

ANNUAL FINANCIAL REPORT
OVERTON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
OVERTON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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State Auditors***

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

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Summary of Audit Findings

Annual Financial Report
Overton County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Overton County as of and for the year ended June 30, 2015.

Results

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

Our audit resulted in one finding and recommendation, which we have reviewed with Overton County management. The detailed finding and recommendation is included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OFFICE OF REGISTER OF DEEDS

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Overton County Officials
June 30, 2015

Officials

Ben Danner, County Executive
James Norrod, Highway Superintendent
Dr. Terry Webb, Director of Schools
Peggy Clark Smith, Trustee
Larry King, Assessor of Property
Victoria Looper, County Clerk
Barbara Matthews, Circuit and General Sessions Courts Clerk
Dorothy Stanton, Clerk and Master
Franklin Smith, Register of Deeds
John Garrett, Sheriff
Connie York, Director of Accounts and Budgets

Board of County Commissioners

Ben Danner, County Executive, Chairman
Randall Boswell
Jesse Bowman
Darwin Clark
James Clouse
Jordan Danner
Bruce Ledford
Frank Martin

Robbie Melton
Rick Moles
Jean Moore
Gregg Nivens
Billy Parrott
Billie Phipps
Donna Savage
Phillip Talley

Board of Education

Mike Gilpatrick, Chairman
Dolphus Dial
Ricky Dodson
Mike Hayes
Larry Looper

Terry Melton
Leslie Norrod
Diann Poston
Houston Robbins
Ray Smith

Budget and Purchasing Committee

Donna Savage, Chairman
Randall Boswell
Darwin Clark
Frank Martin
Billie Phipps

Audit Committee

Steven Bryant, Chairman
Andrea Ayers
Rick Moles
James Scarlett
Tina Williams

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Overton County Health and Rehab Center, which represent 28.8 percent, 36.9 percent, and 20.6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Overton/Pickett County Emergency Communications District, which represent 3.1 percent, 5.9 percent, and 2.4 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Overton County Health and Rehab Center and the Overton/Pickett County Emergency

Communications District is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Overton County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$211,161 and the discretely presented Overton County School Department's net position by \$4,440,681 on the Government-wide Statement of Activities. In addition, we draw attention to Note VI.N. to the financial statements, which describes a restatement decreasing the beginning

discretely presented Overton County Health and Rehab Center's net position by \$106,357 on the Government-wide Statement of Activities. Also, we draw attention to Note VII.A15. to the financial statements, which describes a restatement increasing the beginning discretely presented Overton/Pickett County Emergency Communications District's net position by \$48,734 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress – other postemployment benefits plans on pages 106 - 112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Overton County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Overton County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

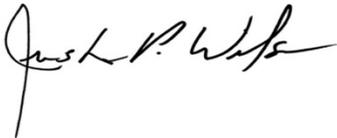
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Overton County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Overton County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, on our consideration of Overton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Overton County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 8, 2016

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Overton County, Tennessee
Statement of Net Position
June 30, 2015

	Component Units			
	Primary Governmental Activities	Overton County School Department	Overton County Health and Rehab Center	Overton/ Pickett County Emergency Communica- tions District
<u>ASSETS</u>				
Cash	\$ 67,951	\$ 491	\$ 2,456,370	\$ 173,270
Equity in Pooled Cash and Investments	6,936,607	5,843,443	0	0
Inventories	0	30,321	0	0
Accounts Receivable	643,530	3,930	1,190,630	0
Allowance for Uncollectibles	(115,666)	0	(130,000)	0
Due from Other Governments	741,667	946,000	0	0
Due from Primary Government	0	63,074	0	0
Due from Component Units	11,420,000	0	0	0
Property Taxes Receivable	5,767,071	1,965,244	0	0
Allowance for Uncollectible Property Taxes	(154,126)	(54,662)	0	0
Prepaid Items	848	0	1,981	17,100
Net Pension Asset - Agent Plan	682,023	904,346	343,520	132,871
Net Pension Asset - Cost-sharing Plan	0	49,099	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	574,225	460,517	115,000	90,550
Intangibles	10,701	0	0	0
Construction in Progress	0	139,298	6,015,111	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	7,192,805	13,780,905	0	0
Infrastructure	7,971,693	695,150	0	0
Other Capital Assets	2,635,844	1,628,381	1,186,083	792,569
Total Assets	<u>\$ 44,375,173</u>	<u>\$ 26,455,537</u>	<u>\$ 11,178,695</u>	<u>\$ 1,206,360</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 119,799	\$ 0	\$ 0	\$ 0
Pension Changes in Experience	0	119,201	0	0
Pension Changes in Contributions after Measurement Date	229,606	1,256,608	118,909	13,616
Total Deferred Outflows of Resources	<u>\$ 349,405</u>	<u>\$ 1,375,809</u>	<u>\$ 118,909</u>	<u>\$ 13,616</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 31,649	\$ 2,470	\$ 201,264	\$ 8,468
Accrued Payroll	91,029	55,203	86,089	30,433
Payroll Deductions Payable	425	560	20,450	0
Retainage Payable	0	0	92,424	0
Accrued Interest Payable	64,222	0	23,000	0
Due to Primary Government	0	7,755,000	3,665,000	0
Customer Deposits Payable	0	0	13,558	0
Noncurrent Liabilities:				
Due Within One Year	1,648,296	28,063	113,727	19,672
Due in More Than One Year	17,350,682	2,475,536	0	20,910
Total Liabilities	<u>\$ 19,186,303</u>	<u>\$ 10,316,832</u>	<u>\$ 4,215,512</u>	<u>\$ 79,483</u>

(Continued)

Exhibit A

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

	Component Units			
	Primary Governmental Activities	Overton County School Department	Overton County Health and Rehab Center	Overton/ Pickett County Emergency Communica- tions District
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,426,102	\$ 1,840,999	\$ 0	\$ 0
Pension Changes in Experience	292,752	388,182	147,453	0
Pension Changes in Investment Earnings	555,083	4,781,509	279,583	0
Pension Other Deferrals	0	206,910	0	73,788
Total Deferred Inflow of Resources	<u>\$ 6,273,937</u>	<u>\$ 7,217,600</u>	<u>\$ 427,036</u>	<u>\$ 73,788</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 12,496,135	\$ 16,704,251	\$ 3,540,933	\$ 856,045
Restricted for:				
General Government	12,050	0	0	0
Administration of Justice	77,326	0	0	0
Public Safety	881,235	0	0	0
Highways/Public Works	1,019,834	0	0	0
Education	0	1,109,080	0	0
Capital Projects	82,790	0	92,519	0
Other Purposes	682,023	0	343,520	132,871
Unrestricted	<u>4,012,945</u>	<u>(7,516,417)</u>	<u>2,678,084</u>	<u>77,789</u>
Total Net Position	<u>\$ 19,264,338</u>	<u>\$ 10,296,914</u>	<u>\$ 6,655,056</u>	<u>\$ 1,066,705</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, 2015

Functions/Programs	Expenses	Program Revenues			Primary Governmental Activities	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Overton County School Department	Component Units	
							Overton County Health and Rehab Center	Overton/Pickett County Emergency Communications District
Primary Government:								
Governmental Activities:								
General Government	\$ 4,022,732	\$ 116,904	\$ 28,639	\$ 0	\$ (3,877,189)	\$ 0	\$ 0	\$ 0
Finance	616,952	504,182	0	0	(112,770)	0	0	0
Administration of Justice	606,738	548,229	9,000	0	(49,509)	0	0	0
Public Safety	3,491,554	942,885	112,372	0	(2,436,297)	0	0	0
Public Health and Welfare	2,740,722	1,636,661	152,860	92,706	(858,495)	0	0	0
Social, Cultural, and Recreational Services	254,119	8,400	45,846	0	(199,873)	0	0	0
Agriculture and Natural Resources	99,352	0	7,182	0	(92,170)	0	0	0
Highways/Public Works	1,990,051	0	1,803,711	205,411	19,071	0	0	0
Interest on Long-term Debt	521,948	0	0	0	(521,948)	0	0	0
Total Primary Government	\$ 14,344,168	\$ 3,757,261	\$ 2,159,610	\$ 298,117	\$ (8,129,180)	\$ 0	\$ 0	\$ 0
Component Units:								
School Department	\$ 25,318,423	\$ 237,983	\$ 3,737,043	\$ 0	\$ 0	\$ (21,343,397)	\$ 0	\$ 0
Health and Rehab Center	6,614,716	7,355,681	25,629	0	0	0	766,594	0
Emergency Communications District	1,073,903	113,838	546,505	0	0	0	0	(413,560)
Total Component Units	\$ 33,007,042	\$ 7,707,502	\$ 4,309,177	\$ 0	\$ 0	\$ (21,343,397)	\$ 766,594	\$ (413,560)

(Continued)

Exhibit B

Overton County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Primary Governmental Total Activities	Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Component Units			
						Overton County School Department	Overton County Health and Rehab Center	Overton/ Pickett County Emergency Communica- tions District	
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 4,142,833	\$ 1,670,167	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service					340,154	0	0	0	0
Local Option Sales Tax					821,260	1,788,457	0	0	0
Hotel/Motel Tax					25,278	0	0	0	0
Wheel Tax					0	596,722	0	0	0
Wholesale Beer Tax					0	122,276	0	0	0
Litigation Taxes					98,607	0	0	0	0
Mineral Severance Tax					117,203	0	0	0	0
Business Tax					118,763	0	0	0	0
Other Local Taxes					4,908	8,852	0	0	0
Grants and Contributions Not Restricted for Specific Programs					1,451,365	19,357,178	0	177,846	
Unrestricted Investment Income					14,300	244	11,675	695	
Sale of Equipment					41,091	0	0	18,300	
Miscellaneous					50,303	19,902	0	50	
Pension Income					45,349	136,726	22,841	10,349	
Total General Revenues					\$ 7,271,414	\$ 23,700,524	\$ 34,516	\$ 207,240	
Insurance Recovery					\$ 7,115	\$ 0	\$ 0	\$ 43,059	
Change in Net Position					\$ (850,651)	\$ 2,357,127	\$ 801,110	\$ (163,261)	
Net Position, July 1, 2014					20,326,150	12,380,468	5,960,303	1,181,232	
Restatement - See Note I.D.9.					(211,161)	(4,440,681)	0	0	
Restatement - See Note VI.N.					0	0	(106,357)	0	
Restatement - See Note VII.A.15.					0	0	0	48,734	
Net Position, June 30, 2015					\$ 19,264,338	\$ 10,296,914	\$ 6,655,056	\$ 1,066,705	

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, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 66,909	\$ 50	\$ 0	\$ 0	\$ 992	\$ 67,951
Equity in Pooled Cash and Investments	3,222,908	960,689	665,611	1,194,962	892,437	6,936,607
Accounts Receivable	602,795	19,085	21,600	0	50	643,530
Allowance for Uncollectibles	(115,666)	0	0	0	0	(115,666)
Due from Other Governments	312,243	105,524	323,900	0	0	741,667
Due from Other Funds	1,042	66	0	0	0	1,108
Property Taxes Receivable	4,700,693	345,717	340,372	380,289	0	5,767,071
Allowance for Uncollectible Property Taxes	(125,073)	(9,849)	(8,370)	(10,834)	0	(154,126)
Prepaid Items	0	0	0	0	848	848
Total Assets	\$ 8,665,851	\$ 1,421,282	\$ 1,343,113	\$ 1,564,417	\$ 894,327	\$ 13,888,990
<u>LIABILITIES</u>						
Accounts Payable	\$ 31,151	\$ 201	\$ 297	\$ 0	\$ 0	\$ 31,649
Accrued Payroll	91,029	0	0	0	0	91,029
Payroll Deductions Payable	425	0	0	0	0	425
Due to Other Funds	66	0	0	0	1,042	1,108
Total Liabilities	\$ 122,671	\$ 201	\$ 297	\$ 0	\$ 1,042	\$ 124,211
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 4,424,857	\$ 322,982	\$ 322,982	\$ 355,281	\$ 0	\$ 5,426,102
Deferred Delinquent Property Taxes	140,207	11,984	8,388	13,182	0	173,761
Other Deferred/Unavailable Revenue	394,237	50,011	158,489	0	0	602,737
Total Deferred Inflows of Resources	\$ 4,959,301	\$ 384,977	\$ 489,859	\$ 368,463	\$ 0	\$ 6,202,600

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 0	\$ 848	\$ 848
Restricted:						
Restricted for General Government	0	0	0	0	12,050	12,050
Restricted for Administration of Justice	77,326	0	0	0	0	77,326
Restricted for Public Safety	0	0	0	0	880,387	880,387
Restricted for Highways/Public Works	0	0	852,957	0	0	852,957
Restricted for Capital Outlay	82,790	0	0	0	0	82,790
Committed:						
Committed for Public Health and Welfare	0	1,036,104	0	0	0	1,036,104
Committed for Debt Service	0	0	0	1,195,954	0	1,195,954
Assigned:						
Assigned for Public Health and Welfare	1,250	0	0	0	0	1,250
Assigned for Other Operations	20,000	0	0	0	0	20,000
Unassigned	3,402,513	0	0	0	0	3,402,513
Total Fund Balances	\$ 3,583,879	\$ 1,036,104	\$ 852,957	\$ 1,195,954	\$ 893,285	\$ 7,562,179
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,665,851	\$ 1,421,282	\$ 1,343,113	\$ 1,564,417	\$ 894,327	\$ 13,888,990

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

Exhibit C-2

Overton County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 7,562,179
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 574,225	
Add: intangible assets	10,701	
Add: buildings and improvements net of accumulated depreciation	7,192,805	
Add: infrastructure net of accumulated depreciation	7,971,693	
Add: other capital assets net of accumulated depreciation	<u>2,635,844</u>	18,385,268
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (15,843,909)	
Less: bonds payable	(1,465,224)	
Add: debt to be contributed by the School Department	7,755,000	
Add: debt to be contributed by the Health and Rehab Center	3,665,000	
Less: accrued interest on bonds, notes, and other loans	(64,222)	
Less: unamortized premium on debt	(655,849)	
Add: deferred charge on refunding	119,799	
Less: compensated absences payable	(96,064)	
Less: other postemployment benefits liability	(929,624)	
Less: landfill postclosure care costs	<u>(8,308)</u>	(7,523,401)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 229,606	
Less: deferred inflows of resources related to pensions	<u>(847,835)</u>	(618,229)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		682,023
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>776,498</u>
Net position of governmental activities (Exhibit A)		<u>\$ 19,264,338</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, 2015

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 4,416,262	\$ 850,025	\$ 448,711	\$ 371,934	\$ 341	\$ 6,087,273
Licenses and Permits	5,863	0	0	0	0	5,863
Fines, Forfeitures, and Penalties	150,079	0	0	0	40,025	190,104
Charges for Current Services	1,321,146	226,082	0	0	15,897	1,563,125
Other Local Revenues	100,676	66,325	62,097	15,308	3,778	248,184
Fees Received from County Officials	871,215	0	0	0	0	871,215
State of Tennessee	1,133,197	20,989	1,869,645	582,235	0	3,606,066
Federal Government	167,350	0	0	0	0	167,350
Other Governments and Citizens Groups	226,205	0	0	1,230,682	0	1,456,887
Total Revenues	\$ 8,391,993	\$ 1,163,421	\$ 2,380,453	\$ 2,200,159	\$ 60,041	\$ 14,196,067
Expenditures						
Current:						
General Government	\$ 1,734,209	\$ 69,859	\$ 0	\$ 0	\$ 471,882	\$ 2,275,950
Finance	587,240	0	0	0	569	587,809
Administration of Justice	603,611	0	0	0	15,328	618,939
Public Safety	3,028,269	0	0	0	46,193	3,074,462
Public Health and Welfare	2,112,829	847,273	0	0	0	2,960,102
Social, Cultural, and Recreational Services	213,225	0	0	0	0	213,225
Agriculture and Natural Resources	103,914	0	0	0	0	103,914
Other Operations	173,842	0	0	842,871	3	1,016,716
Highways	40,974	0	2,133,042	0	0	2,174,016
Debt Service:						
Principal on Debt	0	0	0	2,140,259	0	2,140,259
Interest on Debt	0	0	0	549,608	0	549,608
Other Debt Service	0	0	0	91,923	0	91,923
Total Expenditures	\$ 8,598,113	\$ 917,132	\$ 2,133,042	\$ 3,624,661	\$ 533,975	\$ 15,806,923

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (206,120)	\$ 246,289	\$ 247,411	\$ (1,424,502)	\$ (473,934)	\$ (1,610,856)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	1,265,000	\$ 1,265,000
Refunding Debt Issued	0	0	0	4,230,000	0	4,230,000
Premiums on Debt Issued	0	0	0	588,284	0	588,284
Proceeds from Sale of Capital Assets	0	0	0	1,267,400	0	1,267,400
Insurance Recovery	7,115	0	0	0	0	7,115
Transfers In	32,000	0	0	99,730	0	131,730
Transfers Out	(59,730)	(32,000)	(40,000)	0	0	(131,730)
Payments to Refunded Debt Escrow Agent	0	0	0	(4,797,489)	0	(4,797,489)
Total Other Financing Sources (Uses)	\$ (20,615)	\$ (32,000)	\$ (40,000)	\$ 1,387,925	\$ 1,265,000	\$ 2,560,310
Net Change in Fund Balances	\$ (226,735)	\$ 214,289	\$ 207,411	\$ (36,577)	\$ 791,066	\$ 949,454
Fund Balance, July 1, 2014	3,810,614	821,815	645,546	1,232,531	102,219	6,612,725
Fund Balance, June 30, 2015	\$ 3,583,879	\$ 1,036,104	\$ 852,957	\$ 1,195,954	\$ 893,285	\$ 7,562,179

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, 2015

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)		\$ 949,454
<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	\$ 748,179	
Less: current-year depreciation expense	<u>(933,823)</u>	(185,644)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.</p>		
Less: book value of capital assets disposed		(1,420,146)
<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, 2015	\$ 776,498	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(639,363)</u>	137,135
<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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on notes	\$ 879,276	
Add: principal payments on bonds	1,260,983	
Less: note proceeds	(1,265,000)	
Less: refunding bond proceeds	(4,230,000)	
Add: payment to refunding agent	4,797,489	
Less: contribution from county toward refunding debt	(567,489)	
Less: change in premium on debt issuances	(553,217)	
Less: change in deferred charge on refunding debt	(46,825)	
Less: contributions from the School Department for bonds	(705,000)	
Less: contributions from the Health and Rehab Center for bonds	<u>(165,000)</u>	(594,783)
<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 payable	\$ 27,660	
Change in postclosure care costs	17,995	
Change in compensated absences payable	3,967	
Change in other postemployment benefits liability	(61,244)	
Change in pension liability/asset	893,184	
Change in deferred outflows related to pensions	229,606	
Change in deferred inflows related to pensions	<u>(847,835)</u>	263,333
Change in net position of governmental activities (Exhibit B)		<u>\$ (850,651)</u>

