691,364</u> |

Exhibit I-7

Overton County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Overton County School Department
For the Year Ended June 30, 2011

| | Special Revenue Fund | Debt Service Education Debt Service | Total Nonmajor Governmental Funds |
|--|----------------------------|---|--|
| | Central Cafeteria | | |
| <u>Revenues</u> | | | |
| Local Taxes | \$ 0 | \$ 584,621 | \$ 584,621 |
| Charges for Current Services | 503,633 | 0 | 503,633 |
| Other Local Revenues | 3,529 | 0 | 3,529 |
| State of Tennessee | 18,759 | 0 | 18,759 |
| Federal Government | 1,400,921 | 0 | 1,400,921 |
| Total Revenues | <u>\$ 1,926,842</u> | <u>\$ 584,621</u> | <u>\$ 2,511,463</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Operation of Non-Instructional Services | \$ 1,982,971 | \$ 0 | \$ 1,982,971 |
| Debt Service: | | | |
| Principal on Debt | 0 | 555,000 | 555,000 |
| Interest on Debt | 0 | 479,790 | 479,790 |
| Other Debt Service | 0 | 6,363 | 6,363 |
| Total Expenditures | <u>\$ 1,982,971</u> | <u>\$ 1,041,153</u> | <u>\$ 3,024,124</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (56,129)</u> | <u>\$ (456,532)</u> | <u>\$ (512,661)</u> |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers In | \$ 0 | \$ 471,090 | \$ 471,090 |
| Total Other Financing Sources (Uses) | <u>\$ 0</u> | <u>\$ 471,090</u> | <u>\$ 471,090</u> |
| Net Change in Fund Balances | \$ (56,129) | \$ 14,558 | \$ (41,571) |
| Fund Balance, July 1, 2010 | 343,268 | 389,667 | 732,935 |
| Fund Balance, June 30, 2011 | <u>\$ 287,139</u> | <u>\$ 404,225</u> | <u>\$ 691,364</u> |

Exhibit I-8

Overtown County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overtown County School Department
General Purpose School Fund
For the Year Ended June 30, 2011

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2010 | Add: Encumbrances 6/30/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 3,447,604 | \$ 0 | \$ 0 | \$ 3,447,604 | \$ 3,390,562 | \$ 3,390,562 | \$ 57,042 |
| Licenses and Permits | 1,682 | 0 | 0 | 1,682 | 1,400 | 1,400 | 282 |
| Charges for Current Services | 24,151 | 0 | 0 | 24,151 | 21,000 | 21,000 | 3,151 |
| Other Local Revenues | 127,595 | 0 | 0 | 127,595 | 57,600 | 119,204 | 8,391 |
| State of Tennessee | 18,608,771 | 0 | 0 | 18,608,771 | 18,447,013 | 18,568,703 | 40,068 |
| Federal Government | 775,992 | 0 | 0 | 775,992 | 606,058 | 789,747 | (13,755) |
| Total Revenues | \$ 22,985,795 | \$ 0 | \$ 0 | \$ 22,985,795 | \$ 22,523,633 | \$ 22,890,616 | \$ 95,179 |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 10,059,137 | \$ (191,821) | \$ 309,703 | \$ 10,177,019 | \$ 10,988,238 | \$ 10,453,262 | \$ 276,243 |
| Alternative Instruction Program | 63,467 | 0 | 0 | 63,467 | 63,538 | 64,038 | 571 |
| Special Education Program | 1,248,388 | 0 | 0 | 1,248,388 | 1,283,957 | 1,265,957 | 17,569 |
| Vocational Education Program | 828,646 | (4,368) | 0 | 824,278 | 869,022 | 854,022 | 29,744 |
| Adult Education Program | 36,057 | (170) | 0 | 35,887 | 45,411 | 47,397 | 11,510 |
| <u>Support Services</u> | | | | | | | |
| Attendance | 181,653 | 0 | 0 | 181,653 | 187,252 | 187,252 | 5,599 |
| Health Services | 62,642 | 0 | 0 | 62,642 | 57,208 | 67,208 | 4,566 |
| Other Student Support | 549,647 | 0 | 0 | 549,647 | 544,139 | 564,139 | 14,492 |
| Regular Instruction Program | 590,568 | 0 | 10,589 | 601,157 | 552,968 | 622,968 | 21,811 |
| Vocational Education Program | 160,690 | 0 | 0 | 160,690 | 169,200 | 171,200 | 10,510 |
| Adult Programs | 82,535 | 0 | 0 | 82,535 | 86,178 | 87,378 | 4,843 |
| Other Programs | 65,241 | 0 | 0 | 65,241 | 62,190 | 72,690 | 7,449 |
| Board of Education | 118,744 | 0 | 0 | 118,744 | 0 | 118,744 | 0 |
| Director of Schools | 318,161 | 0 | 0 | 318,161 | 337,339 | 347,339 | 29,178 |
| Office of the Principal | 125,881 | (1,920) | 0 | 123,961 | 133,094 | 134,094 | 10,133 |
| Fiscal Services | 1,598,606 | 0 | 0 | 1,598,606 | 1,693,709 | 1,693,709 | 95,103 |
| Operation of Plant | 265,895 | (270) | 1,345 | 266,970 | 262,946 | 277,946 | 10,976 |
| Maintenance of Plant | 1,884,928 | 0 | 42,537 | 1,927,465 | 1,961,392 | 2,046,392 | 118,927 |
| Transportation | 279,425 | 0 | 0 | 279,425 | 313,556 | 313,556 | 34,131 |
| | 1,245,758 | 0 | 0 | 1,245,758 | 1,228,623 | 1,253,623 | 7,865 |

(Continued)

Exhibit I-8

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2010 | Add: Encumbrances 6/30/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Food Service | \$ 50,365 | \$ 0 | \$ 0 | \$ 50,365 | \$ 40,000 | \$ 51,000 | \$ 635 |
| Community Services | 657,868 | (313) | 55 | 657,610 | 569,920 | 669,707 | 12,097 |
| Early Childhood Education | 518,297 | (19,529) | 1,190 | 499,958 | 506,204 | 506,204 | 6,246 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 495,914 | (149,659) | 372,624 | 718,879 | 45,459 | 719,459 | 580 |
| Total Expenditures | \$ 21,488,513 | \$ (368,050) | \$ 738,043 | \$ 21,858,506 | \$ 22,001,543 | \$ 22,589,284 | \$ 730,778 |
| <u>Excess (Deficiency) of Revenues Over Expenditures</u> | \$ 1,497,282 | \$ 368,050 | \$ (738,043) | \$ 1,127,289 | \$ 522,090 | \$ 301,332 | \$ 825,957 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 21,008 | \$ 0 | \$ 0 | \$ 21,008 | \$ 31,000 | \$ 31,000 | \$ (9,992) |
| Transfers Out | (471,090) | 0 | 0 | (471,090) | (471,090) | (471,090) | 0 |
| Total Other Financing Sources (Uses) | \$ (450,082) | \$ 0 | \$ 0 | \$ (450,082) | \$ (440,090) | \$ (440,090) | \$ (9,992) |
| Net Change in Fund Balance | \$ 1,047,200 | \$ 368,050 | \$ (738,043) | \$ 677,207 | \$ 82,000 | \$ (138,758) | \$ 815,965 |
| Fund Balance, July 1, 2010 | 4,468,170 | (368,050) | 0 | 4,100,120 | 4,543,252 | 4,543,252 | (443,132) |
| Fund Balance, June 30, 2011 | \$ 5,515,370 | \$ 0 | \$ (738,043) | \$ 4,777,327 | \$ 4,625,252 | \$ 4,404,494 | \$ 372,833 |

Exhibit I-9

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overton County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2010 | Add: Encumbrances 6/30/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Federal Government | \$ 4,104,812 | \$ 0 | \$ 0 | \$ 4,104,812 | \$ 3,758,037 | \$ 4,312,019 | \$ (207,207) |
| Total Revenues | \$ 4,104,812 | \$ 0 | \$ 0 | \$ 4,104,812 | \$ 3,758,037 | \$ 4,312,019 | \$ (207,207) |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 2,242,772 | \$ 0 | \$ 0 | \$ 2,242,772 | \$ 1,781,962 | \$ 2,289,944 | \$ 47,172 |
| Alternative Instruction Program | 0 | 0 | 0 | 0 | 11,000 | 0 | 0 |
| Special Education Program | 899,737 | 0 | 0 | 899,737 | 867,785 | 915,931 | 16,194 |
| Vocational Education Program | 42,431 | (119) | 4,491 | 46,803 | 42,618 | 46,803 | 0 |
| <u>Support Services</u> | | | | | | | |
| Other Student Support | 409,132 | (1,700) | 0 | 407,432 | 428,293 | 424,948 | 17,516 |
| Regular Instruction Program | 396,628 | 0 | 0 | 396,628 | 401,872 | 438,490 | 41,862 |
| Special Education Program | 23,856 | 0 | 0 | 23,856 | 37,530 | 23,937 | 81 |
| Vocational Education Program | 763 | 0 | 0 | 763 | 3,018 | 763 | 0 |
| Transportation | 49,867 | 0 | 0 | 49,867 | 50,539 | 49,867 | 0 |
| Total Expenditures | \$ 4,065,186 | \$ (1,819) | \$ 4,491 | \$ 4,067,858 | \$ 3,624,617 | \$ 4,190,683 | \$ 122,825 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 39,626 | \$ 1,819 | \$ (4,491) | \$ 36,954 | \$ 133,420 | \$ 121,336 | \$ (84,382) |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers Out | \$ (21,008) | \$ 0 | \$ 0 | \$ (21,008) | \$ (133,420) | \$ (121,336) | \$ 100,328 |
| Total Other Financing Sources (Uses) | \$ (21,008) | \$ 0 | \$ 0 | \$ (21,008) | \$ (133,420) | \$ (121,336) | \$ 100,328 |
| Net Change in Fund Balance Fund Balance, July 1, 2010 | \$ 18,618 | \$ 1,819 | \$ (4,491) | \$ 15,946 | \$ 0 | \$ 0 | \$ 15,946 |
| | 40,843 | (1,819) | 0 | 39,024 | 0 | 0 | 39,024 |
| Fund Balance, June 30, 2011 | \$ 59,461 | \$ 0 | \$ (4,491) | \$ 54,970 | \$ 0 | \$ 0 | \$ 54,970 |

Exhibit I-10

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Overton County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2011

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Charges for Current Services | \$ 503,633 | \$ 676,968 | \$ 676,968 | \$ (173,335) |
| Other Local Revenues | 3,529 | 17,500 | 15,500 | (11,971) |
| State of Tennessee | 18,759 | 117,200 | 119,200 | (100,441) |
| Federal Government | 1,400,921 | 1,283,524 | 1,283,524 | 117,397 |
| Total Revenues | \$ 1,926,842 | \$ 2,095,192 | \$ 2,095,192 | \$ (168,350) |
| <u>Expenditures</u> | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Food Service | \$ 1,957,971 | \$ 1,995,992 | \$ 1,995,992 | \$ 38,021 |
| Community Services | 25,000 | 94,300 | 94,200 | 69,200 |
| Total Expenditures | \$ 1,982,971 | \$ 2,090,292 | \$ 2,090,192 | \$ 107,221 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (56,129) | \$ 4,900 | \$ 5,000 | \$ (61,129) |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers Out | \$ 0 | \$ (5,000) | \$ (5,000) | \$ 5,000 |
| Total Other Financing Sources (Uses) | \$ 0 | \$ (5,000) | \$ (5,000) | \$ 5,000 |
| Net Change in Fund Balance | \$ (56,129) | \$ (100) | \$ 0 | \$ (56,129) |
| Fund Balance, July 1, 2010 | 343,268 | 289,992 | 289,992 | 53,276 |
| Fund Balance, June 30, 2011 | \$ 287,139 | \$ 289,892 | \$ 289,992 | \$ (2,853) |

Exhibit I-11

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Overton County School Department
Education Debt Service Fund
For the Year Ended June 30, 2011

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 584,621 | \$ 570,000 | \$ 573,000 | \$ 11,621 |
| Total Revenues | \$ 584,621 | \$ 570,000 | \$ 573,000 | \$ 11,621 |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| Education | \$ 555,000 | \$ 555,000 | \$ 555,000 | \$ 0 |
| <u>Interest on Debt</u> | | | | |
| Education | 479,790 | 479,790 | 479,790 | 0 |
| <u>Other Debt Service</u> | | | | |
| Education | 6,363 | 6,300 | 9,300 | 2,937 |
| Total Expenditures | \$ 1,041,153 | \$ 1,041,090 | \$ 1,044,090 | \$ 2,937 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (456,532) | \$ (471,090) | \$ (471,090) | \$ 14,558 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 471,090 | \$ 471,090 | \$ 471,090 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 471,090 | \$ 471,090 | \$ 471,090 | \$ 0 |
| Net Change in Fund Balance | \$ 14,558 | \$ 0 | \$ 0 | \$ 14,558 |
| Fund Balance, July 1, 2010 | 389,667 | 389,668 | 389,668 | (1) |
| Fund Balance, June 30, 2011 | \$ 404,225 | \$ 389,668 | \$ 389,668 | \$ 14,557 |

MISCELLANEOUS SCHEDULES

Exhibit J-1

Overton County, Tennessee
Schedule of Changes in Long-term Notes, Bonds, and Other Loans
Primary Government and Discretely Presented Overton County School Department
For the Year Ended June 30, 2011

