
ANNUAL FINANCIAL REPORT OBION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT
OBION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013**

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

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

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Audit Highlights
Annual Financial Report
Obion County, Tennessee
For the Year Ended June 30, 2013

Scope

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

Results

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

Our audit resulted in seven findings and recommendations, which we have reviewed with Obion County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practice

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

OFFICE OF COUNTY MAYOR

- ◆ Expenditures exceeded appropriations in the Solid/Waste Sanitation Fund.
-

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The Highway Department did not maintain a system to account for some road materials.
 - ◆ The office had deficiencies in computer system backup procedures.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Expenditures exceeded appropriations in the School Federal Projects Fund.
-

OFFICE OF COUNTY CLERK

- ◆ The office did not review its software audit logs.
-

OFFICES OF TRUSTEE; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER OF DEEDS

- ◆ Duties were not segregated adequately.
-

OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER OF DEEDS

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

BEST PRACTICE

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

INTRODUCTORY SECTION

Obion County Officials

June 30, 2013

Officials

Benny McGuire, County Mayor
Gary Lofton, Highway Superintendent
David Huss, Director of Schools
Lori Seals, Trustee
Judy Smith, Assessor of Property
Vollie Jean Boehms, County Clerk
Harry Johnson, Circuit, General Sessions, and Juvenile Courts Clerk
Paula Rice, Clerk and Master
Vicky Long, Register of Deeds
Jerry Vastbinder, Sheriff

Board of County Commissioners

Ralph Puckett, Chairman	Norma Fowler
Paul Albright	Polk Glover
Richard Arnold	Jerry Grady
Kenneth Barnes	Dwayne Hensley
Ned Bigelow	Danny Jowers
Jim Bondurant	Dean Jowers
Donnie Braswell	Allen Nohsey
Kenneth Cheatham	Terry Roberts
Andy Crocker	Sam Sinclair
Tim Doyle	Cloney Taylor
Terry Dwyer	

Highway Commission

Jerry LaMastus, Chairman
Neil Dodson
Larry Gray
Lee Jay Hobbs
Truman Johnson
Bob Nichols
James Thorpe

Board of Education

Brian Rainey, Chairman
Willis Easley
Fritz Fussell
David Lamb
Scott Northam
Tim Partin
Diane Sanderson

Audit Committee

Tim Doyle
John Fowler
Jerry Grady
John Miles
Ralph Puckett
James Thompson

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Obion County Nursing Home, a major fund and the entire business-type activities, and the Obion County Emergency Communications District, which represent 3.6 percent, 4.3 percent, and 2.1 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 opinions, insofar as they relate to the amounts included for the Obion County

Nursing Home and the Obion County Emergency Communications District, are 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note I.D.9. in the financial statements, which describes a restatement to the beginning balance of the government-wide financial statements totaling \$189,678. This restatement was necessary because prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, debt issuance costs become period costs.

As described in Note V.B., Obion County has adopted the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and*

Net Position, which became effective for the year ended June 30, 2013. Obion County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plans on pages 82-84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Obion 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 Obion 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 Obion County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and

other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Obion 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 December 13, 2013, on our consideration of Obion 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 Obion County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 13, 2013

JPW/sb

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Units		
	Governmental Activities		Business-type Activities	Obion County		Emergency Communications District
	Governmental Activities	Total		School Department		
ASSETS						
Cash	\$ 370	\$ 319,077	\$ 319,447	\$ 0	\$ 638,045	
Equity in Pooled Cash and Investments	14,481,287	0	14,481,287	3,403,314	0	
Inventories	0	7,945	7,945	0	0	
Accounts Receivable	21,510	552,984	574,494	11,311	15,770	
Due from Other Governments	786,795	0	786,795	1,124,711	13,054	
Property Taxes Receivable	4,562,486	0	4,562,486	4,485,932	0	
Allowance for Uncollectible Property Taxes	(117,643)	0	(117,643)	(113,781)	0	
Prepaid Items	0	0	0	0	33,995	
Accrued Interest Receivable	10,258	0	10,258	0	0	
Notes Receivable - Long-term	4,897,315	0	4,897,315	0	0	
Capital Assets:						
Assets Not Depreciated:						
Land	3,950,970	0	3,950,970	696,031	30,000	
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	6,022,694	172,279	6,194,973	28,141,378	425,024	
Infrastructure	6,026,852	0	6,026,852	139,490	0	
Other Capital Assets	1,789,250	122,091	1,911,341	2,045,042	340,851	
Total Assets	\$ 42,432,144	\$ 1,174,376	\$ 43,606,520	\$ 39,933,428	\$ 1,496,739	

LIABILITIES

Accounts Payable	\$ 50,955	\$ 55,991	\$ 106,946	\$ 30,575	\$ 1,301	
Accrued Payroll	0	36,807	36,807	0	0	
Payroll Deductions Payable	3,275	248	3,523	5,334	0	
Accrued Leave	0	69,610	69,610	0	0	
Due to State of Tennessee	112	0	112	0	0	
Accrued Interest Payable	54,919	0	54,919	969	0	
Patients' Trust Fund	0	18,274	18,274	0	0	
Noncurrent Liabilities:						
Due Within One Year	596,811	0	596,811	252,316	0	
Due in More Than One Year (net of unamortized discount on debt)	13,563,517	0	13,563,517	1,957,022	0	
Total Liabilities	\$ 14,269,589	\$ 180,930	\$ 14,450,519	\$ 2,246,216	\$ 1,301	

(Continued)

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Total	Obion County School Department	Emergency Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 878,517	\$ 164,612	\$ 15,164	\$ 0	\$ (698,741)	\$ 0	\$ (698,741)	\$ 0	\$ 0	0
Finance	678,042	781,669	0	0	103,627	0	103,627	0	0	0
Administration of Justice	1,105,643	589,655	9,000	0	(506,988)	0	(506,988)	0	0	0
Public Safety	3,751,785	1,588,066	14,440	62,593	(2,086,686)	0	(2,086,686)	0	0	0
Public Health and Welfare	478,731	342,356	123,664	0	(12,711)	0	(12,711)	0	0	0
Social, Cultural, and Recreational Services	488,042	0	0	0	(488,042)	0	(488,042)	0	0	0
Agriculture and Natural Resources	138,760	0	0	0	(138,760)	0	(138,760)	0	0	0
Other Operations	689,214	0	0	0	(689,214)	0	(689,214)	0	0	0
Highways/Public Works	4,187,505	86,195	1,829,435	0	(2,271,875)	0	(2,271,875)	0	0	0
Education	75,740	0	25,000	0	(50,740)	0	(50,740)	0	0	0
Interest on Long-term Debt	352,280	0	0	0	(352,280)	0	(352,280)	0	0	0
Other Debt Service	89,941	0	0	0	(89,941)	0	(89,941)	0	0	0
Total Governmental Activities	\$ 12,914,200	\$ 3,552,553	\$ 2,016,703	\$ 62,593	\$ (7,282,351)	\$ 0	\$ (7,282,351)	\$ 0	\$ 0	0
Business-type Activities:										
Nursing Home	\$ 2,824,814	\$ 2,957,954	\$ 0	\$ 0	\$ 133,140	\$ 133,140	\$ 133,140	\$ 0	\$ 0	0
Total Primary Government	\$ 15,739,014	\$ 6,510,507	\$ 2,016,703	\$ 62,593	\$ (7,282,351)	\$ 133,140	\$ (7,149,211)	\$ 0	\$ 0	0
Component Units:										
Obion County School Department	\$ 32,638,103	\$ 645,344	\$ 4,158,740	\$ 0	\$ 0	\$ 0	\$ 0	\$ (27,834,019)	\$ 0	0
Emergency Communications District	470,523	323,634	261,638	66,622	0	0	0	0	181,371	181,371
Total Component Units	\$ 33,108,626	\$ 968,978	\$ 4,420,378	\$ 66,622	\$ 0	\$ 0	\$ 0	\$ (27,834,019)	\$ 181,371	181,371

(Continued)

Exhibit B

Obion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Obion County School Department	Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes		\$ 2,497,958			\$ 0	\$ 2,497,958	\$ 4,488,501	\$ 0	0
Property Taxes Levied for Debt Service		1,526,295			0	1,526,295	0	0	0
Local Option Sales Taxes		482,291			0	482,291	3,134,228	0	0
Wheel Tax		1,096,368			0	1,096,368	0	0	0
Litigation Tax		201,503			0	201,503	0	0	0
Business Tax		284,079			0	284,079	81,080	0	0
Other Local Taxes		87,792			0	87,792	2,036	0	0
Grants and Contributions Not Restricted to Specific Programs		626,020			0	626,020	17,975,521	0	0
Unrestricted Investment Income		279,730			1,982	281,712	0	4,209	0
Miscellaneous		6,769			0	6,769	48,935	14,800	0
Total General Revenues		\$ 7,088,805			\$ 1,982	\$ 7,090,787	\$ 25,730,301	\$ 19,009	0
Change in Net Position		\$ (193,546)			\$ 135,122	\$ (58,424)	\$ (2,103,718)	\$ 200,380	0
Net Position, July 1, 2012		24,231,667			858,324	25,089,991	35,542,986	1,295,058	0
Restatement of Beginning Balance - See Note I.D.9.		(189,678)			0	(189,678)	0	0	0
Net Position, June 30, 2013		\$ 23,848,443			\$ 993,446	\$ 24,841,889	\$ 33,439,268	\$ 1,495,438	0

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

Exhibit C-1

Obion County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	Highway / Public Works		General Debt Service	Other Govern- mental Funds	
	General				
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 370	\$ 370
Equity in Pooled Cash and Investments	9,955,304	1,868,261	2,595,986	61,736	14,481,287
Accounts Receivable	15,850	42	4,798	820	21,510
Due from Other Governments	428,854	342,675	6,455	8,811	786,795
Due from Other Funds	418	9,420	0	0	9,838
Property Taxes Receivable	2,023,543	403,399	2,135,544	0	4,562,486
Allowance for Uncollectible Property Taxes	(52,514)	(9,845)	(55,284)	0	(117,643)
Accrued Interest Receivable	10,258	0	0	0	10,258
Notes Receivable - Long-term	4,753,529	0	143,786	0	4,897,315
Total Assets	\$ 17,135,242	\$ 2,613,952	\$ 4,831,285	\$ 71,737	\$ 24,652,216
LIABILITIES					
Accounts Payable	\$ 46,067	\$ 2,288	\$ 0	\$ 2,600	\$ 50,955
Payroll Deductions Payable	0	3,275	0	0	3,275
Due to Other Funds	9,420	0	0	418	9,838
Due to State of Tennessee	0	112	0	0	112
Total Liabilities	\$ 55,487	\$ 5,675	\$ 0	\$ 3,018	\$ 64,180
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 1,912,273	\$ 383,272	\$ 2,018,567	\$ 0	\$ 4,314,112
Deferred Delinquent Property Taxes	54,840	9,596	58,748	0	123,184
Other Deferred/Unavailable Revenue	47,731	171,493	590	0	219,814
Total Deferred Inflows of Resources	\$ 2,014,844	\$ 564,361	\$ 2,077,905	\$ 0	\$ 4,657,110
FUND BALANCES					
Nonspendable:					
Long-term Notes Receivable	\$ 4,753,529	\$ 0	\$ 0	\$ 0	\$ 4,753,529
Restricted:					
Restricted for General Government	34,937	0	0	0	34,937
Restricted for Finance	2,500	0	0	0	2,500
Restricted for Administration of Justice	31,875	0	0	0	31,875
Restricted for Public Safety	10,417	0	0	51,268	61,685
Restricted for Public Health and Welfare	503,987	0	0	0	503,987
Restricted for Debt Service	0	0	2,619,493	0	2,619,493
Committed:					
Committed for Public Health and Welfare	0	0	0	17,451	17,451
Committed for Highways/Public Works	0	2,043,916	0	0	2,043,916
Committed for Debt Service	0	0	133,887	0	133,887
Assigned:					
Assigned for Finance	930	0	0	0	930
Assigned for Administration of Justice	936	0	0	0	936
Assigned for Public Safety	1,274	0	0	0	1,274
Assigned for Public Health and Welfare	152	0	0	0	152
Unassigned	9,724,374	0	0	0	9,724,374
Total Fund Balances	\$ 15,064,911	\$ 2,043,916	\$ 2,753,380	\$ 68,719	\$ 19,930,926
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,135,242	\$ 2,613,952	\$ 4,831,285	\$ 71,737	\$ 24,652,216

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

Exhibit C-2

Obion County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 19,930,926	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 3,950,970		
Add: buildings and improvements net of accumulated depreciation	6,022,694		
Add: infrastructure net of accumulated depreciation	6,026,852		
Add: other capital assets net of accumulated depreciation	<u>1,789,250</u>	17,789,766	
(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	\$ (143,786)		
Less: other loan payable	(5,758,000)		
Less: bonds payable	(7,990,000)		
Add: deferred charges - discount on debt	38,959		
Less: compensated absences payable	(296,447)		
Less: other postemployment benefits liability	(11,054)		
Less: accrued interest on bonds	<u>(54,919)</u>	(14,215,247)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>342,998</u>
Net position of governmental activities (Exhibit A)			<u>\$ 23,848,443</u>