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

Exhibit C-5

Overton County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,416,262	\$ 0	\$ 4,416,262	\$ 4,505,571	\$ 4,505,571	\$ (89,309)
Licenses and Permits	5,863	0	5,863	5,675	5,675	188
Fines, Forfeitures, and Penalties	150,079	0	150,079	115,743	115,743	34,336
Charges for Current Services	1,321,146	0	1,321,146	1,081,200	1,081,340	239,806
Other Local Revenues	100,676	0	100,676	63,300	63,752	36,924
Fees Received from County Officials	871,215	0	871,215	827,500	827,500	43,715
State of Tennessee	1,133,197	0	1,133,197	1,220,552	1,213,722	(80,525)
Federal Government	167,350	0	167,350	721,068	733,995	(566,645)
Other Governments and Citizens Groups	226,205	0	226,205	193,000	193,000	33,205
Total Revenues	\$ 8,391,993	\$ 0	\$ 8,391,993	\$ 8,733,609	\$ 8,740,298	\$ (348,305)
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 75,338	\$ 0	\$ 75,338	\$ 101,880	\$ 101,880	\$ 26,542
Board of Equalization	800	0	800	2,500	2,500	1,700
County Mayor/Executive	186,350	0	186,350	199,478	201,378	15,028
County Attorney	42,818	0	42,818	69,573	69,573	26,755
Election Commission	168,575	0	168,575	187,294	187,294	18,719
Register of Deeds	149,557	0	149,557	165,745	165,745	16,188
Planning	15,291	0	15,291	22,279	22,279	6,988
County Buildings	267,751	0	267,751	333,710	336,710	68,959
Other General Administration	825,662	0	825,662	815,115	916,067	90,405
Preservation of Records	2,067	0	2,067	2,000	2,183	116
<u>Finance</u>						
Accounting and Budgeting	41,533	0	41,533	41,580	41,580	47
Property Assessor's Office	188,332	0	188,332	197,314	197,314	8,982
County Trustee's Office	163,147	0	163,147	184,583	184,583	21,436
County Clerk's Office	194,228	0	194,228	213,677	213,677	19,449

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice</u>						
Circuit Court	\$ 231,062	\$ 0	\$ 231,062	\$ 231,650	\$ 235,850	\$ 4,788
General Sessions Court	141,487	0	141,487	144,703	148,703	7,216
Chancery Court	186,099	0	186,099	203,919	203,919	17,820
Juvenile Court	18,252	0	18,252	14,689	19,439	1,187
District Attorney General	6,832	0	6,832	33,107	33,107	26,275
Judicial Commissioners	19,879	0	19,879	24,059	24,059	4,180
<u>Public Safety</u>						
Sheriff's Department	1,260,732	0	1,260,732	1,660,043	1,639,728	378,996
Special Patrols	32,021	0	32,021	36,853	37,987	5,966
Jail	1,385,910	0	1,385,910	1,736,082	1,758,582	372,672
Fire Prevention and Control	164,917	0	164,917	164,000	181,000	16,083
Civil Defense	8,689	0	8,689	9,547	10,047	1,358
Rescue Squad	10,000	0	10,000	10,000	10,000	0
Other Emergency Management	150,000	0	150,000	150,000	150,000	0
County Coroner/Medical Examiner	16,000	0	16,000	35,000	35,000	19,000
Other Public Safety	0	0	0	3,000	3,000	3,000
<u>Public Health and Welfare</u>						
Local Health Center	186,390	0	186,390	224,880	224,880	38,490
Ambulance/Emergency Medical Services	1,917,394	1,250	1,918,644	2,011,670	2,034,170	115,526
Other Local Health Services	2,309	0	2,309	2,500	2,500	191
Regional Mental Health Center	6,327	0	6,327	6,327	6,327	0
Transfer Stations	409	0	409	0	409	0
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	52,346	0	52,346	57,323	56,923	4,577
Libraries	128,129	0	128,129	133,821	133,821	5,692
Other Social, Cultural, and Recreational	32,750	0	32,750	32,750	32,750	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	\$ 46,386	\$ 0	\$ 46,386	\$ 54,888	\$ 54,888	\$ 8,502
Soil Conservation	57,528	0	57,528	67,277	68,392	10,864
<u>Other Operations</u>						
Tourism	18,466	0	18,466	16,500	26,500	8,034
Industrial Development	26,888	20,000	46,888	70,000	70,000	23,112
Other Economic and Community Development	0	0	0	525,000	358,011	358,011
Airport	12,450	0	12,450	12,200	12,450	0
Veterans' Services	38,462	0	38,462	45,661	45,661	7,199
Contributions to Other Agencies	77,576	0	77,576	14,600	77,674	98
<u>Highways</u>						
Traffic Control	4,658	0	4,658	12,493	12,493	7,835
Litter and Trash Collection	36,316	0	36,316	37,100	37,100	784
Total Expenditures	\$ 8,598,113	\$ 21,250	\$ 8,619,363	\$ 10,318,370	\$ 10,388,133	\$ 1,768,770
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (206,120)	\$ (21,250)	\$ (227,370)	\$ (1,584,761)	\$ (1,647,835)	\$ 1,420,465
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 7,115	\$ 0	\$ 7,115	\$ 0	\$ 0	\$ 7,115
Transfers In	32,000	0	32,000	32,000	32,000	0
Transfers Out	(59,730)	0	(59,730)	(63,074)	(59,730)	0
Total Other Financing Sources	\$ (20,615)	\$ 0	\$ (20,615)	\$ (31,074)	\$ (27,730)	\$ 7,115
Net Change in Fund Balance						
Fund Balance, July 1, 2014	\$ (226,735)	\$ (21,250)	\$ (247,985)	\$ (1,615,835)	\$ (1,675,565)	\$ 1,427,580
	3,810,614	0	3,810,614	3,701,003	3,701,003	109,611
Fund Balance, June 30, 2015						
	\$ 3,583,879	\$ (21,250)	\$ 3,562,629	\$ 2,085,168	\$ 2,025,438	\$ 1,537,191

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

Exhibit C-6

Overton County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 850,025	\$ 773,106	\$ 773,106	\$ 76,919
Charges for Current Services	226,082	170,000	170,000	56,082
Other Local Revenues	66,325	75,000	75,000	(8,675)
State of Tennessee	20,989	11,000	22,253	(1,264)
Total Revenues	\$ 1,163,421	\$ 1,029,106	\$ 1,040,359	\$ 123,062
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 69,859	\$ 103,000	\$ 86,000	\$ 16,141
<u>Public Health and Welfare</u>				
Convenience Centers	116,255	145,421	148,421	32,166
Transfer Stations	658,708	756,759	750,759	92,051
Recycling Center	52,265	72,800	84,053	31,788
Other Waste Disposal	1,373	4,000	4,000	2,627
Postclosure Care Costs	18,672	10,000	30,000	11,328
Total Expenditures	\$ 917,132	\$ 1,091,980	\$ 1,103,233	\$ 186,101
Excess (Deficiency) of Revenues Over Expenditures	\$ 246,289	\$ (62,874)	\$ (62,874)	\$ 309,163
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (32,000)	\$ (32,000)	\$ (32,000)	\$ 0
Total Other Financing Sources	\$ (32,000)	\$ (32,000)	\$ (32,000)	\$ 0
Net Change in Fund Balance	\$ 214,289	\$ (94,874)	\$ (94,874)	\$ 309,163
Fund Balance, July 1, 2014	821,815	826,010	826,010	(4,195)
Fund Balance, June 30, 2015	\$ 1,036,104	\$ 731,136	\$ 731,136	\$ 304,968

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

Exhibit C-7

Overton County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 448,711	\$ 410,150	\$ 410,150	\$ 38,561
Other Local Revenues	62,097	500	7,564	54,533
State of Tennessee	1,869,645	2,043,657	2,043,657	(174,012)
Total Revenues	<u>\$ 2,380,453</u>	<u>\$ 2,454,307</u>	<u>\$ 2,461,371</u>	<u>\$ (80,918)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 124,344	\$ 128,523	\$ 132,668	\$ 8,324
Highway and Bridge Maintenance	723,983	796,561	814,608	90,625
Operation and Maintenance of Equipment	320,386	336,868	351,508	31,122
Quarry Operations	158,364	124,141	166,741	8,377
Other Charges	180,640	237,500	181,132	492
Employee Benefits	327,048	390,263	368,263	41,215
Capital Outlay	298,277	571,954	577,954	279,677
Total Expenditures	<u>\$ 2,133,042</u>	<u>\$ 2,585,810</u>	<u>\$ 2,592,874</u>	<u>\$ 459,832</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 247,411</u>	<u>\$ (131,503)</u>	<u>\$ (131,503)</u>	<u>\$ 378,914</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ 0
Total Other Financing Sources	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 207,411	\$ (171,503)	\$ (171,503)	\$ 378,914
Fund Balance, July 1, 2014	645,546	701,163	701,163	(55,617)
Fund Balance, June 30, 2015	<u>\$ 852,957</u>	<u>\$ 529,660</u>	<u>\$ 529,660</u>	<u>\$ 323,297</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,148,895
Accounts Receivable	412
Due from Other Governments	<u>169,587</u>
Total Assets	<u>\$ 1,318,894</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 169,587
Due to Litigants, Heirs, and Others	<u>1,149,307</u>
Total Liabilities	<u>\$ 1,318,894</u>

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

OVERTON COUNTY, TENNESSEE
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OVERTON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Overton County School Department operates the public school system in the county, and the voters of Overton County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

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

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

Administrative Offices:

Overton County Health and Rehab Center
318 Billbrey Street
Livingston, TN 38570

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

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

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Overton County issues all debt for the discretely presented Overton County School Department and the discretely presented Overton County Health and Rehab Center. There were no debt issues contributed by the county to the School Department or the Health and Rehab Center during the year ended June 30, 2015.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Overton County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

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

Overton County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions related to the disposal of Overton County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

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

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

Additionally, Overton County reports the following fund type:

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

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

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

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

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – The Education Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs on debt issued by the primary government for the School Department.

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

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

1. Deposits and Investments

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

debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.5 percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the

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

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

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads	20 - 75
Bridges	75

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience and employer contributions made to the pension plan after the measurement date.

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

6. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon termination of employment for any purpose other than retirement, all unused sick leave will be forfeited. Upon retirement, employees have the option of applying accumulated sick leave toward retirement in the Tennessee Consolidated Retirement System or receiving a lump sum payment of \$10 per day for all days accumulated up to 200 days. Since the payment of sick leave is at the option of employees as they retire, the amount cannot be reasonably estimated and is not accrued in the government-wide financial statements for the county. All vacation pay is accrued when incurred in the government-wide financial statements for the county.

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

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

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. **Net Position and Fund Balance**

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

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

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of pension obligations.

As of June 30, 2015, Overton County had \$7,755,000 in outstanding debt for the discretely presented Overton County School Department and \$3,665,000 in outstanding debt for the Overton County Health and Rehab Center. This debt is a liability of Overton County, but the capital assets acquired are reported in the financial statements of the School Department and the Health and Rehab Center.

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

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

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

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

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

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

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

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Overton County's and the Overton County School Department's beginning net position has been recognized on the Statement of Activities totaling \$211,161 and \$4,440,681, respectively.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Overton County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Overton County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Overton County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Overton County School Department

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

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

Primary Government

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

Discretely Presented Overton County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the 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, 2015, Overton County and the Overton County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Major Fund:		
General	Industrial Park Sign	\$ 20,000
School Department:		
Major Fund:		
General Purpose School	Tennis courts	74,902
Nonmajor Fund:		
School Federal Projects	Computers, printers, and whiteboards	33,843

B. Cash Shortage – Prior Year

The State Comptroller issued a special report dated June 4, 2012, regarding allegations of suspected irregularities at the Millard Oakley Public Library, which is a department of the county's General Fund. The investigation revealed a cash shortage of \$5,999.53 at March 2, 2012, which was attributed to alleged illegal activity by the library's deputy director. Refunds by the bank and funds returned by the deputy director reduced the shortage to \$3,709.95 at March 26, 2012. On February 18, 2014, the defendant pled guilty to theft of property over \$1,000 and received a three-year sentence suspended to three years of supervised probation and 100 hours community service, as well as, being ordered to pay restitution of \$3,709.95. This shortage is not reflected in the financial statements of Overton County at June 30, 2015, due to the uncertainty of collection. Restitution of \$60 was received during the year leaving a balance at June 30, 2015, of \$3,650. Details of the shortage may be found on the Comptroller's website at www.comptroller.tn.gov.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2015, Overton County had the following investments carried at fair value. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Overton County and the discretely presented Overton County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturity	Fair Value
State Treasurer's Investment Pool	3 to 139	N/A	\$ 12,444,151

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, 2015, 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, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 574,225	\$ 0	\$ 0	\$ 574,225
Intangibles Assets - Indefinite Life	10,701	0	0	10,701
Total Capital Assets Not Depreciated	<u>\$ 584,926</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 584,926</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,082,327	\$ 0	\$ (1,314,956)	\$ 10,767,371
Infrastructure	11,776,572	261,631	(16,152)	12,022,051
Other Capital Assets	7,158,840	486,548	(529,473)	7,115,915
Total Capital Assets Depreciated	<u>\$ 31,017,739</u>	<u>\$ 748,179</u>	<u>\$ (1,860,581)</u>	<u>\$ 29,905,337</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,409,991	\$ 220,050	\$ (55,475)	\$ 3,574,566
Infrastructure	4,000,600	54,482	(4,724)	4,050,358
Other Capital Assets	4,201,016	659,291	(380,236)	4,480,071
Total Accumulated Depreciation	<u>\$ 11,611,607</u>	<u>\$ 933,823</u>	<u>\$ (440,435)</u>	<u>\$ 12,104,995</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,406,132</u>	<u>\$ (185,644)</u>	<u>\$ (1,420,146)</u>	<u>\$ 17,800,342</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,991,058</u>	<u>\$ (185,644)</u>	<u>\$ (1,420,146)</u>	<u>\$ 18,385,268</u>

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

Governmental Activities:

General Government	\$	51,646
Finance		2,132
Administration of Justice		8,438
Public Safety		545,211
Public Health and Welfare		150,620
Social, Cultural, and Recreational Services		27,592
Highways/Public Works		<u>148,184</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>933,823</u></u>

Discretely Presented Overton County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 460,517	\$ 0	\$ 460,517
Construction on Progress	0	139,298	<u>139,298</u>
Total Capital Assets Not Depreciated	<u>\$ 460,517</u>	<u>\$ 139,298</u>	<u>\$ 599,815</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 23,494,314	\$ 162,590	\$ 23,656,904
Infrastructure	963,193	0	963,193
Other Capital Assets	<u>3,086,728</u>	<u>246,675</u>	<u>3,333,403</u>
Total Capital Assets Depreciated	<u>\$ 27,544,235</u>	<u>\$ 409,265</u>	<u>\$ 27,953,500</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 9,353,131	\$ 522,868	\$ 9,875,999
Infrastructure	246,973	21,070	268,043
Other Capital Assets	<u>1,515,206</u>	<u>189,816</u>	<u>1,705,022</u>
Total Accumulated Depreciation	<u>\$ 11,115,310</u>	<u>\$ 733,754</u>	<u>\$ 11,849,064</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,428,925</u>	<u>\$ (324,489)</u>	<u>\$ 16,104,436</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,889,442</u>	<u>\$ (185,191)</u>	<u>\$ 16,704,251</u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

Instruction	\$ 538,791
Support Services	<u>194,963</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 733,754</u></u>

C. Construction Commitments

At June 30, 2015, the School Department had uncompleted construction contracts of approximately \$74,209 for tennis court construction. Funding for these future expenditures will be paid from fund equity.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,042
Solid Waste/ Sanitation	General	66

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

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Units:	
Governmental Activities	School Department	\$ 7,755,000
"	Health and Rehab Center	3,665,000
Component Units:	Primary Government:	
School Department	General	63,074

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

The School Department receivable of \$63,074 was in transit from the General Fund at June 30, 2015.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
General Fund	\$ 0	\$ 59,730
Solid Waste/Sanitation Fund	32,000	0
Highway/Public Works Fund	0	40,000
Total	\$ 32,000	\$ 99,730

Discretely Presented Overton County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 652,178
Nonmajor governmental fund	28,326	0
Total	\$ 28,326	\$ 652,178

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 Obligations

Primary Government

General Obligation Bonds and Notes

Overton County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government, the discretely presented School Department, and the discretely presented Overton County Health and Rehab Center. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 24 years for bonds and up to nine years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and capital outlay notes payable included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2015, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-15</u>
General Obligation Bonds	2.58 to 4.5 %	4-1-33	\$ 5,800,000	\$ 4,473,909
General Obligation Bond - Refunding	2 to 4.1	6-1-25	13,965,000	11,370,000
Capital Outlay Notes	2.24 to 4.31	5-21-21	2,166,000	1,465,224

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,263,277	\$ 487,927	\$ 1,751,204
2017	1,295,675	456,844	1,752,519
2018	1,333,180	424,679	1,757,859
2019	1,360,798	390,761	1,751,559
2020	1,393,534	355,230	1,748,764
2021-2025	7,178,217	1,085,684	8,263,901
2026-2030	1,259,228	222,047	1,481,275
2031-2033	760,000	47,025	807,025
Total	<u>\$ 15,843,909</u>	<u>\$ 3,470,197</u>	<u>\$ 19,314,106</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 305,111	\$ 19,040	\$ 324,151
2017	310,113	13,731	323,844
2018	210,000	10,428	220,428
2019	210,000	8,328	218,328
2020	215,000	5,912	220,912
2021	215,000	3,118	218,118
Total	<u>\$ 1,465,224</u>	<u>\$ 60,557</u>	<u>\$ 1,525,781</u>

There is \$1,195,954 available in the General Debt Service Fund and \$482,082 in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$784, based on the 2010 federal census.

The School Department and the Overton County Health and Rehab Center are currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and the Health and Rehab Center as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-15</u>
<u>Bonds Payable</u>	
<u>Contributions from the Overton County Nursing Home</u>	
Nursing Home Improvements	\$ 3,665,000
<u>Contributions from the Education Debt Service Fund</u>	
School Refunding Series 2014	3,525,000
School Refunding Series 2015	<u>4,230,000</u>
Total	<u>\$ 11,420,000</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2014	\$ 17,574,892	\$ 1,079,500
Additions	4,230,000	1,265,000
Reductions	(1,260,983)	(879,276)
Debt Refunded	<u>(4,700,000)</u>	<u>0</u>
Balance, June 30, 2015	<u>\$ 15,843,909</u>	<u>\$ 1,465,224</u>
Balance Due Within One Year	<u>\$ 1,263,277</u>	<u>\$ 305,111</u>

	<u>Other Postemployment Benefits</u>	<u>Compensated Absences</u>	<u>Landfill Postclosure Care Costs</u>
Balance, July 1, 2014	\$ 868,380	\$ 100,031	\$ 26,303
Additions	68,895	190,506	677
Reductions	<u>(7,651)</u>	<u>(194,473)</u>	<u>(18,672)</u>
Balance, June 30, 2015	<u>\$ 929,624</u>	<u>\$ 96,064</u>	<u>\$ 8,308</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 72,048</u>	<u>\$ 7,860</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 18,343,129
Less: Balance Due Within One Year	(1,648,296)
Add: Unamortized Premium on Debt	<u>655,849</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 17,350,682</u>

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

Advance or Current Refunding

On March 3, 2015, Overton County advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued general obligation refunding bonds of \$4,230,000 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next ten years will be reduced by \$786,406, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$697,735 was obtained.