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-10 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-11 |
|--|--------------------------|---------------|---------------|--------------------|--------------------|----------------------|-----------------------------------|---------------------|
| <u>PRIMARY GOVERNMENT</u> | | | | | | | | |
| <u>NOTES PAYABLE</u> | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| <u>Volunteer State Community College</u> | \$ 500,000 | 3 % | 11-23-04 | 11-23-16 | \$ 291,665 | \$ 0 | \$ 41,667 | \$ 249,998 |
| Library | 1,515,000 | 4.35 to 5 | 12-21-05 | 6-30-18 | 437,599 | 0 | 115,000 | 322,599 |
| Industrial Park | 850,000 | 5.07 | 3-29-07 | 4-1-19 | 637,500 | 0 | 70,833 | 566,667 |
| Highway Equipment | 901,000 | 4.31 | 10-1-07 | 11-1-16 | 700,778 | 0 | 100,110 | 600,668 |
| Patrol Cars and Ambulance Remount | 270,000 | 4 | 10-1-07 | 10-1-10 | 65,000 | 0 | 65,000 | 0 |
| Backhoe | 55,000 | 4 | 10-1-07 | 10-1-10 | 18,334 | 0 | 18,334 | 0 |
| Rolloff Truck | 117,980 | 3.47 | 5-20-09 | 5-20-12 | 78,653 | 0 | 39,349 | 39,304 |
| Ambulance | 75,000 | 3.47 | 5-20-09 | 5-20-12 | 50,000 | 0 | 25,014 | 24,986 |
| Health Department Addition | 58,000 | 3.47 | 6-9-09 | 6-9-12 | 38,667 | 0 | 19,345 | 19,322 |
| Total Notes Payable | | | | | \$ 2,318,196 | \$ 0 | \$ 494,652 | \$ 1,823,544 |

| | | | | | | | | |
|--|-----------|----------|---------|---------|--------------|------|------------|--------------|
| <u>BONDS PAYABLE</u> | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| Industrial Park Land - F.H.A. | 1,650,000 | 4.5 | 4-21-03 | 4-21-27 | \$ 1,042,794 | \$ 0 | \$ 42,752 | \$ 1,000,042 |
| General Obligation Refunding - Series 2009 | 5,520,000 | 2 to 4.1 | 3-31-09 | 6-1-24 | 5,220,000 | 0 | 305,000 | 4,915,000 |
| Total Payable through General Debt Service Fund | | | | | \$ 6,262,794 | \$ 0 | \$ 347,752 | \$ 5,915,042 |

| | | | | | | | | |
|-------------------------------------|---------|------|----------|----------|--------------|------------|------------|--------------|
| <u>Payable through General Fund</u> | | | | | | | | |
| General Obligation - Patrol Cars | 130,000 | 3.75 | 12-17-10 | 12-17-15 | \$ 0 | \$ 130,000 | \$ 0 | \$ 130,000 |
| Total Bonds Payable | | | | | \$ 6,262,794 | \$ 130,000 | \$ 347,752 | \$ 6,045,042 |

| | | | | | | | | |
|---|---------|----------|---------|---------|-----------|------|-----------|-----------|
| <u>OTHER LOANS PAYABLE</u> | | | | | | | | |
| Montgomery County Public Building Authority | | | | | | | | |
| Payable through General Debt Service Fund | 135,120 | Variable | 8-14-03 | 8-14-12 | \$ 46,070 | \$ 0 | \$ 14,830 | \$ 31,240 |
| Airport Runway Expansion | | | | | | | | |

(Continued)

Exhibit J-1

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

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-10 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-11 |
|--|--------------------------|---------------|---------------|--------------------|--------------------|----------------------|-----------------------------------|---------------------|
| <u>DISCRETELY PRESENTED OVERTON COUNTY SCHOOL DEPARTMENT</u> | | | | | | | | |
| <u>BONDS PAYABLE</u> | | | | | | | | |
| <u>Payable through Education Debt Service Fund</u> | | | | | | | | |
| School Refunding Bonds, Series 2004 | \$ 7,795,000 | 2 to 5 % | 3-26-04 | 4-1-20 | \$ 6,285,000 | 0 | \$ 515,000 | \$ 5,770,000 |
| School Refunding Bonds, Series 2005 | 5,090,000 | 3.5 to 4.3 | 7-28-05 | 6-30-25 | 4,900,000 | 0 | 40,000 | 4,860,000 |
| Total Bonds Payable | | | | | \$ 11,185,000 | 0 | \$ 555,000 | \$ 10,630,000 |

Exhibit J-2

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

PRIMARY GOVERNMENT

| Year Ending June 30 | Notes | | |
|---------------------------|--------------|------------|--------------|
| | Principal | Interest | Total |
| 2012 | \$ 416,223 | \$ 79,507 | \$ 495,730 |
| 2013 | 337,611 | 61,201 | 398,812 |
| 2014 | 290,210 | 45,685 | 335,895 |
| 2015 | 212,610 | 32,539 | 245,149 |
| 2016 | 212,611 | 23,324 | 235,935 |
| 2017 | 212,612 | 14,007 | 226,619 |
| 2018 | 70,833 | 7,282 | 78,115 |
| 2019 | 70,834 | 3,642 | 74,476 |
| Total | \$ 1,823,544 | \$ 267,187 | \$ 2,090,731 |

| Year Ending June 30 | Bonds | | |
|---------------------------|--------------|--------------|--------------|
| | Principal | Interest | Total |
| 2012 | \$ 378,797 | \$ 225,398 | \$ 604,195 |
| 2013 | 391,713 | 213,183 | 604,896 |
| 2014 | 404,752 | 200,544 | 605,296 |
| 2015 | 417,922 | 187,474 | 605,396 |
| 2016 | 426,226 | 173,969 | 600,195 |
| 2017 | 415,675 | 159,138 | 574,813 |
| 2018 | 428,180 | 144,573 | 572,753 |
| 2019 | 445,798 | 129,005 | 574,803 |
| 2020 | 458,534 | 112,024 | 570,558 |
| 2021 | 481,393 | 94,155 | 575,548 |
| 2022 | 499,381 | 74,567 | 573,948 |
| 2023 | 517,503 | 54,245 | 571,748 |
| 2024 | 545,765 | 33,183 | 578,948 |
| 2025 | 79,175 | 10,503 | 89,678 |
| 2026 | 82,737 | 6,941 | 89,678 |
| 2027 | 71,491 | 3,218 | 74,709 |
| Total | \$ 6,045,042 | \$ 1,822,120 | \$ 7,867,162 |

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

| Year Ending June 30 | Other Loans | | | Total |
|---------------------------|-------------|----------|------------|-----------|
| | Principal | Interest | Other Fees | |
| 2012 | \$ 15,350 | \$ 81 | \$ 1,179 | \$ 16,610 |
| 2013 | 15,890 | 39 | 1,097 | 17,026 |
| Total | \$ 31,240 | \$ 120 | \$ 2,276 | \$ 33,636 |

DISCRETELY PRESENTED OVERTON
COUNTY SCHOOL DEPARTMENT

| Year Ending June 30 | Bonds | | Total |
|---------------------------|---------------|--------------|---------------|
| | Principal | Interest | |
| 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 |
| 2019 | 790,000 | 249,978 | 1,039,978 |
| 2020 | 820,000 | 218,378 | 1,038,378 |
| 2021 | 810,000 | 185,578 | 995,578 |
| 2022 | 855,000 | 153,178 | 1,008,178 |
| 2023 | 895,000 | 118,123 | 1,013,123 |
| 2024 | 935,000 | 80,980 | 1,015,980 |
| 2025 | 970,000 | 41,710 | 1,011,710 |
| Total | \$ 10,630,000 | \$ 3,729,321 | \$ 14,359,321 |

Exhibit J-3

Overton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Overton County School Department
For the Year Ended June 30, 2011

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--|------------------------|-----------------|-------------------|
| <u>PRIMARY GOVERNMENT</u> | | | |
| Solid Waste/Sanitation | General | Operations | \$ 32,000 |
| Highway/Public Works | General Debt Service | Debt retirement | 40,000 |
| Total Transfers Primary Government | | | <u>\$ 72,000</u> |
| <u>DISCRETELY PRESENTED OVERTON</u> <u>COUNTY SCHOOL DEPARTMENT</u> | | | |
| School Federal Projects | General Purpose School | Indirect cost | \$ 21,008 |
| General Purpose School | Education Debt Service | Debt retirement | 471,090 |
| Total Transfers Discretely Presented Overton County School Department | | | <u>\$ 492,098</u> |

Overton County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Overton County School Department
For the Year Ended June 30, 2011

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|--|--|---------------------------|------------|--|
| County Executive: | | | | |
| Kenneth Copeland (7-1-10 through 8-31-10) | Section 8-24-102, TCA | \$ 11,117 | \$ 100,000 | RLI Insurance Company |
| Ron Cyrus (9-1-10 through 6-30-11) | Section 8-24-102, TCA | 55,585 | 100,000 | " |
| Highway Superintendent | Section 8-24-102, TCA | 63,527 | 100,000 | Western Surety Company |
| Director of Schools | State Board of Education and County Board of Education | 79,069 (1) | (2) | |
| Trustee | Section 8-24-102, TCA | 57,751 | 724,000 | RLI Insurance Company |
| Assessor of Property | Section 8-24-102, TCA | 57,751 | 10,000 | Western Surety Company |
| County Clerk | Section 8-24-102, TCA | 57,751 | 50,000 | " |
| Circuit and General Sessions Courts Clerk: | | | | |
| Johnny Brown (7-1-10 through 8-31-10) | Section 8-24-102, TCA | 9,625 | 50,000 | RLI Insurance Company |
| Barbara Matthews (9-1-10 through 6-30-11) | Section 8-24-102, TCA, and Chancery Court Judge | 48,126 | 50,000 | Western Surety Company |
| Clerk and Master | Section 8-24-102, TCA, and Chancery Court Judge | 57,751 (3) | 75,000 | " |
| Register | Section 8-24-102, TCA | 57,751 | 25,000 | " |
| Sheriff | Section 8-24-102, TCA | 63,527 (4) | 25,000 | RLI Insurance Company |
| Director of Accounts and Budgets | Section 5-13-103, TCA, and County Commission | 33,750 | 150,000 | Western Surety Company |
| Employee Blanket Bonds: | | | | |
| Public Employees Dishonesty - County Departments | | | 150,000 | Local Government Property and Casualty |
| Public Employees Dishonesty - School Department | | | 150,000 | Tennessee Risk Management Trust |

(1) Includes a chief executive officer training supplement of \$1,000.
(2) The director of schools is covered under the public employee dishonesty bond.
(3) Does not include special commissioner fees of \$12,747.
(4) Does not include \$600 for a law enforcement training supplement.

Exhibit J-5

Overton County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2011

| | Special Revenue Funds | | | | | | | | | | Total |
|--|-----------------------|---------------------------------|--------------------------|--------------|--------------------------------|------------------------|-------------------|-----------------------|---------------------------------------|---------------------------------------|------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works | Debt Service Fund | Capital Projects Fund | Community Development/Industrial Park | | |
| | | | | | | | | | General Debt Service | Community Development/Industrial Park | |
| \$ | 2,847,947 | 0 | 290,615 | 0 | 0 | 145,218 | 319,748 | 0 | 0 | 0 | 3,603,528 |
| County Property Taxes | 166,448 | 0 | 16,316 | 0 | 0 | 6,527 | 21,219 | 0 | 0 | 0 | 210,510 |
| Current Property Tax | 3,490 | 0 | 352 | 0 | 0 | 167 | 407 | 0 | 0 | 0 | 4,416 |
| Trustee's Collections - Prior Year | 38,161 | 0 | 3,741 | 0 | 0 | 1,497 | 4,716 | 0 | 0 | 0 | 48,115 |
| Circuit/Clerk & Master Collections - Prior Years | 30,497 | 0 | 3,005 | 0 | 0 | 1,240 | 3,886 | 0 | 0 | 0 | 38,628 |
| Interest and Penalty | 5,517 | 0 | 556 | 0 | 0 | 262 | 588 | 0 | 0 | 0 | 6,923 |
| Payments in-Lieu-of-Taxes - Other | | | | | | | | | | | |
| <u>County Local Option Taxes</u> | | | | | | | | | | | |
| Local Option Sales Tax | 316,144 | 0 | 459,337 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 775,481 |
| Litigation Tax - General | 91,482 | 244 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 91,726 |
| Litigation Tax - Special Purpose | 0 | 2,673 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,673 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 18,662 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,662 |
| Business Tax | 102,408 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 102,408 |
| Mineral Severance Tax | 76,681 | 0 | 0 | 0 | 0 | 83,392 | 0 | 0 | 0 | 0 | 160,073 |
| <u>Statutory Local Taxes</u> | | | | | | | | | | | |
| Bank Excise Tax | 37,223 | 0 | 3,798 | 0 | 0 | 1,899 | 4,178 | 0 | 0 | 0 | 47,098 |
| Total Local Taxes | 3,734,660 | 2,917 | 777,720 | 0 | 0 | 240,202 | 354,742 | 0 | 0 | 0 | 5,110,241 |
| <u>Licenses and Permits</u> | | | | | | | | | | | |
| Licenses | 4,675 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,675 |
| Cable TV Franchise Permits | 1,438 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,438 |
| Beer Permits | 6,113 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,113 |
| Total Licenses and Permits | | | | | | | | | | | |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | | | | | | |
| Circuit Court | | | | | | | | | | | |
| Fines | 4,075 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,075 |
| Officers Costs | 4,684 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,684 |
| Drug Control Fines | 0 | 0 | 0 | 15,119 | 0 | 0 | 0 | 0 | 0 | 0 | 15,119 |
| Jail Fees | 2,180 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,180 |

(Continued)

Exhibit J-5

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

| | Special Revenue Funds | | | | | | | | | | Total |
|--|-----------------------|---------------------------------|--------------------------|--------------|--------------------------------|------------------------|-------------------|-----------------------|---------------------------------------|-----------------------------|------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works | Debt Service Fund | Capital Projects Fund | Community Development/Industrial Park | | |
| | | | | | | | | | General Debt Service | Development/Industrial Park | |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | | | | | | |
| <u>Circuit Court (Cont.)</u> | | | | | | | | | | | |
| DUI Treatment Fines | \$ 696 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 696 |
| Data Entry Fee - Circuit Court | 343 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 343 |
| <u>Criminal Court</u> | | | | | | | | | | | |
| Drug Control Fines | 0 | 0 | 0 | 937 | 0 | 0 | 0 | 0 | 0 | 0 | 937 |
| Drug Court Fees | 2,303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,303 |
| <u>General Sessions Court</u> | | | | | | | | | | | |
| Fines | 23,114 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23,114 |
| Officers Costs | 28,397 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,397 |
| Game and Fish Fines | 446 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 446 |
| Drug Control Fines | 268 | 0 | 0 | 16,721 | 0 | 0 | 0 | 0 | 0 | 0 | 16,989 |
| Drug Court Fees | 4,322 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,322 |
| Jail Fees | 18,903 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,903 |
| DUI Treatment Fines | 679 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 679 |
| Data Entry Fee - General Sessions Court | 3,518 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,518 |
| Courtroom Security Fee | 390 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 390 |
| <u>Juvenile Court</u> | | | | | | | | | | | |
| Fines | 418 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 418 |
| <u>Chancery Court</u> | | | | | | | | | | | |
| Officers Costs | 2,288 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,288 |
| Data Entry Fee - Chancery Court | 4,540 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,540 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 11,082 | 0 | 0 | 0 | 0 | 0 | 0 | 11,082 |
| Total Fines, Forfeitures, and Penalties | \$ 101,564 | \$ 0 | \$ 0 | \$ 43,859 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 145,423 |
| <u>Charges for Current Services</u> | | | | | | | | | | | |
| <u>General Service Charges</u> | | | | | | | | | | | |
| Tipping Fees | 0 | 0 | 253,313 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 253,313 |
| Patient Charges | 1,194,889 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,194,889 |
| Work Release Charges for Board | 4,350 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,350 |
| Service Charges | 1,456 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,456 |