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

Exhibit C-3

Obion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,160,286	\$ 1,510,129	\$ 1,604,814	\$ 0	\$ 6,275,229
Licenses and Permits	20,404	0	0	0	20,404
Fines, Forfeitures, and Penalties	83,981	0	0	24,608	108,589
Charges for Current Services	115,451	598	0	14,453	130,502
Other Local Revenues	383,197	85,597	57,570	31,315	557,679
Fees Received from County Officials	1,368,442	0	0	0	1,368,442
State of Tennessee	1,179,469	1,825,794	0	19,788	3,025,051
Federal Government	68,193	0	0	0	68,193
Other Governments and Citizens Groups	979,897	0	143,786	80,000	1,203,683
Total Revenues	<u>\$ 7,359,320</u>	<u>\$ 3,422,118</u>	<u>\$ 1,806,170</u>	<u>\$ 170,164</u>	<u>\$ 12,757,772</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 780,748	\$ 0	\$ 0	\$ 0	\$ 780,748
Finance	560,932	0	0	0	560,932
Administration of Justice	901,299	0	0	700	901,999
Public Safety	2,998,707	0	0	35,386	3,034,093
Public Health and Welfare	254,077	0	0	159,154	413,231
Social, Cultural, and Recreational Services	370,320	0	0	0	370,320
Agriculture and Natural Resources	132,724	0	0	0	132,724
Other Operations	1,283,189	0	0	0	1,283,189
Highways	0	3,879,518	0	0	3,879,518
Instruction	75,740	0	0	0	75,740
Debt Service:					
Principal on Debt	0	0	663,762	0	663,762
Interest on Debt	0	0	352,367	0	352,367
Other Debt Service	0	0	87,764	0	87,764
Total Expenditures	<u>\$ 7,357,736</u>	<u>\$ 3,879,518</u>	<u>\$ 1,103,893</u>	<u>\$ 195,240</u>	<u>\$ 12,536,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,584</u>	<u>\$ (457,400)</u>	<u>\$ 702,277</u>	<u>\$ (25,076)</u>	<u>\$ 221,385</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 256,548	\$ 0	\$ 0	\$ 0	\$ 256,548
Insurance Recovery	0	57,334	0	0	57,334
Total Other Financing Sources (Uses)	<u>\$ 256,548</u>	<u>\$ 57,334</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 313,882</u>
Net Change in Fund Balances	\$ 258,132	\$ (400,066)	\$ 702,277	\$ (25,076)	\$ 535,267
Fund Balance, July 1, 2012	14,806,779	2,443,982	2,051,103	93,795	19,395,659
Fund Balance, June 30, 2013	<u>\$ 15,064,911</u>	<u>\$ 2,043,916</u>	<u>\$ 2,753,380</u>	<u>\$ 68,719</u>	<u>\$ 19,930,926</u>

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

Exhibit C-4

Obion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 535,267
<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	\$ 518,989	
Less: current-year depreciation expense	<u>(1,611,306)</u>	(1,092,317)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: loss on disposal of capital assets		(12,495)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 342,998	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(380,116)</u>	(37,118)
<p>(4) The issuance of long-term debt (e.g., notes, other loans, and bonds) 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>		
Less: note proceeds	\$ (256,548)	
Add: principal payments on notes	112,762	
Add: principal payments on other loan	536,000	
Add: principal payments on bonds	15,000	
Less: change in discount on debt issuances	<u>(2,177)</u>	405,037
<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 the governmental funds.</p>		
Change in compensated absences payable	\$ 13,520	
Change in accrued interest payable	87	
Change in other postemployment benefits liability	<u>(5,527)</u>	8,080
Change in net position of governmental activities (Exhibit B)		<u>\$ (193,546)</u>

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

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,160,286	\$ 0	\$ 0	\$ 3,160,286	\$ 2,907,579	\$ 2,907,579	\$ 252,707
Licenses and Permits	20,404	0	0	20,404	17,200	17,200	3,204
Fines, Forfeitures, and Penalties	83,981	0	0	83,981	83,690	83,890	91
Charges for Current Services	115,451	0	0	115,451	71,350	71,350	44,101
Other Local Revenues	383,197	0	0	383,197	380,600	380,600	2,597
Fees Received from County Officials	1,368,442	0	0	1,368,442	1,275,000	1,275,000	93,442
State of Tennessee	1,179,469	0	0	1,179,469	1,201,211	1,201,211	(21,742)
Federal Government	68,193	0	0	68,193	190,884	190,884	(122,691)
Other Governments and Citizens Groups	979,897	0	0	979,897	915,500	915,500	64,397
<u>Total Revenues</u>	<u>\$ 7,359,320</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,359,320</u>	<u>\$ 7,043,014</u>	<u>\$ 7,043,214</u>	<u>\$ 316,106</u>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 72,591	\$ 0	\$ 0	\$ 72,591	\$ 77,900	\$ 77,900	\$ 5,309
Board of Equalization	782	0	0	782	3,200	3,200	2,418
Beer Board	333	0	0	333	1,700	1,700	1,367
Budget and Finance Committee	13,133	0	0	13,133	14,000	14,000	867
Other Boards and Committees	2,583	0	0	2,583	3,900	3,900	1,317
County Mayor/Executive	193,791	0	0	193,791	203,924	203,924	10,133
Election Commission	194,561	0	0	194,561	231,578	231,578	37,017
Register of Deeds	138,523	0	0	138,523	149,676	149,676	11,153
County Buildings	120,559	(115)	0	120,444	152,752	152,752	32,308
Preservation of Records	43,892	(24,925)	0	18,967	20,000	20,000	1,033
<u>Finance</u>							
Property Assessor's Office	208,644	0	930	209,574	240,815	240,815	31,241
County Trustee's Office	138,730	0	0	138,730	142,358	142,358	3,628
County Clerk's Office	213,558	0	0	213,558	222,264	222,264	8,706
Administration of Justice							
Circuit Court	136,248	0	0	136,248	165,950	165,950	29,702

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
	\$	0 \$	0 \$	231,296 \$	244,637 \$	244,637 \$	13,341
<u>Administration of Justice (Cont.)</u>							
General Sessions Court	141,483	0	936	142,419	154,570	154,570	12,151
Chancery Court	137,557	0	0	137,557	148,352	148,352	10,795
Juvenile Court	44,497	0	0	44,497	49,543	49,543	5,046
Juvenile Court Clerk	210,218	0	0	210,218	220,992	220,992	10,774
Courtroom Security							
<u>Public Safety</u>							
Sheriff's Department	1,570,633	0	140	1,570,773	1,725,920	1,725,465	154,692
Jail	1,268,488	(4,261)	884	1,265,111	1,409,371	1,410,426	145,315
Rescue Squad	10,000	0	0	10,000	10,000	10,000	0
Other Emergency Management	56,940	0	0	56,940	58,229	58,229	1,289
County Coroner/Medical Examiner	29,190	0	0	29,190	29,800	29,800	610
Public Safety Grant Programs	57,456	0	250	57,706	123,000	123,000	65,294
Other Public Safety	6,000	0	0	6,000	6,000	6,000	0
<u>Public Health and Welfare</u>							
Local Health Center	107,784	0	0	107,784	180,742	180,742	72,958
Alcohol and Drug Programs	26,032	0	0	26,032	35,200	35,200	9,168
Other Local Health Services	5,500	0	0	5,500	5,500	5,500	0
Appropriation to State	72,053	0	0	72,053	75,553	75,553	3,500
General Welfare Assistance	1,000	0	0	1,000	1,800	1,800	800
Sanitation Education/Information	37,467	0	152	37,619	49,600	49,600	11,981
Other Public Health and Welfare	4,241	(249)	0	3,992	5,000	5,000	1,008
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	27,500	0	0	27,500	27,500	27,500	0
Libraries	337,820	0	0	337,820	371,704	371,704	33,884
Parks and Fair Boards	4,000	0	0	4,000	4,000	4,000	0
Other Social, Cultural, and Recreational	1,000	0	0	1,000	1,000	1,000	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	82,811	0	0	82,811	98,951	98,951	16,140

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources (Cont.)</u>							
Soil Conservation	\$ 24,800	\$ 0	0	24,800	\$ 24,800	\$ 24,800	\$ 0
Flood Control	25,113	0	0	25,113	25,200	25,200	87
<u>Other Operations</u>							
Tourism	16,299	0	0	16,299	30,000	30,000	13,701
Industrial Development	80,073	0	0	80,073	80,475	80,475	402
Airport	163,786	0	0	163,786	170,000	170,000	6,214
Veterans' Services	16,082	0	0	16,082	14,465	16,375	293
Other Charges	151,812	0	0	151,812	155,126	155,126	3,314
Contributions to Other Agencies	1,674	0	0	1,674	1,674	1,674	0
Employee Benefits	839,443	(5,960)	0	833,483	892,400	892,400	58,917
Miscellaneous	14,020	0	0	14,020	22,000	22,000	7,980
<u>Instruction</u>							
Vocational Education Program	75,740	0	0	75,740	75,740	75,740	0
<u>Capital Projects</u>							
Other General Government Projects	0	0	0	0	172,012	172,012	172,012
Total Expenditures	\$ 7,357,736	\$ (35,510)	\$ 3,292	\$ 7,325,518	\$ 8,330,873	\$ 8,333,383	\$ 1,007,865
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,584	\$ 35,510	\$ (3,292)	\$ 33,802	\$ (1,287,859)	\$ (1,290,169)	\$ 1,323,971
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 256,548	\$ 0	\$ 0	\$ 256,548	\$ 300,000	\$ 300,000	\$ (43,452)
Insurance Recovery	0	0	0	0	500	500	(500)
Total Other Financing Sources	\$ 256,548	\$ 0	\$ 0	\$ 256,548	\$ 300,500	\$ 300,500	\$ (43,952)
Net Change in Fund Balance	\$ 258,132	\$ 35,510	\$ (3,292)	\$ 290,350	\$ (987,359)	\$ (989,669)	\$ 1,280,019
Fund Balance, July 1, 2012	14,806,779	(35,510)	0	14,771,269	14,491,048	14,493,358	277,911
Fund Balance, June 30, 2013	\$ 15,064,911	\$ 0	\$ (3,292)	\$ 15,061,619	\$ 13,503,689	\$ 13,503,689	\$ 1,557,930

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

Exhibit C-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,510,129	\$ 1,586,982	\$ 1,583,230	\$ (73,101)
Charges for Current Services	598	500	500	98
Other Local Revenues	85,597	50,200	50,200	35,397
State of Tennessee	1,825,794	3,850,117	3,850,117	(2,024,323)
Total Revenues	\$ 3,422,118	\$ 5,487,799	\$ 5,484,047	\$ (2,061,929)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 185,387	\$ 213,259	\$ 213,259	\$ 27,872
Highway and Bridge Maintenance	2,207,963	3,311,837	3,311,837	1,103,874
Operation and Maintenance of Equipment	572,670	741,195	741,195	168,525
Other Charges	149,904	208,025	208,025	58,121
Employee Benefits	250,405	334,000	334,000	83,595
Capital Outlay	513,189	2,679,500	2,679,500	2,166,311
Total Expenditures	\$ 3,879,518	\$ 7,487,816	\$ 7,487,816	\$ 3,608,298
Excess (Deficiency) of Revenues Over Expenditures	\$ (457,400)	\$ (2,000,017)	\$ (2,003,769)	\$ 1,546,369
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 57,334	\$ 0	\$ 0	\$ 57,334
Total Other Financing Sources	\$ 57,334	\$ 0	\$ 0	\$ 57,334
Net Change in Fund Balance	\$ (400,066)	\$ (2,000,017)	\$ (2,003,769)	\$ 1,603,703
Fund Balance, July 1, 2012	2,443,982	2,138,990	2,138,990	304,992
Fund Balance, June 30, 2013	\$ 2,043,916	\$ 138,973	\$ 135,221	\$ 1,908,695

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

Exhibit D-1

Obion County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

	Business-type Activities
	<u>Major Fund</u>
	Nursing <u>Home</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 319,077
Inventories	7,945
Accounts Receivable	552,984
Total Current Assets	<u>\$ 880,006</u>
Noncurrent Assets:	
Capital Assets:	
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	\$ 172,279
Other Capital Assets	122,091
Total Noncurrent Assets	<u>\$ 294,370</u>
Total Assets	<u>\$ 1,174,376</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 55,991
Accrued Payroll	36,807
Payroll Deductions Payable	248
Accrued Leave	69,610
Patients' Trust Fund	18,274
Total Liabilities	<u>\$ 180,930</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 294,370
Unrestricted	<u>699,076</u>
Total Net Position	<u>\$ 993,446</u>

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

Exhibit D-2

Obion County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities
	<u>Major Fund</u>
	Nursing
	<u>Home</u>
<u>Operating Revenues</u>	
Medicaid Patients	\$ 1,767,248
Medicare Patients	632,393
Private Patients	566,464
Hospice	3,974
Bad Debts	(13,570)
Other Revenue	1,445
Total Operating Revenues	<u>\$ 2,957,954</u>
<u>Operating Expenses</u>	
Salaries	\$ 1,812,952
Insurance	179,869
Taxes and Licenses	126,000
Payroll Taxes	110,179
Food	148,743
Utilities	92,029
Retirement Plan	71,071
Repairs and Maintenance	50,450
Medical Supplies	48,600
Minor Equipment	11,646
Legal and Audit Fees	17,071
Medical Directors and Advisory Board Fees	17,700
Linen and Laundry Supplies	9,779
Dietary Supplies	9,926
Travel and Seminars	13,021
Other Departmental Supplies and Expenses	13,637
Contract Services	6,956
Administrative Supplies and Expenses	13,570
Housekeeping Supplies	6,475
Miscellaneous Expense	8,609
Dues and Subscriptions	4,570
Advertising and Promotion	4,519
Maintenance Supplies	1,079
Depreciation	46,363
Total Operating Expenses	<u>\$ 2,824,814</u>
Operating Income (Loss)	<u>\$ 133,140</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 1,982
Total Nonoperating Revenues	<u>\$ 1,982</u>
Change in Net Position	\$ 135,122
Net Position, July 1, 2012	<u>858,324</u>
Net Position, June 30, 2013	<u><u>\$ 993,446</u></u>