Discretely Presented Overton County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Overton County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
	<u> </u>	<u> </u>
Balance, July 1, 2014	\$ 1,965,452	\$ 215,715
Additions	565,025	28,063
Reductions	(254,568)	(16,088)
	<u> </u>	<u> </u>
Balance, June 30, 2015	<u>\$ 2,275,909</u>	<u>\$ 227,690</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 28,063</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 2,503,599
Less: Balance Due Within One Year	<u>(28,063)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,475,536</u>

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

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. This plan 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, 2015, were \$1,912. 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, 2015, were \$118,388 and \$35,438, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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

through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Contingent Liabilities

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

D. Changes in Administration

On August 31, 2014, Ron Cyrus left the Office of County Executive and was succeeded by Ben Danner; Hugh Ogletree, Jr., left the Office of County Clerk and was succeeded by Victoria Looper; and W.B. Melton left the Office of Sheriff and was succeeded by John Garrett. On January 28, 2015, Pamela Smith Gordon left the position of Director of Schools and was succeeded by Dr. Terry Webb.

E. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Overton County closed its landfill in 1994. The Solid Waste/Sanitation Fund reports the postclosure care costs of the closed landfill as expenditures in each period in which they are incurred. The \$8,308 reported as landfill postclosure care liability at June 30, 2015, 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.

F. Joint Venture

The Thirteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Thirteenth Judicial District, Clay, Cumberland, DeKalb, Overton, Pickett, Putnam, and White counties, and participating municipalities within the

district. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Overton County did not make appropriations to the DTF for the year ended June 30, 2015. Overton County does not have an equity interest in the DTF. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Overton County, non-certified employees of the discretely presented Overton County School Department, and employees of the discretely presented Overton County Health and Rehab Center are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 35.34 percent, the non-certified employees of the discretely presented School Department comprise 46.86 percent, and the discretely presented Overton County Health and Rehab Center comprise 17.8 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. *TCA*, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly.

The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	176
Inactive Employees Entitled to But Not Yet Receiving Benefits	390
Active Employees	<u>382</u>
 Total	 <u><u>948</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Overton County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Overton County were \$537,490 based on a rate of 5.38 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Overton County's state shared taxes if required employer contributions are not remitted. The employer's actuarially

determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Overton County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection

established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Overton County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 22,869,076	\$ 21,713,597	\$ 1,155,479
Changes for the Year:			
Service Cost	\$ 821,188	\$ 0	\$ 821,188
Interest	1,736,406	0	1,736,406
Differences Between Expected and Actual Experience	(994,065)	0	(994,065)
Contributions-Employer	0	557,965	(557,965)
Contributions-Employees	0	515,219	(515,219)
Net Investment Income	0	3,591,187	(3,591,187)
Benefit Payments, Including Refunds of Employee Contributions	(1,076,371)	(1,076,371)	0
Administrative Expense	0	(15,473)	15,473
Other Changes	0	0	0
Net Changes	\$ 487,158	\$ 3,572,527	\$ (3,085,369)
Balance, June 30, 2014	\$ 23,356,234	\$ 25,286,124	\$ (1,929,890)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	35.34%	\$ 8,254,093	\$ 8,936,116	\$ (682,023)
Health and Rehab Center	17.80%	4,157,410	4,500,930	(343,520)
School Department	46.86%	10,944,731	11,849,078	(904,346)
Total		\$ 23,356,234	\$ 25,286,124	\$ (1,929,890)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Overton County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Overton County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
----------------	------------------------	-------------------------------------	------------------------

Net Pension Liability \$ 1,254,135 \$ (1,929,890) \$ (4,543,796)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Income. For the year ended June 30, 2015, Overton County recognized pension income of \$128,323.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Overton County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 828,387
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,570,694
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>537,490</u>	<u>N/A</u>
Total	<u>\$ 537,490</u>	<u>\$ 2,399,081</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 229,606	\$ 847,835
Health and Rehab Center	118,909	427,036
School Department	188,975	1,124,209
Total	<u>\$ 537,490</u>	<u>\$ 2,399,081</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (558,351)
2017	(558,351)
2018	(558,351)
2019	(558,351)
2020	(165,678)
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Overton County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Overton County, non-certified employees of the discretely presented Overton County School Department, and employees of the discretely presented Overton County Health and Rehab Center are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 35.34 percent, the non-certified employees of the discretely presented School Department comprise 46.86 percent, and employees

of the discretely presented Overton County Health and Rehab Center comprise 17.8 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Overton County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their

employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$9,956, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Overton County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Overton County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 9,956	N/A
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The Overton County School Department’s employer contributions of \$9,956 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Overton County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement

benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Overton County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,057,677, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Overton County School Department reported an asset of \$49,099 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Overton County School Department's proportion of the net pension asset was based on the Overton County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Overton County School Department's proportion was .302159 percent. The proportion measured as of June 30, 2013, was .316828 percent.

Pension Income. For the year ended June 30, 2015, the Overton County School Department recognized a pension income of \$76,594.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Overton County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 119,201	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,045,482
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	206,910
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>1,057,677</u>	<u>N/A</u>
Total	<u>\$ 1,176,878</u>	<u>\$ 4,252,392</u>

The Overton County School Department's employer contributions of \$1,057,677 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,025,989)
2017	(1,025,989)
2018	(1,025,989)
2019	(1,025,989)
2020	(14,618)
Thereafter	(14,618)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
Short-term Securities	0.98	29
	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Overton County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Overton County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 8,281,178 \$ (49,099) \$ (6,945,666)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

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

H. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2015, Overton County and the School Department contributed \$7,651 and \$254,568, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Education Medicare Supplement Plan	Local Government Group Plan	Local Government Medicare Supplement Plan
ARC	\$ 489,000	\$ 74,000	\$ 47,000	\$ 21,000
Interest on the NOPEBO	76,000	2,618	21,327	13,408
Adjustment to the ARC	(74,042)	(2,551)	(20,778)	(13,062)
Annual OPEB cost	\$ 490,958	\$ 74,067	\$ 47,549	\$ 21,346
Amount of contribution	(248,768)	(5,800)	(6,713)	(938)
Increase/decrease in NOPEBO	\$ 242,190	\$ 68,267	\$ 40,836	\$ 20,408
Net OPEB obligation, 7-1-14	1,900,002	65,450	533,180	335,200
Net OPEB obligation, 6-30-15	\$ 2,142,192	\$ 133,717	\$ 574,016	\$ 355,608

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 635,580	49%	\$ 1,717,906
6-30-14	"	473,770	62	1,900,002
6-30-15	"	490,958	51	2,142,192
6-30-14	Local Education Medicare Supplement *	71,000	8	65,450
6-30-15	"	74,067	8	133,717
6-30-13	Local Government Group	114,899	4	488,407
6-30-14	"	46,503	4	533,180
6-30-15	"	47,549	14	574,016
6-30-13	Local Government Medicare Supplement	74,401	2	316,524
6-30-14	"	20,326	8	335,200
6-30-15	"	21,346	4	355,608

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

Funded Status and Funding Progress

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

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

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Government Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 297,000	\$ 274,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 297,000	\$ 274,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 2,796,943	N/A
UAAL as a % of covered payroll	11%	N/A

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Government Plan and the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual healthcare cost trend rate for the Medicare Supplement Plan was six percent for fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as

a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

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 \$10,000 to be made on the basis of competitive bids solicited through public advertisement. The county executive serves as purchasing agent for Overton County.

Office of Director of Schools

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

VI. OTHER NOTES – DISCRETELY PRESENTED OVERTON COUNTY HEALTH AND REHAB CENTER

A. Summary of Significant Accounting Policies

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

Organization

Overton County Health and Rehab Center is a nonprofit corporation chartered under the laws of the State of Tennessee on April 5, 1962, operating as a political subdivision of Overton County, Tennessee (the county). The purpose of the center is to provide nursing care to residents primarily from the Overton County area. The corporation is managed by a board of five directors who are county commissioners, appointed by the County Commission of Overton County, Tennessee.

Financial Reporting Entity – Component Unit

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

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

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

At June 30, 2015, there was a note payable between Overton County and the center. This is described in detail in Note VI. K. The center did not engage in any other activities that were subject to the approval of Overton County.

Basis of Presentation

The financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

As a component unit of Overton County, the accounts of the center 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 center's assets, liabilities, net position, revenues, and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured by a pledge of the net revenues from fees and charges of the activity, or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

Cash Flow - Cash and Cash Equivalents

Overton County Health and Rehab Center presents its cash flow statement using the direct method. For purposes of cash flow presentation, the center considers cash in operating bank accounts, cash on hand, and certificates of deposit that have original maturities of three months or less as cash and cash equivalents. At June 30, 2015, there were no certificates of deposit that qualified as cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount that the center expects to collect from outstanding balances. The center provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful accounts was \$130,000 at June 30, 2015. Account balances are charged against the allowance after reasonable collection efforts have been exhausted and the potential for recovery is considered remote.

Net Patient Revenue

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

Property and Equipment

Property and equipment are stated at cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. There was \$94,986 of interest capitalized during the year ended June 30, 2015. 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 center estimates the useful lives of the respective classes of plant and equipment as follows:

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

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

Accrued Vacation

Employees of the center earn vacation by a prescribed formula based on length of service. Employees of the center accrue vacation pay when earned.

Pensions

For the purpose of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (income), information about the fiduciary net position of

Overton County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Estimates

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

Income Taxes

The Internal Revenue Service has determined that the center is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

Operating Revenues and Expenses

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

Subsequent Events

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

B. Cash and Certificates of Deposit

The center 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, 2015, 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, 2015, the carrying amount of cash deposits, including patient funds, was \$798,595, and the bank balance was \$996,245. At June 30, 2015, the carrying amount of the certificate of deposit was \$1,644,216, and the bank balance was \$1,644,216. At June 30, 2015, the entire bank balance was covered by federal depository insurance or pledged securities held as collateral in another institution in the name of the center.

C. Patient Funds Held in Trust

At June 30, 2015, the center held funds totaling \$13,558 on behalf of the residents.

The center 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 center for patient care, provided the amount does not include monies stipulated for patients' use only. All funds in excess of \$100 per recipient are required to be placed in an insured interest-bearing account.

D. Concentration of Credit Risk

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

Medicaid	35.89	%
Medicare	35.13	
Private	15.48	
Insurance	13.5	

E. Capital Assets

Capital assets are summarized as follows:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 115,000	\$ 0	\$ 0	\$ 115,000
Construction in Progress	2,792,407	3,222,704	0	6,015,111
Total Capital Assets Not Depreciated	\$ 2,907,407	\$ 3,222,704	\$ 0	\$ 6,130,111
Capital Assets Depreciated:				
Land/Improvements	\$ 101,108	\$ 0	\$ (5,409)	\$ 95,699
Buildings/Improvements	3,058,480	15,317	(674)	3,073,123
Tranportation Equipment	62,869	0	0	62,869
Equipment	1,146,304	97,388	(108,005)	1,135,687
Total Capital Assets Depreciated	\$ 4,368,761	\$ 112,705	\$ (114,088)	\$ 4,367,378
Less Accumulated Depreciation For:				
Land/Improvements	\$ 52,066	\$ 4,877	\$ (5,409)	\$ 51,534
Buildings/Improvements	2,061,528	89,937	(674)	2,150,791
Tranportation Equipment	52,897	7,203	0	60,100
Equipment	987,465	39,410	(108,005)	918,870
Total Accumulated Depreciation	\$ 3,153,956	\$ 141,427	\$ (114,088)	\$ 3,181,295
Total Capital Assets Depreciated, Net	\$ 1,214,805	\$ (28,722)	\$ 0	\$ 1,186,083
Business-type Activities Capital Assets, Net	\$ 4,122,212	\$ 3,193,982	\$ 0	\$ 7,316,194

F. Pension Plan

Plan Description. Employees of Overton County Health and Rehab Center, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under *Tennessee Code Annotated*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs. Since Overton County Health and Rehab Center is a component unit of Overton

County and does not have its own distinct agent multiple-employer pension plan, the plan is treated as a cost-sharing plan for purposes of Overton County Health and Rehab Center's stand-alone financial statements.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Overton County Health and Rehab Center makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Overton County Health and Rehab Center were \$118,909 based on a rate of 5.41 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Overton County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset), Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, Overton County Health and Rehab Center reported an asset of \$343,520 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. Overton County Health and Rehab Center’s proportion of the net pension asset was based on a projection of Overton County Health and Rehab Center’s long-term share of contributions to the pension plan relative to the actuarially determined projected contributions of all participating entities. At June 30, 2015, Overton County Health and Rehab Center’s proportion was 17.8 percent, presenting the first time presentation of this proportion.

Pension Income. For the year ended June 30, 2015, Overton County Health and Rehab Center recognized pension income of \$22,841.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Overton County Health and Rehab Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 147,453
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	279,583
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>118,909</u>	<u>N/A</u>
Total	<u>\$ 118,909</u>	<u>\$ 427,036</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (99,386)
2017	(99,386)
2018	(99,386)
2019	(99,386)
2020	(29,491)
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate

of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Overton County Health and Rehab Center will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Overton County Health and Rehab Center's proportionate share of the net pension liability (asset) of Overton County calculated using the discount rate of 7.5 percent, as well as what Overton County Health and Rehab Center's proportionate share of the net pension liability (asset) would be if it was

calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Overton County</u>	6.5%	7.5%	8.5%
Net Pension Liability	\$ 223,236	\$ (343,520)	\$ (808,796)

Payable to the Pension Plan. At June 30, 2015, Overton County Health and Rehab Center reported a payable of \$16,499 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

G. Risk Management

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

H. Health Care Regulations

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

I. Professional Liability Claims and Insurance

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

J. Cash - Restricted

Restricted cash is in a separate cash account created during the fiscal year ended June 30, 2012, with the net proceeds from the General Obligation Bonds, Series 2012, issued by Overton County, Tennessee, as further explained in Note VI.K. below. This cash is restricted to be used only for purposes as authorized by a resolution passed by the county. The cash is to be disbursed solely to pay costs of issuance of the bonds and costs of the project, as also described in Note VI.K. below. After completion of the project, any funds remaining in this restricted account are to be deposited to the county's debt service fund. The carrying amount of the restricted cash account at June 30, 2015, was \$5,868. In addition, cash held as retainage that is due to the contractor at the end of the project is being deposited into a separate bank account. The carrying amount of this cash account at June 30, 2015, was \$92,519. Total restricted cash at June 30, 2015, was \$98,387.

K. Note Payable to Primary Government

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

It is the intent of the center to repay the county bonds from revenues from the center. Therefore, the center has a note payable to the primary government in the exact amount of the balance of the bonds at June 30, 2015. The county has a liability for the bonds on the county's books with a corresponding amount due from the center. The center is repaying the indebtedness to the county in the form of payments on the bonds to U.S. Bank National Association according to the terms of the bonds. The bonds have a maturity date of April 1, 2033, and bear fixed interest rates ranging from one percent to 3.125 percent. The net proceeds of the bonds were deposited into a separate cash account of the center as the "Construction Fund" as required by the bond resolution.

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2016	\$ 165,000	\$ 92,506
2017	165,000	89,206
2018	170,000	85,906
2019	175,000	82,506
2020	175,000	79,006
2021-2025	950,000	336,781
2026-2030	1,105,000	211,888
2031-2033	760,000	47,025
Total	<u>\$ 3,665,000</u>	<u>\$ 1,024,824</u>

Activity related to the note payable for the year ended June 30, 2015, was as follows:

Balance 7-1-14	Reductions	Balance 6-30-15	Due Within One Year
\$ 3,830,000	\$ 165,000	\$ 3,665,000	\$ 165,000

L. Commitments

The center entered into an agreement during the year for the construction of a center facility (the "Cottage") of the county. The status of the agreement at June 30, 2015, is as follows:

	Project Authorization	Expended To Date	Remaining Commitment
J. Cumby Construction	\$ 4,679,603	\$ (4,621,179)	\$ 58,424

The Cottage is expected to open in the fall of 2015.

M. Net Position – Restricted for Capital Project

The portion of net position that is restricted for the capital project as described in Notes VI.J. and VI.K. is equal to the amount of the restricted cash held as retainage in the amount of \$92,519 at June 30, 2015.

N. Change in Accounting Principal/Prior Year Restatement

The center adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year ended June 30, 2015. As a result, a prior-year restatement was made to retroactively restate net position in the amount of (\$106,357) made up of the following:

Initial establishment of the net pension liability as of July 1, 2013	\$	(205,675)
Recording of employer contributions made during the year ended June 30, 2014		<u>99,318</u>
Restatement	\$	<u>(106,357)</u>

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

A. Summary of Significant Accounting Policies

1. Financial Reporting Entity

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

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

2. Method of Accounting

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

3. **Income Taxes**

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

4. **Revenue**

Operating revenues consist primarily from local telephone companies authorization to charge all customers who have access to 911 charge of \$1.16 per month. As of June 30, 2015, the district had 8,110 residential customers and 2,307 business customers. These fees are collected by the State of Tennessee and then disbursed to the Emergency Communications Centers. Wireless communications income is from a share of state collected revenues from cell phone usage based upon population. All other revenues and expenses are reported as nonoperating revenues and expenses.

5. **Cash**

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

6. **Cash Management**

Cash temporarily idle during the year was invested in a savings account and certificates of deposit. Certificates of deposit have maturities of 36 months. The district earned \$696 on all investments for the year ended June 30, 2015.

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

The carrying value of the district's deposits was \$173,270, and the bank balance was \$181,381. Of that amount \$173,270 was insured by Federal Deposit Insurance Corporation (FDIC) insurance. No accounts exceeded FDIC limits.

7. **Compensated Absences**

It is the district's policy to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the district does not have a policy to pay any amount when employees separate from service with the district. In 2008 a

“sick pay bank” was established by the board of directors allowing employees to surrender unused sick time into a pool to be used by any employee of the district when needed. In March 2014, the board of directors used about one-half of these hours to pay for a two-week delay in payroll.

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

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair market value at the date of the donation. The straight-line method of depreciation is used to calculate depreciation over a five-year period. Depreciation expense for the current year was \$178,305. Although mapping expenses have a useful life of more than one year, the life is very difficult to measure. Mapping expenses, therefore, are treated as expenses as incurred.