(Continued)

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

| | Special Revenue Funds | | | | | | | | | | Total | |
|--|-----------------------|---------------------------------|--------------------------|---------------|--------------------------------|------------------------|-------------------|---------------|----------------------------------|----------|----------|------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works | Debt Service Fund | | Capital Projects Fund | | | |
| | | | | | | | General Debt | Service | Community Development/Industrial | Park | | |
| <u>Charges for Current Services (Cont.)</u> | | | | | | | | | | | | |
| <u>Fees</u> | | | | | | | | | | | | |
| Copy Fees | 2,384 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,384 |
| Telephone Commissions | 7,984 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,984 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 5,970 | 0 | 0 | 0 | 0 | 0 | 0 | 5,970 |
| Data Processing Fee - Register | 7,778 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,778 |
| Probation Fees | 132 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 132 |
| Data Processing Fee - Sheriff | 2,507 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,507 |
| Sexual Offender Registration Fees - Sheriff | 1,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,800 |
| <u>Education Charges</u> | | | | | | | | | | | | |
| Tuition - Other | 60,566 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60,566 |
| <u>Total Charges for Current Services</u> | <u>1,283,846</u> | <u>0</u> | <u>253,313</u> | <u>0</u> | <u>5,970</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,543,129</u> |
| <u>Other Local Revenues</u> | | | | | | | | | | | | |
| <u>Recurring Items</u> | | | | | | | | | | | | |
| Investment Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,909 | 0 | 0 | 0 | 24,909 |
| Lease/Rentals | 10,975 | 0 | 0 | 610 | 0 | 0 | 0 | 3,600 | 0 | 0 | 0 | 15,185 |
| Sale of Materials and Supplies | 15,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,000 | 0 | 0 | 15,000 |
| Commissary Sales | 44,312 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 44,312 | 0 | 0 | 44,312 |
| Sale of Recycled Materials | 1,899 | 0 | 80,310 | 0 | 0 | 0 | 275 | 0 | 82,484 | 0 | 0 | 82,484 |
| Refund of Telecommunication & Internet Fees (E-Rate) | 980 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 980 | 0 | 0 | 980 |
| Miscellaneous Refunds | 38,472 | 0 | 4,714 | 0 | 0 | 0 | 3,701 | 0 | 46,887 | 0 | 0 | 46,887 |
| <u>Nonrecurring Items</u> | | | | | | | | | | | | |
| Sale of Property | 44,350 | 0 | 0 | 12,100 | 0 | 0 | 11,855 | 0 | 68,305 | 0 | 0 | 68,305 |
| Damages Recovered from Individuals | 535 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 535 | 0 | 0 | 535 |
| Contributions and Gifts | 6,383 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,383 | 0 | 0 | 6,383 |
| <u>Total Other Local Revenues</u> | <u>162,906</u> | <u>0</u> | <u>85,024</u> | <u>12,710</u> | <u>0</u> | <u>0</u> | <u>15,831</u> | <u>28,509</u> | <u>304,980</u> | <u>0</u> | <u>0</u> | <u>304,980</u> |
| <u>Fees Received from County Officials</u> | | | | | | | | | | | | |
| <u>Fees in-Lieu-of Salary</u> | | | | | | | | | | | | |
| County Clerk | 218,521 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 218,521 | 0 | 0 | 218,521 |
| Circuit Court Clerk | 54,099 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54,099 | 0 | 0 | 54,099 |

(Continued)

Exhibit J-5

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

| | Special Revenue Funds | | | | | | | | | | Total | |
|--|-----------------------|---------------------------------|--------------------------|--------------|--------------------------------|------------------------|-------------------|------------------|------------------------|-------------|-------------|---------------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitutional Officers - Fees | Highway / Public Works | Debt Service Fund | | Capital Projects Fund | | | |
| | | | | | | | General | Debt | Development/Industrial | Park | | |
| Fees Received from County Officials (Cont.) | | | | | | | | | | | | |
| <u>Fees in-Lieu-of Salary (Cont.)</u> | | | | | | | | | | | | |
| General Sessions Court Clerk | \$ 124,379 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 124,379 |
| Clerk and Master | 54,338 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54,338 |
| Register | 89,502 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 89,502 |
| Sheriff | 20,603 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,603 |
| Trustee | 230,155 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 230,155 |
| Total Fees Received from County Officials | \$ 791,597 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 791,597 |
| State of Tennessee | | | | | | | | | | | | |
| <u>General Government Grants</u> | | | | | | | | | | | | |
| Juvenile Services Program | \$ 9,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 9,000 |
| Solid Waste Grants | 0 | 0 | 8,562 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,562 |
| On-Behalf Contributions for OPEB | 5,432 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,432 |
| <u>Public Safety Grants</u> | | | | | | | | | | | | |
| Law Enforcement Training Programs | 13,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,200 |
| <u>Public Works Grants</u> | | | | | | | | | | | | |
| Litter Program | 29,303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,303 |
| <u>Other State Revenues</u> | | | | | | | | | | | | |
| Income Tax | 25,155 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,155 |
| Beer Tax | 40,767 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,767 |
| Alcoholic Beverage Tax | 19,727 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,727 |
| State Revenue Sharing - T.V.A. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Emergency Hospital - Prisoners | 17,401 | 0 | 0 | 0 | 0 | 0 | 0 | 539,338 | 0 | 0 | 0 | 17,401 |
| Contracted Prisoner Boarding | 759,157 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 759,157 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 1,626,923 | 0 | 0 | 0 | 0 | 0 | 1,626,923 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 16,157 | 0 | 0 | 0 | 0 | 0 | 16,157 |
| Registrar's Salary Supplement | 15,164 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,164 |
| Other State Grants | 106,036 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 106,036 |
| Other State Revenues | 70,764 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70,764 |
| Total State of Tennessee | \$ 1,111,106 | \$ 0 | \$ 8,562 | \$ 0 | \$ 0 | \$ 1,643,080 | \$ 539,338 | \$ 28,462 | \$ 0 | \$ 0 | \$ 0 | \$ 3,330,548 |

(Continued)

Exhibit J-5

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

| | Special Revenue Funds | | | | | | | | | | Total | |
|---|-----------------------|---------------------------------------|--------------------------------|-----------------|---|------------------------------|-------------------------|-----------------------------|------------------------------------|------|----------|------------|
| | General | Courthouse and Jail Maintenance | Solid Waste / Sanitation | Drug Control | Constitu- tional Officers - Fees | Highway / Public Works | Debt Service Fund | Capital Projects Fund | Community | | | |
| | | | | | | | | | Development/ Industrial Park | Park | | |
| Federal Government | | | | | | | | | | | | |
| <u>Federal Through State</u> | | | | | | | | | | | | |
| Community Development | \$ 302,625 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 302,625 |
| Disaster Relief | 0 | 0 | 0 | 0 | 0 | 162,050 | 0 | 0 | 0 | 0 | 0 | 162,050 |
| Other Federal through State | 33,449 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33,449 |
| <u>Direct Federal Revenue</u> | | | | | | | | | | | | |
| Other Direct Federal Revenue | 440,681 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 440,681 |
| Total Federal Government | \$ 776,755 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 162,050 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 938,805 |
| Other Governments and Citizens Groups | | | | | | | | | | | | |
| <u>Other Governments</u> | | | | | | | | | | | | |
| Prisoner Board | \$ 188,465 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 188,465 |
| Contracted Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,296 | 5,296 |
| Total Other Governments and Citizens Groups | \$ 188,465 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 5,296 | \$ 193,761 |
| Total | \$ 8,157,012 | \$ 2,917 | \$ 1,124,619 | \$ 56,569 | \$ 5,970 | \$ 2,061,163 | \$ 922,589 | \$ 33,758 | \$ 12,364,597 | | | |

Exhibit J-6

Overton County, Tennessee
 Schedule of Detailed Revenues -
All Governmental Fund Types
 Discretely Presented Overton County School Department
 For the Year Ended June 30, 2011

| | General Purpose School | School Federal Projects | Central Cafeteria | Education Debt Service | Total |
|--|------------------------------|-------------------------------|----------------------|------------------------------|--------------|
| <u>Local Taxes</u> | | | | | |
| <u>County Property Taxes</u> | | | | | |
| Current Property Tax | \$ 1,624,806 | \$ 0 | \$ 0 | \$ 0 | \$ 1,624,806 |
| Trustee's Collections - Prior Year | 96,282 | 0 | 0 | 0 | 96,282 |
| Trustee's Collections - Bankruptcy | 2,001 | 0 | 0 | 0 | 2,001 |
| Circuit/Clerk & Master Collections - Prior Years | 22,221 | 0 | 0 | 0 | 22,221 |
| Interest and Penalty | 17,614 | 0 | 0 | 0 | 17,614 |
| Payments in-Lieu-of Taxes - Other | 3,098 | 0 | 0 | 0 | 3,098 |
| <u>County Local Option Taxes</u> | | | | | |
| Local Option Sales Tax | 1,531,123 | 0 | 0 | 0 | 1,531,123 |
| Wheel Tax | 0 | 0 | 0 | 584,621 | 584,621 |
| Other County Local Option Taxes | 93 | 0 | 0 | 0 | 93 |
| <u>Statutory Local Taxes</u> | | | | | |
| Bank Excise Tax | 21,270 | 0 | 0 | 0 | 21,270 |
| Wholesale Beer Tax | 126,171 | 0 | 0 | 0 | 126,171 |
| Interstate Telecommunications Tax | 2,925 | 0 | 0 | 0 | 2,925 |
| Total Local Taxes | \$ 3,447,604 | \$ 0 | \$ 0 | \$ 584,621 | \$ 4,032,225 |
| <u>Licenses and Permits</u> | | | | | |
| <u>Licenses</u> | | | | | |
| Marriage Licenses | \$ 1,682 | \$ 0 | \$ 0 | \$ 0 | \$ 1,682 |
| Total Licenses and Permits | \$ 1,682 | \$ 0 | \$ 0 | \$ 0 | \$ 1,682 |
| <u>Charges for Current Services</u> | | | | | |
| <u>Education Charges</u> | | | | | |
| Lunch Payments - Children | \$ 0 | \$ 0 | \$ 234,163 | \$ 0 | \$ 234,163 |
| Lunch Payments - Adults | 0 | 0 | 54,128 | 0 | 54,128 |
| Income from Breakfast | 0 | 0 | 35,322 | 0 | 35,322 |
| Special Milk Sales | 0 | 0 | 3,402 | 0 | 3,402 |
| A la carte Sales | 0 | 0 | 176,618 | 0 | 176,618 |
| Receipts from Individual Schools | 24,151 | 0 | 0 | 0 | 24,151 |
| Total Charges for Current Services | \$ 24,151 | \$ 0 | \$ 503,633 | \$ 0 | \$ 527,784 |
| <u>Other Local Revenues</u> | | | | | |
| <u>Recurring Items</u> | | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 536 | \$ 0 | \$ 536 |
| Sale of Materials and Supplies | 2,294 | 0 | 0 | 0 | 2,294 |
| Refund of Telecommunication & Internet Fees (E-Rate) | 50,952 | 0 | 0 | 0 | 50,952 |
| Miscellaneous Refunds | 4,192 | 0 | 2,993 | 0 | 7,185 |
| <u>Nonrecurring Items</u> | | | | | |
| Contributions and Gifts | 70,157 | 0 | 0 | 0 | 70,157 |
| Total Other Local Revenues | \$ 127,595 | \$ 0 | \$ 3,529 | \$ 0 | \$ 131,124 |
| <u>State of Tennessee</u> | | | | | |
| <u>General Government Grants</u> | | | | | |
| On-Behalf Contributions for OPEB | \$ 118,744 | \$ 0 | \$ 0 | \$ 0 | \$ 118,744 |
| <u>State Education Funds</u> | | | | | |
| Basic Education Program | 15,620,925 | 0 | 0 | 0 | 15,620,925 |
| Basic Education Program - ARRA | 1,867,448 | 0 | 0 | 0 | 1,867,448 |
| Early Childhood Education | 506,204 | 0 | 0 | 0 | 506,204 |

(Continued)

Exhibit J-6

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

| | General Purpose School | School Federal Projects | Central Cafeteria | Education Debt Service | Total |
|---|------------------------------|-------------------------------|----------------------|------------------------------|---------------|
| <u>State of Tennessee (Cont.)</u> | | | | | |
| <u>State Education Funds (Cont.)</u> | | | | | |
| School Food Service | \$ 0 | \$ 0 | 18,759 | \$ 0 | 18,759 |
| Driver Education | 13,307 | 0 | 0 | 0 | 13,307 |
| Other State Education Funds | 109,529 | 0 | 0 | 0 | 109,529 |
| Coordinated School Health - ARRA | 100,000 | 0 | 0 | 0 | 100,000 |
| Internet Connectivity - ARRA | 10,363 | 0 | 0 | 0 | 10,363 |
| Statewide Student Management System (SSMS) - ARRA | 8,734 | 0 | 0 | 0 | 8,734 |
| Career Ladder Program | 149,772 | 0 | 0 | 0 | 149,772 |
| Career Ladder - Extended Contract - ARRA | 75,667 | 0 | 0 | 0 | 75,667 |
| <u>Other State Revenues</u> | | | | | |
| Mixed Drink Tax | 6,278 | 0 | 0 | 0 | 6,278 |
| Safe Schools - ARRA | 21,800 | 0 | 0 | 0 | 21,800 |
| Total State of Tennessee | \$ 18,608,771 | \$ 0 | \$ 18,759 | \$ 0 | \$ 18,627,530 |
| <u>Federal Government</u> | | | | | |
| <u>Federal Through State</u> | | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | 863,757 | \$ 0 | 863,757 |
| USDA - Commodities | 0 | 0 | 81,984 | 0 | 81,984 |
| Breakfast | 0 | 0 | 348,401 | 0 | 348,401 |
| USDA - Other | 0 | 0 | 106,779 | 0 | 106,779 |
| Adult Education State Grant Program | 71,256 | 0 | 0 | 0 | 71,256 |
| Vocational Education - Basic Grants to States | 0 | 60,360 | 0 | 0 | 60,360 |
| Title I Grants to Local Education Agencies | 0 | 1,060,287 | 0 | 0 | 1,060,287 |
| Special Education - Grants to States | 74,615 | 1,096,589 | 0 | 0 | 1,171,204 |
| Special Education Preschool Grants | 0 | 42,374 | 0 | 0 | 42,374 |
| Safe and Drug-Free Schools - State Grants | 490,000 | 0 | 0 | 0 | 490,000 |
| Rural Education | 0 | 86,277 | 0 | 0 | 86,277 |
| Eisenhower Professional Development State Grants | 0 | 184,213 | 0 | 0 | 184,213 |
| Job Training Partnership Act | 15,000 | 0 | 0 | 0 | 15,000 |
| Race to the Top - ARRA | 0 | 623,961 | 0 | 0 | 623,961 |
| Other Federal through State | 125,121 | 950,751 | 0 | 0 | 1,075,872 |
| Total Federal Government | \$ 775,992 | \$ 4,104,812 | \$ 1,400,921 | \$ 0 | \$ 6,281,725 |
| Total | \$ 22,985,795 | \$ 4,104,812 | \$ 1,926,842 | \$ 584,621 | \$ 29,602,070 |