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

Exhibit D-3

Obion County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities
	<u>Major Fund</u>
	<u>Nursing</u>
	<u>Home</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Patients	\$ 2,556,363
Cash Paid to Suppliers	(1,255,948)
Cash Paid to Employees	(1,474,107)
Other Operating Revenue	1,445
Net Cash Provided By (Used In) Operating Activities	<u>\$ (172,247)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	\$ (79,707)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (79,707)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 1,982
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,982</u>
Increase (Decrease) in Cash	\$ (249,972)
Cash, July 1, 2012	<u>569,049</u>
Cash, June 30, 2013	<u><u>\$ 319,077</u></u>
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 133,140
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	46,363
Bad Debts	13,570
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventories	1,037
(Increase) Decrease in Accounts Receivable	(426,403)
Increase (Decrease) in Accounts Payable	40,794
Increase (Decrease) in Accrued Payroll	8,898
Increase (Decrease) in Payroll Deductions Payable	248
Increase (Decrease) in Accrued Leave	(2,581)
Increase (Decrease) in Patients' Trust Fund	12,687
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (172,247)</u></u>

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

Exhibit E-1

Obion County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Other Trust Fund</u>	
	<u>Indigent Care Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,745,946
Equity in Pooled Cash and Investments	0	31,399
Investments	3,926,128	0
Accounts Receivable	0	4,387
Due from Other Governments	0	886,551
Property Taxes Receivable	0	1,770,847
Allowance for Uncollectible Property Taxes	0	(44,998)
Notes Receivable - Long-term	0	193,737
Total Assets	<u>\$ 3,926,128</u>	<u>\$ 4,587,869</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,643,799
Due to Litigants, Heirs, and Others	0	1,944,070
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,587,869</u>
<u>NET POSITION</u>		
Held in Trust for Indigent Patients' Medical Claims	<u>\$ 3,926,128</u>	

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

Exhibit E-2

Obion County, Tennessee
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2013

	Other Trust Fund
	<u>Indigent Care Trust</u>
<u>ADDITIONS</u>	
Change in Fair Value of Investments	\$ (6,425)
Contributions and Gifts	101,595
Total Additions	<u>\$ 95,170</u>
<u>DEDUCTIONS</u>	
Fiscal Agent Charges	\$ 7,800
Medical Claims	120,783
Travel Expense	132
Total Deductions	<u>\$ 128,715</u>
Change in Net Position	\$ (33,545)
Net Position, July 1, 2012	<u>3,959,673</u>
Net Position, June 30, 2013	<u><u>\$ 3,926,128</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Obion 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 Obion County:

A. Reporting Entity

Obion County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Obion 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 Obion County School Department operates the public school system in the county, and the voters of Obion 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 Obion County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Obion County, and the Obion County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Obion 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 Obion County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Obion County Emergency Communications District
P.O. Box 866
Union City, TN 38281-0866

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Obion 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.

Obion County issues all debt for the discretely presented Obion County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise fund), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund 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

proprietary and 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 Obion 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 outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Obion County only reports one proprietary fund, an enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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 are reported in total 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. Obion County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Proprietary and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Obion County reports the following major governmental funds:

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

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

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

Obion County reports the following major proprietary fund:

Nursing Home Fund – This fund accounts for the operations of the Obion County Nursing Home.

Additionally, Obion County reports the following fund types:

Other Trust Fund – The Indigent Care Trust Fund is used to account for a portion of the proceeds (corpus) received by the county from the sale of the county’s hospital. The income derived from the corpus is to be expended for medical claims of indigent patients of Obion County.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Obion County, property tax collections to be forwarded to the Towns of Woodland Mills and Samburg, the city school system’s share of educational revenues, and assets held in a custodial capacity for a special school district. 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 Obion 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 Obion 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.

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Obion County and contributed to the School Department for building construction and renovations.

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 (excluding the Nursing Home Fund) and the discretely presented Obion 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 Fund. In addition, investments are held separately by the county's Indigent Care Trust Fund. Obion 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 that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances and long-term loans/notes receivable between funds, as reported in the General Fund financial statements, are offset by a nonspendable fund balance classification account to indicate that they are not available for appropriation and are not expendable from available financial resources.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.33 percent of the 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.

3. 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 and business-type columns in the government-wide financial statements. Capital assets are defined by the government (except for the Nursing Home Fund) 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 (excluding the Nursing Home Fund) 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
Other Capital Assets	5 - 15
Infrastructure:	
Roads	5 - 10
Bridges	15 - 30
Runways	25

4. Deferred Outflows/Inflows of Resources

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

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

5. Compensated Absences

It is the policy of the Obion County general government to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. All vacation pay is accrued when incurred in the government-wide statements for the county. A liability for vacation benefits is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

It is the policy of the discretely presented Obion County School Department to permit the unlimited accumulation of unused sick leave for professional personnel (teachers). 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 department. Central office, bus garage, and maintenance employees are allowed to accumulate a limited amount of earned but unused vacation benefits, which will be paid to these employees upon separation of service. All vacation pay is accrued when incurred in the government-wide statements for the School Department. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund 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.

As of June 30, 2013, Obion County had \$13,748,000 in outstanding debt for capital purposes for the discretely presented Obion County School Department. The debt is a liability of Obion County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Obion County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget 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 that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. Stabilization Arrangement

Obion County sold its hospital in 1982. The County Commission adopted a resolution to retain the principal intact and appropriate the interest income earned on the investment of these funds annually through the budgetary process. The principal balance in this stabilization arrangement totaled \$12,000,000 at June 30, 2013. As discussed in Note IV.B., \$4,753,529 of this amount has been loaned for various purposes and is presented in the General Fund as notes receivable, which is offset with a nonspendable fund balance. The remainder is included in the General Fund's unassigned fund balance account since this arrangement does not meet the criteria for restricted or committed fund balance as defined by GASB Statement No. 54.

9. Restatement

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt

issuance costs become period costs. A restatement to beginning net position totaling \$189,678 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

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 Obion County School Department

Exhibit J-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 Obion County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the School Department's Education 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, Beer Board, Budget and Finance Committee, 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 the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2013, the Obion County School Department reported \$231,899 in significance encumbrances in the General Purpose School Fund for school improvements.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$1,228.

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the discretely presented School Department's School Federal Projects Fund:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
School Federal Projects:	
Instruction:	
Vocational Education Program	\$ 420
Support Services:	
Health Services	278
Special Education Program	32,325
Vocational Education Program	366

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Obion County (excluding the Obion County Nursing Home) and the Obion 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 and investments reflected on the balance sheets or statements of net position represent nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2013, Obion County had the following investments carried at fair value:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Indigent Care Trust Fund:		
Goldman Sachs Financial Square		
Government Fund	On Demand	\$ 5,662
Federal Farm Credit Bank	2-12-14	356,107
Federal Home Loan Mortgage Corp.	7-28-14	612,261
Federal Home Loan Bank	5-18-16	311,223
Federal Farm Credit Bank	8-25-16	849,870
Federal Home Loan Bank	11-17-17	<u>1,791,005</u>
 Total		 <u>\$ 3,926,128</u>

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. Obion 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. Obion County has no investment policy that would further limit its investment choices. As of June 30, 2013, Obion County's investment in the Goldman Sachs Financial Square Government Fund was unrated. Obion County's investments with the Federal Farm Credit Bank, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and AA+ by Standard and Poors.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Obion County places no limit on the amount the county may invest in one issuer. More than 80 percent of the county's investments are in the Federal Home Loan Bank (53 percent) and the Federal Farm Credit Bank (31 percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Obion County does not have a formal policy that limits custodial credit risk for investments. The county's investments have a custodial credit risk exposure because the securities are uninsured, unregistered, and held by the county's financial agent, which is also the counterparty for these investments.

B. Notes Receivable

General Fund

During the 1996-97 fiscal year, the Obion County Commission authorized a \$3.5 million loan to the Union City Industrial Development Board for Tyson Foods, Inc., to build a hatchery, chicken processor, waste-water treatment plant, and other facilities. The Union City Industrial Development Board signed a promissory note to repay Obion County the loan plus interest at 9.395 percent per annum over a period of 18 years.

During the 2007-08 fiscal year, the Obion County Commission authorized a \$3 million loan to the Union City Industrial Development Board for the construction of a "spec building." The Union City Industrial Development Board signed a promissory note to repay Obion County the loan plus interest at the rate of an amount equal to the average rate of the demand deposit account maintained by Obion County at the Commercial Bank and Trust

Company, with said rate not to exceed six percent per year, with the same due on September 12, 2011, and interest to be paid quarterly. On October 18, 2011, the Obion County Commission voted to renew this note at .9 percent interest to be due on March 12, 2013, with interest paid quarterly. During the current year, the note was extended again until September 19, 2013, at .9 percent interest to be paid quarterly.

During the 2009-10 fiscal year, the Obion County Commission authorized up to a \$3 million loan to the discretely presented Obion County School Department for the construction of career technology centers at two high schools. The School Department and Obion County signed an inter-departmental agreement for the repayment of the loan plus interest annually over a period of 12 years. The interest rate was initially based on the trustee's monthly checking account interest rate earned, with a minimum rate of three percent but not to exceed five percent. On May 21, 2012, the interest rate on this loan was established at .9 percent for the 2012-13 year and can be re-negotiated annually. As of June 30, 2013, the Obion County School Department's General Purpose School Fund had borrowed \$2.5 million from the county under this agreement.

The total notes receivable of \$4,753,529 in the General Fund are presented on the balance sheet with a nonspendable fund balance.

General Debt Service Fund

During the current year, the Obion County Commission authorized the county to issue a \$143,786 non-interest bearing capital outlay note to assist the Everett-Stewart Regional Airport with construction of a runway extension project. The Everett-Stewart Regional Airport has agreed to repay \$143,786 to the county over a period of ten years with no interest. This note receivable is included in the restricted fund balance of the General Debt Service Fund.

Constitutional Officers – Agency Fund

Notes receivable in the Constitutional Officers - Agency Fund (fiduciary fund) consist of scholarship loans of \$193,737 in the Office of Clerk and Master.

C. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 3,950,970	\$ 0	\$ 0	\$ 3,950,970
Total Capital Assets Not Depreciated	<u>\$ 3,950,970</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,950,970</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,538,697	\$ 0	\$ 0	\$ 12,538,697
Infrastructure	30,187,120	0	0	30,187,120
Other Capital Assets	8,352,100	518,989	(184,512)	8,686,577
Total Capital Assets Depreciated	<u>\$ 51,077,917</u>	<u>\$ 518,989</u>	<u>\$ (184,512)</u>	<u>\$ 51,412,394</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,013,181	\$ 502,822	\$ 0	\$ 6,516,003
Infrastructure	23,708,687	451,581	0	24,160,268
Other Capital Assets	6,412,441	656,903	(172,017)	6,897,327
Total Accumulated Depreciation	<u>\$ 36,134,309</u>	<u>\$ 1,611,306</u>	<u>\$ (172,017)</u>	<u>\$ 37,573,598</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,943,608</u>	<u>\$ (1,092,317)</u>	<u>\$ (12,495)</u>	<u>\$ 13,838,796</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,894,578</u>	<u>\$ (1,092,317)</u>	<u>\$ (12,495)</u>	<u>\$ 17,789,766</u>

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

Governmental Activities:

General Administration	\$ 33,581
Finance	3,386
Administration of Justice	12,458
Public Safety	368,210
Public Health and Welfare	34,321
Social, Cultural, and Recreational Services	118,739
Other Operations	315,944
Highways/Public Works	<u>724,667</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,611,306</u></u>

Discretely Presented Obion County School Department**Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 696,031	\$ 0	\$ 0	\$ 696,031
Total Capital Assets Not Depreciated	<u>\$ 696,031</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 696,031</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 60,890,437	\$ 370,090	\$ 0	\$ 61,260,527
Infrastructure	873,592	0	0	873,592
Other Capital Assets	6,439,614	252,301	(216,020)	6,475,895
Total Capital Assets Depreciated	<u>\$ 68,203,643</u>	<u>\$ 622,391</u>	<u>\$ (216,020)</u>	<u>\$ 68,610,014</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 31,191,630	\$ 1,927,519	\$ 0	\$ 33,119,149
Infrastructure	717,701	16,401	0	734,102
Other Capital Assets	4,296,366	336,707	(202,220)	4,430,853
Total Accumulated Depreciation	<u>\$ 36,205,697</u>	<u>\$ 2,280,627</u>	<u>\$ (202,220)</u>	<u>\$ 38,284,104</u>
Total Capital Assets Depreciated, Net	<u>\$ 31,997,946</u>	<u>\$ (1,658,236)</u>	<u>\$ (13,800)</u>	<u>\$ 30,325,910</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 32,693,977</u></u>	<u><u>\$ (1,658,236)</u></u>	<u><u>\$ (13,800)</u></u>	<u><u>\$ 31,021,941</u></u>

Depreciation expense was charged to functions of the discretely presented Obion County School Department as follows:

Governmental Activities:

Instruction	\$ 1,566,819
Support Services	616,711
Operation of Non-Instructional Services	<u>97,097</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,280,627</u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 418
Highway/Public Works	General	9,420
Discretely Presented Obion County School Department:		
General Purpose School	Nonmajor governmental	115,219
Nonmajor governmental	General Purpose School	21

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

Interfund Transfers:

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

Discretely Presented Obion County School Department

	<u>Transfer In</u>
	General
	Purpose
	School
<u>Transfer Out</u>	<u>Fund</u>
Nonmajor governmental fund	\$ 107,462

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.

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, the capital outlay note, and the other loan outstanding were issued for original terms of up to 24 years for bonds, up to ten years for the note, and up to 18 years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bond, note, and other loan included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

The general obligation bond, capital outlay note, and other loan outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bond - Refunding	3.5 to 4.25%	5-1-31	\$ 8,050,000	\$ 7,990,000
Capital Outlay Note	0	9-13-22	143,786	143,786
Other Loan	variable	5-25-22	17,000,000	5,758,000

In a prior year, Obion County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$17 million to Obion County for various renovation and construction projects. This loan was partially refunded during a prior year. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2013, the variable interest rate was .33 percent and other fees totaled .43 percent of the outstanding loan principal.