	Balance		Balance	
	7-1-14	Additions	Reductions	6-30-15
<u>Non-Depreciable Assets</u>				
Land	\$ 90,550	\$ 0	\$ 0	\$ 90,550
Construction in Progress	132,323	0	(132,323)	0
Total Non-Depreciable Assets	\$ 222,873	\$ 0	\$ (132,323)	\$ 90,550
<u>Depreciable Assets</u>				
Land Improvements	\$ 34,035	\$ 18,341	\$ 0	\$ 52,376
Building/Improvements	352,018	106,387	0	458,405
Furniture/Fixtures	92,491	0	0	92,491
Office Equipment	302,263	0	0	302,263
Communication Equipment	768,622	32,948	0	801,570
Vehicles	112,679	55,166	(43,529)	124,316
Total Depreciable Assets	\$ 1,662,108	\$ 212,842	\$ (43,529)	\$ 1,831,421
Total Assets	\$ 1,884,981	\$ 212,842	\$ (175,852)	\$ 1,921,971

Capital Assets (Cont.)	Balance			Balance
	7-1-14	Additions	Reductions	
<u>Accumulated Depreciation</u>				
Land Improvements	\$ 10,775	\$ 2,498	\$ 0	\$ 13,273
Building/Improvements	173,932	20,224	0	194,156
Furniture/Fixtures	68,532	4,956	0	73,488
Office Equipment	170,658	24,294	0	194,952
Communication Equipment	409,149	105,402	0	514,551
Vehicles	71,030	20,931	(43,529)	48,432
Total Accumulated Depreciation	\$ 904,076	\$ 178,305	\$ (43,529)	\$ 1,038,852
Net Investment in Capital Assets	\$ 980,905	\$ 34,537	\$ (132,323)	\$ 883,119

9. Long-term Debt

The district has issued a note to provide funds for the acquisition of a vehicle for the district.

Notes payable are direct obligation and pledge the full faith and credit of the government. These notes generally are issued to local financial institutions with rates and terms negotiated at the time of the issuance.

These notes are as follows:

Interest Rate	Amount
4.73%	\$ <u>27,074</u>

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending June 30	Principal	Interest
2016	\$ 6,126	\$ 1,194
2017	6,463	857
2018	6,775	545
2019	7,710	211
Total	\$ <u>27,074</u>	\$ <u>2,807</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Notes Payable	\$ 0	\$ 32,514	\$ 5,440	\$ 27,074
Amount Due Within One Year	\$ 6,126			

10. Deposits and Investments

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

11. Risk Management

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

12. Budgets

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

The district is required by state statute to adopt the annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Board of Directors and any authorized revisions. Unencumbered appropriations lapse at the end of each year.

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

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

13. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) laws through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

It is the district's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available.

14. Use of Estimates

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

15. Restatement

In prior years, the district was not required to recognize a liability for its defined benefit pension plans. However, the implementation of GASB Statement No. 68, government employers are required to recognize a net position asset/liability in their Statement of Net Position. Therefore, a restatement to the District's beginning net position has been recognized on the Statement of Activities totaling \$48,734.

16. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows or resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district has items that qualify for reporting in this category. Accordingly, the items are reported in the Statement of Net Position. These items are for pension changes in experience, changes in pension proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the Statement of Net Position. These items are from pension changes in experience, and changes in pension investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

17. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Overton/Pickett County Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Overton/Pickett County Emergency Communications District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms

of the Public Employee Retirement Plans of TCRS. Investments are reported at fair value.

B. Officers and Employees of the District Bonds

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

C. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

D. Pension Plan

Employees of Overton/Pickett County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	0
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	4
Active Employees	<u>12</u>
 Total	 <u><u>16</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Overton/Pickett County Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Overton County were \$13,616 based on a rate of 3.91 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Overton County Emergency Communication District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions

are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Overton/Pickett County Emergency Communications District's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real

rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Overton/Pickett County Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 449,909	\$ 480,088	\$ (30,179)
Changes for the Year:			
Service Cost	\$ 21,406	\$ 0	\$ 21,406
Interest	35,348	0	35,348
Differences Between Expected and Actual Experience	(39,423)	0	(39,423)
Contributions-Employer	0	18,555	(18,555)
Contributions-Employees	0	17,824	(17,824)
Net Investment Income	0	84,102	(84,102)
Benefit Payments, Including Refunds of Employee Contributions	0	0	0
Administrative Expense	0	(458)	458
Other Changes	0	0	0
Net Changes	\$ 17,331	\$ 120,023	\$ (102,692)
Balance, June 30, 2014	\$ 467,240	\$ 600,111	\$ (132,871)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Overton/Pickett County Emergency Communications District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Overton County	6.5%	7.5%	8.5%
Net Pension Liability	\$ (38,391)	\$ (132,871)	\$ (208,798)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Income. For the year ended June 30, 2015, Overton/Pickett County Emergency Communications District recognized pension expense of \$10,349.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Overton/Pickett County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 36,390
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	37,398
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>13,616</u>	<u>N/A</u>
Total	<u>\$ 13,616</u>	<u>\$ 73,788</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (12,383)
2017	(12,383)
2018	(12,383)
2019	(12,383)
2020	(3,033)
Thereafter	(21,231)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Overton County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 821,188
Interest	1,736,406
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(994,065)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,076,371)</u>
Net Change in Total Pension Liability (Asset)	\$ 487,158
Total Pension Liability (Asset), Beginning	<u>22,869,076</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 23,356,234</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 557,965
Contributions - Employee	515,219
Net Investment Income	3,591,187
Benefit Payments, Including Refunds of Employee Contributions	(1,076,371)
Administrative Expense	<u>(15,473)</u>
Net Change in Plan Fiduciary Net Position	\$ 3,572,527
Plan Fiduciary Net Position, Beginning	<u>21,713,597</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 25,286,124</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (1,929,890)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.26%
Covered Employee Payroll	\$ 10,089,798
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	19.13%

Note: ten years of data will be presented when available.

Note: data presented includes primary government, discretely presented non-certified employees of the School Department, and discretely presented Overton County Health and Rehab Center.

Exhibit E-2

Overton County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 557,965	\$ 537,490
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(557,965)</u>	<u>(537,490)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 10,089,798	\$ 9,996,186
Contributions as a Percentage of Covered Employee Payroll	5.53%	5.38%

Note: ten years of data will be presented when available.

Note: data presented includes primary government, discretely presented non-certified employees of the School Department, and discretely presented Overton County Health and Rehab Center.

Exhibit E-3

Overton County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Overton County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 6,223
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(9,956)</u>
Contribution Deficiency (Excess)	<u>\$ (3,734)</u>
Covered Employee Payroll	\$ 248,908
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Overton County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Overton County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,053,143	\$ 1,057,677
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,053,143)</u>	<u>(1,057,677)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 11,859,719	\$ 11,699,966
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit E-5

Overton County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Overton County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.302159%
School Department's Proportionate Share of the Net Pension Asset	\$ 49,099
Covered Employee Payroll	\$ 11,859,719
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Overton County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Overton County School Department
June 30, 2015

(Dollar amounts in thousands)

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

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

OVERTON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Six Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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.

General Capital Projects Fund – The General Capital Projects Fund is used to account for construction and renovation projects of the county.

Exhibit F-1

Overton County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 992	\$ 992	\$ 0	992
Equity in Pooled Cash and Investments	12,050	87,269	0	99,319	793,118	892,437
Accounts Receivable	0	0	50	50	0	50
Prepaid Items	0	848	0	848	0	848
Total Assets	\$ 12,050	\$ 88,117	\$ 1,042	\$ 101,209	\$ 793,118	\$ 894,327
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 1,042	\$ 1,042	\$ 0	1,042
Total Liabilities	\$ 0	\$ 0	\$ 1,042	\$ 1,042	\$ 0	1,042
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 0	\$ 848	\$ 0	\$ 848	\$ 0	848
Restricted:						
Restricted for General Government	12,050	0	0	12,050	0	12,050
Restricted for Public Safety	0	87,269	0	87,269	793,118	880,387
Total Fund Balances	\$ 12,050	\$ 88,117	\$ 0	\$ 100,167	\$ 793,118	\$ 893,285
Total Liabilities and Fund Balances	\$ 12,050	\$ 88,117	\$ 1,042	\$ 101,209	\$ 793,118	\$ 894,327

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, 2015

	Special Revenue Funds				Capital	Total
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Total	Projects Fund General Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 341	\$ 0	\$ 0	\$ 341	\$ 0	\$ 341
Fines, Forfeitures, and Penalties	0	40,025	0	40,025	0	40,025
Charges for Current Services	0	0	15,897	15,897	0	15,897
Other Local Revenues	0	3,778	0	3,778	0	3,778
Total Revenues	\$ 341	\$ 43,803	\$ 15,897	\$ 60,041	\$ 0	\$ 60,041
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 471,882	\$ 471,882
Finance	0	0	569	569	0	569
Administration of Justice	0	0	15,328	15,328	0	15,328
Public Safety	0	46,193	0	46,193	0	46,193
Other Operations	3	0	0	3	0	3
Total Expenditures	\$ 3	\$ 46,193	\$ 15,897	\$ 62,093	\$ 471,882	\$ 533,975
Excess (Deficiency) of Revenues Over Expenditures	\$ 338	\$ (2,390)	\$ 0	\$ (2,052)	\$ (471,882)	\$ (473,934)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,265,000	\$ 1,265,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,265,000	\$ 1,265,000
Net Change in Fund Balances	\$ 338	\$ (2,390)	\$ 0	\$ (2,052)	\$ 793,118	\$ 791,066
Fund Balance, July 1, 2014	11,712	90,507	0	102,219	0	102,219
Fund Balance, June 30, 2015	\$ 12,050	\$ 88,117	\$ 0	\$ 100,167	\$ 793,118	\$ 893,285

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 341	\$ 400	\$ 400	\$ (59)
Total Revenues	\$ 341	\$ 400	\$ 400	\$ (59)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 4,000	\$ 4,000	\$ 4,000
<u>Other Operations</u>				
Other Charges	3	30	30	27
Total Expenditures	\$ 3	\$ 4,030	\$ 4,030	\$ 4,027
Excess (Deficiency) of Revenues Over Expenditures	\$ 338	\$ (3,630)	\$ (3,630)	\$ 3,968
Net Change in Fund Balance	\$ 338	\$ (3,630)	\$ (3,630)	\$ 3,968
Fund Balance, July 1, 2014	11,712	11,661	11,661	51
Fund Balance, June 30, 2015	\$ 12,050	\$ 8,031	\$ 8,031	\$ 4,019

Exhibit F-4

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 40,025	\$ 29,026	\$ 29,026	\$ 10,999
Other Local Revenues	3,778	0	0	3,778
Total Revenues	<u>\$ 43,803</u>	<u>\$ 29,026</u>	<u>\$ 29,026</u>	<u>\$ 14,777</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 46,193	\$ 66,416	\$ 66,416	\$ 20,223
Total Expenditures	<u>\$ 46,193</u>	<u>\$ 66,416</u>	<u>\$ 66,416</u>	<u>\$ 20,223</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,390)</u>	<u>\$ (37,390)</u>	<u>\$ (37,390)</u>	<u>\$ 35,000</u>
Net Change in Fund Balance	\$ (2,390)	\$ (37,390)	\$ (37,390)	\$ 35,000
Fund Balance, July 1, 2014	<u>90,507</u>	<u>87,950</u>	<u>87,950</u>	<u>2,557</u>
Fund Balance, June 30, 2015	<u><u>\$ 88,117</u></u>	<u><u>\$ 50,560</u></u>	<u><u>\$ 50,560</u></u>	<u><u>\$ 37,557</u></u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 371,934	\$ 386,214	\$ 386,214	\$ (14,280)
Other Local Revenues	15,308	14,000	14,000	1,308
State of Tennessee	582,235	550,000	550,000	32,235
Other Governments and Citizens Groups	1,230,682	0	1,230,682	0
Total Revenues	<u>\$ 2,200,159</u>	<u>\$ 950,214</u>	<u>\$ 2,180,896</u>	<u>\$ 19,263</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 842,871	\$ 0	\$ 842,871	\$ 0
<u>Principal on Debt</u>				
General Government	1,435,259	770,260	1,501,925	66,666
Education	705,000	0	705,000	0
<u>Interest on Debt</u>				
General Government	330,409	227,297	331,290	881
Education	219,199	0	219,199	0
<u>Other Debt Service</u>				
General Government	25,451	17,000	32,000	6,549
Education	66,472	0	66,472	0
Total Expenditures	<u>\$ 3,624,661</u>	<u>\$ 1,014,557</u>	<u>\$ 3,698,757</u>	<u>\$ 74,096</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,424,502)</u>	<u>\$ (64,343)</u>	<u>\$ (1,517,861)</u>	<u>\$ 93,359</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,230,000	\$ 0	\$ 4,230,000	\$ 0
Premiums on Debt Issued	588,284	0	588,284	0
Proceeds from Sale of Capital Assets	1,267,400	0	1,267,400	0
Transfers In	99,730	40,000	40,000	59,730
Payments to Refunded Debt Escrow Agent	(4,797,489)	0	(4,797,489)	0
Total Other Financing Sources	<u>\$ 1,387,925</u>	<u>\$ 40,000</u>	<u>\$ 1,328,195</u>	<u>\$ 59,730</u>
Net Change in Fund Balance	\$ (36,577)	\$ (24,343)	\$ (189,666)	\$ 153,089
Fund Balance, July 1, 2014	<u>1,232,531</u>	<u>972,535</u>	<u>972,535</u>	<u>259,996</u>
Fund Balance, June 30, 2015	<u><u>\$ 1,195,954</u></u>	<u><u>\$ 948,192</u></u>	<u><u>\$ 782,869</u></u>	<u><u>\$ 413,085</u></u>

Fiduciary Funds

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

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

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

Exhibit H-1

Overton County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,148,895	\$ 1,148,895
Accounts Receivable	0	412	412
Due from Other Governments	169,587	0	169,587
Total Assets	<u>\$ 169,587</u>	<u>\$ 1,149,307</u>	<u>\$ 1,318,894</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 169,587	\$ 0	\$ 169,587
Due to Litigants, Heirs, and Others	0	1,149,307	1,149,307
Total Liabilities	<u>\$ 169,587</u>	<u>\$ 1,149,307</u>	<u>\$ 1,318,894</u>

Exhibit H-2

Overton County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 872,791	\$ 872,791	\$ 0
Due from Other Governments	138,255	169,587	138,255	169,587
Total Assets	\$ 138,255	\$ 1,042,378	\$ 1,011,046	\$ 169,587
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 138,255	\$ 1,042,378	\$ 1,011,046	\$ 169,587
Total Liabilities	\$ 138,255	\$ 1,042,378	\$ 1,011,046	\$ 169,587
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 869,144	\$ 9,687,828	\$ 9,408,077	\$ 1,148,895
Accounts Receivable	0	412	0	412
Total Assets	\$ 869,144	\$ 9,688,240	\$ 9,408,077	\$ 1,149,307
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 869,144	\$ 9,688,240	\$ 9,408,077	\$ 1,149,307
Total Liabilities	\$ 869,144	\$ 9,688,240	\$ 9,408,077	\$ 1,149,307
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 869,144	\$ 9,687,828	\$ 9,408,077	\$ 1,148,895
Equity in Pooled Cash and Investments	0	872,791	872,791	0
Accounts Receivable	0	412	0	412
Due from Other Governments	138,255	169,587	138,255	169,587
Total Assets	\$ 1,007,399	\$ 10,730,618	\$ 10,419,123	\$ 1,318,894
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 138,255	\$ 1,042,378	\$ 1,011,046	\$ 169,587
Due to Litigants, Heirs, and Others	869,144	9,688,240	9,408,077	1,149,307
Total Liabilities	\$ 1,007,399	\$ 10,730,618	\$ 10,419,123	\$ 1,318,894

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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 13,681,949	\$ 0	\$ 1,312,472	\$ (12,369,477)
Support Services	8,299,821	27,625	330,687	(7,941,509)
Operation of Non-instructional Services	3,072,327	210,358	2,093,884	(768,085)
Interest on Long-term Debt	264,326	0	0	(264,326)
Total Governmental Activities	\$ 25,318,423	\$ 237,983	\$ 3,737,043	\$ (21,343,397)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,670,167
Local Option Sales Taxes				1,788,457
Wheel Tax				596,722
Wholesale Beer Tax				122,276
Other Local Taxes				8,852
Grants and Contributions Not Restricted for Specific Programs				19,357,178
Unrestricted Investment Income				244
Miscellaneous				19,902
Pension Income				136,726
Total General Revenues				\$ 23,700,524
Change in Net Position				\$ 2,357,127
Net Position, July 1, 2014				12,380,468
Restatement - Pension Liability (see Note I.D.9)				(4,440,681)
Net Position, June 30, 2015				\$ 10,296,914

Exhibit I-2

Overton County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Overton County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 491	\$ 491
Equity in Pooled Cash and Investments	5,239,517	603,926	5,843,443
Inventories	0	30,321	30,321
Accounts Receivable	3,930	0	3,930
Due from Other Governments	865,776	80,224	946,000
Due from Primary Government	63,074	0	63,074
Property Taxes Receivable	1,965,244	0	1,965,244
Allowance for Uncollectible Property Taxes	(54,662)	0	(54,662)
Total Assets	<u>\$ 8,082,879</u>	<u>\$ 714,962</u>	<u>\$ 8,797,841</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,470	\$ 0	\$ 2,470
Accrued Payroll	55,203	0	55,203
Due to State of Tennessee	0	560	560
Total Liabilities	<u>\$ 57,673</u>	<u>\$ 560</u>	<u>\$ 58,233</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,840,999	\$ 0	\$ 1,840,999
Deferred Delinquent Property Taxes	64,711	0	64,711
Other Deferred/Unavailable Revenue	166,702	0	166,702
Total Deferred Inflows of Resources	<u>\$ 2,072,412</u>	<u>\$ 0</u>	<u>\$ 2,072,412</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 0	\$ 30,321	\$ 30,321
Restricted:			
Restricted for Education	90,179	35,135	125,314
Committed:			
Committed for Education	3,288,036	648,946	3,936,982
Assigned:			
Assigned for Education	90,366	0	90,366
Unassigned	2,484,213	0	2,484,213
Total Fund Balances	<u>\$ 5,952,794</u>	<u>\$ 714,402</u>	<u>\$ 6,667,196</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,082,879</u>	<u>\$ 714,962</u>	<u>\$ 8,797,841</u>