Exhibit J-7

Overton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

| | | |
|----------------------------------|-----------|------------|
| Board and Committee Members Fees | \$ 49,800 | |
| Social Security | 3,810 | |
| State Retirement | 836 | |
| Accounting Services | 33,556 | |
| Audit Services | 6,035 | |
| Dues and Memberships | 9,880 | |
| Travel | 287 | |
| Total County Commission | | \$ 104,204 |

Board of Equalization

| | | |
|----------------------------------|----------|-------|
| Board and Committee Members Fees | \$ 2,000 | |
| Total Board of Equalization | | 2,000 |

County Mayor/Executive

| | | |
|--|-----------|---------|
| County Official/Administrative Officer | \$ 66,702 | |
| Accountants/Bookkeepers | 23,498 | |
| Secretary(ies) | 20,850 | |
| Social Security | 8,471 | |
| State Retirement | 1,394 | |
| Medical Insurance | 2,297 | |
| Communication | 4,427 | |
| Data Processing Services | 6,226 | |
| Legal Notices, Recording, and Court Costs | 2,320 | |
| Maintenance and Repair Services - Vehicles | 9,739 | |
| Travel | 2,634 | |
| Duplicating Supplies | 270 | |
| Office Supplies | 10,634 | |
| Other Charges | 7,325 | |
| Office Equipment | 1,109 | |
| Total County Mayor/Executive | | 167,896 |

County Attorney

| | | |
|-----------------------|--------|--------|
| Social Security | \$ 396 | |
| Legal Services | 28,608 | |
| Total County Attorney | | 29,004 |

Election Commission

| | |
|--|-----------|
| County Official/Administrative Officer | \$ 51,976 |
| Clerical Personnel | 22,645 |
| Election Commission | 4,950 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

| | | |
|---|-----------|------------|
| Election Workers | \$ 24,545 | |
| In-Service Training | 315 | |
| Social Security | 7,159 | |
| State Retirement | 4,074 | |
| Communication | 1,180 | |
| Data Processing Services | 11,230 | |
| Legal Notices, Recording, and Court Costs | 2,014 | |
| Maintenance and Repair Services - Buildings | 2,220 | |
| Maintenance and Repair Services - Equipment | 337 | |
| Matching Share | 2,000 | |
| Printing, Stationery, and Forms | 3,629 | |
| Travel | 3,214 | |
| Other Contracted Services | 12,680 | |
| Electricity | 1,885 | |
| Office Supplies | 3,300 | |
| Office Equipment | 172 | |
| Total Election Commission | | \$ 159,525 |

Register of Deeds

| | | |
|--|-----------|---------|
| County Official/Administrative Officer | \$ 57,751 | |
| Deputy(ies) | 23,699 | |
| Clerical Personnel | 23,574 | |
| Part-time Personnel | 8,168 | |
| Social Security | 8,377 | |
| State Retirement | 5,734 | |
| Medical Insurance | 2,383 | |
| Communication | 1,377 | |
| Data Processing Services | 7,541 | |
| Other Contracted Services | 2,263 | |
| Office Supplies | 1,933 | |
| Total Register of Deeds | | 142,800 |

Planning

| | | |
|------------------------------------|----------|--------|
| Supervisor/Director | \$ 1,400 | |
| Board and Committee Members Fees | 4,960 | |
| Social Security | 379 | |
| Contracts with Government Agencies | 9,250 | |
| Total Planning | | 15,989 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

| | | |
|---|-----------|------------|
| Custodial Personnel | \$ 38,131 | |
| Maintenance Personnel | 24,637 | |
| Social Security | 4,802 | |
| State Retirement | 3,337 | |
| Medical Insurance | 2,113 | |
| Communication | 5,061 | |
| Maintenance and Repair Services - Buildings | 52,531 | |
| Maintenance and Repair Services - Vehicles | 1,497 | |
| Travel | 459 | |
| Other Contracted Services | 1,468 | |
| Custodial Supplies | 8,363 | |
| Electricity | 92,525 | |
| Gasoline | 1,980 | |
| Natural Gas | 17,507 | |
| Uniforms | 1,201 | |
| Utilities | 1,861 | |
| Total County Buildings | | \$ 257,473 |

Other General Administration

| | | |
|------------------------------------|----------|---------|
| Teachers | \$ 1,375 | |
| Social Security | 5,394 | |
| Unemployment Compensation | 56,459 | |
| On-Behalf Payments to OPEB | 5,432 | |
| Evaluation and Testing | 2,554 | |
| Licenses | 2,196 | |
| Matching Share | 800 | |
| Remittance of Revenue Collected | 20,682 | |
| Other Contracted Services | 343,440 | |
| Other Supplies and Materials | 8,986 | |
| Liability Insurance | 253,552 | |
| Premiums on Corporate Surety Bonds | 9,407 | |
| Trustee's Commission | 81,707 | |
| Workers' Compensation Insurance | 181,711 | |
| Other Charges | 933 | |
| Total Other General Administration | | 974,628 |

Finance

Accounting and Budgeting

| | |
|--|-----------|
| County Official/Administrative Officer | \$ 33,750 |
| Social Security | 2,582 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

| | | |
|--------------------------------|--------|-----------|
| State Retirement | \$ 955 | |
| Medical Insurance | 1,109 | |
| Total Accounting and Budgeting | | \$ 38,396 |

Property Assessor's Office

| | | |
|--|-----------|---------|
| County Official/Administrative Officer | \$ 57,751 | |
| Deputy(ies) | 23,446 | |
| Clerical Personnel | 19,055 | |
| Social Security | 7,612 | |
| State Retirement | 5,474 | |
| Medical Insurance | 8,885 | |
| Communication | 2,233 | |
| Data Processing Services | 8,951 | |
| Travel | 6,153 | |
| Other Contracted Services | 3,675 | |
| Duplicating Supplies | 12 | |
| Office Supplies | 2,481 | |
| Office Equipment | 407 | |
| Total Property Assessor's Office | | 146,135 |

Reappraisal Program

| | | |
|---------------------------|-----------|--------|
| Assistant(s) | \$ 23,446 | |
| Social Security | 1,733 | |
| State Retirement | 1,280 | |
| Medical Insurance | 3,897 | |
| Data Processing Services | 2,835 | |
| Office Supplies | 1,190 | |
| Total Reappraisal Program | | 34,381 |

County Trustee's Office

| | |
|---|-----------|
| County Official/Administrative Officer | \$ 57,751 |
| Deputy(ies) | 19,055 |
| Clerical Personnel | 19,055 |
| Social Security | 7,333 |
| State Retirement | 5,234 |
| Medical Insurance | 11,162 |
| Communication | 1,986 |
| Data Processing Services | 7,402 |
| Legal Notices, Recording, and Court Costs | 538 |
| Duplicating Supplies | 104 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

| | | |
|-------------------------------|-----------|------------|
| Office Supplies | \$ 10,501 | |
| Office Equipment | 330 | |
| Total County Trustee's Office | | \$ 140,451 |

County Clerk's Office

| | | |
|--|-----------|---------|
| County Official/Administrative Officer | \$ 57,751 | |
| Supervisor/Director | 19,055 | |
| Deputy(ies) | 38,110 | |
| Accountants/Bookkeepers | 19,055 | |
| Social Security | 10,100 | |
| State Retirement | 7,315 | |
| Medical Insurance | 17,832 | |
| Communication | 3,082 | |
| Data Processing Services | 2,460 | |
| Other Contracted Services | 240 | |
| Office Supplies | 8,256 | |
| Office Equipment | 370 | |
| Total County Clerk's Office | | 183,626 |

Administration of Justice

Circuit Court

| | | |
|--|-----------|---------|
| County Official/Administrative Officer | \$ 57,751 | |
| Deputy(ies) | 4,022 | |
| Clerical Personnel | 96,122 | |
| Jury and Witness Expense | 6,756 | |
| Social Security | 11,933 | |
| State Retirement | 7,161 | |
| Medical Insurance | 12,930 | |
| Communication | 3,667 | |
| Data Processing Services | 8,522 | |
| Travel | 225 | |
| Duplicating Supplies | 83 | |
| Office Supplies | 5,980 | |
| Office Equipment | 410 | |
| Total Circuit Court | | 215,562 |

General Sessions Court

| | |
|-----------------|-----------|
| Judge(s) | \$ 89,426 |
| Secretary(ies) | 22,131 |
| Social Security | 8,454 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

| | | |
|------------------------------|----------|------------|
| State Retirement | \$ 6,091 | |
| Medical Insurance | 3,767 | |
| Office Supplies | 1,872 | |
| Total General Sessions Court | | \$ 131,741 |

Chancery Court

| | | |
|--|-----------|---------|
| County Official/Administrative Officer | \$ 57,751 | |
| Deputy(ies) | 23,323 | |
| Clerical Personnel | 40,800 | |
| Part-time Personnel | 3,993 | |
| Social Security | 9,371 | |
| State Retirement | 3,122 | |
| Medical Insurance | 7,559 | |
| Communication | 2,385 | |
| Data Processing Services | 7,320 | |
| Office Supplies | 9,876 | |
| Office Equipment | 2,549 | |
| Total Chancery Court | | 168,049 |

Juvenile Court

| | | |
|---------------------------|----------|--------|
| Guidance Personnel | \$ 9,000 | |
| Social Security | 688 | |
| Other Contracted Services | 648 | |
| Total Juvenile Court | | 10,336 |

Judicial Commissioners

| | | |
|--|-----------|--------|
| County Official/Administrative Officer | \$ 16,000 | |
| Total Judicial Commissioners | | 16,000 |

Public Safety

Sheriff's Department

| | |
|--|-----------|
| County Official/Administrative Officer | \$ 63,527 |
| Deputy(ies) | 369,944 |
| Investigator(s) | 76,659 |
| Captain(s) | 33,652 |
| Sergeant(s) | 119,266 |
| Salary Supplements | 13,200 |
| Secretary(ies) | 20,384 |
| Overtime Pay | 31,521 |
| In-Service Training | 4,186 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

| | | |
|---|-----------|--------------|
| Social Security | \$ 57,139 | |
| State Retirement | 35,083 | |
| Medical Insurance | 31,322 | |
| Communication | 13,532 | |
| Data Processing Services | 11,443 | |
| Legal Services | 4,575 | |
| Maintenance and Repair Services - Equipment | 386 | |
| Maintenance and Repair Services - Vehicles | 23,931 | |
| Other Contracted Services | 18,836 | |
| Gasoline | 94,681 | |
| Office Supplies | 15,011 | |
| Tires and Tubes | 7,488 | |
| Uniforms | 1,942 | |
| Vehicle Parts | 3,479 | |
| Other Supplies and Materials | 6,174 | |
| Communication Equipment | 588 | |
| Motor Vehicles | 163,400 | |
| Office Equipment | 4,398 | |
| Other Equipment | 69,037 | |
| Total Sheriff's Department | | \$ 1,294,784 |

Special Patrols

| | | |
|--|-----------|--------|
| Deputy(ies) | \$ 14,096 | |
| Social Security | 1,025 | |
| State Retirement | 191 | |
| Medical Insurance | 1,282 | |
| Maintenance and Repair Services - Vehicles | 5 | |
| Disposal Fees | 1,242 | |
| Gasoline | 2,500 | |
| Other Supplies and Materials | 238 | |
| Total Special Patrols | | 20,579 |

Jail

| | |
|--|-----------|
| County Official/Administrative Officer | \$ 28,000 |
| Sergeant(s) | 71,359 |
| Guards | 449,673 |
| Clerical Personnel | 37,898 |
| Cafeteria Personnel | 18,751 |
| Overtime Pay | 6,631 |
| In-Service Training | 1,799 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

| | | |
|---|-----------|--------------|
| Social Security | \$ 44,654 | |
| State Retirement | 23,057 | |
| Medical Insurance | 18,402 | |
| Evaluation and Testing | 1,982 | |
| Maintenance and Repair Services - Buildings | 105,861 | |
| Medical and Dental Services | 188,555 | |
| Travel | 814 | |
| Other Contracted Services | 4,038 | |
| Custodial Supplies | 38,409 | |
| Diesel Fuel | 2,173 | |
| Electricity | 40,016 | |
| Food Supplies | 184,292 | |
| Natural Gas | 56,264 | |
| Prisoners Clothing | 2,245 | |
| Uniforms | 5,486 | |
| Other Supplies and Materials | 4,633 | |
| Office Equipment | 135 | |
| Other Equipment | 2,988 | |
| Total Jail | | \$ 1,338,115 |

Fire Prevention and Control

| | | |
|------------------------------------|----------|--------|
| Contracts with Government Agencies | \$ 1,000 | |
| Contributions | 96,000 | |
| Electricity | 1,680 | |
| Total Fire Prevention and Control | | 98,680 |

Civil Defense

| | | |
|---|----------|-------|
| Supervisor/Director | \$ 3,724 | |
| Social Security | 285 | |
| Maintenance and Repair Services - Equipment | 1,605 | |
| Travel | 50 | |
| Electricity | 2,077 | |
| Gasoline | 136 | |
| Other Charges | 128 | |
| Other Equipment | 1,185 | |
| Total Civil Defense | | 9,190 |

Rescue Squad

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

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

County Coroner/Medical Examiner

| | | |
|---------------------------------------|-----------|--------|
| Other Contracted Services | \$ 18,550 | |
| Total County Coroner/Medical Examiner | | 18,550 |

Public Health and Welfare

Local Health Center

| | | |
|---|-----------|---------|
| Other Salaries and Wages | \$ 82,216 | |
| Social Security | 6,290 | |
| Communication | 4,825 | |
| Contracts with Other Public Agencies | 17,500 | |
| Contributions | 1,500 | |
| Maintenance and Repair Services - Buildings | 5,076 | |
| Travel | 2,685 | |
| Custodial Supplies | 1,976 | |
| Drugs and Medical Supplies | 90 | |
| Office Supplies | 608 | |
| Utilities | 15,860 | |
| Other Supplies and Materials | 9,541 | |
| Total Local Health Center | | 148,167 |