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

Year Ending June 30	Bond		
	Principal	Interest	Total
2014	\$ 15,000	\$ 329,513	\$ 344,513
2015	15,000	328,988	343,988
2016	15,000	328,388	343,388
2017	15,000	327,788	342,788
2018	15,000	327,188	342,188
2019-2023	830,000	1,626,940	2,456,940
2024-2028	4,220,000	1,137,402	5,357,402
2029-2031	2,865,000	246,076	3,111,076
Total	<u>\$ 7,990,000</u>	<u>\$ 4,652,283</u>	<u>\$ 12,642,283</u>

Year Ending June 30	Note	
	Principal	Total
2014	\$ 11,988	\$ 11,988
2015	15,984	15,984
2016	15,984	15,984
2017	15,984	15,984
2018	15,984	15,984
2019-2023	67,862	67,862
Total	<u>\$ 143,786</u>	<u>\$ 143,786</u>

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2014	\$ 555,000	\$ 19,001	\$ 25,917	\$ 599,918
2015	575,000	17,170	23,490	615,660
2016	595,000	15,272	20,978	631,250
2017	616,000	13,309	18,376	647,685
2018	637,000	11,276	15,684	663,960
2019-2022	2,780,000	23,324	36,214	2,839,538
Total	<u>\$ 5,758,000</u>	<u>\$ 99,352</u>	<u>\$ 140,659</u>	<u>\$ 5,998,011</u>

There is \$2,753,380 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, the note, and the other loan, totaled \$437, based on the 2010 federal census.

Changes in Long-term Obligations

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

	Bond	Note	Other Loan
Balance, July 1, 2012	\$ 8,005,000	\$ 0	\$ 6,294,000
Additions	0	256,548	0
Reductions	(15,000)	(112,762)	(536,000)
Balance, June 30, 2013	<u>\$ 7,990,000</u>	<u>\$ 143,786</u>	<u>\$ 5,758,000</u>
Balance Due Within One Year	<u>\$ 15,000</u>	<u>\$ 11,988</u>	<u>\$ 555,000</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 309,967	\$ 5,527
Additions	204,016	10,213
Reductions	(217,536)	(4,686)
Balance, June 30, 2013	<u>\$ 296,447</u>	<u>\$ 11,054</u>
Balance Due Within One Year	<u>\$ 14,823</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 14,199,287
Less: Balance Due Within One Year	(596,811)
Less: Deferred Discount on Debt	<u>(38,959)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 13,563,517</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Obion County School Department

Note

The county loaned funds to the School Department for the construction of capital facilities (see Note IV.B.). The note included in long-term debt as of June 30, 2013, will be retired from the General Purpose School Fund.

The note outstanding as of June 30, 2013, for governmental activities is as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
Note	variable %	6-1-19	\$ 2,500,000	\$ 1,291,666

The annual requirements to amortize the note outstanding as of June 30, 2013, including interest payments, are presented in the following table:

Year Ending June 30	Note		
	Principal	Interest	Total
2014	\$ 250,000	\$ 11,625	\$ 261,625
2015	250,000	9,375	259,375
2016	250,000	7,125	257,125
2017	250,000	4,875	254,875
2018	250,000	2,625	252,625
2019	41,666	375	42,041
Total	\$ 1,291,666	\$ 36,000	\$ 1,327,666

Changes in Long-term Obligations

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

Governmental Activities:	Note
Balance, July 1, 2012	\$ 1,791,666
Reductions	(500,000)
Balance, June 30, 2013	\$ 1,291,666
Balance Due Within One Year	\$ 250,000

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 25,309	\$ 712,788
Additions	34,414	344,248
Reductions	(13,402)	(185,685)
Balance, June 30, 2013	\$ 46,321	\$ 871,351
Balance Due Within One Year	\$ 2,316	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 2,209,338
Less: Balance Due Within One Year	<u>(252,316)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,957,022</u>

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

F. On-Behalf Payments – Discretely Presented Obion County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Obion County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$137,774 and \$45,529, 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

The county and the discretely presented Obion County School Department are exposed to various risks related to general liability, property, casualty, workers' compensation, health, and accident. Obion County decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. Obion County and the School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. Obion County and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

Obion County purchases commercial health insurance for its employees. Settled claims have not exceeded this commercial insurance in any of the past three fiscal years.

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

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

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

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

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced

and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

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

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

C. Subsequent Event

Director of Schools David Huss resigned effective November 15, 2013, and Dale Hollowell and Nancy Hamilton were appointed as interim co-directors.

D. Contingent Liabilities

The county's attorney and the insurance carrier's attorney advised of several lawsuits pending against the county. The attorneys estimate that any potential claims against the county resulting from such litigation would not materially affect the county's financial statements.

The School Department's attorney advised there was one lawsuit pending against the department. Management estimates that any potential claims against the School Department resulting from such litigation would not materially affect its financial statements.

The attorney representing Obion County for matters associated with developing the Northwest Tennessee Regional Port Authority has advised that there is no pending litigation involving Obion County concerning the port project.

E. Joint Ventures

The Twenty-seventh Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-seventh Judicial District, Obion and Weakley counties, and various cities within these counties. 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 the judicial district. Obion County made no contributions to the DTF for the year ended June 30, 2013, and does not have any equity interest in this joint venture.

Obion County participates with Lake and Dyer counties in a multi-county entity known as the Northwest Tennessee Regional Port Authority. This entity was created to operate and maintain a port to be located in Lake County on the Mississippi River. A board is appointed by the participating counties with the mayors of each county serving as ex-officio members. The board comprises eight members, four of whom are appointed by the Lake County Commission, two by the Obion County Commission, and two by the Dyer County Commission. Obion County has control over budgeting and financing of the joint venture only to the extent of representation by the two board members appointed. In April 2007, the port authority borrowed \$410,000 without interest for additional construction costs of the port with payments of \$4,271 due in 96 monthly installments beginning in April 2009. The Obion County Commission had approved paying the interest payments on 25 percent of these debt issuances until such time as the port authority has revenue to make the payments, estimated to be at least two years. This entity has yet to begin operations. Their administrative office can be contacted at P.O. Box 267, Dyersburg, TN 38025.

Pursuant to a formal agreement between Obion and Weakley counties, a joint venture for the creation and operation of the Everett-Stewart Regional Airport was established December 1, 2006. The agreement between Obion and Weakley counties states that the land and other capital assets, including improvements, will be owned by Obion County; however, the funding of airport operations will be jointly funded and managed by both counties. Obion County appropriated \$20,000 to the Everett-Stewart Regional Airport during the year. On November 16, 2012, Obion County issued a \$143,786 capital outlay note to provide funds for airport improvement projects (see Note IV.B.). This note was issued with a zero percent interest rate and is to be retired with monthly payments of \$1,332 from the Everett-Stewart Regional Airport to the Obion County General Debt Service Fund.

The Obion County Public Library is jointly owned by Obion County and Union City and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Obion County Commission. The remaining three members are appointed by Union City. Obion County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Obion County contributed \$337,820 to the operations of the library during the year ended June 30, 2013.

Complete financial statements for the Twenty-seventh Judicial District Drug Task Force, Everett-Stewart Regional Airport, and the Obion County Public Library can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
Twenty-seventh Judicial District
P.O. Box 746
Union City, TN 38281-0746

Everett-Stewart Regional Airport
1489 Airport Circle
Union City, TN 38261

Obion County Public Library
1221 E. Reelfoot Ave.
Union City, TN 38261

F. Jointly Governed Organization

The West Tennessee Railroad Authority (WTRA) was created by the county in conjunction with the counties of Chester, Gibson, Madison, McNairy, and Weakley. The WTRA's board includes the county mayors of Chester, Gibson, Madison, McNairy, Obion, and Weakley counties, and one at-large member from each of these areas. However, the counties do not have any ongoing financial interest or responsibility for the entity.

G. Retirement Commitments

Plan Description

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

amended by the Tennessee General Assembly. Political subdivisions such as Obion County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Obion County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 6.42 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, the county's annual pension cost of \$631,834 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was nine years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$631,834	100%	\$0
6-30-12	618,241	100	0
6-30-11	622,507	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 84.26 percent funded. The actuarial accrued liability for benefits was \$20.8 million, and the actuarial value of assets was \$3.89 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$9.54 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6 million, and the ratio of the UAAL to the covered payroll was 40.76 percent.

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

SCHOOL TEACHERS

Plan Description

The Obion County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the

Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$1,248,006, \$1,262,663, and \$1,264,785, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

Obion County provides commercial health benefits for pre-65 age retirees. For accounting purposes, the plan is defined as a single-employer defined benefit OPEB plan. The plan provides medical and prescription benefits to eligible retirees and their spouses. Any employee retiring after age 60, or with 30 years of service with Obion County, currently has the option to maintain health insurance.

Funding Policy

The county intends to continue its policy of funding OPEB liabilities on a pay-as-you-go basis, and it does not intend to prefund any unfunded annual required contribution. Retirees are required to pay 100 percent of their medical premiums.

Annual OPEB Cost and Net OPEB Obligation

	<u>Obion County Plan</u>
ARC	\$ 10,213
Annual OPEB cost	\$ 10,213
Less: Amount of contribution	(4,686)
Increase/decrease in NOPEB	\$ 5,527
Net OPEB obligation, 7-1-12	<u>5,527</u>
Net OPEB obligation, 6-30-13	<u>\$ 11,054</u>

Fiscal Year Ended* Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12 Commercial Insurance	\$ 10,213	46%	\$ 5,527
6-30-13 "	10,213	46	11,054

* Data will be presented for three years when available.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	<u>Obion County Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 113,102
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 113,102
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 6,146,785
UAAL as a % of covered payroll	1.84%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with 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 liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investments returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend of eight percent initially, reduced by decrements to an ultimate rate of five percent after three years. The actuarial value of assets was determined using the standard balanced portfolio expectation for retirement plan asset returns. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2011, was 29 years.

Discretely Presented Obion County School Department

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is 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 employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides 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, 2013, the Obion County School Department contributed \$185,685 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 346,000
Interest on the NOPEBO	28,512
Adjustment to the ARC	(30,264)
	<hr/>
Annual OPEB cost	\$ 344,248
Less: Amount of contribution	(185,685)
	<hr/>
Increase/decrease in NOPEBO	\$ 158,563
Net OPEB obligation, 7-1-12	<hr/> 712,788 <hr/>
 Net OPEB obligation, 6-30-13	 <hr/> <u>\$ 871,351</u> <hr/>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-11	Local Education Group	\$ 292,101	70%	\$ 552,371
6-30-12	"	340,642	53	712,788
6-30-13	"	344,248	54	871,351

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 3,513,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,513,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 18,995,205
UAAL as a % of covered payroll	18%

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

In the July 1, 2011, actuarial valuation for the Local 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 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes 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. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the provisions of the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by provisions of the Uniform Road Law, Section 54-7-113, *TCA*, which provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Obion County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the Board of Education, through its executive committee (director of schools and 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 – OBION COUNTY NURSING HOME (ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Obion County Nursing Home is an enterprise fund of Obion County, Tennessee.

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

The Obion County Nursing Home accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector and are reported using the economic resources measurement focus, which reports all inflow, outflows, and balances affecting or reflecting an entity's net position. Proprietary

fund types are accounted for on the accrual basis, whereby income is recognized as it is earned, and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the nursing home are charges for patient services. Operating expenses are those expenses that are essential to the primary operations of the fund and include depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The nursing home's board of directors approves a nonappropriatory budget annually as a management tool. Proprietary funds are not required to adopt annual budgets.

3. Assets, Liabilities, and Net Position

a. Cash and Investments

The nursing home's cash on hand and in bank is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception.

State statutes authorize the nursing home to invest in certificates of deposit; obligations of the U.S. Treasury, agencies, and instrumentalities; obligations by the U.S. government or its agencies; repurchase agreements as approved by the state Comptroller's Office; and the state's local government investment pool.

b. Accounts Receivable

An allowance for doubtful accounts has not been recorded in these financial statements. The direct write-off of bad accounts is made at intervals during each fiscal year. This method, although not recognized by generally accepted accounting principles, does not materially distort the presentation of the financial statements.

c. Inventory

At June 30, 2013, inventory was counted and valued at current replacement cost by management. Although this method is not recognized by generally accepted accounting principles, it does

not materially distort the presentation of the financial statements.

d. Capital Assets

Capital assets are stated at cost, with the exception of the original building, which is recorded at estimated cost. The original building had an estimated cost of \$93,392, which was fully depreciated at June 30, 2013. The nursing home has defined capital assets as assets with an initial, individual cost of more than \$3,000. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets.

e. Compensated Absences

Accumulated unpaid annual and sick leave are accrued at fiscal year end. As of June 30, 2013, annual leave totaled \$14,944, and sick leave was \$54,666, for a total accrual of \$69,610. All accrued leave has been reported as a current liability in the Statement of Net Position.

f. Impact of Recently Issued Accounting Pronouncements

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in non-governmental pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB Statement No. 62 had no impact on the nursing home's financial statements.

In June 2011, the GASB issued Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows and inflows of resources, which are distinct from assets and liabilities, and also renames as net position, rather than net assets, the residual of all other elements presented in a statement of financial position. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. As of June 30, 2013, the nursing home had no deferred outflows or deferred inflows of resources.

g. Net Position Flow Assumption

Sometimes the nursing home will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the nursing home's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

B. Detailed Notes

1. Deposits and Investments

As of June 30, 2013, all deposits for the nursing home were in interest-bearing checking accounts. There were no investments held by the nursing home at year end.