Exhibit I-3

Overton County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Overton County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	6,667,196
(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		139,298	
Add: buildings and improvements net of accumulated depreciation		13,780,905	
Add: infrastructure net of accumulated depreciation		695,150	
Add: other capital assets net of accumulated depreciation		<u>1,628,381</u>	16,704,251
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for bonds	\$	(7,755,000)	
Less: other postemployment benefits liability		(2,275,909)	
Less: compensated absences payable		<u>(227,690)</u>	(10,258,599)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	1,375,809	
Less: deferred inflows of resources related to pensions		<u>(5,376,601)</u>	(4,000,792)
(4) Net pension assets of the pension plans are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	904,346	
Add: net pension asset - cost-sharing plan		<u>49,099</u>	953,445
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>231,413</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>10,296,914</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, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Governmen- tal Funds
<u>Revenues</u>			
Local Taxes	\$ 3,726,820	\$ 596,722	\$ 4,323,542
Licenses and Permits	1,349	0	1,349
Charges for Current Services	23,326	210,241	233,567
Other Local Revenues	95,151	8,559	103,710
State of Tennessee	18,714,797	18,394	18,733,191
Federal Government	526,893	3,606,298	4,133,191
Total Revenues	<u>\$ 23,088,336</u>	<u>\$ 4,440,214</u>	<u>\$ 27,528,550</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 12,912,190	\$ 978,756	\$ 13,890,946
Support Services	7,964,529	1,016,480	8,981,009
Operation of Non-instructional Services	1,049,052	2,023,275	3,072,327
Capital Outlay	322,335	0	322,335
Debt Service:			
Principal on Debt	0	705,000	705,000
Interest on Debt	0	264,326	264,326
Other Debt Service	0	6,465	6,465
Total Expenditures	<u>\$ 22,248,106</u>	<u>\$ 4,994,302</u>	<u>\$ 27,242,408</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 840,230</u>	<u>\$ (554,088)</u>	<u>\$ 286,142</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 28,326	\$ 652,178	\$ 680,504
Transfers Out	(652,178)	(28,326)	(680,504)
Total Other Financing Sources (Uses)	<u>\$ (623,852)</u>	<u>\$ 623,852</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 216,378	\$ 69,764	\$ 286,142
Fund Balance, July 1, 2014	<u>5,736,416</u>	<u>644,638</u>	<u>6,381,054</u>
Fund Balance, June 30, 2015	<u>\$ 5,952,794</u>	<u>\$ 714,402</u>	<u>\$ 6,667,196</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, 2015

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)		\$	286,142
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	548,563	
Less: current-year depreciation expense		<u>(733,754)</u>	(185,191)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	231,413	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(221,139)</u>	10,274
(3) The contributions of long-term debt (e.g., bonds, notes, other loans, leases) by the primary government provides current financial resources to governmental funds, while contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on bonds for primary government	\$	705,000	
Less: difference in refunding debt issued and retired		<u>470,000</u>	1,175,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in other postemployment benefits liability	\$	(310,457)	
Change in compensated absences payable		(11,975)	
Change in net pension liability/asset		5,394,126	
Change in deferred outflows related to pensions		1,375,809	
Change in deferred inflows related to pensions		<u>(5,376,601)</u>	1,070,902
Change in net position of governmental activities (Exhibit B)			<u>\$ 2,357,127</u>

Exhibit I-6

Overton County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Overton County School Department
June 30, 2015

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Fund</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Debt</u>	<u>Governmental</u>
				<u>Service</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 491	\$ 491	\$ 0	\$ 491
Equity in Pooled Cash and Investments	87,645	34,199	121,844	482,082	603,926
Inventories	0	30,321	30,321	0	30,321
Due from Other Governments	47,490	32,734	80,224	0	80,224
Total Assets	<u>\$ 135,135</u>	<u>\$ 97,745</u>	<u>\$ 232,880</u>	<u>\$ 482,082</u>	<u>\$ 714,962</u>
<u>LIABILITIES</u>					
Due to State of Tennessee	\$ 0	\$ 560	\$ 560	\$ 0	\$ 560
Total Liabilities	<u>\$ 0</u>	<u>\$ 560</u>	<u>\$ 560</u>	<u>\$ 0</u>	<u>\$ 560</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 0	\$ 30,321	\$ 30,321	\$ 0	\$ 30,321
Restricted:					
Restricted for Education	35,135	0	35,135	0	35,135
Committed:					
Committed for Education	100,000	66,864	166,864	482,082	648,946
Total Fund Balances	<u>\$ 135,135</u>	<u>\$ 97,185</u>	<u>\$ 232,320</u>	<u>\$ 482,082</u>	<u>\$ 714,402</u>
Total Liabilities and Fund Balances	<u>\$ 135,135</u>	<u>\$ 97,745</u>	<u>\$ 232,880</u>	<u>\$ 482,082</u>	<u>\$ 714,962</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, 2015

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Debt Service	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 596,722	\$ 596,722
Charges for Current Services	0	210,241	210,241	0	210,241
Other Local Revenues	0	8,559	8,559	0	8,559
State of Tennessee	0	18,394	18,394	0	18,394
Federal Government	2,048,506	1,557,792	3,606,298	0	3,606,298
Total Revenues	\$ 2,048,506	\$ 1,794,986	\$ 3,843,492	\$ 596,722	\$ 4,440,214
<u>Expenditures</u>					
Current:					
Instruction	\$ 978,756	\$ 0	\$ 978,756	\$ 0	\$ 978,756
Support Services	1,016,480	0	1,016,480	0	1,016,480
Operation of Non-instructional Services	0	2,023,275	2,023,275	0	2,023,275
Debt Service:					
Principal on Debt	0	0	0	705,000	705,000
Interest on Debt	0	0	0	264,326	264,326
Other Debt Service	0	0	0	6,465	6,465
Total Expenditures	\$ 1,995,236	\$ 2,023,275	\$ 4,018,511	\$ 975,791	\$ 4,994,302
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,270	\$ (228,289)	\$ (175,019)	\$ (379,069)	\$ (554,088)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 240,000	\$ 240,000	\$ 412,178	\$ 652,178
Transfers Out	(28,326)	0	(28,326)	0	(28,326)
Total Other Financing Sources (Uses)	\$ (28,326)	\$ 240,000	\$ 211,674	\$ 412,178	\$ 623,852
Net Change in Fund Balances	\$ 24,944	\$ 11,711	\$ 36,655	\$ 33,109	\$ 69,764
Fund Balance, July 1, 2014	110,191	85,474	195,665	448,973	644,638
Fund Balance, June 30, 2015	\$ 135,135	\$ 97,185	\$ 232,320	\$ 482,082	\$ 714,402

Exhibit I-8

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Overton County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,726,820	\$ 0	\$ 0	\$ 3,726,820	\$ 3,601,630	\$ 3,607,130	\$ 119,690
Licenses and Permits	1,349	0	0	1,349	1,400	1,400	(51)
Charges for Current Services	23,326	0	0	23,326	24,000	24,000	(674)
Other Local Revenues	95,151	0	0	95,151	96,000	96,000	(849)
State of Tennessee	18,714,797	0	0	18,714,797	18,357,239	18,708,309	6,488
Federal Government	526,893	0	0	526,893	600,956	600,956	(74,063)
Total Revenues	\$ 23,088,336	\$ 0	\$ 0	\$ 23,088,336	\$ 22,681,225	\$ 23,037,795	\$ 50,541
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,883,865	\$ (45,818)	\$ 0	\$ 10,838,047	\$ 11,405,514	\$ 11,480,079	\$ 642,032
Alternative Instruction Program	59,103	0	0	59,103	59,746	59,746	643
Special Education Program	1,377,742	0	0	1,377,742	1,478,385	1,431,210	53,468
Vocational Education Program	591,480	0	0	591,480	672,982	672,982	81,502
<u>Support Services</u>							
Attendance	120,817	0	0	120,817	124,396	124,396	3,579
Health Services	107,433	0	0	107,433	124,589	124,589	17,156
Other Student Support	751,640	0	0	751,640	783,803	783,803	32,163
Regular Instruction Program	587,530	0	0	587,530	683,300	726,044	138,514
Special Education Program	188,404	0	0	188,404	181,269	192,944	4,540
Vocational Education Program	23,932	0	0	23,932	15,201	31,601	7,669
Other Programs	153,826	0	0	153,826	0	153,826	0
Board of Education	399,440	0	0	399,440	408,087	427,287	27,847
Director of Schools	139,646	0	0	139,646	135,057	158,892	19,246
Office of the Principal	1,680,145	0	0	1,680,145	1,685,384	1,695,884	15,739
Fiscal Services	299,919	0	0	299,919	286,629	312,629	12,710
Operation of Plant	1,918,591	0	0	1,918,591	1,958,301	1,998,001	79,410
Maintenance of Plant	380,204	(13,000)	1,109	368,313	374,623	404,123	35,810
Transportation	1,213,002	(246,675)	0	966,327	1,064,030	1,019,830	53,503

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	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	\$ 23,115	\$ 0	\$ 0	\$ 23,115	\$ 35,000	\$ 35,000	\$ 11,885
Community Services	504,810	0	3,512	508,322	554,956	554,956	46,634
Early Childhood Education	521,127	(2,006)	43	519,164	519,139	519,164	0
<u>Capital Outlay</u>							
Regular Capital Outlay	322,335	(137,740)	74,902	259,497	225,000	450,000	190,503
Total Expenditures	\$ 22,248,106	\$ (445,239)	\$ 79,566	\$ 21,882,433	\$ 22,775,391	\$ 23,356,986	\$ 1,474,553
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 840,230	\$ 445,239	\$ (79,566)	\$ 1,205,903	\$ (94,166)	\$ (319,191)	\$ 1,525,094
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 28,326	\$ 0	\$ 0	\$ 28,326	\$ 31,000	\$ 31,000	\$ (2,674)
Transfers Out	(652,178)	0	0	(652,178)	(412,178)	(652,178)	0
Total Other Financing Sources	\$ (623,852)	\$ 0	\$ 0	\$ (623,852)	\$ (381,178)	\$ (621,178)	\$ (2,674)
Net Change in Fund Balance							
Fund Balance, July 1, 2014	\$ 5,736,416	(445,239)	0	5,291,177	5,329,138	5,329,138	(37,961)
Fund Balance, June 30, 2015	\$ 5,952,794	\$ 0	\$ (79,566)	\$ 5,873,228	\$ 4,853,794	\$ 4,388,769	\$ 1,484,459

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,048,506	\$ 0	\$ 0	\$ 2,048,506	\$ 2,071,247	\$ 2,134,551	\$ (86,045)
Total Revenues	\$ 2,048,506	\$ 0	\$ 0	\$ 2,048,506	\$ 2,071,247	\$ 2,134,551	\$ (86,045)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 380,220	\$ 0	\$ 267	\$ 380,487	\$ 649,120	\$ 394,389	\$ 13,902
Special Education Program	555,351	0	0	555,351	592,307	585,663	30,312
Vocational Education Program	43,185	(1,458)	9,650	51,377	54,041	53,458	2,081
<u>Support Services</u>							
Other Student Support	97,504	(360)	0	97,144	108,708	107,083	9,939
Regular Instruction Program	724,715	0	24,193	748,908	460,494	778,223	29,315
Special Education Program	112,570	0	0	112,570	115,076	113,952	1,382
Vocational Education Program	12,580	(11,163)	0	1,417	4,900	3,139	1,722
Transportation	69,111	0	0	69,111	57,423	69,381	270
Total Expenditures	\$ 1,995,236	\$ (12,981)	\$ 34,110	\$ 2,016,365	\$ 2,042,069	\$ 2,105,288	\$ 88,923
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,270	\$ 12,981	\$ (34,110)	\$ 32,141	\$ 29,178	\$ 29,263	\$ 2,878
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (28,326)	\$ 0	\$ 0	\$ (28,326)	\$ (29,178)	\$ (29,263)	\$ 937
Total Other Financing Sources	\$ (28,326)	\$ 0	\$ 0	\$ (28,326)	\$ (29,178)	\$ (29,263)	\$ 937
Net Change in Fund Balance	\$ 24,944	\$ 12,981	\$ (34,110)	\$ 3,815	\$ 0	\$ 0	\$ 3,815
Fund Balance, July 1, 2014	110,191	(12,981)	0	97,210	0	0	97,210
Fund Balance, June 30, 2015	\$ 135,135	\$ 0	\$ (34,110)	\$ 101,025	\$ 0	\$ 0	\$ 101,025

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 210,241	\$ 659,000	\$ 659,000	\$ (448,759)
Other Local Revenues	8,559	15,500	15,500	(6,941)
State of Tennessee	18,394	119,200	102,035	(83,641)
Federal Government	1,557,792	1,578,200	1,595,365	(37,573)
Total Revenues	<u>\$ 1,794,986</u>	<u>\$ 2,371,900</u>	<u>\$ 2,371,900</u>	<u>\$ (576,914)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,979,937	\$ 2,277,700	\$ 2,517,700	\$ 537,763
Community Services	43,338	94,200	94,200	50,862
Total Expenditures	<u>\$ 2,023,275</u>	<u>\$ 2,371,900</u>	<u>\$ 2,611,900</u>	<u>\$ 588,625</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (228,289)</u>	<u>\$ 0</u>	<u>\$ (240,000)</u>	<u>\$ 11,711</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 240,000	\$ 0	\$ 240,000	\$ 0
Total Other Financing Sources	<u>\$ 240,000</u>	<u>\$ 0</u>	<u>\$ 240,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 11,711	\$ 0	\$ 0	\$ 11,711
Fund Balance, July 1, 2014	<u>85,474</u>	<u>2,492</u>	<u>2,492</u>	<u>82,982</u>
Fund Balance, June 30, 2015	<u>\$ 97,185</u>	<u>\$ 2,492</u>	<u>\$ 2,492</u>	<u>\$ 94,693</u>

Exhibit I-11

Overton County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Overton County School Department
Education Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 596,722	\$ 580,000	\$ 580,000	\$ 16,722
Total Revenues	\$ 596,722	\$ 580,000	\$ 580,000	\$ 16,722
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 705,000	\$ 705,000	\$ 705,000	\$ 0
<u>Interest on Debt</u>				
Education	264,326	280,378	277,878	13,552
<u>Other Debt Service</u>				
Education	6,465	6,800	9,300	2,835
Total Expenditures	\$ 975,791	\$ 992,178	\$ 992,178	\$ 16,387
Excess (Deficiency) of Revenues Over Expenditures	\$ (379,069)	\$ (412,178)	\$ (412,178)	\$ 33,109
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 412,178	\$ 412,178	\$ 412,178	\$ 0
Total Other Financing Sources	\$ 412,178	\$ 412,178	\$ 412,178	\$ 0
Net Change in Fund Balance	\$ 33,109	\$ 0	\$ 0	\$ 33,109
Fund Balance, July 1, 2014	448,973	442,461	442,461	6,512
Fund Balance, June 30, 2015	\$ 482,082	\$ 442,461	\$ 442,461	\$ 39,621

MISCELLANEOUS SCHEDULES

Exhibit J-1

Overton County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Debt Refunded	Paid and/or Matured During Period	Outstanding 6-30-15
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Volunteer State Community College	\$ 500,000	3	% 11-23-04	6-10-15	\$ 124,997	\$ 0	\$ 0	\$ 124,997	\$ 0
Industrial Park	850,000	5.07	3-29-07	6-10-15	354,168	0	0	354,168	0
Highway Equipment	901,000	4.31	10-1-07	11-1-16	300,335	0	0	100,111	200,224
County Vehicles	300,000	2.95	11-26-13	6-10-15	300,000	0	0	300,000	0
Ice Storm Clean-Up/ Jail Equipment	1,265,000	2.24	5-21-15	5-21-21	0	1,265,000	0	0	1,265,000
Total Notes Payable					<u>\$ 1,079,500</u>	<u>\$ 1,265,000</u>	<u>\$ 0</u>	<u>\$ 879,276</u>	<u>\$ 1,465,224</u>
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Industrial Park Land - F.H.A.	1,650,000	4.5	4-21-03	4-21-27	\$ 859,892	\$ 0	\$ 0	\$ 50,983	\$ 808,909
General Obligation Refunding - Series 2009	5,520,000	2 to 4.1	3-31-09	6-1-24	3,955,000	0	0	340,000	3,615,000
Total Payable through General Debt Service Fund					<u>\$ 4,814,892</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 390,983</u>	<u>\$ 4,423,909</u>
<u>Contributions Due by the Overton County Health and Rehab Center to the General Debt Service Fund</u>									
Nursing Home Improvements	4,150,000	2.58	5-9-12	4-1-33	\$ 3,830,000	\$ 0	\$ 0	\$ 165,000	\$ 3,665,000
Total Contributions Due by the Overton County Health and Rehab Center to the General Debt Service Fund					<u>\$ 3,830,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 165,000</u>	<u>\$ 3,665,000</u>
<u>Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund</u>									
School Refunding Bonds, Series 2005	5,090,000	3.5 to 4.3	7-28-05	3-5-15	\$ 4,740,000	\$ 0	\$ 4,700,000	\$ 40,000	\$ 0
School Refunding Bonds, Series 2014	4,215,000	2	1-8-14	4-1-20	4,190,000	0	0	665,000	3,525,000
School Refunding Bonds, Series 2015	4,230,000	2 to 4	3-5-15	6-1-25	0	4,230,000	0	0	4,230,000
Total Contributions Due by the School Department from the Education Debt Service Fund to the General Debt Service Fund					<u>\$ 8,930,000</u>	<u>\$ 4,230,000</u>	<u>\$ 4,700,000</u>	<u>\$ 705,000</u>	<u>\$ 7,755,000</u>
Total Bonds Payable					<u>\$ 17,574,892</u>	<u>\$ 4,230,000</u>	<u>\$ 4,700,000</u>	<u>\$ 1,260,983</u>	<u>\$ 15,843,909</u>

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 305,111	\$ 19,040	\$ 324,151
2017	310,113	13,731	323,844
2018	210,000	10,428	220,428
2019	210,000	8,328	218,328
2020	215,000	5,912	220,912
2021	215,000	3,118	218,118
Total	\$ 1,465,224	\$ 60,557	\$ 1,525,781

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,263,277	\$ 487,927	\$ 1,751,204
2017	1,295,675	456,844	1,752,519
2018	1,333,180	424,679	1,757,859
2019	1,360,798	390,761	1,751,559
2020	1,393,534	355,230	1,748,764
2021	1,416,393	318,411	1,734,804
2022	1,474,381	272,348	1,746,729
2023	1,527,503	224,395	1,751,898
2024	1,595,765	166,021	1,761,786
2025	1,164,175	104,509	1,268,684
2026	287,737	60,547	348,284
2027	286,491	51,699	338,190
2028	220,000	42,838	262,838
2029	230,000	36,788	266,788
2030	235,000	30,175	265,175
2031	245,000	23,125	268,125
2032	255,000	15,775	270,775
2033	260,000	8,125	268,125
Total	\$ 15,843,909	\$ 3,470,197	\$ 19,314,106

Exhibit J-3

Overton County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Overton County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 59,730
Solid Waste/Sanitation	General	Operations	32,000
Highway/Public Works	General Debt Service	Debt retirement	<u>40,000</u>
Total Transfers Primary Government			<u>\$ 131,730</u>
<u>DISCRETELY PRESENTED OVERTON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Debt Service	Debt retirement	\$ 412,178
"	Central Cafeteria	Operations	240,000
School Federal Projects	General Purpose School	Indirect cost	<u>28,326</u>
Total Transfers Discretely Presented Overton County School Department			<u>\$ 680,504</u>

Exhibit J-4

Overton County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Overton County School Department
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive:				
Ron Cyrus (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	\$ 12,479	\$ 100,000	RLI Insurance Company
Ben Danner (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	61,259	100,000	Western Surety Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Schools:				
Pamela Smith Gordon (7-1-14 through 1-28-15)	State Board of Education and County Board of Education	46,336 (1)	(3)	
Dr. Terry Webb (1-29-15 through 6-30-15)	State Board of Education and County Board of Education	34,790 (2)	(3)	
Trustee	Section 8-24-102, <i>TCA</i>	63,843	842,000	Western Surety Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843	50,000	RLI Insurance Company
County Clerk:				
Hugh Ogletree, Jr. (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	10,804	50,000	Western Surety Company
Victoria Looper (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	53,039	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	63,843 (4)	125,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Sheriff:				
W.B. Melton (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	11,885	25,000	RLI Insurance Company
John Garrett (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	58,343	100,000	"
Director of Accounts and Budgets	Section 5-13-103, <i>TCA</i> , and County Commission	36,775	150,000	Western Surety Company
Employee Blanket Bonds:				
Public Employees Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employees Dishonesty - School Department			150,000	Tennessee Risk Management Trust

(1) Does not include salary equity of \$390 or career ladder of \$800.