Ambulance/Emergency Medical Services

| | |
|---|-----------|
| Supervisor/Director | \$ 46,350 |
| Paraprofessionals | 424,273 |
| Secretary(ies) | 26,200 |
| Attendants | 328,364 |
| Overtime Pay | 144,631 |
| In-Service Training | 14,706 |
| Social Security | 72,050 |
| State Retirement | 44,535 |
| Medical Insurance | 59,836 |
| Communication | 7,433 |
| Licenses | 2,750 |
| Maintenance and Repair Services - Buildings | 9,486 |
| Maintenance and Repair Services - Equipment | 4,381 |
| Maintenance and Repair Services - Vehicles | 23,262 |
| Matching Share | 21,000 |
| Travel | 341 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

| | | |
|--|-----------|--------------|
| Other Contracted Services | \$ 19,500 | |
| Custodial Supplies | 6,429 | |
| Drugs and Medical Supplies | 51,305 | |
| Electricity | 16,189 | |
| Gasoline | 58,390 | |
| Natural Gas | 8,591 | |
| Office Supplies | 6,610 | |
| Tires and Tubes | 7,406 | |
| Uniforms | 6,126 | |
| Other Charges | 90 | |
| Motor Vehicles | 326,289 | |
| Office Equipment | 6,375 | |
| Other Equipment | 25,315 | |
| Total Ambulance/Emergency Medical Services | | \$ 1,768,213 |

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 | \$ 500 | |
| Total Aid to Dependent Children | | 500 |

Social, Cultural, and Recreational Services

Senior Citizens Assistance

| | | |
|----------------------------------|----------|--------|
| Contributions | \$ 7,800 | |
| Data Processing Services | 647 | |
| Utilities | 9,110 | |
| Total Senior Citizens Assistance | | 17,557 |

Libraries

| | |
|---|-----------|
| Supervisor/Director | \$ 29,500 |
| Other Salaries and Wages | 40,277 |
| Social Security | 5,329 |
| State Retirement | 2,363 |
| Medical Insurance | 3,831 |
| Data Processing Services | 3,741 |
| Dues and Memberships | 342 |
| Maintenance and Repair Services - Buildings | 6,198 |
| Custodial Supplies | 2,414 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

| | | |
|------------------------------|-----------|------------|
| Utilities | \$ 21,518 | |
| Other Supplies and Materials | 27,859 | |
| Other Equipment | 5,537 | |
| Total Libraries | | \$ 148,909 |

Other Social, Cultural, and Recreational

| | | |
|--|-----------|--------|
| Contributions | \$ 16,000 | |
| Other Charges | 25,000 | |
| Total Other Social, Cultural, and Recreational | | 41,000 |

Agriculture and Natural Resources

Agriculture Extension Service

| | | |
|-------------------------------------|-----------|--------|
| Salary Supplements | \$ 51,361 | |
| Other Salaries and Wages | 800 | |
| Social Security | 768 | |
| Extension Service Medicare | 806 | |
| State Retirement | 2,758 | |
| Communication | 3,344 | |
| Contributions | 496 | |
| Travel | 2,500 | |
| Total Agriculture Extension Service | | 62,833 |

Soil Conservation

| | | |
|-------------------------|-----------|--------|
| Supervisor/Director | \$ 19,055 | |
| Secretary(ies) | 26,764 | |
| Social Security | 1,337 | |
| State Retirement | 1,040 | |
| Medical Insurance | 2,359 | |
| Total Soil Conservation | | 50,555 |

Other Operations

Industrial Development

| | | |
|------------------------------|-----------|--------|
| Contributions | \$ 19,500 | |
| Engineering Services | 16,738 | |
| Other Charges | 20,486 | |
| Total Industrial Development | | 56,724 |

Airport

| | | |
|------------------------------------|-----------|--------|
| Contracts with Government Agencies | \$ 10,800 | |
| Airport Improvement | 63,110 | |
| Total Airport | | 73,910 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

| | | |
|--------------------------|-----------|-----------|
| Supervisor/Director | \$ 13,034 | |
| Secretary(ies) | 14,293 | |
| Social Security | 2,034 | |
| State Retirement | 780 | |
| Communication | 1,731 | |
| Contributions | 8,686 | |
| Travel | 947 | |
| Office Supplies | 1,247 | |
| Other Charges | 1,660 | |
| Office Equipment | 1,546 | |
| Total Veterans' Services | | \$ 45,958 |

Contributions to Other Agencies

| | | |
|---------------------------------------|-----------|--------|
| Contributions | \$ 13,014 | |
| Total Contributions to Other Agencies | | 13,014 |

Highways

Traffic Control

| | | |
|--|----------|-------|
| Supervisor/Director | \$ 3,520 | |
| Social Security | 269 | |
| State Retirement | 8 | |
| Medical Insurance | 547 | |
| Maintenance and Repair Services - Vehicles | 94 | |
| Road Signs | 1,824 | |
| Total Traffic Control | | 6,262 |

Litter and Trash Collection

| | | |
|--|-----------|--------|
| Supervisor/Director | \$ 19,859 | |
| Social Security | 410 | |
| Medical Insurance | 820 | |
| Advertising | 5,661 | |
| Communication | 40 | |
| Maintenance and Repair Services - Vehicles | 1,187 | |
| Travel | 525 | |
| Custodial Supplies | 1,015 | |
| Gasoline | 1,974 | |
| Water and Sewer | 25 | |
| Other Charges | 192 | |
| Total Litter and Trash Collection | | 31,708 |

Total General Fund \$ 8,347,731

(Continued)

Exhibit J-7

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

Courthouse and Jail Maintenance Fund

Other Operations

Other Charges

| | | |
|----------------------|-------|-------|
| Trustee's Commission | \$ 31 | |
| Total Other Charges | | \$ 31 |

Total Courthouse and Jail Maintenance Fund \$ 31

Solid Waste/Sanitation Fund

General Government

Other General Administration

| | | |
|------------------------------------|----------|-----------|
| Data Processing Services | \$ 3,920 | |
| Evaluation and Testing | 122 | |
| Travel | 665 | |
| Office Supplies | 1,467 | |
| Liability Insurance | 22,612 | |
| Trustee's Commission | 13,500 | |
| Workers' Compensation Insurance | 28,019 | |
| Other Charges | 500 | |
| Office Equipment | 259 | |
| Total Other General Administration | | \$ 71,064 |

Public Health and Welfare

Convenience Centers

| | | |
|---|-----------|---------|
| Laborers | \$ 81,237 | |
| Overtime Pay | 80 | |
| Social Security | 6,221 | |
| State Retirement | 814 | |
| Communication | 3,755 | |
| Maintenance and Repair Services - Equipment | 325 | |
| Rentals | 5,700 | |
| Custodial Supplies | 1,004 | |
| Electricity | 8,069 | |
| Water and Sewer | 4,741 | |
| Total Convenience Centers | | 111,946 |

Transfer Stations

| | |
|---------------------|-----------|
| Supervisor/Director | \$ 33,625 |
| Equipment Operators | 26,600 |
| Truck Drivers | 42,234 |
| Laborers | 17,629 |
| Attendants | 17,113 |
| Overtime Pay | 598 |

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

| | | |
|---|-----------|------------|
| Social Security | \$ 10,432 | |
| State Retirement | 6,141 | |
| Medical Insurance | 17,146 | |
| Communication | 436 | |
| Licenses | 2,650 | |
| Maintenance and Repair Services - Equipment | 13,247 | |
| Disposal Fees | 515,056 | |
| Other Contracted Services | 341 | |
| Diesel Fuel | 24,457 | |
| Lubricants | 256 | |
| Tires and Tubes | 4,077 | |
| Other Supplies and Materials | 2,802 | |
| Other Charges | 22,421 | |
| Total Transfer Stations | | \$ 757,261 |

Recycling Center

| | | |
|---|----------|--------|
| Communication | \$ 1,488 | |
| Maintenance and Repair Services - Buildings | 11 | |
| Custodial Supplies | 919 | |
| Electricity | 2,606 | |
| Gasoline | 3,606 | |
| Uniforms | 3,773 | |
| Water and Sewer | 314 | |
| Other Supplies and Materials | 1,893 | |
| Total Recycling Center | | 14,610 |

Postclosure Care Costs

| | | |
|------------------------------|-----------|--------|
| Testing | \$ 10,588 | |
| Total Postclosure Care Costs | | 10,588 |

Total Solid Waste/Sanitation Fund \$ 965,469

Drug Control Fund

Public Safety

Drug Enforcement

| | |
|------------------|-----------|
| Investigator(s) | \$ 22,752 |
| Overtime Pay | 513 |
| Social Security | 1,889 |
| State Retirement | 1,736 |
| Contributions | 500 |

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

| | | |
|--|-----------|------------------|
| Confidential Drug Enforcement Payments | \$ 19,700 | |
| Dues and Memberships | 300 | |
| Tow-in Services | 1,520 | |
| Veterinary Services | 250 | |
| Other Contracted Services | 1,401 | |
| Animal Food and Supplies | 1,270 | |
| Other Supplies and Materials | 9,927 | |
| Trustee's Commission | 348 | |
| Other Equipment | 7,292 | |
| Other Construction | 26,328 | |
| Total Drug Enforcement | | <u>\$ 95,726</u> |

Total Drug Control Fund \$ 95,726

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

| | | |
|---|---------------|--------|
| Constitutional Officers' Operating Expenses | <u>\$ 385</u> | |
| Total County Trustee's Office | | \$ 385 |

County Clerk's Office

| | | |
|---|---------------|-----|
| Constitutional Officers' Operating Expenses | <u>\$ 120</u> | |
| Total County Clerk's Office | | 120 |

Administration of Justice

Chancery Court

| | | |
|---|-----------------|-------|
| Constitutional Officers' Operating Expenses | <u>\$ 5,296</u> | |
| Total Chancery Court | | 5,296 |

Public Safety

Sheriff's Department

| | | |
|---|---------------|------------|
| Constitutional Officers' Operating Expenses | <u>\$ 169</u> | |
| Total Sheriff's Department | | <u>169</u> |

Total Constitutional Officers - Fees Fund 5,970

Highway/Public Works Fund

Highways

Administration

| | | |
|--|-----------|--|
| County Official/Administrative Officer | \$ 63,527 | |
|--|-----------|--|

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

| | | |
|---|-----------|------------|
| Supervisor/Director | \$ 26,892 | |
| Communication | 3,324 | |
| Dues and Memberships | 700 | |
| Evaluation and Testing | 425 | |
| Legal Notices, Recording, and Court Costs | 83 | |
| Licenses | 482 | |
| Postal Charges | 274 | |
| Travel | 95 | |
| Remittance of Revenue Collected | 1,296 | |
| Custodial Supplies | 595 | |
| Electricity | 4,017 | |
| Office Supplies | 967 | |
| Utilities | 3,392 | |
| Other Charges | 95 | |
| Traffic Control Equipment | 60 | |
| Total Administration | | \$ 106,224 |

Highway and Bridge Maintenance

| | | |
|--------------------------------------|------------|---------|
| Supervisor/Director | \$ 112,445 | |
| Equipment Operators | 253,905 | |
| Truck Drivers | 41,272 | |
| Laborers | 72,889 | |
| Overtime Pay | 751 | |
| Freight Expenses | 2,533 | |
| Rentals | 427 | |
| Other Contracted Services | 1,680 | |
| Asphalt | 10,460 | |
| Asphalt - Cold Mix | 38,532 | |
| Asphalt - Hot Mix | 30,644 | |
| Concrete | 25 | |
| Crushed Stone | 84,031 | |
| Pipe | 23,108 | |
| Pipe - Metal | 5,491 | |
| Road Signs | 1,820 | |
| Salt | 8,607 | |
| Small Tools | 936 | |
| Other Supplies and Materials | 3,846 | |
| Other Charges | 631 | |
| Total Highway and Bridge Maintenance | | 694,033 |

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

| | | |
|--|-----------|------------|
| Mechanic(s) | \$ 45,392 | |
| Maintenance and Repair Services - Equipment | 9,381 | |
| Equipment and Machinery Parts | 29,455 | |
| Gasoline | 139,825 | |
| Lubricants | 5,343 | |
| Small Tools | 1,569 | |
| Tires and Tubes | 17,692 | |
| Total Operation and Maintenance of Equipment | | \$ 248,657 |

Quarry Operations

| | | |
|---|-----------|---------|
| Supervisor/Director | \$ 25,743 | |
| Equipment Operators | 24,261 | |
| Operating Lease Payments | 9,600 | |
| Licenses | 1,380 | |
| Maintenance and Repair Services - Equipment | 2,444 | |
| Electricity | 22,150 | |
| Equipment and Machinery Parts | 25,519 | |
| Lubricants | 1,658 | |
| Other Charges | 727 | |
| Total Quarry Operations | | 113,482 |

Other Charges

| | | |
|---------------------------------|------------|---------|
| Liability Insurance | \$ 143,210 | |
| Trustee's Commission | 20,863 | |
| Workers' Compensation Insurance | 59,894 | |
| Total Other Charges | | 223,967 |

Employee Benefits

| | | |
|---------------------------|-----------|---------|
| Social Security | \$ 49,676 | |
| State Retirement | 35,799 | |
| Medical Insurance | 200,968 | |
| Unemployment Compensation | 7,349 | |
| Total Employee Benefits | | 293,792 |

Total Highway/Public Works Fund \$ 1,680,155

General Debt Service Fund

Principal on Debt

General Government

| | |
|--------------------|------------|
| Principal on Bonds | \$ 347,752 |
|--------------------|------------|

(Continued)

Exhibit J-7

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 | \$ 494,652 | |
| Principal on Other Loans | 14,830 | |
| Total General Government | <u> </u> | \$ 857,234 |

Interest on Debt

General Government

| | | |
|--------------------------|-----------------------------|---------|
| Interest on Bonds | \$ 231,596 | |
| Interest on Notes | 97,384 | |
| Interest on Other Loans | 172 | |
| Total General Government | <u> </u> | 329,152 |

Other Debt Service

General Government

| | | |
|--------------------------|-----------------------------|---------------|
| Fiscal Agent Charges | \$ 1,257 | |
| Trustee's Commission | 12,680 | |
| Total General Government | <u> </u> | <u>13,937</u> |

Total General Debt Service Fund \$ 1,200,323

Community Development/Industrial Park Fund

Capital Projects

Other General Government Projects

| | | |
|---|-----------------------------|------------------|
| Engineering Services | \$ 5,924 | |
| Contracts for Development Costs | 13,179 | |
| Other Contracted Services | 1,000 | |
| Total Other General Government Projects | <u> </u> | <u>\$ 20,103</u> |