Custodial Credit Risk – The nursing home's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the nursing home's agent in the nursing home's name, or by the Federal Reserve banks acting as third-party agents. As of June 30, 2013, all bank deposits were fully collateralized or insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Depreciated:			
Land Improvements	\$ 12,745	\$ 0	\$ 12,745
Buildings and Improvements	1,028,645	23,314	1,051,959
Movable Equipment	290,274	56,393	346,667
Fixed Equipment	120,506	0	120,506
Total Capital Assets			
Depreciated	\$ 1,452,170	\$ 79,707	\$ 1,531,877

	Balance 7-1-12	Increases	Balance 6-30-13
Less Accumulated Depreciation For:			
Land Improvements	\$ 12,745	\$ 0	\$ 12,745
Buildings and Improvements	851,760	27,920	879,680
Movable Equipment	215,256	17,168	232,424
Fixed Equipment	111,383	1,275	112,658
Total Accumulated Depreciation	<u>\$ 1,191,144</u>	<u>\$ 46,363</u>	<u>\$ 1,237,507</u>
Total Capital Assets Depreciated, Net	<u>\$ 261,026</u>	<u>\$ 33,344</u>	<u>\$ 294,370</u>

C. Other Information

1. Pension Plan

The nursing home is an enterprise fund of Obion County, Tennessee; therefore, the nursing home's pension information has been reported with the county's audit report. For the year ended June 30, 2013, the total covered payroll for the nursing home was \$1,111,236, and the pension contribution was \$71,071. Complete disclosure for the county's pension plan is described in Note V.G.

2. Risk Management

It is the policy of the nursing home to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and automobile coverage, and fidelity position bonds. Employee health and accident insurance is purchased through the county's commercial insurance policy. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The nursing home carries its workers' compensation coverage through the Tennessee Health Care Association (THCA), a self-insured trust fund. The THCA was established to be self-sustaining through member premiums. All members of the THCA must be approved for coverage and are jointly and severally liable for all claims of the association.

VII. OTHER NOTES – DISCRETELY PRESENTED OBION COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Significant Accounting Policies

1. Reporting Entity

The Obion County Emergency Communications District was created on May 16, 1988, by the legislative body of Obion County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a municipality or public corporation in perpetuity under its corporate name and shall be a body politic and corporate with power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* developed by the Office of the Comptroller of the Treasury, Division of Local Government Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The GASB has established criteria to determine whether (a) an entity has any component units that should be included for financial reporting purposes, or (b) the entity itself should be included as a component unit of another reporting entity. The Obion County Emergency Communications District must obtain the approval of the Obion County Commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the district and has included the district as a component unit of Obion County.

The district is deemed to be a municipality under Tennessee state law and, as such, is exempt from federal income taxes.

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

The district is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Governmental Accounting Standards Board (GASB). Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board to be non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

3. Assets, Liabilities, and Net Position

a. Cash and Cash Equivalents

The district defines cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception. As of June 30, 2013, the district had no short-term investments meeting this definition.

State statutes authorize the district to invest in certificates of deposit; obligations of the U.S. Treasury, agencies, and instrumentalities; obligations by the U.S. government or its agencies; repurchase agreements as approved by the state Comptroller's Office; and the state's local government investment pool.

b. Accounts Receivable

Accounts receivable represent amounts due from various phone companies.

c. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The proportionate amount of expense is recognized in each of the benefitting periods.

d. Capital Assets

All capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to 40 years. The district's capitalization threshold is set at \$5,000 per unit cost. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, no interest costs were capitalized.

e. **Compensated Absences**

Employees are entitled to paid vacation and sick leave based on terms of employment and other factors. Any accumulated vacation time earned must be taken within one year of the employment anniversary date. No carryover for compensated absences to future years is permitted. Due to this policy, the cost of future absences at the balance sheet date is not material; therefore, no accrual has been recorded in the financial statements. It is the district's practice to expense these costs when paid to the employees.

f. **Impact of Recently Issued Accounting Pronouncements**

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in non-governmental pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB Statement No. 62 had no impact on the district's financial statements.

In June 2011, GASB issued Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows and inflows of resources, which are distinct from assets and liabilities, and also renames as net position, rather than net assets, the residual of all other elements presented in a statement of financial position. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. As of June 30, 2013, the district had no deferred outflows or deferred inflows of resources.

g. **Net Position Flow Assumption**

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider

restricted net position to have been depleted before unrestricted net position is applied.

B. Stewardship, Compliance, and Accountability

Budgetary Information

The district's board of directors approves an appropriatory budget annually. The budget for the year ended June 30, 2013, was prepared on the accrual basis, with the exception of a portion of the Tennessee Emergency Communications Board (TECB) reimbursement that was recorded as a receivable in the prior year. In addition, amounts recorded as accounts payable were not included in the prior year budget. A reconciliation of these differences between the statement of revenues, expenses and changes in net position and the budgetary comparison statement is presented below.

Net income - budgetary comparison statements	\$ 228,665
Prior year receivable for TECB reimbursement	(34,895)
Prior year accounts payable not budgeted	<u>6,610</u>
Net income - statement of revenues, expenses and changes in net position	<u>\$ 200,380</u>

The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

C. Detailed Notes on Accounts

1. Deposits and Investments

The district has its cash deposits in local banks. Cash on the balance sheet as of June 30, 2013, includes certificates of deposit issued by local banks.

Custodial Credit Risk – The district's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the

state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2013, all of the district's deposits were fully insured or collateralized.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-12		Increases		Decreases		Balance 6-30-13
Capital Assets Not Depreciated:							
Land	\$	0	\$	30,000	\$	0	\$ 30,000
Capital Assets Depreciated:							
Office Equipment	\$	146,962	\$	0	\$	(2,814)	\$ 144,148
Vehicles		14,617		25,259		0	39,876
Communications Equipment and Furniture and Fixtures		554,390		66,622		(20,829)	600,183
Building and Improvements		507,743		0		0	507,743
Total Capital Assets Depreciated	\$	1,223,712	\$	91,881	\$	(23,643)	\$ 1,291,950
Less: Accumulated Depreciation:							
Office Equipment	\$	69,357	\$	13,173	\$	0	\$ 82,530
Vehicles		14,617		0		0	14,617
Communications Equipment and Furniture and Fixtures		319,941		38,093		(11,825)	346,209
Building and Improvements		68,973		13,746		0	82,719
Total Accumulated Depreciation	\$	472,888	\$	65,012	\$	(11,825)	\$ 526,075
Total Capital Assets, Net	\$	750,824	\$	56,869	\$	(11,818)	\$ 795,875

Depreciation expense for the year ended June 30, 2013, was \$65,012.

D. Other Information

Risk Management

The district is exposed to various risks related to general and public official's liability, officer's/director's omissions liability, automobile liability, property and casualty losses, and workers' compensation. To cover these risks, the district joined the Tennessee Municipal League, which is a public entity risk pool established to provide insurance coverage to local governments in Tennessee and is self-sustaining through member premiums. The pool is a

cooperative risk sharing arrangement that works in many ways like a traditional insurer. The district pays annual premiums to the pool based on its prior claims history. The pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. In addition, the district has purchased commercial insurance to provide for employee health insurance. Settlements have not exceeded insurance coverage in any of the prior three years. The district is self-insured for unemployment claims by its employees, which means that the district will reimburse the state's workforce development agency for any claims against the district as they occur. There were no claims made during the year ended June 30, 2013.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 20,805	\$ 24,692	\$ 3,887	84.26	% \$ 9,538	40.76 %
7-1-09	17,370	21,455	4,085	80.96	9,812	41.63
7-1-07	16,669	17,082	413	97.58	8,475	4.87

Exhibit F-2

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Commercial Insurance	7-1-11*	\$ 0	\$ 113	\$ 113	0%	\$ 6,147	1.84%
<u>DISCRETELY PRESENTED OBION COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	3,370	3,370	0	18,004	19
"	7-1-10	0	3,476	3,476	0	17,940	19
"	7-1-11	0	3,513	3,513	0	18,995	18

* Data not available for two preceding years.

OBION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

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

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for 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.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Obion County’s waste tire disposal operations and recycling center.

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

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

Exhibit G-1

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

	<u>Special Revenue Funds</u>			Total
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 370	\$ 370
Equity in Pooled Cash and Investments	10,363	51,373	0	61,736
Accounts Receivable	772	0	48	820
Due from Other Governments	8,811	0	0	8,811
Total Assets	<u>\$ 19,946</u>	<u>\$ 51,373</u>	<u>\$ 418</u>	<u>\$ 71,737</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,495	\$ 105	\$ 0	\$ 2,600
Due to Other Funds	0	0	418	418
Total Liabilities	<u>\$ 2,495</u>	<u>\$ 105</u>	<u>\$ 418</u>	<u>\$ 3,018</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 51,268	\$ 0	\$ 51,268
Committed:				
Committed for Public Health and Welfare	17,451	0	0	17,451
Total Fund Balances	<u>\$ 17,451</u>	<u>\$ 51,268</u>	<u>\$ 0</u>	<u>\$ 68,719</u>
Total Liabilities and Fund Balances	<u>\$ 19,946</u>	<u>\$ 51,373</u>	<u>\$ 418</u>	<u>\$ 71,737</u>

Exhibit G-2

Obion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 0	\$ 24,608	\$ 0	\$ 24,608
Charges for Current Services	13,753	0	700	14,453
Other Local Revenues	31,275	40	0	31,315
State of Tennessee	19,788	0	0	19,788
Other Governments and Citizens Groups	80,000	0	0	80,000
Total Revenues	\$ 144,816	\$ 24,648	\$ 700	\$ 170,164
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 700	\$ 700
Public Safety	0	35,386	0	35,386
Public Health and Welfare	159,154	0	0	159,154
Total Expenditures	\$ 159,154	\$ 35,386	\$ 700	\$ 195,240
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,338)	\$ (10,738)	\$ 0	\$ (25,076)
Net Change in Fund Balances	\$ (14,338)	\$ (10,738)	\$ 0	\$ (25,076)
Fund Balance, July 1, 2012	31,789	62,006	0	93,795
Fund Balance, June 30, 2013	\$ 17,451	\$ 51,268	\$ 0	\$ 68,719

Exhibit G-3

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 13,753	\$ 10,000	\$ 10,000	\$ 3,753
Other Local Revenues	31,275	32,090	32,090	(815)
State of Tennessee	19,788	22,000	22,000	(2,212)
Other Governments and Citizens Groups	80,000	80,000	80,000	0
Total Revenues	<u>\$ 144,816</u>	<u>\$ 144,090</u>	<u>\$ 144,090</u>	<u>\$ 726</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Problem Waste Centers	\$ 30,980	\$ 26,250	\$ 26,250	\$ (4,730)
Recycling Center	128,174	131,676	131,676	3,502
Total Expenditures	<u>\$ 159,154</u>	<u>\$ 157,926</u>	<u>\$ 157,926</u>	<u>\$ (1,228)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,338)</u>	<u>\$ (13,836)</u>	<u>\$ (13,836)</u>	<u>\$ (502)</u>
Net Change in Fund Balance	\$ (14,338)	\$ (13,836)	\$ (13,836)	\$ (502)
Fund Balance, July 1, 2012	<u>31,789</u>	<u>29,002</u>	<u>29,002</u>	<u>2,787</u>
Fund Balance, June 30, 2013	<u>\$ 17,451</u>	<u>\$ 15,166</u>	<u>\$ 15,166</u>	<u>\$ 2,285</u>

Exhibit G-4

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 24,608	\$ 18,740	\$ 18,740	\$ 5,868
Other Local Revenues	40	600	600	(560)
Total Revenues	<u>\$ 24,648</u>	<u>\$ 19,340</u>	<u>\$ 19,340</u>	<u>\$ 5,308</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 35,386	\$ 53,000	\$ 53,000	\$ 17,614
Total Expenditures	<u>\$ 35,386</u>	<u>\$ 53,000</u>	<u>\$ 53,000</u>	<u>\$ 17,614</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,738)</u>	<u>\$ (33,660)</u>	<u>\$ (33,660)</u>	<u>\$ 22,922</u>
Net Change in Fund Balance	\$ (10,738)	\$ (33,660)	\$ (33,660)	\$ 22,922
Fund Balance, July 1, 2012	<u>62,006</u>	<u>61,130</u>	<u>61,130</u>	<u>876</u>
Fund Balance, June 30, 2013	<u>\$ 51,268</u>	<u>\$ 27,470</u>	<u>\$ 27,470</u>	<u>\$ 23,798</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 H

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,604,814	\$ 1,559,660	\$ 1,564,660	\$ 40,154
Other Local Revenues	57,570	57,570	57,570	0
Other Governments and Citizens Groups	143,786	0	143,786	0
Total Revenues	<u>\$ 1,806,170</u>	<u>\$ 1,617,230</u>	<u>\$ 1,766,016</u>	<u>\$ 40,154</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 112,762	\$ 162,813	\$ 162,813	\$ 50,051
Education	551,000	551,000	551,000	0
<u>Interest on Debt</u>				
General Government	54	500	500	446
Education	352,313	550,038	550,038	197,725
<u>Other Debt Service</u>				
General Government	44,923	45,750	45,750	827
Education	42,841	45,000	45,000	2,159
Total Expenditures	<u>\$ 1,103,893</u>	<u>\$ 1,355,101</u>	<u>\$ 1,355,101</u>	<u>\$ 251,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 702,277</u>	<u>\$ 262,129</u>	<u>\$ 410,915</u>	<u>\$ 291,362</u>
Net Change in Fund Balance	\$ 702,277	\$ 262,129	\$ 410,915	\$ 291,362
Fund Balance, July 1, 2012	2,051,103	1,989,059	1,989,059	62,044
Fund Balance, June 30, 2013	<u>\$ 2,753,380</u>	<u>\$ 2,251,188</u>	<u>\$ 2,399,974</u>	<u>\$ 353,406</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county 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.