(2) Does not include salary equity of \$276.

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

(4) Does not include special commissioner fees of \$12,940.

Exhibit J-5

Overton County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2015

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,286,633	\$ 0	\$ 288,293	\$ 0	\$ 0	\$ 288,285
Trustee's Collections - Prior Year	167,941	0	14,353	0	0	10,049
Circuit/Clerk and Master Collections - Prior Years	49,282	0	4,272	0	0	3,096
Interest and Penalty	45,417	0	3,892	0	0	2,844
Payments in-Lieu-of Taxes - Local Utilities	261,027	0	22,893	0	0	22,847
Payments in-Lieu-of Taxes - Other	3,440	0	301	0	0	296
<u>County Local Option Taxes</u>						
Local Option Sales Tax	308,666	0	511,930	0	0	0
Hotel/Motel Tax	25,278	0	0	0	0	0
Litigation Tax - General	81,451	260	0	0	0	0
Litigation Tax - Special Purpose	0	81	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	16,815	0	0	0	0	0
Business Tax	118,763	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	117,203
<u>Statutory Local Taxes</u>						
Bank Excise Tax	46,641	0	4,091	0	0	4,091
Beer Privilege Tax	4,908	0	0	0	0	0
Total Local Taxes	\$ 4,416,262	\$ 341	\$ 850,025	\$ 0	\$ 0	\$ 448,711
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 4,675	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	1,188	0	0	0	0	0
Total Licenses and Permits	\$ 5,863	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 13,470	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	7,110	0	0	0	0	0
Drug Control Fines	0	0	0	16,801	0	0
Jail Fees	3,883	0	0	0	0	0
DUI Treatment Fines	437	0	0	0	0	0
Data Entry Fee - Circuit Court	1,256	0	0	0	0	0
Courtroom Security Fee	34	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	2,121	0	0	279	0	0
DUI Treatment Fines	2,460	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	32,185	0	0	0	0	0
Fines for Littering	10	0	0	0	0	0
Officers Costs	33,034	0	0	0	0	0
Game and Fish Fines	376	0	0	0	0	0
Drug Control Fines	0	0	0	12,748	0	0
Drug Court Fees	7,874	0	0	572	0	0
Jail Fees	32,962	0	0	0	0	0
DUI Treatment Fines	513	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,868	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	166	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,000	0	0	0	0	0
Data Entry Fee - Chancery Court	2,320	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 8,517	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	0	0	0	1,108	0	0
Total Fines, Forfeitures, and Penalties	\$ 150,079	\$ 0	\$ 0	\$ 40,025	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 226,082	\$ 0	\$ 0	\$ 0
Patient Charges	1,196,522	0	0	0	0	0
Other General Service Charges	260	0	0	0	0	0
Service Charges	4,459	0	0	0	0	0
<u>Fees</u>						
Copy Fees	3,750	0	0	0	0	0
Library Fees	700	0	0	0	0	0
Telephone Commissions	14,868	0	0	0	0	0
Vending Machine Collections	86	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	2,957	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	12,940	0
Data Processing Fee - Register	6,452	0	0	0	0	0
Data Processing Fee - Sheriff	5,949	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,000	0	0	0	0	0
Data Processing Fee - County Clerk	1,286	0	0	0	0	0
<u>Education Charges</u>						
Tuition - Other	67,860	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	15,954	0	0	0	0	0
Total Charges for Current Services	\$ 1,321,146	\$ 0	\$ 226,082	\$ 0	\$ 15,897	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	8,490	0	0	0	0	0
Sale of Materials and Supplies	43	0	0	0	0	4,346
Commissary Sales	38,252	0	0	0	0	0
Sale of Recycled Materials	3,165	0	65,775	0	0	0
Miscellaneous Refunds	6,154	0	0	0	0	4,777
<u>Nonrecurring Items</u>						
Sale of Equipment	11,757	0	550	3,141	0	52,974
Sale of Property	29,885	0	0	0	0	0
Damages Recovered from Individuals	2,660	0	0	637	0	0
Contributions and Gifts	270	0	0	0	0	0
Total Other Local Revenues	\$ 100,676	\$ 0	\$ 66,325	\$ 3,778	\$ 0	\$ 62,097
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 234,999	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	66,636	0	0	0	0	0
General Sessions Court Clerk	143,775	0	0	0	0	0
Clerk and Master	74,131	0	0	0	0	0
Register	71,974	0	0	0	0	0
Sheriff	12,372	0	0	0	0	0
Trustee	267,328	0	0	0	0	0
Total Fees Received from County Officials	\$ 871,215	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	8,467	0	0	0	0	0
Solid Waste Grants	0	0	11,274	0	0	0
On-behalf Contributions for OPEB	1,912	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	12,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	110,615	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	205,411
Litter Program	36,223	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	36,506	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	5,997	0	0	0	0	0
Alcoholic Beverage Tax	50,076	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
Contracted Prisoner Boarding	702,387	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,648,300
Petroleum Special Tax	0	0	0	0	0	15,934
Registrar's Salary Supplement	15,221	0	0	0	0	0
Other State Grants	10,454	0	0	0	0	0
Other State Revenues	116,284	0	9,715	0	0	0
Total State of Tennessee	\$ 1,133,197	\$ 0	\$ 20,989	\$ 0	\$ 0	\$ 1,869,645

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Federal Government</u>						
<u>Federal Through State</u>						
Other Federal through State	\$ 147,285	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	20,065	0	0	0	0	0
Total Federal Government	<u>\$ 167,350</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 156,432	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	56,464	0	0	0	0	0
<u>Other</u>						
Other	13,309	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 226,205</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 8,391,993</u>	<u>\$ 341</u>	<u>\$ 1,163,421</u>	<u>\$ 43,803</u>	<u>\$ 15,897</u>	<u>\$ 2,380,453</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 317,153	\$ 4,180,364
Trustee's Collections - Prior Year	15,788	208,131
Circuit/Clerk and Master Collections - Prior Years	4,699	61,349
Interest and Penalty	4,281	56,434
Payments in-Lieu-of Taxes - Local Utilities	25,182	331,949
Payments in-Lieu-of Taxes - Other	331	4,368
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	820,596
Hotel/Motel Tax	0	25,278
Litigation Tax - General	0	81,711
Litigation Tax - Special Purpose	0	81
Litigation Tax - Jail, Workhouse, or Courthouse	0	16,815
Business Tax	0	118,763
Mineral Severance Tax	0	117,203
<u>Statutory Local Taxes</u>		
Bank Excise Tax	4,500	59,323
Beer Privilege Tax	0	4,908
Total Local Taxes	<u>\$ 371,934</u>	<u>\$ 6,087,273</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 4,675
<u>Permits</u>		
Beer Permits	0	1,188
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 5,863</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 13,470
Officers Costs	0	7,110
Drug Control Fines	0	16,801
Jail Fees	0	3,883
DUI Treatment Fines	0	437
Data Entry Fee - Circuit Court	0	1,256
Courtroom Security Fee	0	34
<u>Criminal Court</u>		
Drug Court Fees	0	2,400
DUI Treatment Fines	0	2,460
<u>General Sessions Court</u>		
Fines	0	32,185
Fines for Littering	0	10
Officers Costs	0	33,034
Game and Fish Fines	0	376
Drug Control Fines	0	12,748
Drug Court Fees	0	8,446
Jail Fees	0	32,962
DUI Treatment Fines	0	513
Data Entry Fee - General Sessions Court	0	6,868
<u>Juvenile Court</u>		
Fines	0	166
<u>Chancery Court</u>		
Officers Costs	0	3,000
Data Entry Fee - Chancery Court	0	2,320

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	\$ 0	\$ 8,517
Other Fines, Forfeitures, and Penalties	0	1,108
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 190,104</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 226,082
Patient Charges	0	1,196,522
Other General Service Charges	0	260
Service Charges	0	4,459
<u>Fees</u>		
Copy Fees	0	3,750
Library Fees	0	700
Telephone Commissions	0	14,868
Vending Machine Collections	0	86
Constitutional Officers' Fees and Commissions	0	2,957
Special Commissioner Fees/Special Master Fees	0	12,940
Data Processing Fee - Register	0	6,452
Data Processing Fee - Sheriff	0	5,949
Sexual Offender Registration Fee - Sheriff	0	3,000
Data Processing Fee - County Clerk	0	1,286
<u>Education Charges</u>		
Tuition - Other	0	67,860
<u>Other Charges for Services</u>		
Other Charges for Services	0	15,954
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,563,125</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>		
	General	Debt	Total
	Service		
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 14,300	\$	14,300
Lease/Rentals	0		8,490
Sale of Materials and Supplies	0		4,389
Commissary Sales	0		38,252
Sale of Recycled Materials	0		68,940
Miscellaneous Refunds	1,008		11,939
<u>Nonrecurring Items</u>			
Sale of Equipment	0		68,422
Sale of Property	0		29,885
Damages Recovered from Individuals	0		3,297
Contributions and Gifts	0		270
Total Other Local Revenues	<u>\$ 15,308</u>	<u>\$</u>	<u>248,184</u>
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	\$ 0	\$	234,999
Circuit Court Clerk	0		66,636
General Sessions Court Clerk	0		143,775
Clerk and Master	0		74,131
Register	0		71,974
Sheriff	0		12,372
Trustee	0		267,328
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$</u>	<u>871,215</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Aging Programs	0	8,467
Solid Waste Grants	0	11,274
On-behalf Contributions for OPEB	0	1,912
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	12,000
<u>Health and Welfare Grants</u>		
Health Department Programs	0	110,615
<u>Public Works Grants</u>		
State Aid Program	0	205,411
Litter Program	0	36,223
<u>Other State Revenues</u>		
Income Tax	0	36,506
Beer Tax	0	18,055
Vehicle Certificate of Title Fees	0	5,997
Alcoholic Beverage Tax	0	50,076
State Revenue Sharing - T.V.A.	582,235	582,235
Contracted Prisoner Boarding	0	702,387
Gasoline and Motor Fuel Tax	0	1,648,300
Petroleum Special Tax	0	15,934
Registrar's Salary Supplement	0	15,221
Other State Grants	0	10,454
Other State Revenues	0	125,999
Total State of Tennessee	<u>\$ 582,235</u>	<u>\$ 3,606,066</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Other Federal through State	\$	0	\$	147,285
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue		0		20,065
Total Federal Government	\$	0	\$	167,350
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$	0	\$	156,432
Contributions		1,230,682		1,287,146
<u>Other</u>				
Other		0		13,309
Total Other Governments and Citizens Groups	\$	1,230,682	\$	1,456,887
Total	\$	2,200,159	\$	14,196,067

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, 2015

	General Purpose School	Special Revenue Funds		Debt Service Fund	Total
		School Federal Projects	Central Cafeteria	Education Debt Service	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,556,830	\$ 0	\$ 0	\$ 0	\$ 1,556,830
Trustee's Collections - Prior Year	77,514	0	0	0	77,514
Circuit/Clerk and Master Collections - Prior Years	23,067	0	0	0	23,067
Interest and Penalty	21,430	0	0	0	21,430
Payments in-Lieu-of Taxes - Local Utilities	123,622	0	0	0	123,622
Payments in-Lieu-of Taxes - Other	1,627	0	0	0	1,627
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,769,509	0	0	0	1,769,509
Wheel Tax	0	0	0	596,722	596,722
Mixed Drink Tax	4,888	0	0	0	4,888
Other County Local Option Taxes	124	0	0	0	124
<u>Statutory Local Taxes</u>					
Bank Excise Tax	22,093	0	0	0	22,093
Wholesale Beer Tax	122,276	0	0	0	122,276
Interstate Telecommunications Tax	3,840	0	0	0	3,840
Total Local Taxes	\$ 3,726,820	\$ 0	\$ 0	\$ 596,722	\$ 4,323,542
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,349	\$ 0	\$ 0	\$ 0	\$ 1,349
Total Licenses and Permits	\$ 1,349	\$ 0	\$ 0	\$ 0	\$ 1,349
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 117	\$ 0	\$ 0	\$ 0	\$ 117

(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	Special Revenue Funds		Debt Service Fund Education Debt Service	Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 62,018	\$ 0	\$ 62,018
Special Milk Sales	0	0	18	0	18
A la carte Sales	0	0	148,205	0	148,205
Receipts from Individual Schools	23,209	0	0	0	23,209
Total Charges for Current Services	\$ 23,326	\$ 0	\$ 210,241	\$ 0	\$ 233,567
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 244	\$ 0	\$ 244
Lease/Rentals	4,416	0	0	0	4,416
E-Rate Funding	61,328	0	0	0	61,328
Commodity Rebates	0	0	4,107	0	4,107
Miscellaneous Refunds	1,174	0	4,208	0	5,382
Expenditure Credits	8,088	0	0	0	8,088
<u>Nonrecurring Items</u>					
Sale of Equipment	2,325	0	0	0	2,325
Contributions and Gifts	17,820	0	0	0	17,820
Total Other Local Revenues	\$ 95,151	\$ 0	\$ 8,559	\$ 0	\$ 103,710
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 153,826	\$ 0	\$ 0	\$ 0	\$ 153,826
<u>State Education Funds</u>					
Basic Education Program	17,552,000	0	0	0	17,552,000
Early Childhood Education	519,139	0	0	0	519,139
School Food Service	0	0	18,394	0	18,394

(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	Special Revenue Funds		Debt Service Fund	Total
		School Federal Projects	Central Cafeteria	Education Debt Service	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Energy Efficient School Initiative	\$ 1,600	\$ 0	\$ 0	\$ 0	\$ 1,600
Driver Education	17,954	0	0	0	17,954
Other State Education Funds	337,506	0	0	0	337,506
Career Ladder Program	94,385	0	0	0	94,385
Career Ladder - Extended Contract	37,270	0	0	0	37,270
<u>Other State Revenues</u>					
Other State Grants	1,117	0	0	0	1,117
Total State of Tennessee	\$ 18,714,797	\$ 0	\$ 18,394	\$ 0	\$ 18,733,191
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,010,991	\$ 0	\$ 1,010,991
USDA - Commodities	0	0	80,072	0	80,072
Breakfast	0	0	390,762	0	390,762
USDA - Other	0	0	75,967	0	75,967
Vocational Education - Basic Grants to States	0	133,665	0	0	133,665
Title I Grants to Local Education Agencies	0	983,522	0	0	983,522
Special Education - Grants to States	3,195	726,219	0	0	729,414
Special Education Preschool Grants	0	21,922	0	0	21,922
Rural Education	0	57,298	0	0	57,298
Eisenhower Professional Development State Grants	0	125,880	0	0	125,880
Job Training Partnership Act	6,000	0	0	0	6,000
Other Federal through State	517,698	0	0	0	517,698
Total Federal Government	\$ 526,893	\$ 2,048,506	\$ 1,557,792	\$ 0	\$ 4,133,191
Total	\$ 23,088,336	\$ 2,048,506	\$ 1,794,986	\$ 596,722	\$ 27,528,550

Exhibit J-7

Overton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	59,920	
Social Security		4,584	
Pensions		411	
Accounting Services		500	
Audit Services		6,625	
Dues and Memberships		2,278	
Travel		1,020	
Total County Commission			\$ 75,338

Board of Equalization

Board and Committee Members Fees	\$	800	
Total Board of Equalization			800

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Supervisor/Director		23,414	
Deputy(ies)		21,853	
Social Security		8,676	
Pensions		5,763	
Medical Insurance		5,498	
Communication		5,212	
Data Processing Services		9,199	
Dues and Memberships		1,500	
Legal Notices, Recording, and Court Costs		4,712	
Maintenance and Repair Services - Vehicles		29	
Postal Charges		3,409	
Travel		2,887	
Office Supplies		7,198	
Other Charges		5,784	
Office Equipment		7,478	
Total County Mayor/Executive			186,350

County Attorney

Social Security	\$	562	
Legal Services		42,256	
Total County Attorney			42,818

Election Commission

County Official/Administrative Officer	\$	57,459	
Deputy(ies)		22,645	
Election Commission		4,050	
Election Workers		19,537	
In-service Training		175	
Social Security		7,005	
Pensions		4,334	
Communication		1,483	
Data Processing Services		6,488	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Legal Notices, Recording, and Court Costs	\$	2,601	
Maintenance and Repair Services - Equipment		9,500	
Postal Charges		2,128	
Printing, Stationery, and Forms		3,404	
Travel		1,692	
Other Contracted Services		13,651	
Office Supplies		2,108	
Office Equipment		10,315	
Total Election Commission			\$ 168,575

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		26,664	
Accountants/Bookkeepers		24,032	
Part-time Personnel		9,817	
Social Security		9,351	
Pensions		6,197	
Communication		2,616	
Data Processing Services		6,149	
Dues and Memberships		507	
Office Supplies		381	
Total Register of Deeds			149,557

Planning

Board and Committee Members Fees	\$	2,360	
Social Security		181	
Contracts with Government Agencies		12,750	
Total Planning			15,291

County Buildings

Custodial Personnel	\$	26,539	
Maintenance Personnel		25,164	
Social Security		3,955	
Pensions		2,797	
Medical Insurance		735	
Communication		7,165	
Maintenance and Repair Services - Buildings		62,924	
Maintenance and Repair Services - Vehicles		298	
Travel		75	
Custodial Supplies		9,584	
Electricity		89,298	
Gasoline		6,371	
Natural Gas		22,965	
Small Tools		4,245	
Tires and Tubes		7	
Utilities		2,133	
Other Charges		1,579	
Other Equipment		1,917	
Total County Buildings			267,751

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Teachers	\$	2,000	
Social Security		153	
Unemployment Compensation		42,781	
On-behalf Payments to OPEB		1,912	
Evaluation and Testing		384	
Remittance of Revenue Collected		14,766	
Other Contracted Services		800	
Other Supplies and Materials		9,593	
Liability Insurance		339,293	
Premiums on Corporate Surety Bonds		11,717	
Trustee's Commission		106,624	
Workers' Compensation Insurance		293,139	
Other Charges		2,500	
Total Other General Administration			\$ 825,662

Preservation of Records

Office Supplies	\$	2,067	
Total Preservation of Records			2,067

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	36,775	
Social Security		2,768	
Pensions		1,990	
Total Accounting and Budgeting			41,533

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		25,880	
Assessment Personnel		25,880	
Clerical Personnel		21,055	
Social Security		9,915	
Pensions		7,393	
Medical Insurance		5,625	
Communication		3,792	
Data Processing Services		2,854	
Dues and Memberships		1,400	
Maintenance and Repair Services - Vehicles		68	
Postal Charges		784	
Travel		368	
Other Contracted Services		9,204	
Gasoline		1,255	
Office Supplies		3,267	
Other Charges		4,802	
Office Equipment		947	
Total Property Assessor's Office			188,332