Total Community Development/Industrial Park Fund 20,103

Total Governmental Funds - Primary Government \$ 12,315,508

Exhibit J-8

Overton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Overton County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

| | | |
|---|--------------|---------------|
| Teachers | \$ 6,438,847 | |
| Career Ladder Program | 78,440 | |
| Career Ladder Extended Contracts | 39,300 | |
| Homebound Teachers | 10,707 | |
| Educational Assistants | 109,376 | |
| Other Salaries and Wages | 150,909 | |
| Certified Substitute Teachers | 54,813 | |
| Non-certified Substitute Teachers | 136,487 | |
| Social Security | 427,190 | |
| State Retirement | 597,660 | |
| Life Insurance | 3,810 | |
| Medical Insurance | 891,398 | |
| Unemployment Compensation | 5,735 | |
| Employer Medicare | 101,523 | |
| Payments to Retirees | 356,897 | |
| Maintenance and Repair Services - Equipment | 460 | |
| Other Contracted Services | 46,060 | |
| Instructional Supplies and Materials | 94,145 | |
| Library Books/Media | 308 | |
| Textbooks | 183,959 | |
| Other Supplies and Materials | 66,681 | |
| In Service/Staff Development | 22 | |
| Fee Waivers | 46,246 | |
| Other Charges | 63,810 | |
| Regular Instruction Equipment | 154,354 | |
| Total Regular Instruction Program | | \$ 10,059,137 |

Alternative Instruction Program

| | | |
|---------------------------------------|-----------|--------|
| Teachers | \$ 48,545 | |
| Career Ladder Program | 1,000 | |
| Social Security | 3,056 | |
| State Retirement | 4,461 | |
| Life Insurance | 24 | |
| Medical Insurance | 5,627 | |
| Unemployment Compensation | 36 | |
| Employer Medicare | 718 | |
| Total Alternative Instruction Program | | 63,467 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

| | | | |
|---|----|---------|--------------|
| Teachers | \$ | 857,791 | |
| Career Ladder Program | | 12,500 | |
| Career Ladder Extended Contracts | | 2,800 | |
| Homebound Teachers | | 5,354 | |
| Educational Assistants | | 6,522 | |
| Other Salaries and Wages | | 63,883 | |
| Social Security | | 55,876 | |
| State Retirement | | 83,046 | |
| Life Insurance | | 504 | |
| Medical Insurance | | 142,579 | |
| Unemployment Compensation | | 890 | |
| Employer Medicare | | 13,073 | |
| Maintenance and Repair Services - Equipment | | 498 | |
| Instructional Supplies and Materials | | 1,901 | |
| Other Supplies and Materials | | 385 | |
| Special Education Equipment | | 786 | |
| Total Special Education Program | | | \$ 1,248,388 |

Vocational Education Program

| | | | |
|--------------------------------------|----|---------|---------|
| Teachers | \$ | 563,587 | |
| Career Ladder Program | | 6,060 | |
| Certified Substitute Teachers | | 280 | |
| Non-certified Substitute Teachers | | 2,120 | |
| Social Security | | 31,404 | |
| State Retirement | | 47,667 | |
| Life Insurance | | 338 | |
| Medical Insurance | | 77,151 | |
| Unemployment Compensation | | 585 | |
| Employer Medicare | | 7,967 | |
| Tuition | | 77,572 | |
| Instructional Supplies and Materials | | 4,056 | |
| Textbooks | | 7,421 | |
| Other Supplies and Materials | | 2,292 | |
| Vocational Instruction Equipment | | 146 | |
| Total Vocational Education Program | | | 828,646 |

Adult Education Program

| | | |
|--------------------------|----|--------|
| Teachers | \$ | 7,992 |
| Other Salaries and Wages | | 19,524 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

| | | | |
|--------------------------------------|----|-------|-----------|
| Social Security | \$ | 1,156 | |
| State Retirement | | 1,113 | |
| Medical Insurance | | 3,880 | |
| Unemployment Compensation | | 48 | |
| Employer Medicare | | 379 | |
| Instructional Supplies and Materials | | 1,189 | |
| Other Supplies and Materials | | 281 | |
| Other Charges | | 495 | |
| Total Adult Education Program | | | \$ 36,057 |

Support Services

Attendance

| | | | |
|------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 59,336 | |
| Career Ladder Program | | 3,000 | |
| Other Salaries and Wages | | 72,073 | |
| Social Security | | 6,445 | |
| State Retirement | | 9,056 | |
| Life Insurance | | 48 | |
| Medical Insurance | | 14,633 | |
| Unemployment Compensation | | 108 | |
| Employer Medicare | | 1,866 | |
| Travel | | 2,723 | |
| Other Contracted Services | | 8,734 | |
| Other Supplies and Materials | | 395 | |
| Attendance Equipment | | 3,236 | |
| Total Attendance | | | 181,653 |

Health Services

| | | | |
|------------------------------|----|--------|--------|
| Medical Personnel | \$ | 50,448 | |
| Social Security | | 3,001 | |
| State Retirement | | 2,755 | |
| Medical Insurance | | 1,455 | |
| Unemployment Compensation | | 92 | |
| Employer Medicare | | 702 | |
| Travel | | 4,069 | |
| Other Supplies and Materials | | 120 | |
| Total Health Services | | | 62,642 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

| | | | |
|----------------------------------|----|---------|------------|
| Career Ladder Program | \$ | 6,000 | |
| Guidance Personnel | | 356,591 | |
| Career Ladder Extended Contracts | | 6,300 | |
| Other Salaries and Wages | | 24,398 | |
| Social Security | | 23,044 | |
| State Retirement | | 35,591 | |
| Life Insurance | | 213 | |
| Medical Insurance | | 62,119 | |
| Unemployment Compensation | | 320 | |
| Employer Medicare | | 5,389 | |
| Evaluation and Testing | | 29,667 | |
| Other Supplies and Materials | | 15 | |
| Total Other Student Support | | | \$ 549,647 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 15,724 | |
| Career Ladder Program | | 15,250 | |
| Career Ladder Extended Contracts | | 13,300 | |
| Librarians | | 263,040 | |
| Clerical Personnel | | 16,442 | |
| Other Salaries and Wages | | 117,651 | |
| Social Security | | 24,707 | |
| State Retirement | | 35,759 | |
| Life Insurance | | 174 | |
| Medical Insurance | | 40,224 | |
| Unemployment Compensation | | 330 | |
| Employer Medicare | | 6,191 | |
| Other Fringe Benefits | | 731 | |
| Travel | | 13,204 | |
| Other Contracted Services | | 8,737 | |
| Library Books/Media | | 3,491 | |
| Other Supplies and Materials | | 1,052 | |
| In Service/Staff Development | | 9,788 | |
| Other Charges | | 75 | |
| Other Equipment | | 4,698 | |
| Total Regular Instruction Program | | | 590,568 |

Special Education Program

| | | | |
|---------------------|----|--------|--|
| Supervisor/Director | \$ | 56,701 | |
|---------------------|----|--------|--|

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

| | | | |
|----------------------------------|----|--------|------------|
| Career Ladder Program | \$ | 3,000 | |
| Psychological Personnel | | 39,880 | |
| Career Ladder Extended Contracts | | 2,100 | |
| Clerical Personnel | | 21,693 | |
| Social Security | | 6,869 | |
| State Retirement | | 10,100 | |
| Life Insurance | | 48 | |
| Medical Insurance | | 16,014 | |
| Unemployment Compensation | | 110 | |
| Employer Medicare | | 1,683 | |
| Other Fringe Benefits | | 322 | |
| Travel | | 1,666 | |
| Other Supplies and Materials | | 154 | |
| In Service/Staff Development | | 350 | |
| Total Special Education Program | | | \$ 160,690 |

Vocational Education Program

| | | | |
|------------------------------------|----|--------|--------|
| Supervisor/Director | \$ | 61,694 | |
| Career Ladder Program | | 1,000 | |
| Social Security | | 3,527 | |
| State Retirement | | 5,674 | |
| Life Insurance | | 24 | |
| Medical Insurance | | 9,506 | |
| Unemployment Compensation | | 36 | |
| Employer Medicare | | 825 | |
| Travel | | 249 | |
| Total Vocational Education Program | | | 82,535 |

Adult Programs

| | | | |
|------------------------------|----|--------|--|
| Supervisor/Director | \$ | 28,175 | |
| Career Ladder Program | | 500 | |
| Clerical Personnel | | 21,802 | |
| Social Security | | 1,227 | |
| State Retirement | | 1,190 | |
| Medical Insurance | | 3,880 | |
| Unemployment Compensation | | 71 | |
| Employer Medicare | | 703 | |
| Travel | | 1,983 | |
| Other Supplies and Materials | | 50 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

| | | |
|------------------------------|----------|-----------|
| In Service/Staff Development | \$ 1,061 | |
| Other Charges | 68 | |
| Other Equipment | 4,531 | |
| Total Adult Programs | | \$ 65,241 |

Other Programs

| | | |
|----------------------------|------------|---------|
| On-Behalf Payments to OPEB | \$ 118,744 | |
| Total Other Programs | | 118,744 |

Board of Education

| | | |
|----------------------------------|----------|---------|
| Secretary to Board | \$ 1,700 | |
| Other Salaries and Wages | 3,000 | |
| Board and Committee Members Fees | 24,315 | |
| Social Security | 1,119 | |
| State Retirement | 485 | |
| Unemployment Compensation | 2 | |
| Employer Medicare | 403 | |
| Audit Services | 4,575 | |
| Legal Services | 11,852 | |
| Medical and Dental Services | 2,691 | |
| Travel | 2,410 | |
| Other Contracted Services | 2,500 | |
| Other Supplies and Materials | 1,594 | |
| Liability Insurance | 22,249 | |
| Trustee's Commission | 87,950 | |
| Workers' Compensation Insurance | 147,510 | |
| Other Charges | 3,806 | |
| Total Board of Education | | 318,161 |

Director of Schools

| | | |
|--|-----------|--|
| County Official/Administrative Officer | \$ 78,069 | |
| Assistant(s) | 4,000 | |
| Career Ladder Program | 1,000 | |
| Social Security | 4,972 | |
| State Retirement | 7,518 | |
| Life Insurance | 24 | |
| Medical Insurance | 9,477 | |
| Unemployment Compensation | 36 | |
| Employer Medicare | 1,163 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

| | | | |
|---------------------------|----|-------|------------|
| Communication | \$ | 7,274 | |
| Dues and Memberships | | 4,661 | |
| Postal Charges | | 3,871 | |
| Travel | | 2,574 | |
| Office Supplies | | 601 | |
| Other Charges | | 641 | |
| Total Director of Schools | | | \$ 125,881 |

Office of the Principal

| | | | |
|-------------------------------|----|---------|-----------|
| Principals | \$ | 420,300 | |
| Career Ladder Program | | 9,500 | |
| Assistant Principals | | 313,124 | |
| Secretary(ies) | | 403,847 | |
| Other Salaries and Wages | | 16,085 | |
| Social Security | | 66,919 | |
| State Retirement | | 89,588 | |
| Life Insurance | | 360 | |
| Medical Insurance | | 141,656 | |
| Unemployment Compensation | | 1,262 | |
| Employer Medicare | | 15,651 | |
| Communication | | 27,060 | |
| Travel | | 16,445 | |
| Other Contracted Services | | 56,875 | |
| Excess Risk Insurance | | 10,780 | |
| In Service/Staff Development | | 635 | |
| Administration Equipment | | 8,519 | |
| Total Office of the Principal | | | 1,598,606 |

Fiscal Services

| | | | |
|---|----|---------|--|
| Accountants/Bookkeepers | \$ | 119,046 | |
| Secretary(ies) | | 63,863 | |
| Other Salaries and Wages | | 28,672 | |
| Social Security | | 12,254 | |
| State Retirement | | 11,563 | |
| Medical Insurance | | 11,230 | |
| Unemployment Compensation | | 269 | |
| Employer Medicare | | 2,866 | |
| Other Fringe Benefits | | 194 | |
| Maintenance and Repair Services - Equipment | | 217 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

| | | | |
|---------------------------|----|-------|------------|
| Travel | \$ | 3,883 | |
| Other Contracted Services | | 7,021 | |
| Data Processing Supplies | | 2,083 | |
| Office Supplies | | 814 | |
| Administration Equipment | | 1,920 | |
| Total Fiscal Services | | | \$ 265,895 |

Operation of Plant

| | | | |
|---|----|---------|-----------|
| Custodial Personnel | \$ | 561,739 | |
| Other Salaries and Wages | | 2,313 | |
| Social Security | | 32,754 | |
| State Retirement | | 28,327 | |
| Medical Insurance | | 69,839 | |
| Unemployment Compensation | | 1,317 | |
| Employer Medicare | | 7,660 | |
| Communication | | 282 | |
| Janitorial Services | | 7,650 | |
| Laundry Service | | 1,256 | |
| Maintenance and Repair Services - Equipment | | 1,887 | |
| Pest Control | | 10,380 | |
| Other Contracted Services | | 62,614 | |
| Custodial Supplies | | 72,534 | |
| Electricity | | 702,267 | |
| Natural Gas | | 82,109 | |
| Propane Gas | | 517 | |
| Water and Sewer | | 43,416 | |
| Chemicals | | 15,590 | |
| Other Supplies and Materials | | 24,042 | |
| Boiler Insurance | | 5,086 | |
| Building and Contents Insurance | | 92,655 | |
| In Service/Staff Development | | 2,144 | |
| Other Charges | | 175 | |
| Plant Operation Equipment | | 56,375 | |
| Total Operation of Plant | | | 1,884,928 |

Maintenance of Plant

| | | | |
|-----------------------|----|---------|--|
| Maintenance Personnel | \$ | 147,227 | |
| Social Security | | 8,719 | |
| State Retirement | | 8,039 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

| | | | |
|---|----|--------|------------|
| Medical Insurance | \$ | 13,878 | |
| Unemployment Compensation | | 157 | |
| Employer Medicare | | 2,039 | |
| Communication | | 1,280 | |
| Maintenance and Repair Services - Buildings | | 2,544 | |
| Maintenance and Repair Services - Equipment | | 6,497 | |
| Medical and Dental Services | | 425 | |
| Rentals | | 149 | |
| Tow-in Services | | 100 | |
| Other Contracted Services | | 3,900 | |
| Custodial Supplies | | 560 | |
| Equipment Parts - Light | | 18,006 | |
| Equipment and Machinery Parts | | 12,974 | |
| General Construction Materials | | 18,238 | |
| Small Tools | | 7,122 | |
| Uniforms | | 1,785 | |
| Other Supplies and Materials | | 12,254 | |
| Vehicle and Equipment Insurance | | 3,319 | |
| In Service/Staff Development | | 1,014 | |
| Other Charges | | 199 | |
| Maintenance Equipment | | 9,000 | |
| Total Maintenance of Plant | | | \$ 279,425 |