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for property tax collections received by the county trustee on behalf of the Towns of Woodland Mills and Samburg. These collections are periodically remitted to those municipalities.

Special School District Fund – The Special School District Fund is used to account for the collections of property taxes, which are held in trust for the Kenton Special School District.

City School ADA - Union City Fund – The City School ADA - Union City Fund is used to account for the city school system's share of education revenues collected by the county, which must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school system 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, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit I-1

Obion County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2013

	Agency Funds						Total
	Cities - Sales Tax	Cities - Property Tax	Special School District	School ADA - Union City	Constitu- tional Officers - Agency		
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,745,946	\$ 1,745,946	
Equity in Pooled Cash and Investments	0	390	941	30,068	0	31,399	
Accounts Receivable	0	0	0	0	4,387	4,387	
Due from Other Governments	670,478	0	0	216,073	0	886,551	
Property Taxes Receivable	0	0	0	1,770,847	0	1,770,847	
Allowance for Uncollectible Property Taxes	0	0	0	(44,998)	0	(44,998)	
Notes Receivable - Long-term	0	0	0	0	193,737	193,737	
Total Assets	\$ 670,478	\$ 390	\$ 941	\$ 1,971,990	\$ 1,944,070	\$ 4,587,869	
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 670,478	\$ 390	\$ 941	\$ 1,971,990	\$ 0	\$ 2,643,799	
Due to Litigants, Heirs, and Others	0	0	0	0	1,944,070	1,944,070	
Total Liabilities	\$ 670,478	\$ 390	\$ 941	\$ 1,971,990	\$ 1,944,070	\$ 4,587,869	

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,900,524	\$ 3,900,524	\$ 0
Due from Other Governments	668,747	670,479	668,748	670,478
Total Assets	\$ 668,747	\$ 4,571,003	\$ 4,569,272	\$ 670,478
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 668,747	\$ 4,571,003	\$ 4,569,272	\$ 670,478
Total Liabilities	\$ 668,747	\$ 4,571,003	\$ 4,569,272	\$ 670,478
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 122	\$ 27,203	\$ 26,935	\$ 390
Total Assets	\$ 122	\$ 27,203	\$ 26,935	\$ 390
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 122	\$ 27,203	\$ 26,935	\$ 390
Total Liabilities	\$ 122	\$ 27,203	\$ 26,935	\$ 390
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 855	\$ 85,810	\$ 85,724	\$ 941
Total Assets	\$ 855	\$ 85,810	\$ 85,724	\$ 941
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 855	\$ 85,810	\$ 85,724	\$ 941
Total Liabilities	\$ 855	\$ 85,810	\$ 85,724	\$ 941
<u>City School ADA - Union City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 28,414	\$ 3,092,001	\$ 3,090,347	\$ 30,068
Due from Other Governments	218,779	216,073	218,779	216,073
Property Taxes Receivable	1,673,079	1,770,847	1,673,079	1,770,847
Allowance for Uncollectible Property Taxes	(48,548)	(44,998)	(48,548)	(44,998)
Total Assets	\$ 1,871,724	\$ 5,033,923	\$ 4,933,657	\$ 1,971,990

(Continued)

Exhibit I-2

Obion County, Tennessee

Combining Statement of Changes in Assets and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>City School ADA - Union City Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,871,724	\$ 5,033,923	\$ 4,933,657	\$ 1,971,990
Total Liabilities	\$ 1,871,724	\$ 5,033,923	\$ 4,933,657	\$ 1,971,990
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,671,842	\$ 6,766,823	\$ 7,692,719	\$ 1,745,946
Accounts Receivable	5,054	4,387	5,054	4,387
Notes Receivable - Long-term	194,067	0	330	193,737
Total Assets	\$ 2,870,963	\$ 6,771,210	\$ 7,698,103	\$ 1,944,070
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,870,963	\$ 6,771,210	\$ 7,698,103	\$ 1,944,070
Total Liabilities	\$ 2,870,963	\$ 6,771,210	\$ 7,698,103	\$ 1,944,070
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,671,842	\$ 6,766,823	\$ 7,692,719	\$ 1,745,946
Equity in Pooled Cash and Investments	29,391	7,105,538	7,103,530	31,399
Accounts Receivable	5,054	4,387	5,054	4,387
Due from Other Governments	887,526	886,552	887,527	886,551
Property Taxes Receivable	1,673,079	1,770,847	1,673,079	1,770,847
Allowance for Uncollectible Property Taxes	(48,548)	(44,998)	(48,548)	(44,998)
Notes Receivable - Long-term	194,067	0	330	193,737
Total Assets	\$ 5,412,411	\$ 16,489,149	\$ 17,313,691	\$ 4,587,869
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,541,448	\$ 9,717,939	\$ 9,615,588	\$ 2,643,799
Due to Litigants, Heirs, and Others	2,870,963	6,771,210	7,698,103	1,944,070
Total Liabilities	\$ 5,412,411	\$ 16,489,149	\$ 17,313,691	\$ 4,587,869

Obion County School Department

This section presents fund financial statements for the Obion County School Department, a discretely presented component unit. The Obion County School Department uses a General Fund, two Special Revenue Funds, and one Capital Projects 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 Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit J-1

Obion County, Tennessee
Statement of Activities
Discretely Presented Obion County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 19,231,549	\$ 11,742	\$ 1,534,542	\$ (17,685,265)
Support Services	10,382,903	5,400	506,107	(9,871,396)
Operation of Non-Instructional Services	3,007,901	628,202	2,118,091	(261,608)
Interest on Long-term Debt	15,750	0	0	(15,750)
Total Governmental Activities	\$ 32,638,103	\$ 645,344	\$ 4,158,740	\$ (27,834,019)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$	4,488,501
Local Option Sales Taxes				3,134,228
Business Tax				81,080
Other Local Taxes				2,036
Grants and Contributions Not Restricted to Specific Programs				17,975,521
Miscellaneous				48,935
Total General Revenues			\$	25,730,301
Change in Net Position			\$	(2,103,718)
Net Position, July 1, 2012				35,542,986
Net Position, June 30, 2013			\$	33,439,268

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,840,741	\$ 562,573	\$ 3,403,314
Accounts Receivable	11,110	201	11,311
Due from Other Governments	906,100	218,611	1,124,711
Due from Other Funds	115,219	21	115,240
Property Taxes Receivable	4,485,932	0	4,485,932
Allowance for Uncollectible Property Taxes	(113,781)	0	(113,781)
Total Assets	\$ 8,245,321	\$ 781,406	\$ 9,026,727
<u>LIABILITIES</u>			
Accounts Payable	\$ 20,676	\$ 9,899	\$ 30,575
Payroll Deductions Payable	5,334	0	5,334
Due to Other Funds	21	115,219	115,240
Total Liabilities	\$ 26,031	\$ 125,118	\$ 151,149
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,247,944	\$ 0	\$ 4,247,944
Deferred Delinquent Property Taxes	115,930	0	115,930
Other Deferred/Unavailable Revenue	269,613	0	269,613
Total Deferred Inflows of Resources	\$ 4,633,487	\$ 0	\$ 4,633,487
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 1,709	\$ 17,258	\$ 18,967
Restricted for Operation of Non-Instructional Services	0	535,581	535,581
Restricted for Capital Projects	0	3,449	3,449
Committed:			
Committed for Education	25,995	0	25,995
Assigned:			
Assigned for Education	253,959	100,000	353,959
Unassigned	3,304,140	0	3,304,140
Total Fund Balances	\$ 3,585,803	\$ 656,288	\$ 4,242,091
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,245,321	\$ 781,406	\$ 9,026,727

Exhibit J-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,242,091
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	696,031	
Add: buildings and improvements net of accumulated depreciation		28,141,378	
Add: infrastructure net of accumulated depreciation		139,490	
Add: other capital assets net of accumulated depreciation		<u>2,045,042</u>	31,021,941
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: note payable	\$	(1,291,666)	
Less: accrued interest on note		(969)	
Less: compensated absences payable		(46,321)	
Less: other postemployment benefits liability		<u>(871,351)</u>	(2,210,307)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>385,543</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>33,439,268</u></u>

Exhibit J-4

Obion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Obion County School Department
For the Year Ended June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 7,789,923	\$ 0	\$ 7,789,923
Licenses and Permits	1,599	0	1,599
Charges for Current Services	117,977	516,648	634,625
Other Local Revenues	83,986	2,264	86,250
State of Tennessee	18,348,475	20,482	18,368,957
Federal Government	176,524	3,494,484	3,671,008
Total Revenues	<u>\$ 26,518,484</u>	<u>\$ 4,033,878</u>	<u>\$ 30,552,362</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,720,694	\$ 1,399,515	\$ 17,120,209
Support Services	9,957,385	349,980	10,307,365
Operation of Non-Instructional Services	652,009	2,264,157	2,916,166
Capital Outlay	438,998	0	438,998
Debt Service:			
Principal on Debt	500,000	0	500,000
Interest on Debt	16,125	0	16,125
Total Expenditures	<u>\$ 27,285,211</u>	<u>\$ 4,013,652</u>	<u>\$ 31,298,863</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (766,727)</u>	<u>\$ 20,226</u>	<u>\$ (746,501)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 11,996	\$ 0	\$ 11,996
Transfers In	107,462	0	107,462
Transfers Out	0	(107,462)	(107,462)
Total Other Financing Sources (Uses)	<u>\$ 119,458</u>	<u>\$ (107,462)</u>	<u>\$ 11,996</u>
Net Change in Fund Balances	\$ (647,269)	\$ (87,236)	\$ (734,505)
Fund Balance, July 1, 2012	4,233,072	743,524	4,976,596
Fund Balance, June 30, 2013	<u>\$ 3,585,803</u>	<u>\$ 656,288</u>	<u>\$ 4,242,091</u>

Exhibit J-5

Obion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Obion County School Department
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	(734,505)
(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	\$	622,391	
Less: current-year depreciation expense		<u>(2,280,627)</u>	(1,658,236)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: loss on disposal of capital assets			(13,800)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$	385,543	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(403,520)</u>	(17,977)
(4) The issuance of long-term debt (e.g., note) 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.			
Add: principal payments on note			500,000
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	375	
Change in compensated absences payable		(21,012)	
Change in other postemployment benefits liability		<u>(158,563)</u>	<u>(179,200)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (2,103,718)</u>

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

Exhibit J-6

ASSETS

Equity in Pooled Cash and Investments										
Accounts Receivable										
Due from Other Governments										
Due from Other Funds										
Total Assets	\$	242,376	\$	535,581	\$	777,957	\$	3,449	\$	781,406

LIABILITIES

Accounts Payable	\$	9,899	\$	0	\$	9,899	\$	0	\$	9,899
Due to Other Funds		115,219		0		115,219		0		115,219
Total Liabilities	\$	125,118	\$	0	\$	125,118	\$	0	\$	125,118

FUND BALANCES

Restricted:										
Restricted for Education	\$	17,258	\$	0	\$	17,258	\$	0	\$	17,258
Restricted for Operation of Non-Instructional Services		0		535,581		535,581		0		535,581
Restricted for Capital Projects		0		0		0		3,449		3,449
Assigned:										
Assigned for Education		100,000		0		100,000		0		100,000
Total Fund Balances	\$	117,258	\$	535,581	\$	652,839	\$	3,449	\$	656,288
Total Liabilities and Fund Balances	\$	242,376	\$	535,581	\$	777,957	\$	3,449	\$	781,406

Exhibit J-7

Obion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Obion County School Department
For the Year Ended June 30, 2013

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 516,648	\$ 516,648	\$ 0	\$ 516,648
Other Local Revenues	0	2,264	2,264	0	2,264
State of Tennessee	0	20,482	20,482	0	20,482
Federal Government	1,946,732	1,547,752	3,494,484	0	3,494,484
Total Revenues	\$ 1,946,732	\$ 2,087,146	\$ 4,033,878	\$ 0	\$ 4,033,878
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,399,515	\$ 0	\$ 1,399,515	\$ 0	\$ 1,399,515
Support Services	349,980	0	349,980	0	349,980
Operation of Non-Instructional Services	72,900	2,191,257	2,264,157	0	2,264,157
Total Expenditures	\$ 1,822,395	\$ 2,191,257	\$ 4,013,652	\$ 0	\$ 4,013,652
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 124,337	\$ (104,111)	\$ 20,226	\$ 0	\$ 20,226
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (107,462)	\$ 0	\$ (107,462)	\$ 0	\$ (107,462)
Total Other Financing Sources (Uses)	\$ (107,462)	\$ 0	\$ (107,462)	\$ 0	\$ (107,462)
Net Change in Fund Balances					
Fund Balance, July 1, 2012	\$ 16,875	\$ (104,111)	\$ (87,236)	\$ 0	\$ (87,236)
	100,383	639,692	740,075	3,449	743,524
Fund Balance, June 30, 2013	\$ 117,258	\$ 535,581	\$ 652,839	\$ 3,449	\$ 656,288