(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

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		23,900	
Accountants/Bookkeepers		21,327	
Social Security		7,858	
Pensions		5,901	
Medical Insurance		9,000	
Communication		2,433	
Data Processing Services		8,485	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		603	
Postal Charges		8,419	
Office Supplies		2,233	
Other Charges		3,369	
Office Equipment		5,269	
Total County Trustee's Office			\$ 163,147

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		21,701	
Accountants/Bookkeepers		20,021	
Clerical Personnel		37,935	
Social Security		10,372	
Pensions		3,895	
Medical Insurance		7,875	
Communication		3,082	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		1,427	
Postal Charges		4,622	
Travel		1,081	
Other Contracted Services		8,440	
Office Supplies		4,235	
Office Equipment		5,192	
Total County Clerk's Office			194,228

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		23,874	
Accountants/Bookkeepers		40,787	
Clerical Personnel		38,270	
Jury and Witness Expense		7,299	
Social Security		12,176	
Pensions		8,798	
Medical Insurance		12,000	
Communication		4,097	
Data Processing Services		10,680	
Dues and Memberships		567	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	490	
Postal Charges		1,470	
Travel		151	
Tuition		1,770	
Office Supplies		4,492	
Office Equipment		298	
Total Circuit Court			\$ 231,062

General Sessions Court

Judge(s)	\$	97,170	
Deputy(ies)		22,681	
Social Security		9,056	
Pensions		5,868	
Medical Insurance		2,250	
Travel		2,467	
Office Supplies		1,995	
Total General Sessions Court			141,487

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		25,624	
Accountants/Bookkeepers		22,865	
Clerical Personnel		34,399	
Social Security		10,454	
Pensions		4,484	
Medical Insurance		6,000	
Communication		2,792	
Data Processing Services		8,175	
Dues and Memberships		407	
Office Supplies		7,018	
Office Equipment		38	
Total Chancery Court			186,099

Juvenile Court

Guidance Personnel	\$	12,808	
Social Security		980	
Travel		264	
Other Contracted Services		4,200	
Total Juvenile Court			18,252

District Attorney General

Travel	\$	3,400	
Office Supplies		3,432	
Total District Attorney General			6,832

Judicial Commissioners

County Official/Administrative Officer	\$	18,466	
Social Security		1,413	
Total Judicial Commissioners			19,879

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		350,952	
Investigator(s)		97,472	
Captain(s)		39,983	
Sergeant(s)		119,411	
Salary Supplements		12,000	
Secretary(ies)		21,991	
Maintenance Personnel		38,193	
School Resource Officer		50,648	
Overtime Pay		25,389	
In-service Training		16,148	
Social Security		59,666	
Pensions		37,561	
Medical Insurance		45,121	
Communication		16,834	
Data Processing Services		6,988	
Dues and Memberships		1,650	
Freight Expenses		275	
Legal Notices, Recording, and Court Costs		1,176	
Maintenance and Repair Services - Equipment		514	
Maintenance and Repair Services - Vehicles		12,935	
Postal Charges		855	
Other Contracted Services		7,794	
Gasoline		79,386	
Instructional Supplies and Materials		693	
Law Enforcement Supplies		280	
Office Supplies		8,180	
Tires and Tubes		12,509	
Uniforms		3,031	
Vehicle Parts		15,943	
Other Supplies and Materials		8,157	
Motor Vehicles		81,557	
Office Equipment		7,605	
Other Equipment		9,607	
Total Sheriff's Department			\$ 1,260,732

Special Patrols

Deputy(ies)	\$	21,652	
Social Security		1,516	
Pensions		1,126	
Medical Insurance		2,875	
Maintenance and Repair Services - Vehicles		149	
Disposal Fees		1,380	
Gasoline		3,000	
Other Supplies and Materials		323	
Total Special Patrols			32,021

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

County Official/Administrative Officer	\$	32,885	
Sergeant(s)		158,807	
Guards		388,477	
Clerical Personnel		40,852	
Cafeteria Personnel		34,020	
Overtime Pay		21,563	
In-service Training		2,571	
Social Security		47,173	
Pensions		25,143	
Medical Insurance		40,302	
Evaluation and Testing		5,743	
Maintenance and Repair Services - Buildings		45,446	
Maintenance and Repair Services - Equipment		1,263	
Medical and Dental Services		192,537	
Travel		5,252	
Other Contracted Services		12,708	
Custodial Supplies		42,504	
Diesel Fuel		16	
Electricity		45,467	
Food Supplies		160,545	
Gasoline		45	
Natural Gas		75,850	
Prisoners Clothing		2,531	
Other Supplies and Materials		3,173	
Other Charges		1,007	
Office Equipment		30	
Total Jail			\$ 1,385,910

Fire Prevention and Control

Contracts with Government Agencies	\$	1,000	
Contributions		96,000	
Electricity		2,726	
Liability Insurance		65,191	
Total Fire Prevention and Control			164,917

Civil Defense

Supervisor/Director	\$	3,978	
Social Security		304	
Maintenance and Repair Services - Equipment		1,399	
Electricity		1,009	
Gasoline		1,999	
Total Civil Defense			8,689

Rescue Squad

Contributions	\$	10,000	
Total Rescue Squad			10,000

(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	\$ 16,000	
Total County Coroner/Medical Examiner		16,000

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 92,082	
Social Security	7,044	
Communication	5,691	
Contracts with Other Public Agencies	19,000	
Maintenance and Repair Services - Buildings	3,290	
Travel	2,648	
Other Contracted Services	9,900	
Custodial Supplies	462	
Drugs and Medical Supplies	995	
Office Supplies	3,166	
Utilities	14,306	
Other Supplies and Materials	8,841	
Other Charges	18,025	
Office Equipment	940	
Total Local Health Center		186,390

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 48,700	
Accountants/Bookkeepers	30,603	
Paraprofessionals	452,409	
Attendants	323,902	
Overtime Pay	198,761	
In-service Training	6,685	
Social Security	77,516	
Pensions	49,774	
Medical Insurance	54,750	
Communication	12,095	
Data Processing Services	8,568	
Dues and Memberships	520	
Evaluation and Testing	3,650	
Licenses	2,000	
Maintenance and Repair Services - Buildings	14,196	
Maintenance and Repair Services - Equipment	3,162	
Maintenance and Repair Services - Vehicles	37,898	
Matching Share	9,270	
Travel	952	
Tuition	6,700	
Other Contracted Services	13,443	

(Continued)

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.)

Custodial Supplies	\$	8,406	
Drugs and Medical Supplies		76,775	
Electricity		20,940	
Gasoline		56,882	
Natural Gas		6,555	
Office Supplies		6,257	
Tires and Tubes		5,851	
Uniforms		9,812	
Other Charges		666	
Motor Vehicles		265,586	
Office Equipment		10,326	
Other Equipment		93,784	
Total Ambulance/Emergency Medical Services			\$ 1,917,394

Other Local Health Services

Gasoline	\$	2,309	
Total Other Local Health Services			2,309

Regional Mental Health Center

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

Transfer Stations

Maintenance and Repair Services - Equipment	\$	409	
Total Transfer Stations			409

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	36,328	
Part-time Personnel		6,350	
Social Security		3,265	
Pensions		1,973	
Contributions		1,425	
Data Processing Services		651	
Licenses		150	
Travel		137	
Other Contracted Services		700	
Custodial Supplies		571	
Food Supplies		342	
Office Supplies		267	
Premiums on Corporate Surety Bonds		187	
Total Senior Citizens Assistance			52,346

Libraries

Librarians	\$	30,479	
Clerical Personnel		18,685	
Part-time Personnel		25,582	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Social Security	\$	5,015	
Pensions		2,585	
Medical Insurance		6,000	
Communication		3,567	
Data Processing Services		1,753	
Dues and Memberships		190	
Maintenance and Repair Services - Buildings		7,772	
Travel		500	
Custodial Supplies		1,774	
Office Supplies		1,810	
Utilities		16,414	
Other Charges		6,003	
Total Libraries			\$ 128,129

Other Social, Cultural, and Recreational

Contributions	\$	7,750	
Other Charges		25,000	
Total Other Social, Cultural, and Recreational			32,750

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	23,710	
Other Salaries and Wages		3,989	
Social Security		1,940	
Pensions		3,271	
Communication		2,956	
Contributions		467	
Travel		2,075	
Other Contracted Services		7,265	
Office Equipment		713	
Total Agricultural Extension Service			46,386

Soil Conservation

Assistant(s)	\$	27,885	
Deputy(ies)		20,797	
Temporary Personnel		1,115	
Social Security		3,417	
Pensions		1,360	
Medical Insurance		2,750	
Travel		204	
Total Soil Conservation			57,528

Other Operations

Tourism

Advertising	\$	18,466	
Total Tourism			18,466

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$	15,000	
Other Charges		11,888	
Total Industrial Development			\$ 26,888

Airport

Contracts with Government Agencies	\$	7,200	
Airport Improvement		5,250	
Total Airport			12,450

Veterans' Services

Supervisor/Director	\$	15,983	
Social Security		1,166	
Communication		2,483	
Contributions		8,829	
Data Processing Services		344	
Rentals		4,200	
Travel		272	
Office Supplies		1,203	
Other Charges		1,600	
Office Equipment		2,382	
Total Veterans' Services			38,462

Contributions to Other Agencies

Contributions	\$	77,576	
Total Contributions to Other Agencies			77,576

Highways

Traffic Control

Supervisor/Director	\$	744	
Social Security		57	
Maintenance and Repair Services - Vehicles		100	
Gasoline		215	
Road Signs		3,542	
Total Traffic Control			4,658

Litter and Trash Collection

Supervisor/Director	\$	23,088	
Social Security		1,766	
Advertising		7,290	
Maintenance and Repair Services - Vehicles		1,044	
Custodial Supplies		907	
Gasoline		2,221	
Total Litter and Trash Collection			36,316

Total General Fund \$ 8,598,113

(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	\$ 3	
Total Other Charges		\$ 3

Total Courthouse and Jail Maintenance Fund \$ 3

Solid Waste/Sanitation Fund

General Government

Other General Administration

Data Processing Services	\$ 4,668	
Evaluation and Testing	499	
Legal Notices, Recording, and Court Costs	199	
Other Contracted Services	180	
Office Supplies	1,320	
Liability Insurance	24,826	
Premiums on Corporate Surety Bonds	175	
Trustee's Commission	15,124	
Workers' Compensation Insurance	18,507	
Other Charges	152	
Office Equipment	4,209	
Total Other General Administration		\$ 69,859

Public Health and Welfare

Convenience Centers

Laborers	\$ 79,049	
Social Security	6,047	
Pensions	689	
Communication	4,188	
Maintenance and Repair Services - Buildings	1,154	
Maintenance and Repair Services - Equipment	4,391	
Rentals	5,700	
Custodial Supplies	472	
Electricity	7,233	
Water and Sewer	7,332	
Total Convenience Centers		116,255

Transfer Stations

Supervisor/Director	\$ 41,915
Foremen	36,757
Equipment Operators	24,823
Truck Drivers	51,424
Laborers	18,939
Social Security	12,361
Pensions	8,848
Medical Insurance	6,000
Communication	801
Licenses	2,650
Maintenance and Repair Services - Equipment	20,431

(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.)

Disposal Fees	\$	407,362	
Diesel Fuel		20,859	
Lubricants		418	
Tires and Tubes		4,560	
Other Supplies and Materials		560	
Total Transfer Stations			\$ 658,708

Recycling Center

Communication	\$	2,404	
Maintenance and Repair Services - Buildings		472	
Maintenance and Repair Services - Equipment		6,917	
Matching Share		2,740	
Other Contracted Services		18,794	
Custodial Supplies		42	
Electricity		4,360	
Gasoline		1,648	
Propane Gas		444	
Uniforms		2,576	
Water and Sewer		649	
Other Equipment		11,219	
Total Recycling Center			52,265

Other Waste Disposal

Crushed Stone	\$	484	
Fertilizer, Lime, and Seed		889	
Total Other Waste Disposal			1,373

Postclosure Care Costs

Testing	\$	18,672	
Total Postclosure Care Costs			18,672

Total Solid Waste/Sanitation Fund \$ 917,132

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$	29,634	
Overtime Pay		538	
Social Security		2,220	
Pensions		1,622	
Medical Insurance		2,875	
Confidential Drug Enforcement Payments		5,500	
Dues and Memberships		300	
Maintenance and Repair Services - Buildings		540	
Towing Services		575	
Animal Food and Supplies		118	
Other Supplies and Materials		1,967	
Trustee's Commission		304	
Total Drug Enforcement			\$ 46,193

Total Drug Control Fund 46,193

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 155	
Total County Trustee's Office		\$ 155

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 414	
Total County Clerk's Office		414

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 12,940	
Constitutional Officers' Operating Expenses	2,388	
Total Chancery Court		<u>15,328</u>

Total Constitutional Officers - Fees Fund		\$ 15,897
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,228	
Supervisor/Director	29,120	
Overtime Pay	2,888	
Communication	3,252	
Dues and Memberships	2,724	
Evaluation and Testing	772	
Legal Notices, Recording, and Court Costs	1,650	
Licenses	18	
Maintenance and Repair Services - Buildings	717	
Travel	2,136	
Other Contracted Services	449	
Custodial Supplies	338	
Electricity	4,664	
Office Supplies	1,231	
Utilities	3,657	
Other Charges	500	
Total Administration		\$ 124,344

Highway and Bridge Maintenance

Supervisor/Director	\$ 82,118
Equipment Operators	205,897
Truck Drivers	25,584
Laborers	85,832
Overtime Pay	25,791
Freight Expenses	458
Asphalt - Cold Mix	138,171
Asphalt - Liquid	69,681
Crushed Stone	60,229
Pipe	4,696

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe - Metal	\$	2,938	
Road Signs		1,246	
Salt		10,717	
Sand		358	
Other Supplies and Materials		4,984	
Other Charges		5,283	
Total Highway and Bridge Maintenance			\$ 723,983

Operation and Maintenance of Equipment

Supervisor/Director	\$	28,600	
Mechanic(s)		46,660	
Overtime Pay		4,236	
Freight Expenses		652	
Maintenance and Repair Services - Equipment		24,851	
Equipment and Machinery Parts		41,245	
Gasoline		138,181	
Lubricants		7,761	
Small Tools		1,691	
Tires and Tubes		21,509	
Highway Equipment		5,000	
Total Operation and Maintenance of Equipment			320,386

Quarry Operations

Supervisor/Director	\$	27,504	
Equipment Operators		51,291	
Overtime Pay		9,786	
Operating Lease Payments		9,600	
Electricity		27,152	
Equipment and Machinery Parts		33,031	
Total Quarry Operations			158,364

Other Charges

Liability Insurance	\$	49,653	
Trustee's Commission		24,424	
Workers' Compensation Insurance		106,563	
Total Other Charges			180,640

Employee Benefits

Social Security	\$	50,119	
Pensions		37,240	
Medical Insurance		232,878	
Unemployment Compensation		6,811	
Total Employee Benefits			327,048

Capital Outlay

Engineering Services	\$	23,132	
Matching Share		69,734	
Asphalt		205,411	
Total Capital Outlay			298,277

Total Highway/Public Works Fund \$ 2,133,042

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund</u>		
<u>Other Operations</u>		
<u>Industrial Development</u>		
Legal Services	\$ 150	
Refunds	842,721	
Total Industrial Development		\$ 842,871
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 555,983	
Principal on Notes	879,276	
Total General Government		1,435,259
<u>Education</u>		
Principal on Bonds	\$ 705,000	
Total Education		705,000
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 281,221	
Interest on Notes	49,188	
Total General Government		330,409
<u>Education</u>		
Interest on Bonds	\$ 219,199	
Total Education		219,199
<u>Other Debt Service</u>		
<u>General Government</u>		
Fiscal Agent Charges	\$ 13,589	
Trustee's Commission	11,862	
Total General Government		25,451
<u>Education</u>		
Underwriter's Discount	\$ 13,922	
Other Debt Issuance Charges	52,000	
Other Debt Service	550	
Total Education		66,472
Total General Debt Service Fund		\$ 3,624,661
<u>General Capital Projects Fund</u>		
<u>General Government</u>		
<u>County Buildings</u>		
Consultants	\$ 105,641	
Other Contracted Services	366,241	
Total County Buildings		\$ 471,882
Total General Capital Projects Fund		471,882
Total Governmental Funds - Primary Government		<u>\$ 15,806,923</u>

Overton County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Overton County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,031,239	
Career Ladder Program		50,300	
Career Ladder Extended Contracts		26,950	
Homebound Teachers		10,845	
Educational Assistants		204,989	
Other Salaries and Wages		304,530	
Certified Substitute Teachers		56,898	
Non-certified Substitute Teachers		152,102	
Social Security		455,310	
Pensions		663,528	
Life Insurance		6,979	
Medical Insurance		1,280,226	
Unemployment Compensation		7,943	
Local Retirement		9,569	
Employer Medicare		107,120	
Payments to Retirees		73,454	
Maintenance and Repair Services - Equipment		815	
Other Contracted Services		69,984	
Instructional Supplies and Materials		40,937	
Textbooks		111,284	
Other Supplies and Materials		58,957	
In Service/Staff Development		2,507	
Fee Waivers		46,466	
Other Charges		1,041	
Regular Instruction Equipment		109,892	
Total Regular Instruction Program			\$ 10,883,865

Alternative Instruction Program

Teachers	\$	40,255	
Career Ladder Program		1,000	
Social Security		2,369	
Pensions		3,729	
Medical Insurance		11,160	
Unemployment Compensation		36	
Employer Medicare		554	
Total Alternative Instruction Program			59,103

Special Education Program

Teachers	\$	780,544	
Career Ladder Program		9,723	
Career Ladder Extended Contracts		2,100	
Homebound Teachers		6,152	
Educational Assistants		174,805	
Speech Pathologist		42,590	
Certified Substitute Teachers		280	
Non-certified Substitute Teachers		960	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	59,008	
Pensions		84,626	
Medical Insurance		176,349	
Unemployment Compensation		1,137	
Employer Medicare		13,804	
Other Contracted Services		18,601	
Instructional Supplies and Materials		4,791	
Other Supplies and Materials		1,048	
Regular Instruction Equipment		100	
Special Education Equipment		1,124	
Total Special Education Program			\$ 1,377,742

Vocational Education Program

Teachers	\$	381,901	
Career Ladder Program		2,000	
Certified Substitute Teachers		490	
Non-certified Substitute Teachers		960	
Social Security		22,804	
Pensions		34,636	
Medical Insurance		61,441	
Unemployment Compensation		387	
Employer Medicare		5,333	
Tuition		69,591	
Instructional Supplies and Materials		4,697	
Textbooks		4,109	
Other Supplies and Materials		1,371	
Vocational Instruction Equipment		1,760	
Total Vocational Education Program			591,480