Transportation

| | | |
|---|----|---------|
| Supervisor/Director | \$ | 54,606 |
| Mechanic(s) | | 77,910 |
| Bus Drivers | | 424,632 |
| Other Salaries and Wages | | 4,993 |
| Social Security | | 32,996 |
| State Retirement | | 19,052 |
| Life Insurance | | 24 |
| Medical Insurance | | 39,622 |
| Unemployment Compensation | | 1,239 |
| Employer Medicare | | 7,921 |
| Communication | | 604 |
| Contracts with Parents | | 1,273 |
| Maintenance and Repair Services - Equipment | | 609 |
| Maintenance and Repair Services - Vehicles | | 2,457 |
| Medical and Dental Services | | 6,699 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

| | | | |
|---------------------------------|----|---------|--------------|
| Tow-in Services | \$ | 1,265 | |
| Other Contracted Services | | 783 | |
| Crushed Stone | | 4,420 | |
| Custodial Supplies | | 288 | |
| Diesel Fuel | | 161,687 | |
| Garage Supplies | | 2,727 | |
| Gasoline | | 16,453 | |
| Lubricants | | 9,092 | |
| Small Tools | | 2,309 | |
| Tires and Tubes | | 10,519 | |
| Uniforms | | 1,016 | |
| Vehicle Parts | | 50,365 | |
| Other Supplies and Materials | | 924 | |
| Vehicle and Equipment Insurance | | 25,289 | |
| Other Charges | | 3,510 | |
| Transportation Equipment | | 280,474 | |
| Total Transportation | | | \$ 1,245,758 |

Operation of Non-Instructional Services

Food Service

| | | | |
|------------------------------|----|--------|--------|
| Other Supplies and Materials | \$ | 138 | |
| Food Service Equipment | | 50,227 | |
| Total Food Service | | | 50,365 |

Community Services

| | | | |
|--------------------------------------|----|---------|--|
| Supervisor/Director | \$ | 27,445 | |
| Teachers | | 343,474 | |
| Medical Personnel | | 497 | |
| Bus Drivers | | 24,094 | |
| Other Salaries and Wages | | 82,311 | |
| Certified Substitute Teachers | | 560 | |
| Non-certified Substitute Teachers | | 240 | |
| Social Security | | 27,239 | |
| State Retirement | | 35,733 | |
| Unemployment Compensation | | 495 | |
| Employer Medicare | | 6,479 | |
| Other Fringe Benefits | | 2,801 | |
| Travel | | 9,316 | |
| Instructional Supplies and Materials | | 12,047 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

| | | | |
|-------------------------------|----|--------|------------|
| Other Supplies and Materials | \$ | 72,668 | |
| In Service/Staff Development | | 9,926 | |
| Other Charges | | 515 | |
| Regular Instruction Equipment | | 2,028 | |
| Total Community Services | | | \$ 657,868 |

Early Childhood Education

| | | | |
|--------------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 46,420 | |
| Teachers | | 184,833 | |
| Career Ladder Program | | 750 | |
| Bus Drivers | | 40 | |
| Clerical Personnel | | 4,118 | |
| Educational Assistants | | 78,775 | |
| Certified Substitute Teachers | | 315 | |
| Non-certified Substitute Teachers | | 2,390 | |
| Social Security | | 17,831 | |
| State Retirement | | 25,181 | |
| Life Insurance | | 138 | |
| Medical Insurance | | 48,003 | |
| Unemployment Compensation | | 416 | |
| Employer Medicare | | 4,172 | |
| Other Fringe Benefits | | 1,857 | |
| Communication | | 836 | |
| Travel | | 6,560 | |
| Food Supplies | | 2,993 | |
| Instructional Supplies and Materials | | 15,134 | |
| Other Supplies and Materials | | 9,836 | |
| In Service/Staff Development | | 653 | |
| Other Charges | | 165 | |
| Site Development | | 46,754 | |
| Other Equipment | | 20,127 | |
| Total Early Childhood Education | | | 518,297 |

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|---------|---------|
| Architects | \$ | 26,400 | |
| Building Improvements | | 275,022 | |
| Other Capital Outlay | | 194,492 | |
| Total Regular Capital Outlay | | | 495,914 |

Total General Purpose School Fund \$ 21,488,513

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|--------------------------------------|----|---------|--------------|
| Teachers | \$ | 969,822 | |
| Educational Assistants | | 290,919 | |
| Other Salaries and Wages | | 17,343 | |
| Social Security | | 76,354 | |
| State Retirement | | 104,220 | |
| Life Insurance | | 108 | |
| Medical Insurance | | 167,572 | |
| Unemployment Compensation | | 3,391 | |
| Employer Medicare | | 17,939 | |
| Other Fringe Benefits | | 2,680 | |
| Tuition | | 375 | |
| Instructional Supplies and Materials | | 64,741 | |
| Other Supplies and Materials | | 250,286 | |
| Other Charges | | 1,317 | |
| Regular Instruction Equipment | | 275,705 | |
| Total Regular Instruction Program | | | \$ 2,242,772 |

Special Education Program

| | | | |
|--------------------------------------|----|---------|---------|
| Teachers | \$ | 170,446 | |
| Educational Assistants | | 333,284 | |
| Speech Pathologist | | 86,296 | |
| Other Salaries and Wages | | 37,945 | |
| Certified Substitute Teachers | | 2,870 | |
| Non-certified Substitute Teachers | | 6,555 | |
| Social Security | | 37,790 | |
| State Retirement | | 42,325 | |
| Life Insurance | | 144 | |
| Medical Insurance | | 65,967 | |
| Unemployment Compensation | | 1,194 | |
| Employer Medicare | | 8,894 | |
| Other Fringe Benefits | | 2,650 | |
| Contracts with Private Agencies | | 13,120 | |
| Evaluation and Testing | | 3,860 | |
| Instructional Supplies and Materials | | 22,638 | |
| Other Supplies and Materials | | 707 | |
| Other Charges | | 3,509 | |
| Special Education Equipment | | 59,543 | |
| Total Special Education Program | | | 899,737 |

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

| | | | |
|--------------------------------------|----|--------|-----------|
| Educational Assistants | \$ | 14,709 | |
| Social Security | | 912 | |
| State Retirement | | 803 | |
| Employer Medicare | | 213 | |
| Instructional Supplies and Materials | | 119 | |
| Vocational Instruction Equipment | | 25,675 | |
| Total Vocational Education Program | | | \$ 42,431 |

Support Services

Other Student Support

| | | | |
|------------------------------|----|---------|---------|
| Guidance Personnel | \$ | 96,954 | |
| Psychological Personnel | | 54,250 | |
| Bus Drivers | | 370 | |
| Attendants | | 9,994 | |
| Other Salaries and Wages | | 105,136 | |
| Social Security | | 14,475 | |
| State Retirement | | 21,802 | |
| Life Insurance | | 139 | |
| Medical Insurance | | 30,572 | |
| Unemployment Compensation | | 316 | |
| Employer Medicare | | 3,819 | |
| Other Fringe Benefits | | 2,399 | |
| Travel | | 18,248 | |
| Other Supplies and Materials | | 2,872 | |
| In Service/Staff Development | | 6,922 | |
| Other Charges | | 12,438 | |
| Other Equipment | | 28,426 | |
| Total Other Student Support | | | 409,132 |

Regular Instruction Program

| | | | |
|---------------------------|----|---------|--|
| Supervisor/Director | \$ | 153,767 | |
| Teachers | | 3,006 | |
| Other Salaries and Wages | | 135,499 | |
| Social Security | | 15,808 | |
| State Retirement | | 23,419 | |
| Life Insurance | | 108 | |
| Medical Insurance | | 28,232 | |
| Unemployment Compensation | | 241 | |
| Employer Medicare | | 3,876 | |

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

| | | | |
|-----------------------------------|----|--------|------------|
| Other Fringe Benefits | \$ | 1,582 | |
| Travel | | 4,497 | |
| Other Supplies and Materials | | 1,153 | |
| In Service/Staff Development | | 24,411 | |
| Other Charges | | 1,029 | |
| Total Regular Instruction Program | | | \$ 396,628 |

Special Education Program

| | | | |
|---------------------------------|----|--------|--------|
| Supervisor/Director | \$ | 5,109 | |
| Social Security | | 291 | |
| State Retirement | | 462 | |
| Medical Insurance | | 734 | |
| Employer Medicare | | 68 | |
| Travel | | 15,919 | |
| In Service/Staff Development | | 1,273 | |
| Total Special Education Program | | | 23,856 |

Vocational Education Program

| | | | |
|------------------------------------|----|-----|-----|
| Travel | \$ | 663 | |
| Other Charges | | 100 | |
| Total Vocational Education Program | | | 763 |

Transportation

| | | | |
|---------------------------|----|--------|--------|
| Bus Drivers | \$ | 34,288 | |
| Social Security | | 2,124 | |
| State Retirement | | 591 | |
| Unemployment Compensation | | 88 | |
| Employer Medicare | | 497 | |
| Other Fringe Benefits | | 2,000 | |
| Contracts with Parents | | 10,279 | |
| Total Transportation | | | 49,867 |

Total School Federal Projects Fund \$ 4,065,186

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | |
|---------------------|----|--------|
| Supervisor/Director | \$ | 83,914 |
| Clerical Personnel | | 35,040 |

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

| | | | |
|---|----|---------|--------------|
| Cafeteria Personnel | \$ | 646,925 | |
| Temporary Personnel | | 44,031 | |
| Other Salaries and Wages | | 14,082 | |
| Social Security | | 46,053 | |
| State Retirement | | 42,073 | |
| Life Insurance | | 24 | |
| Medical Insurance | | 77,276 | |
| Unemployment Compensation | | 2,038 | |
| Employer Medicare | | 11,225 | |
| Other Fringe Benefits | | 24,213 | |
| Dues and Memberships | | 38 | |
| Maintenance and Repair Services - Equipment | | 1,631 | |
| Travel | | 9,411 | |
| Other Contracted Services | | 22,777 | |
| Food Supplies | | 730,130 | |
| USDA - Commodities | | 81,984 | |
| Other Supplies and Materials | | 80,637 | |
| In Service/Staff Development | | 1,779 | |
| Food Service Equipment | | 2,690 | |
| Total Food Service | | | \$ 1,957,971 |

Community Services

| | | | |
|------------------------------|----|-------|--------|
| Supervisor/Director | \$ | 4,804 | |
| Cafeteria Personnel | | 7,814 | |
| Social Security | | 776 | |
| State Retirement | | 724 | |
| Unemployment Compensation | | 10 | |
| Employer Medicare | | 181 | |
| Travel | | 616 | |
| Other Contracted Services | | 255 | |
| Food Supplies | | 6,005 | |
| Other Supplies and Materials | | 3,815 | |
| Total Community Services | | | 25,000 |

Total Central Cafeteria Fund \$ 1,982,971

(Continued)

Exhibit J-8

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

| | | |
|---|----------------|----------------------|
| <u>Education Debt Service Fund</u> | | |
| <u>Principal on Debt</u> | | |
| <u>Education</u> | | |
| Principal on Bonds | \$ 555,000 | |
| Total Education | <u>555,000</u> | \$ 555,000 |
| | | |
| <u>Interest on Debt</u> | | |
| <u>Education</u> | | |
| Interest on Bonds | \$ 479,790 | |
| Total Education | <u>479,790</u> | 479,790 |
| | | |
| <u>Other Debt Service</u> | | |
| <u>Education</u> | | |
| Trustee's Commission | \$ 5,863 | |
| Other Debt Service | 500 | |
| Total Education | <u>6,363</u> | <u>6,363</u> |
| | | |
| Total Education Debt Service Fund | | <u>\$ 1,041,153</u> |
| | | |
| Total Governmental Funds - Overton County School Department | | <u>\$ 28,577,823</u> |

Exhibit J-9

Overton County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2011

| | Cities - Sales Tax Fund |
|--|-------------------------------|
| <hr/> | |
| <u>Cash Receipts</u> | |
| Local Option Sales Tax | <u>\$ 759,797</u> |
| <u>Cash Disbursements</u> | |
| Remittance of Revenues Collected | \$ 752,199 |
| Trustee's Commission | 7,598 |
| Total Cash Disbursements | <u>\$ 759,797</u> |
| Excess of Cash Receipts Over (Under) Cash Disbursements | \$ 0 |
| Cash Balance, July 1, 2010 | <u>0</u> |
| Cash Balance, June 30, 2011 | <u><u>\$ 0</u></u> |

SINGLE AUDIT 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 37243-1402
PHONE (615) 401-7841

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

October 4, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Overton County's basic financial statements and have issued our report thereon dated October 4, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Overton County Nursing Home and the Overton/Pickett County Emergency Communications District as described in our report on Overton County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.06, 11.07(A,B), and 11.08. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Overton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.01, 11.02, 11.03, 11.04, 11.05, and 11.07(C).

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/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 37243-1402
PHONE (615) 401-7841

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

October 4, 2011

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

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Overton County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Overton County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Overton County's management. Our responsibility is to express an opinion on Overton County's compliance based on our audit.