Exhibit J-8

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Obion County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,789,923	\$ 0	\$ 0	\$ 7,789,923	\$ 7,944,317	\$ 7,944,317	\$ (154,394)
Licenses and Permits	1,599	0	0	1,599	1,500	1,500	99
Charges for Current Services	117,977	0	0	117,977	124,074	124,074	(6,097)
Other Local Revenues	83,986	0	0	83,986	75,500	75,500	8,486
State of Tennessee	18,348,475	0	0	18,348,475	18,273,369	18,456,672	(108,197)
Federal Government	176,524	0	0	176,524	201,244	201,244	(24,720)
Total Revenues	\$ 26,518,484	\$ 0	\$ 0	\$ 26,518,484	\$ 26,620,004	\$ 26,803,307	\$ (284,823)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,581,504	\$ (19,955)	\$ 0	\$ 12,561,549	\$ 12,740,113	\$ 12,760,113	\$ 198,564
Alternative Instruction Program	125,653	0	0	125,653	137,998	137,998	12,345
Special Education Program	1,750,650	0	0	1,750,650	1,712,725	1,812,725	62,075
Vocational Education Program	1,147,893	0	0	1,147,893	1,194,405	1,174,405	26,512
Student Body Education Program	87,934	(689)	7,300	94,545	126,750	126,750	32,205
Adult Education Program	27,060	0	0	27,060	69,414	69,414	42,354
<u>Support Services</u>							
Attendance	116,729	0	0	116,729	131,566	131,566	14,837
Health Services	314,143	(646)	0	313,497	331,232	331,232	17,735
Other Student Support	567,334	0	0	567,334	582,492	582,492	15,158
Regular Instruction Program	1,145,548	(4,420)	0	1,141,128	1,180,083	1,180,083	38,955
Alternative Instruction Program	42,640	0	0	42,640	45,633	45,633	2,993
Special Education Program	127,668	0	0	127,668	123,959	128,959	1,291
Vocational Education Program	1,304	0	0	1,304	11,000	11,000	9,696
Adult Programs	73,186	0	0	73,186	73,899	73,899	713
Other Programs	183,303	0	0	183,303	0	183,303	0
Board of Education	469,235	0	0	469,235	469,371	469,371	136
Director of Schools	209,694	0	0	209,694	215,559	215,559	5,865

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,723,430	\$ 0	\$ 0	\$ 1,723,430	\$ 1,748,598	\$ 1,748,598	\$ 25,168
Fiscal Services	176,313	0	0	176,313	187,894	187,894	11,581
Operation of Plant	2,373,944	0	0	2,373,944	2,424,897	2,424,897	50,953
Maintenance of Plant	654,882	(230)	5,910	660,562	689,846	689,846	29,284
Transportation	1,563,538	0	0	1,563,538	1,601,688	1,601,688	38,150
Central and Other	214,494	0	0	214,494	225,095	225,095	10,601
<u>Operation of Non-Instructional Services</u>							
Community Services	181,829	0	0	181,829	221,000	221,000	39,171
Early Childhood Education	470,180	0	850	471,030	474,984	474,984	3,954
<u>Capital Outlay</u>							
Regular Capital Outlay	438,998	(1,000)	239,899	677,897	602,500	739,246	61,349
Principal on Debt	500,000	0	0	500,000	250,000	500,000	0
Education	16,125	0	0	16,125	16,125	16,125	0
<u>Interest on Debt</u>							
Education	27,285,211	(26,940)	253,959	27,512,230	27,588,826	28,263,875	751,645
Total Expenditures	\$ (766,727)	\$ 26,940	\$ (253,959)	\$ (993,746)	\$ (968,822)	\$ (1,460,568)	\$ 466,822
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 11,996	\$ 0	\$ 0	\$ 11,996	\$ 0	\$ 0	\$ 11,996
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	107,462	0	0	107,462	256,726	170,436	(62,974)
Transfers In	0	0	0	0	(143,000)	(56,710)	56,710
Transfers Out	119,458	0	0	119,458	113,726	113,726	5,732
Total Other Financing Sources	\$ (647,269)	\$ 26,940	\$ (253,959)	\$ (874,288)	\$ (855,096)	\$ (1,346,842)	\$ 472,554
Net Change in Fund Balance	4,233,072	(26,940)	0	4,206,132	3,885,372	3,885,372	320,760
Fund Balance, July 1, 2012	\$ 3,585,803	\$ 0	\$ (253,959)	\$ 3,331,844	\$ 3,030,276	\$ 2,538,530	\$ 793,314
Fund Balance, June 30, 2013							

Exhibit J-9

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Obion County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,946,732	\$ 1,978,373	\$ 2,088,562	\$ (141,830)
Total Revenues	\$ 1,946,732	\$ 1,978,373	\$ 2,088,562	\$ (141,830)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 730,537	\$ 775,120	\$ 780,909	\$ 50,372
Special Education Program	640,558	618,289	716,596	76,038
Vocational Education Program	28,420	28,000	28,000	(420)
<u>Support Services</u>				
Health Services	19,537	19,259	19,259	(278)
Other Student Support	25,544	25,791	31,296	5,752
Regular Instruction Program	70,875	129,384	134,337	63,462
Special Education Program	165,068	130,529	132,743	(32,325)
Vocational Education Program	2,466	2,100	2,100	(366)
Transportation	66,490	73,875	74,875	8,385
<u>Operation of Non-Instructional Services</u>				
Community Services	72,900	68,900	72,900	0
Total Expenditures	\$ 1,822,395	\$ 1,871,247	\$ 1,993,015	\$ 170,620
Excess (Deficiency) of Revenues Over Expenditures	\$ 124,337	\$ 107,126	\$ 95,547	\$ 28,790
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 35,463	\$ 0	\$ 0
Transfers Out	(107,462)	(142,589)	(107,851)	389
Total Other Financing Sources	\$ (107,462)	\$ (107,126)	\$ (107,851)	\$ 389
Net Change in Fund Balance	\$ 16,875	\$ 0	\$ (12,304)	\$ 29,179
Fund Balance, July 1, 2012	100,383	0	12,304	88,079
Fund Balance, June 30, 2013	\$ 117,258	\$ 0	\$ 0	\$ 117,258

Exhibit J-10

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Obion County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 516,648 \$	0 \$	516,648 \$	598,000 \$	598,000 \$	(81,352)
Other Local Revenues	2,264	0	2,264	5,000	5,000	(2,736)
State of Tennessee	20,482	0	20,482	21,000	21,000	(518)
Federal Government	1,547,752	0	1,547,752	1,598,150	1,598,150	(50,398)
Total Revenues	\$ 2,087,146 \$	0 \$	2,087,146 \$	2,222,150 \$	2,222,150 \$	(135,004)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,191,257 \$	(10,984) \$	2,180,273 \$	2,421,626 \$	2,278,626 \$	98,353
Total Expenditures	\$ 2,191,257 \$	(10,984) \$	2,180,273 \$	2,421,626 \$	2,278,626 \$	98,353
Excess (Deficiency) of Revenues Over Expenditures	\$ (104,111) \$	10,984 \$	(93,127) \$	(199,476) \$	(56,476) \$	(36,651)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0 \$	0 \$	0 \$	143,000 \$	0 \$	0
Total Other Financing Sources	\$ 0 \$	0 \$	0 \$	143,000 \$	0 \$	0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (104,111) \$	10,984 \$	(93,127) \$	(56,476) \$	(56,476) \$	(36,651)
	639,692	(10,984)	628,708	628,607	628,607	101
Fund Balance, June 30, 2013	\$ 535,581 \$	0 \$	535,581 \$	572,131 \$	572,131 \$	(36,550)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Obion County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, and Bond
Primary Government and Discretely Presented Obion
County School Department
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Airport Improvement	\$ 143,786	0 %	10-16-12	9-13-22	\$ 0	\$ 143,786	\$ 0	\$ 143,786
Various General Capital Projects	112,762	1.38	6-27-13	6-28-13	0	112,762	112,762	0
Total Notes Payable					\$ 0	\$ 256,548	\$ 112,762	\$ 143,786
<u>OTHER LOAN PAYABLE</u>								
Payable through General Debt Service Fund								
School Construction/Renovation	17,000,000	Variable	8-25-04	5-25-22	\$ 6,294,000	\$ 0	\$ 536,000	\$ 5,758,000
Total Other Loan Payable					\$ 6,294,000	\$ 0	\$ 536,000	\$ 5,758,000
<u>BOND PAYABLE</u>								
Payable through General Debt Service Fund								
Rural School Refunding Bonds, Series 2007	8,050,000	3.5 to 4.25	12-20-07	5-1-31	\$ 8,005,000	\$ 0	\$ 15,000	\$ 7,990,000
Total Bond Payable					\$ 8,005,000	\$ 0	\$ 15,000	\$ 7,990,000
<u>DISCRETELY PRESENTED OBION COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTE PAYABLE</u>								
Payable through General Purpose School Fund to Primary Government								
Career Technology Centers	2,500,000	Variable	6-1-10	6-1-19	\$ 1,791,666	\$ 0	\$ 500,000	\$ 1,291,666
Total Note Payable					\$ 1,791,666	\$ 0	\$ 500,000	\$ 1,291,666

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note	
	Principal	Total
2014	\$ 11,988	\$ 11,988
2015	15,984	15,984
2016	15,984	15,984
2017	15,984	15,984
2018	15,984	15,984
2019	15,984	15,984
2020	15,984	15,984
2021	15,984	15,984
2022	15,984	15,984
2023	3,926	3,926
Total	<u>\$ 143,786</u>	<u>\$ 143,786</u>

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2014	\$ 555,000	\$ 19,001	\$ 25,917	\$ 599,918
2015	575,000	17,170	23,490	615,660
2016	595,000	15,272	20,978	631,250
2017	616,000	13,309	18,376	647,685
2018	637,000	11,276	15,684	663,960
2019	660,000	9,174	12,900	682,074
2020	683,000	6,996	10,015	700,011
2021	706,000	4,742	7,030	717,772
2022	731,000	2,412	6,269	739,681
Total	<u>\$ 5,758,000</u>	<u>\$ 99,352</u>	<u>\$ 140,659</u>	<u>\$ 5,998,011</u>

(Continued)

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bond		Total
	Principal	Interest	
2014	\$ 15,000	\$ 329,513	\$ 344,513
2015	15,000	328,988	343,988
2016	15,000	328,388	343,388
2017	15,000	327,788	342,788
2018	15,000	327,188	342,188
2019	15,000	326,588	341,588
2020	15,000	325,988	340,988
2021	15,000	325,388	340,388
2022	15,000	324,788	339,788
2023	770,000	324,188	1,094,188
2024	790,000	293,388	1,083,388
2025	815,000	261,788	1,076,788
2026	845,000	228,780	1,073,780
2027	870,000	194,558	1,064,558
2028	900,000	158,888	1,058,888
2029	925,000	121,763	1,046,763
2030	955,000	82,450	1,037,450
2031	985,000	41,863	1,026,863
Total	\$ 7,990,000	\$ 4,652,283	\$ 12,642,283

DISCRETELY PRESENTED OBION
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note		Total
	Principal	Interest	
2014	\$ 250,000	\$ 11,625	\$ 261,625
2015	250,000	9,375	259,375
2016	250,000	7,125	257,125
2017	250,000	4,875	254,875
2018	250,000	2,625	252,625
2019	41,666	375	42,041
Total	\$ 1,291,666	\$ 36,000	\$ 1,327,666

Exhibit K-3

Obion County, Tennessee
Schedule of Investments
June 30, 2013

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Indigent Care Trust Fund</u>	
Goldman Sachs Financial Square Government Fund	\$ 5,662
Federal Farm Credit Bank	1,205,977
Federal Home Loan Bank	2,102,228
Federal Home Loan Mortgage Corp.	<u>612,261</u>
Total Investments	<u>\$ 3,926,128</u>

Exhibit K-4

Obion County, Tennessee
Schedule of Notes Receivable
June 30, 2013

Description	Debtor	Original Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-13
<u>General Fund</u>						
Industrial Facilities - Tyson Foods, Inc.	Industrial Development Board of Union City	\$ 3,500,000	4-15-1997	1-1-15	9.395%	\$ 461,863
Industrial Facilities - Spec Building	"	3,000,000	9-21-07	9-19-13	.9	3,000,000
Career Technology Center	Obion County School Department	2,500,000	6-1-10	6-1-19	Variable	1,291,666
Total General Fund						<u>\$ 4,753,529</u>
<u>General Debt Service Fund</u>						
Airport Improvements	Everett-Stewart Regional Airport	143,786	10-16-12	9-13-22	0	\$ 143,786
Total General Debt Service Fund						<u>\$ 143,786</u>
<u>Constitutional Officers - Agency Fund</u>						
Clerk and Master						
Ellen Wade Wiley Scholarship Loan Notes	Various Students	Various	Various	Various	0	\$ 193,737
Total Constitutional Officers - Agency Fund						<u>\$ 193,737</u>
Total Notes Receivable						<u>\$ 5,091,052</u>

Exhibit K-5

Obion County, Tennessee
Schedule of Transfers
Discretely Presented Obion County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 6,788
"	"	Early intervening services	<u>100,674</u>
Total Transfers			<u>\$ 107,462</u>

Exhibit K-6

Obion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Obion County School Department
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 72,463	\$ 50,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, TCA	69,013	100,000	Travelers Casualty and Surety Company of America
Director of Schools	State Board of Education and County Board of Education	105,740 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	62,739	1,092,200	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	62,739	50,000	"
County Clerk	Section 8-24-102, TCA	62,739	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	62,739	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	62,739 (2)	70,000	Travelers Casualty and Surety Company of America
Register of Deeds	Section 8-24-102, TCA	62,739	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	69,013 (3)	25,000	"
Employee Bonds:				
General County Employees (including Highway Superintendent's Office)			150,000	Tennessee Risk Management Trust
Director of School's Office			150,000	"

(1) Includes a chief executive officer training supplement of \$1,000. Does not include amounts the Board of Education pays for a travel allowance of \$400 per month; 100 percent of the premiums for family health, dental, and vision insurance (\$16,348); and the director's five percent share of retirement (\$5,477).

(2) Does not include special commissioner fees of \$700.

(3) Does not include a law enforcement training supplement of \$600.