Support Services

Attendance

Supervisor/Director	\$	67,986	
Career Ladder Program		1,000	
Social Security		3,903	
Pensions		6,236	
Medical Insurance		10,992	
Unemployment Compensation		36	
Employer Medicare		913	
Travel		121	
Other Contracted Services		23,573	
Other Supplies and Materials		210	
In Service/Staff Development		2,261	
Attendance Equipment		3,586	
Total Attendance			120,817

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	78,315	
Social Security		3,985	
Pensions		4,925	
Medical Insurance		15,683	
Unemployment Compensation		163	
Employer Medicare		932	
Travel		3,031	
In Service/Staff Development		399	
Total Health Services			\$ 107,433

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		469,990	
Psychological Personnel		2,488	
Career Ladder Extended Contracts		2,100	
Other Salaries and Wages		13,002	
Social Security		28,328	
Pensions		43,278	
Medical Insurance		76,106	
Unemployment Compensation		426	
Employer Medicare		6,713	
Contracts with Government Agencies		79,964	
Evaluation and Testing		26,594	
Other Supplies and Materials		1,389	
Other Equipment		262	
Total Other Student Support			751,640

Regular Instruction Program

Supervisor/Director	\$	15,621	
Career Ladder Program		7,350	
Career Ladder Extended Contracts		700	
Librarians		194,037	
Clerical Personnel		17,775	
Other Salaries and Wages		179,819	
Social Security		24,215	
Pensions		36,072	
Life Insurance		24	
Medical Insurance		49,170	
Unemployment Compensation		299	
Employer Medicare		5,655	
Other Fringe Benefits		386	
Travel		11,124	
Other Contracted Services		6,306	
Library Books/Media		3,437	
Other Supplies and Materials		594	
In Service/Staff Development		29,492	
Other Equipment		5,454	
Total Regular Instruction Program			587,530

(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

Supervisor/Director	\$	58,428	
Career Ladder Program		1,000	
Psychological Personnel		42,905	
Clerical Personnel		17,775	
Other Salaries and Wages		11,109	
Social Security		7,255	
Pensions		10,812	
Medical Insurance		22,916	
Unemployment Compensation		107	
Employer Medicare		1,697	
Travel		4,482	
In Service/Staff Development		9,318	
Other Equipment		600	
Total Special Education Program			\$ 188,404

Vocational Education Program

Supervisor/Director	\$	15,825	
Career Ladder Program		100	
Social Security		1,092	
Pensions		1,440	
Medical Insurance		2,102	
Unemployment Compensation		7	
Employer Medicare		255	
Other Fringe Benefits		3,111	
Total Vocational Education Program			23,932

Other Programs

On-behalf Payments to OPEB	\$	153,826	
Total Other Programs			153,826

Board of Education

Secretary to Board	\$	2,245	
Board and Committee Members Fees		23,805	
Social Security		866	
Pensions		140	
Unemployment Compensation		2	
Employer Medicare		357	
Audit Services		8,000	
Legal Services		27,540	
Medical and Dental Services		1,940	
Travel		422	
Other Contracted Services		2,500	
Other Supplies and Materials		21	
Liability Insurance		28,345	
Trustee's Commission		94,461	
Workers' Compensation Insurance		193,455	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

In Service/Staff Development	\$	3,241	
Other Charges		12,100	
Total Board of Education			\$ 399,440

Director of Schools

County Official/Administrative Officer	\$	81,126	
Assistant(s)		2,104	
Social Security		4,954	
Pensions		7,524	
Medical Insurance		9,075	
Unemployment Compensation		72	
Employer Medicare		1,159	
Communication		22,906	
Dues and Memberships		3,754	
Postal Charges		3,710	
Travel		399	
Office Supplies		201	
Other Supplies and Materials		76	
In Service/Staff Development		2,184	
Other Charges		402	
Total Director of Schools			139,646

Office of the Principal

Principals	\$	433,728	
Career Ladder Program		6,500	
Assistant Principals		398,288	
Secretary(ies)		415,154	
Other Salaries and Wages		17,401	
Social Security		73,242	
Pensions		96,408	
Medical Insurance		139,893	
Unemployment Compensation		1,385	
Local Retirement		2,633	
Employer Medicare		17,129	
Payments to Retirees		496	
Communication		35,080	
Dues and Memberships		1,050	
Travel		11,819	
Other Contracted Services		11,935	
Excess Risk Insurance		13,160	
In Service/Staff Development		194	
Administration Equipment		4,650	
Total Office of the Principal			1,680,145

Fiscal Services

Accountants/Bookkeepers	\$	121,097	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Secretary(ies)	\$	68,312	
Other Salaries and Wages		31,806	
Social Security		13,486	
Pensions		11,978	
Medical Insurance		17,409	
Unemployment Compensation		248	
Employer Medicare		3,118	
Other Fringe Benefits		12,159	
Dues and Memberships		150	
Travel		799	
Other Contracted Services		11,738	
Data Processing Supplies		398	
Office Supplies		1,332	
In Service/Staff Development		2,397	
Administration Equipment		3,492	
Total Fiscal Services	\$		299,919

Operation of Plant

Custodial Personnel	\$	606,740	
Social Security		35,193	
Pensions		30,706	
Medical Insurance		55,936	
Unemployment Compensation		1,326	
Employer Medicare		8,232	
Janitorial Services		7,725	
Maintenance and Repair Services - Equipment		2,510	
Pest Control		11,186	
Other Contracted Services		74,939	
Custodial Supplies		60,663	
Electricity		676,913	
Natural Gas		78,942	
Propane Gas		59,275	
Water and Sewer		43,351	
Chemicals		12,477	
Other Supplies and Materials		16,497	
Boiler Insurance		6,479	
Building and Contents Insurance		117,847	
Other Charges		515	
Plant Operation Equipment		11,139	
Total Operation of Plant			1,918,591

Maintenance of Plant

Supervisor/Director	\$	18,907	
Maintenance Personnel		171,434	
Social Security		11,022	
Pensions		11,111	

(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	\$	18,780	
Unemployment Compensation		200	
Employer Medicare		2,578	
Communication		1,282	
Maintenance and Repair Services - Buildings		11,765	
Maintenance and Repair Services - Equipment		10,114	
Maintenance and Repair Services - Vehicles		595	
Rentals		82	
Travel		680	
Other Contracted Services		6,550	
Custodial Supplies		333	
Equipment Parts - Light		39,145	
Equipment and Machinery Parts		9,604	
General Construction Materials		25,805	
Small Tools		1,904	
Uniforms		2,316	
Other Supplies and Materials		14,714	
Vehicle and Equipment Insurance		4,373	
In Service/Staff Development		2,933	
Maintenance Equipment		13,977	
Total Maintenance of Plant			\$ 380,204

Transportation

Supervisor/Director	\$	20,845
Mechanic(s)		97,202
Bus Drivers		474,736
Social Security		33,720
Pensions		19,673
Medical Insurance		43,374
Unemployment Compensation		1,264
Employer Medicare		8,278
Communication		2,026
Maintenance and Repair Services - Equipment		1,737
Maintenance and Repair Services - Vehicles		1,204
Medical and Dental Services		3,677
Towing Services		750
Travel		938
Other Contracted Services		1,460
Crushed Stone		3,958
Custodial Supplies		148
Diesel Fuel		123,401
Equipment and Machinery Parts		893
Garage Supplies		5,090
Gasoline		6,060
Lubricants		6,642
Small Tools		593

(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.)

Tires and Tubes	\$	24,773	
Uniforms		1,366	
Vehicle Parts		44,370	
Other Supplies and Materials		2,586	
Vehicle and Equipment Insurance		32,072	
In Service/Staff Development		114	
Other Charges		2,836	
Transportation Equipment		247,216	
Total Transportation			\$ 1,213,002

Operation of Non-instructional Services

Food Service

Food Service Equipment	\$	23,115	
Total Food Service			23,115

Community Services

Supervisor/Director	\$	28,405	
Teachers		264,822	
Medical Personnel		480	
Bus Drivers		24,008	
Educational Assistants		1,650	
Custodial Personnel		700	
Other Salaries and Wages		77,224	
Certified Substitute Teachers		70	
Social Security		20,172	
Pensions		26,677	
Unemployment Compensation		473	
Employer Medicare		5,243	
Other Fringe Benefits		2,466	
Travel		38	
Instructional Supplies and Materials		26,670	
Other Supplies and Materials		10,369	
In Service/Staff Development		3,625	
Other Charges		11,718	
Total Community Services			504,810

Early Childhood Education

Supervisor/Director	\$	46,862	
Teachers		201,022	
Career Ladder Program		750	
Clerical Personnel		3,868	
Educational Assistants		87,272	
Other Salaries and Wages		54	
Certified Substitute Teachers		665	
Non-certified Substitute Teachers		2,550	
Social Security		19,111	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Pensions	\$	27,009	
Life Insurance		144	
Medical Insurance		51,670	
Unemployment Compensation		420	
Employer Medicare		4,471	
Other Fringe Benefits		2,126	
Communication		972	
Maintenance and Repair Services - Equipment		8,000	
Travel		212	
Food Supplies		4,208	
Instructional Supplies and Materials		20,334	
Other Supplies and Materials		9,535	
In Service/Staff Development		6,534	
Other Charges		11,997	
Other Equipment		11,341	
Total Early Childhood Education	\$		521,127

Capital Outlay

Regular Capital Outlay

Architects	\$	17,645	
Engineering Services		2,552	
Building Improvements		162,590	
Other Capital Outlay		139,548	
Total Regular Capital Outlay			322,335

Total General Purpose School Fund \$ 22,248,106

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	129,540	
Educational Assistants		83,675	
Certified Substitute Teachers		1,820	
Non-certified Substitute Teachers		3,820	
Social Security		12,440	
Pensions		16,159	
Life Insurance		75	
Medical Insurance		32,249	
Unemployment Compensation		317	
Employer Medicare		2,919	
Other Fringe Benefits		1,356	
Instructional Supplies and Materials		20,948	
Regular Instruction Equipment		74,902	
Total Regular Instruction Program	\$		380,220

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	107,056	
Educational Assistants		289,612	
Other Salaries and Wages		15,057	
Certified Substitute Teachers		735	
Non-certified Substitute Teachers		1,680	
Social Security		23,244	
Pensions		25,714	
Life Insurance		75	
Medical Insurance		65,048	
Unemployment Compensation		817	
Employer Medicare		5,993	
Other Fringe Benefits		2,461	
Evaluation and Testing		851	
Instructional Supplies and Materials		1,221	
Other Supplies and Materials		1,261	
Special Education Equipment		14,526	
Total Special Education Program			\$ 555,351

Vocational Education Program

Educational Assistants	\$	15,512	
Social Security		800	
Pensions		839	
Medical Insurance		3,880	
Unemployment Compensation		36	
Employer Medicare		187	
Other Fringe Benefits		96	
Maintenance and Repair Services - Equipment		169	
Instructional Supplies and Materials		2,236	
Other Supplies and Materials		460	
Vocational Instruction Equipment		18,970	
Total Vocational Education Program			43,185

Support Services

Other Student Support

Bus Drivers	\$	1,659	
Other Salaries and Wages		46,861	
Social Security		2,975	
Pensions		4,249	
Medical Insurance		5,948	
Unemployment Compensation		39	
Employer Medicare		696	
Other Fringe Benefits		132	
Travel		15,685	
Other Contracted Services		775	
In Service/Staff Development		1,405	
Other Charges		17,080	
Total Other Student Support			97,504

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	50,970	
Other Salaries and Wages		428,918	
Social Security		27,544	
Pensions		42,179	
Life Insurance		259	
Medical Insurance		61,767	
Unemployment Compensation		416	
Employer Medicare		6,643	
Other Fringe Benefits		2,974	
Travel		6,994	
Other Supplies and Materials		12,255	
In Service/Staff Development		72,234	
Other Charges		115	
Other Equipment		11,447	
Total Regular Instruction Program			\$ 724,715

Special Education Program

Supervisor/Director	\$	5,312	
Psychological Personnel		59,027	
Other Salaries and Wages		19,459	
Social Security		4,401	
Pensions		5,816	
Life Insurance		28	
Medical Insurance		8,433	
Unemployment Compensation		67	
Employer Medicare		1,193	
Other Fringe Benefits		519	
Travel		949	
Other Supplies and Materials		40	
In Service/Staff Development		3,730	
Other Charges		3,596	
Total Special Education Program			112,570

Vocational Education Program

Travel	\$	539	
Other Supplies and Materials		85	
In Service/Staff Development		2,392	
Other Charges		94	
Vocational Instruction Equipment		9,470	
Total Vocational Education Program			12,580

Transportation

Bus Drivers	\$	38,075	
Other Salaries and Wages		13,827	
Social Security		2,353	
Pensions		1,375	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Unemployment Compensation	\$	118	
Other Fringe Benefits		2,932	
Contracts with Parents		10,431	
Total Transportation			\$ 69,111

Total School Federal Projects Fund \$ 1,995,236

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	59,869	
Clerical Personnel		37,036	
Cafeteria Personnel		619,527	
Temporary Personnel		46,846	
Social Security		43,870	
Pensions		42,036	
Life Insurance		25	
Medical Insurance		96,142	
Unemployment Compensation		1,855	
Employer Medicare		10,297	
Payments to Retirees		340	
Other Fringe Benefits		26,407	
Travel		4,721	
Other Contracted Services		14,749	
Food Supplies		826,979	
USDA - Commodities		80,072	
Other Supplies and Materials		65,765	
In Service/Staff Development		3,401	
Total Food Service			\$ 1,979,937

Community Services

Supervisor/Director	\$	2,405	
Cafeteria Personnel		14,037	
Social Security		870	
Pensions		672	
Unemployment Compensation		2	
Employer Medicare		204	
Other Fringe Benefits		5,282	
Travel		756	
Other Contracted Services		199	
Food Supplies		17,507	
Other Supplies and Materials		1,404	
Total Community Services			43,338

Total Central Cafeteria Fund 2,023,275

(Continued)

Exhibit J-8

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

<u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	<u>\$ 705,000</u>	
Total Education		\$ 705,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	<u>\$ 264,326</u>	
Total Education		264,326
 <u>Other Debt Service</u>		
<u>Education</u>		
Trustee's Commission	\$ 5,915	
Debt Service Contribution to Primary Government	<u>550</u>	
Total Education		<u>6,465</u>
 Total Education Debt Service Fund		 <u>\$ 975,791</u>
 Total Governmental Funds - Overton County School Department		 <u>\$ 27,242,408</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, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 872,791</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 864,063
Trustee's Commission	8,728
Total Cash Disbursements	<u>\$ 872,791</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
Cash Balance, June 30, 2015	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements, and have issued our report thereon dated January 8, 2016. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Overton County Health and Rehab Center and the Overton/Pickett County Emergency Communications District as described in our report on Overton County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2015-001.

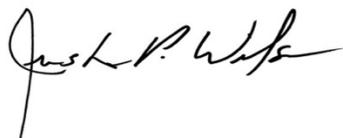
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Overton County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 8, 2016

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Executive and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Overton County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Overton County's major federal programs for the year ended June 30, 2015. Overton County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Overton County's compliance.

Opinion on Each Major Federal Program

In our opinion, Overton County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Overton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Overton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Overton County's internal control over compliance.

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

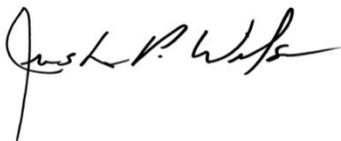
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Overton County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Overton County's basic financial statements. We issued our report thereon dated January 8, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 8, 2016

JPW/sb

Overton County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Environmental Quality Incentives Program	10.912	N/A	\$ 7,182
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	390,762
National School Lunch Program	10.555	N/A	1,069,793 (3)
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	17,165
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	80,072 (3)
Total U.S. Department of Agriculture			\$ 1,564,974
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.Unknown	N/A	\$ 61,899
U.S. Department of Interior:			
Direct Program:			
Payments-in-lieu-of-Taxes	15.226	N/A	\$ 5,428
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 2,747
Passed-through Tennessee Bureau of Investigation:			
Public Safety Partnership and Community Policing Grants	16.710	(2)	207
Total U.S. Department of Justice			\$ 2,954
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 6,000
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	\$ 42,318
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,296
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 980,842
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	729,417
Special Education - Preschool Grants	84.173	N/A	21,922
Career and Technical Education - Basic Grants to States	84.048	N/A	135,859
Twenty-first Century Community Learning Centers	84.287	N/A	517,698
Rural Education	84.358	N/A	57,031
Improving Teacher Quality State Grants	84.367	N/A	101,687
Total U.S. Department of Education			\$ 2,544,456
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 10,758
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	(2)	\$ 92,706
Total Expenditures of Federal Awards			\$ 4,332,789

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Aging Program - Upper Cumberland Development District	N/A	(2)	8,467
Rural Local Health Services - State Department of Health	N/A	GG-1542236-00	110,615
Litter Program - State Department of Transportation	N/A	Z-15-LIT0067	36,223
Library Technology Grant - Tennessee Secretary of State	N/A	(2)	516
ThreeStar Grant Program - State Department of Economic and Community Development	N/A	(2)	9,938
Waste Tire Recycling Grant - State Department of Environment and Conservation	N/A	(2)	681
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	10,593
ConnectTenn - State Department of Education	N/A	(2)	9,422
Coordinated School Health Project - State Department of Education	N/A	(2)	100,000
Pilot/State - Early Childhood Education - PreK - State Department of Education	N/A	(2)	519,139
Energy Efficient Schools Initiative Grant - State Energy Efficient Schools Initiative	N/A	(2)	1,600
TN Arts Commission STS - State Department of Education	N/A	(2)	1,117
Safe Schools Act - State Department of Education	N/A	(2)	<u>20,610</u>
Total State Grants			<u>\$ 837,921</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) Total for CFDA No. 10.555 is \$1,149,865.
- (4) Z-14-GHS269-00: \$20,984; Z-15-GHS272-00: \$21,334.

Overton County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICE OF REGISTER OF DEEDS

Finding Number	Page Number	Subject
2014-002	170	Duties were not segregated adequately

OVERTON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Overton County is unmodified.
2. The audit of the financial statements of Overton County disclosed a significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Overton County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. Title I Grants to Local Educational Agencies (CFDA No. 84.010) and Twenty-first Century Community Learning Centers (CFDA No. 84.287) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Overton County qualified as a low-risk auditee.

PART II, A FINDING RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our examination, is presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response; however, management did not provide a response for inclusion in this report.

OFFICE OF REGISTER OF DEEDS

FINDING 2015-001

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and employees in the Office of Register of Deeds. The official and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls 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

The Register of Deeds should segregate duties to the extent possible using available resources.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

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

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

Overton County does not have a central system of accounting, budgeting, and purchasing for all departments. Overton County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and highway superintendent, but exclude the School Department. Sound business practices dictate that establishing a central system for all departments would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

OVERTON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015

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

Overton County – Summary Schedule of Prior-year's Finding

FINDING 2014-001

Assets received from the Section 1033 Property Program have been properly inventoried and tracked by the county. Assets that were not being used for law enforcement purposes have reverted to the county and are no longer restricted for use for law enforcement purposes only.