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

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

In our opinion, Overton County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County as of and for the year ended June 30, 2011, and have issued our report thereon dated October 4, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Overton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass through Entity Identifying Number | Expenditure |
|--|---------------------------|--|---------------------|
| U.S. Department of Agriculture: | | | |
| Direct Programs: | | | |
| Community Facilities Loans and Grants | 10.766 | N/A | \$ 183,000 |
| Emergency Watershed Protection Program | 10.923 | N/A | 330,956 |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | N/A | 348,401 |
| National School Lunch Program | 10.555 | N/A | 909,552 (3) (4) |
| Passed-through State Department of Human Services: | | | |
| Summer Food Service Program for Children | 10.559 | N/A | 26,279 |
| Passed-through State Department of Agriculture: | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 81,984 (4) |
| Passed-through State Department of Education: | | | |
| Fresh Fruits and Vegetable Program | 10.582 | N/A | <u>34,705</u> |
| Total U.S. Department of Agriculture | | | <u>\$ 1,914,877</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Passed-through State Department of Economic and Community Development: | | | |
| Community Development Block Grants/State's Program | 14.228 | GG-10-31351-00 | \$ 300,000 |
| Passed-through State Housing Development Agency: | | | |
| Home Investment Partnership Program | 14.239 | (2) | <u>2,625</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 302,625</u> |
| U.S. Department of Justice: | | | |
| Passed-through State Department of Finance and Administration: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | (2) | <u>\$ 15,000</u> |
| U.S. Department of Labor: | | | |
| Passed-through Upper Cumberland Human Resource Agency: | | | |
| WIA Youth Activities | 17.259 | (2) | <u>\$ 15,000</u> |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| Alcohol Open Container Requirements | 20.607 | (2) | <u>\$ 14,706</u> |
| U.S. Institute of Museum and Library Services: | | | |
| Direct Program: | | | |
| National Leadership Grants | 45.312 | N/A | \$ 23,543 |
| Passed-through Tennessee Secretary of State: | | | |
| Grants to States | 45.310 | (2) | <u>1,743</u> |
| Total U.S. Institute of Museum and Library Services | | | <u>\$ 25,286</u> |
| U.S. Department of Education: | | | |
| Passed-through State Department of Labor and Workforce Development: | | | |
| Adult Education - State Grant Program | 84.002 | (2) | \$ 71,256 |
| Passed-through State Department of Education: | | | |
| Title I, Part A Cluster: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | 783,078 |
| Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | N/A | 219,504 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 946,677 |
| Special Education - Grants to States, Recovery Act | 84.391 | N/A | 242,488 |
| Special Education - Preschool Grants | 84.173 | N/A | 20,339 |
| Special Education - Preschool Grants, Recovery Act | 84.392 | N/A | 2,448 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 55,988 |
| Twenty-first Century Community Learning Centers | 84.287 | (2) | 490,000 |
| Education Technology State Grants Cluster: | | | |
| Education Technology State Grants | 84.318 | (2) | 2,773 |
| Education Technology State Grants, Recovery Act | 84.386 | (2) | 18,460 |

(Continued)

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

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass through Entity Identifying Number | Expenditure |
|---|---------------------------|--|---------------------|
| U.S. Department of Education (Cont.): | | | |
| Passed-through State Department of Education (Cont.): | | | |
| Rural Education | 84.358 | N/A | \$ 80,835 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 191,491 |
| State Fiscal Stabilization Fund Cluster: | | | |
| State Fiscal Stabilization Fund - Education State Grants, Recovery Act | 84.394 | N/A | 1,867,448 |
| State Fiscal Stabilization Fund - Government Service, Recovery Act | 84.397 | N/A | 216,564 (5) |
| State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act | 84.395 | N/A | 668,633 |
| Education Jobs Fund | 84.410 | N/A | <u>928,094</u> |
| Total U.S. Department of Education | | | <u>\$ 6,806,076</u> |
| U.S. Election Assistance Commission: | | | |
| Passed-through Tennessee Secretary of State: | | | |
| Help America Vote Act Requirements Payments | 90.401 | 30510-0020-07 | <u>\$ 2,000</u> |
| U.S. Department of Health and Human Services: | | | |
| Passed-through State Department of Education: | | | |
| Temporary Assistance for Needy Families | 93.558 | (2) | <u>\$ 125,121</u> |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | (2) | <u>\$ 162,050</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 9,382,741</u> |
| <u>State Grants</u> | | | |
| Rural Libraries Computer Grant - Tennessee Secretary of State | N/A | <u>Contract Number</u> (2) | \$ 15,138 |
| Litter Program - State Department of Transportation | N/A | (2) | 29,303 |
| Fasttrack Infrastructure Development Program - State Department of Economic and Community Development | N/A | (2) | 28,462 |
| 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) | 13,200 |
| Local Health Services Grant - State Department of Health | N/A | GG-11-31724 | 90,898 |
| Waste Tire Grant - State Department of Environment and Conservation | N/A | (2) | 8,562 |
| Adult Basic Education - State Department of Education | N/A | (2) | 23,728 |
| Voluntary Pre K for Tennessee - State Department of Education | N/A | (2) | 506,204 |
| Lottery for Education - State Department of Education | N/A | (2) | <u>79,920</u> |
| Total State Grants | | | <u>\$ 804,415</u> |

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) National School Lunch Program \$863,757; After School Snack Program \$45,795.
- (4) Total for CFDA No. 10.555 is \$991,536.
- (5) Safe Schools Act - \$21,800; Career Ladder — Extended Contract - \$75,667; Internet Connectivity - \$10,363; Coordinated School Health - \$100,000; Statewide Student Management System - \$8,734.

Overton County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Overton County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

OFFICE OF SHERIFF

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|---------------------------|------------------------|---|
| 10.03(B) | 168 | Commissary transactions were not included in the official cash journal |
| 10.03(D) | 168 | Receipts were not issued for all commissary collections |

OTHER FINDING

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|---------------------------|------------------------|---|
| 10.05 | 169 | Duties were not segregated adequately in the Offices of Director of Accounts and Budgets, Register, and Sheriff |

OVERTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Overton County is unqualified.
2. The audit of the financial statements of Overton County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit did not disclose any instances of noncompliance that are material to the financial statements of Overton County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program (CFDA Nos. 10.553, 10.555, and 10.559); the Emergency Watershed Protection Program (CFDA No. 10.923); the Community Development Block Grant/State's Program (CFDA No. 14.228); Title I, Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education - Grants to States, Special Education - Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); the Twenty-first Century Community Learning Centers (CFDA No. 84.287); and the State Fiscal Stabilization Fund Cluster: Education State Grants, Recovery Act and Government Service, Recovery Act (CFDA Nos. 84.394 and 84.397); the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Overton County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county executive and the director of schools provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 11.01 **THE SOLID WASTE DEPARTMENT HAD A CASH SHORTAGE OF \$18,913.33 AT AUGUST 19, 2011**
(Noncompliance Under *Government Auditing Standards*)

Our office received allegations concerning the misappropriation of funds at the Solid Waste Department. Those allegations led to an investigation by our office concerning the sale of scrap metal by a department employee to a recycling company. During the period January 1, 2008, through August 19, 2011, an employee of the Solid Waste Department was paid \$18,913.33 in cash and checks from a recycling company for the sale of department scrap metal. These sale proceeds were not deposited with the county trustee to be appropriated through the budgetary process. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” The employee advised us that the proceeds from the sales were used to purchase water, soft drinks, snacks and cigarettes for prisoners who worked at the department as well as for department employees. Management was unable to document the use of the proceeds from the sale of the scrap metals; therefore, a cash shortage of \$18,913.33 existed at August 19, 2011. The director of the Solid Waste Department and the employee stated that this practice of selling scrap metal to buy miscellaneous items for the department and inmate workers has been going on for several years.

The following internal control deficiencies were noted from the method described above regarding the sale of scrap metal. These deficiencies resulted from a lack of management oversight.

- A. The Solid Waste Department did not maintain lists detailing the items sold as scrap, and sales tickets from the recycler were not on file to support the sale proceeds.
- B. The cash and checks received from the recycler were not deposited with the county trustee.
- C. The employee circumvented the department’s budgetary and purchasing processes by purportedly purchasing items with the sale proceeds. The checks received from the recycler had to be converted to cash to purchase the items.

Circumstances surrounding the cash shortage of \$18,913.33 were reviewed with the district attorney general.

RECOMMENDATION

County officials should try and determine the disposition of the \$18,913.33 from the sale of scrap metal. Officials should seek to recover any funds that they determine were not used for county purposes. Lists detailing items sold as scrap should be retained and reconciled with sales tickets from the recycler. All sale proceeds should be deposited with the county trustee and should be administered through the county's general accounting, budgeting, and purchasing processes.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

The county is proposing to address these issues as follows:

1. The county has changed management at the county recycling center. Management has expressed instructions as to the appropriate policies and procedures to be followed including, but not limited to, the training of employees as to the correct procedures for handling scrap metal.
2. The employee training program will emphasize the proper handling of county funds and scrap metal provided to the solid waste convenience centers.
3. The employees will be instructed to deposit all cash sales and ticket sales with the county trustee on a weekly basis.
4. The county is considering the economic feasibility of installing a security system for the purposes of insuring that private vehicles cannot be brought into the facility and then loaded and removed from the facility without being detected.
5. The county is cooperating with the Office of District Attorney General to seek full restitution from the individual accused of taking the property from the county. In addition, the county will likely consider filing a civil suit to recover these funds with interest.
6. The county is considering implementing a policy that would require regular and frequent weighing of scrap metal materials of various sorts and comparing said weight tickets with sales tickets received from the county for each particular material class to determine and detect any discrepancies.

We acknowledge that this theft occurred due to shortcomings in management as well as deficient procedural protocols. We feel that the above compliance measures will eliminate or at least, greatly reduce any likelihood of this recurring in the future.

FINDING 11.02 DRUG COURT FEES WERE NOT REMITTED TO THE STATE IN ACCORDANCE WITH STATE STATUTE
(Noncompliance Under *Government Auditing Standards*)

Overton County had not remitted drug court fees to the State of Tennessee in accordance with state statute. At June 30, 2011, the General Fund reflected a liability for drug court fees of \$21,295, which represents the current year's collections (\$6,625) and collections from July 1, 2005, through June 30, 2009 (\$14,670). Section 16-22-109, *Tennessee Code Annotated*, provides that drug court fees collected in counties that do not operate a drug court be remitted annually in full to the State of Tennessee. Officials advised that Overton County does not operate a drug court. This deficiency exists due to a lack of management oversight.

RECOMMENDATION

Since Overton County does not operate a drug court, officials should remit drug court fees annually in full to the State of Tennessee as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We concur. All drug court fees have since been remitted to the State of Tennessee. A policy is now in place to transfer these funds annually.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.03 THE SCHOOL MAINTENANCE DEPARTMENT HAD A CASH SHORTAGE OF \$1,567.60 AT AUGUST 19, 2011
(Noncompliance Under *Government Auditing Standards*)

Our office received allegations concerning the misappropriation of funds at the School Maintenance Department. Those allegations led to an investigation by our office concerning the sale of scrap metal by a department employee to a recycling company. During the period January 1, 2008, through August 19, 2011, an employee of the Maintenance Department was paid \$2,046.40 in cash and checks from a recycling company for the sale of scrap metals. A check for \$478.80 was made payable to the school maintenance employee since scrap was sold under his personal account; however, the \$478.80 was subsequently remitted to the Board of Education, leaving an unaccounted balance of \$1,567.60. The \$1,567.60 sale proceeds were not deposited with the county trustee to be appropriated through the budgetary process. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." The employee advised us that the \$1,567.60 was used to purchase water, coffee, soft drinks, snacks, and employee lunches. The employee further advised that some of the money may have been used as benevolence funds. Management did not provide

any documentation to support the disbursement of these scrap sale proceeds; therefore, a cash shortage of \$1,567.60 existed at August 19, 2011.

The following internal control deficiencies were noted from the method described above regarding the sale of scrap metal. These deficiencies resulted from a lack of management oversight.

- A. The Maintenance Department did not maintain lists detailing the items sold as scrap, and sales tickets from the recycler were not on file to support the sale proceeds.
- B. The funds received from the recycler were not deposited with the county trustee.
- C. The maintenance employee circumvented the department's budgetary and purchasing processes by purportedly purchasing items with the cash.

This finding was reviewed with the district attorney general.

RECOMMENDATION

Management should try and determine the disposition of the \$1,567.60 from the sale of scrap metal. Officials should seek to recover any funds that they determine were not used for department purposes. Lists detailing items sold as scrap should be retained and reconciled with sales tickets from the recycler. All sale proceeds should be deposited with the county trustee and should be administered through the School Department's general accounting, budgeting, and purchasing processes.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Management concurs. Management has already undertaken its own investigation into the sale of the scrap metal. If management determines that funds were inappropriately withheld from the school system or converted to personal use, it will seek reimbursement from the employee(s) responsible. Additionally, management is in the process of establishing a mandatory meeting with supervisors and employees in the Maintenance Department regarding the proper method for identifying recyclable materials, storing recyclable materials, creating an inventory of materials to be recycled, attaching the inventory of items sold to the sales ticket, and affirming that all checks from the recycling company for materials are to be made payable to the School Department. All funds from the sale of recyclables, whether cash or checks, shall be remitted to the school system bookkeeper for deposit as prescribed by law. The maintenance supervisor shall be responsible for assuring that all funds are deposited in the school accounts according to statute and school system policy. The maintenance supervisor shall also assume responsibility for development and delivery of staff training and formulation of policy resulting from this finding.

FINDING 11.04 THE SCHOOL DEPARTMENT DID NOT EMPLOY AN ARCHITECT OR ENGINEER FOR CONSTRUCTION PROJECTS
(Noncompliance Under *Government Auditing Standards*)

The School Department did not employ a registered architect or engineer to design plans, specifications, or estimates on two construction projects totaling \$286,559 for the renovation of the old Board of Education building. Section 62-2-107, *Tennessee Code Annotated*, requires that a registered architect or engineer should be employed whenever construction contracts are estimated to exceed \$25,000. Management advised that this deficiency resulted from a decision made because of time constraints imposed on this project.

RECOMMENDATION

The School Department should employ a registered architect or engineer for all construction projects exceeding \$25,000 as required by state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

In the future, management will employ a registered architect or engineer for all construction projects exceeding \$25,000 as required by state statute.

OFFICE OF COUNTY CLERK

FINDING 11.05 THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES
(Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in March 2011.

RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

OFFICE OF REGISTER

FINDING 11.06 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

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

RECOMMENDATION

The register should assign each employee their own cash drawer.

OFFICE OF SHERIFF

FINDING 11.07 **DEFICIENCIES WERE NOTED IN THE COMMISSARY OPERATIONS**

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

The following deficiencies were noted in the operations of the commissary. These deficiencies can be attributed to a lack of management oversight, inadequate maintenance of accounting records, and management's failure to correct the finding noted in the prior-year audit report.

- A. Commissary transactions were not included in the official cash journal. The official cash journal is the office's control record and should reflect all financial activity of the office. Cash receipts (\$145,473) and disbursements (\$171,368) of the commissary were determined by substantive testing and alternative auditing procedures and have been included in the financial statements of this report.
- B. The annual financial report prepared by the Sheriff's Department did not accurately reflect the operations of the commissary. The amounts reflected on the report for receipts and disbursements were significantly misstated. Operations and year-end balances were determined by substantive testing and alternative auditing procedures and have been correctly reflected in the financial statements of this report.

- C. Prenumbered receipts were not issued for some commissary collections. Section 9-2-103, *Tennessee Code Annotated*, requires official prenumbered receipts to be issued when collections are received and duplicate receipts to be maintained by the office.

RECOMMENDATION

Commissary transactions should be posted to the official cash journal, and the annual financial report should accurately reflect the transactions of the operation of the commissary. Official prenumbered receipts should be issued for all collections.

OTHER FINDING AND RECOMMENDATION

FINDING 11.08 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS, REGISTER, AND SHERIFF**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees in the Offices of Director of Accounts and Budgets, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We concur. We are continuing to review the duties of our offices and have taken additional steps among our employees in the areas of receipting, depositing, disbursing, and records management to provide for clearer lines of responsibility to strengthen our segregation of duties. Strengthening the segregation of duties will increase our existing internal controls and identify any new internal controls necessary to minimize the potential for misappropriations, waste, or abuse of grant or public funds.

BEST PRACTICES

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

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

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

Sound business practices dictate that establishing a central system of accounting, budgeting, and purchasing covering all funds of the county would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing covering all county funds has been a management decision by Overton County resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. **OVERTON COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

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

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

There were no findings and questioned costs for federal awards.

**OVERTON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011**

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