Exhibit K-7

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 2,046,172	\$ 0	\$ 0	\$ 0	\$ 355,728	\$ 1,470,881	\$ 3,872,781	
Trustee's Collections - Prior Year	58,382	0	0	0	11,635	37,936	107,953	
Circuit/Clerk & Master Collections - Prior Years	19,925	0	0	0	3,311	21,286	44,522	
Interest and Penalty	11,573	0	0	0	1,901	7,675	21,149	
Payments in-Lieu-of Taxes - T.V.A.	139	0	0	0	0	0	139	
Payments in-Lieu-of Taxes - Local Utilities	1,223	0	0	0	214	1,284	2,721	
Payments in-Lieu-of Taxes - Other	22,565	0	0	0	3,962	12,622	39,149	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	497,271	0	0	0	0	0	497,271	
Hotel/Motel Tax	16,299	0	0	0	0	0	16,299	
Wheel Tax	0	0	0	0	1,096,368	0	1,096,368	
Litigation Tax - General	113,045	0	0	0	0	0	113,045	
Litigation Tax - Special Purpose	6,697	0	0	0	0	0	6,697	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	4,549	4,549	
Litigation Tax - Courtroom Security	77,212	0	0	0	0	0	77,212	
Business Tax	239,915	0	0	0	6,796	40,855	287,566	
Mineral Severance Tax	0	0	0	0	28,926	0	28,926	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	7,359	0	0	0	1,288	7,726	16,373	
Wholesale Beer Tax	41,104	0	0	0	0	0	41,104	
Interstate Telecommunications Tax	1,405	0	0	0	0	0	1,405	
Total Local Taxes	\$ 3,160,286	\$ 0	\$ 0	\$ 0	\$ 1,510,129	\$ 1,604,814	\$ 6,275,229	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	19,311	0	0	0	0	0	19,311	
<u>Permits</u>								
Beer Permits	1,093	0	0	0	0	0	1,093	
Total Licenses and Permits	\$ 20,404	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,404	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Officers Costs	3,350	0	0	0	0	0	3,350	
Drug Control Fines	153	0	153	0	0	0	306	
Drug Court Fees	1,508	0	0	0	0	0	1,508	
Jail Fees	965	0	0	0	0	0	965	

(Continued)

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

	Special Revenue Funds					Debt Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
Fines, Forfeitures, and Penalties (Cont.)								
<u>Circuit Court (Cont.)</u>								
DUI Treatment Fines	\$ 95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	95
Data Entry Fee - Circuit Court	1,048	0	0	0	0	0	0	1,048
Courtroom Security Fee	4	0	0	0	0	0	0	4
<u>Criminal Court</u>								
DUI Treatment Fines	190	0	0	0	0	0	0	190
<u>General Sessions Court</u>								
Fines	11,092	0	0	0	0	0	0	11,092
Officers Costs	9,500	0	0	0	0	0	0	9,500
Drug Control Fines	202	0	202	0	0	0	0	404
Drug Court Fees	3,958	0	0	0	0	0	0	3,958
Jail Fees	24,802	0	0	0	0	0	0	24,802
DUI Treatment Fines	3,892	0	0	0	0	0	0	3,892
Data Entry Fee - General Sessions Court	12,197	0	0	0	0	0	0	12,197
Courtroom Security Fee	738	0	0	0	0	0	0	738
<u>Juvenile Court</u>								
Fines	673	0	0	0	0	0	0	673
Officers Costs	1,586	0	0	0	0	0	0	1,586
<u>Chancery Court</u>								
Officers Costs	4,572	0	0	0	0	0	0	4,572
Data Entry Fee - Chancery Court	3,446	0	0	0	0	0	0	3,446
Courtroom Security Fee	10	0	0	0	0	0	0	10
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	24,253	0	0	0	0	24,253
Total Fines, Forfeitures, and Penalties	\$ 83,981	\$ 0	\$ 24,608	\$ 0	\$ 0	\$ 0	\$ 0	108,589
Charges for Current Services								
<u>General Service Charges</u>								
Solid Waste Disposal Fees	\$ 0	\$ 13,753	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,753
Work Release Charges for Board	3,304	0	0	0	0	0	0	3,304
Other General Service Charges	39,467	0	0	0	0	0	0	39,467
<u>Fees</u>								
Copy Fees	88	0	0	0	0	0	0	88
Archives and Records Management Fee - County Clerk	22,393	0	0	0	0	0	0	22,393
Telephone Commissions	33,030	0	0	0	0	0	0	33,030
Vending Machine Collections	194	0	0	0	598	0	0	792
Constitutional Officers' Fees and Commissions	0	0	0	700	0	0	0	700

(Continued)

Exhibit K-7

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

	Special Revenue Funds					Debt Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Data Processing Fee - Register	\$ 10,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,358
Data Processing Fee - Sheriff	1,517	0	0	0	0	0	0	1,517
Sexual Offender Registration Fees - Sheriff	2,600	0	0	0	0	0	0	2,600
Data Processing Fee - County Clerk	2,500	0	0	0	0	0	0	2,500
Total Charges for Current Services	\$ 115,451	\$ 13,753	\$ 0	\$ 700	\$ 598	\$ 0	\$ 0	\$ 130,502
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 279,730	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 279,730
Lease/Rentals	8,924	0	0	0	0	57,570	0	66,494
Sale of Materials and Supplies	384	0	0	0	33,177	0	0	33,561
Commissary Sales	86,201	0	0	0	0	0	0	86,201
Sale of Gasoline	0	0	0	0	34,602	0	0	34,602
Sale of Maps	1,189	0	0	0	0	0	0	1,189
Sale of Recycled Materials	0	31,239	0	0	0	0	0	31,239
Miscellaneous Refunds	3,315	36	0	0	17,818	0	0	21,169
<u>Nonrecurring Items</u>								
Sale of Equipment	3,454	0	0	0	0	0	0	3,454
Contributions and Gifts	0	0	40	0	0	0	0	40
Total Other Local Revenues	\$ 383,197	\$ 31,275	\$ 40	\$ 0	\$ 85,597	\$ 57,570	\$ 0	\$ 557,679
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 355,439	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 355,439
Circuit Court Clerk	84,396	0	0	0	0	0	0	84,396
General Sessions Court Clerk	201,510	0	0	0	0	0	0	201,510
Clerk and Master	152,745	0	0	0	0	0	0	152,745
Juvenile Court Clerk	26,501	0	0	0	0	0	0	26,501
Register	124,644	0	0	0	0	0	0	124,644
Sheriff	23,059	0	0	0	0	0	0	23,059
Trustee	400,148	0	0	0	0	0	0	400,148
Total Fees Received from County Officials	\$ 1,368,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,368,442
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Solid Waste Grants	0	19,788	0	0	0	0	0	19,788

(Continued)

Exhibit K-7

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

	Special Revenue Funds					Debt Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>								
Public Safety Grants								
Law Enforcement Training Programs	\$ 14,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,400
Health and Welfare Grants								
Health Department Programs	69,312	0	0	0	0	0	0	69,312
Other Health and Welfare Grants	4,000	0	0	0	0	0	0	4,000
Public Works Grants								
Litter Program	30,564	0	0	0	0	0	0	30,564
Other State Revenues								
Income Tax	92,738	0	0	0	0	0	0	92,738
Beer Tax	18,586	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	62,257	0	0	0	0	0	0	62,257
Mixed Drink Tax	1,746	0	0	0	0	0	0	1,746
State Revenue Sharing - T.V.A.	248,723	0	0	0	0	0	0	248,723
Contracted Prisoner Boarding	612,979	0	0	0	0	0	0	612,979
Gasoline and Motor Fuel Tax	0	0	0	0	1,802,843	0	0	1,802,843
Petroleum Special Tax	0	0	0	0	22,951	0	0	22,951
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164
Total State of Tennessee	\$ 1,179,469	\$ 19,788	\$ 0	\$ 0	\$ 1,825,794	\$ 0	\$ 0	\$ 3,025,051
<u>Federal Government</u>								
Federal Through State								
Homeland Security Grants	\$ 39,932	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,932
Other Federal through State	22,661	0	0	0	0	0	0	22,661
Direct Federal Revenue								
Other Direct Federal Revenue	5,600	0	0	0	0	0	0	5,600
Total Federal Government	\$ 68,193	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,193
<u>Other Governments and Citizens Groups</u>								
Prisoner Board	\$ 795,523	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 795,523
Contributions	25,000	0	0	0	0	143,786	0	168,786
Contracted Services	159,374	80,000	0	0	0	0	0	239,374
Total Other Governments and Citizens Groups	\$ 979,897	\$ 80,000	\$ 0	\$ 0	\$ 0	\$ 143,786	\$ 0	\$ 1,203,683
<u>Total</u>	\$ 7,359,320	\$ 144,816	\$ 24,648	\$ 700	\$ 3,422,118	\$ 1,806,170	\$ 0	\$ 12,757,772

Exhibit K-8

Obion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Obion County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,325,539	\$ 0	\$ 0	\$ 4,325,539
Trustee's Collections - Prior Year	105,315	0	0	105,315
Circuit/Clerk & Master Collections - Prior Years	37,833	0	0	37,833
Interest and Penalty	21,906	0	0	21,906
Payments in-Lieu-of Taxes - Local Utilities	2,585	0	0	2,585
Payments in-Lieu-of Taxes - Other	47,748	0	0	47,748
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,149,612	0	0	3,149,612
Business Tax	81,886	0	0	81,886
<u>Statutory Local Taxes</u>				
Bank Excise Tax	15,556	0	0	15,556
Interstate Telecommunications Tax	1,943	0	0	1,943
Total Local Taxes	\$ 7,789,923	\$ 0	\$ 0	\$ 7,789,923
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,599	\$ 0	\$ 0	\$ 1,599
Total Licenses and Permits	\$ 1,599	\$ 0	\$ 0	\$ 1,599
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 123	\$ 0	\$ 0	\$ 123
<u>Education Charges</u>				
Lunch Payments - Children	0	0	283,230	283,230
Lunch Payments - Adults	0	0	81,378	81,378
A la carte Sales	0	0	140,394	140,394
Transportation - Other State Systems	5,400	0	0	5,400
Receipts from Individual Schools	32,028	0	11,646	43,674
Community Service Fees - Children	79,526	0	0	79,526
<u>Other Charges for Services</u>				
Other Charges for Services	900	0	0	900
Total Charges for Current Services	\$ 117,977	\$ 0	\$ 516,648	\$ 634,625
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,870	\$ 1,870
Lease/Rentals	1	0	0	1
Sale of Materials and Supplies	546	0	337	883
Refund of Telecommunication and Internet Fees (E-Rate)	10,842	0	0	10,842
Retirees' Insurance Payments	3,963	0	0	3,963
Miscellaneous Refunds	33,934	0	57	33,991
<u>Nonrecurring Items</u>				
Sale of Equipment	9,300	0	0	9,300
Damages Recovered from Individuals	674	0	0	674
Contributions and Gifts	24,726	0	0	24,726
Total Other Local Revenues	\$ 83,986	\$ 0	\$ 2,264	\$ 86,250

(Continued)

Exhibit K-8

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 183,303	\$ 0	\$ 0	\$ 183,303
<u>State Education Funds</u>				
Basic Education Program	16,858,624	0	0	16,858,624
Early Childhood Education	475,087	0	0	475,087
School Food Service	0	0	20,482	20,482
Driver Education	16,099	0	0	16,099
Other State Education Funds	121,646	0	0	121,646
Career Ladder Program	150,566	0	0	150,566
Career Ladder - Extended Contract	41,900	0	0	41,900
<u>Other State Revenues</u>				
Mixed Drink Tax	1,250	0	0	1,250
State Revenue Sharing - T.V.A.	500,000	0	0	500,000
Total State of Tennessee	\$ 18,348,475	\$ 0	\$ 20,482	\$ 18,368,957
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 908,911	\$ 908,911
USDA - Commodities	0	0	119,977	119,977
Breakfast	0	0	492,944	492,944
USDA - Other	0	0	25,920	25,920
Adult Education State Grant Program	80,618	0	0	80,618
Vocational Education - Basic Grants to States	0	42,527	0	42,527
Title I Grants to Local Education Agencies	0	523,577	0	523,577
Special Education - Grants to States	71,359	933,750	0	1,005,109
Special Education Preschool Grants	0	60,573	0	60,573
English Language Acquisition Grants	0	22,294	0	22,294
Safe and Drug-free Schools - State Grants	0	72,900	0	72,900
Eisenhower Professional Development State Grants	0	170,328	0	170,328
Race-to-the-Top - ARRA	0	120,783	0	120,783
Other Federal through State	24,547	0	0	24,547
Total Federal Government	\$ 176,524	\$ 1,946,732	\$ 1,547,752	\$ 3,671,008
Total	\$ 26,518,484	\$ 1,946,732	\$ 2,087,146	\$ 30,552,362

Exhibit K-9

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	1,500	
Board and Committee Members Fees		33,800	
Audit Services		9,542	
Dues and Memberships		1,700	
Legal Services		12,000	
Legal Notices, Recording, and Court Costs		416	
Postal Charges		400	
Printing, Stationery, and Forms		149	
Travel		13,084	
Total County Commission			\$ 72,591

Board of Equalization

Board and Committee Members Fees	\$	510	
Legal Notices, Recording, and Court Costs		74	
Travel		198	
Total Board of Equalization			782

Beer Board

Board and Committee Members Fees	\$	300	
Legal Notices, Recording, and Court Costs		33	
Total Beer Board			333

Budget and Finance Committee

Board and Committee Members Fees	\$	11,100	
Accounting Services		1,250	
Travel		783	
Total Budget and Finance Committee			13,133

Other Boards and Committees

Board and Committee Members Fees	\$	2,500	
Travel		83	
Total Other Boards and Committees			2,583

County Mayor/Executive

County Official/Administrative Officer	\$	72,463	
Assistant(s)		100,282	
Dues and Memberships		1,700	
Freight Expenses		43	
Legal Notices, Recording, and Court Costs		515	
Maintenance Agreements		8,262	
Maintenance and Repair Services - Office Equipment		68	
Postal Charges		1,451	
Printing, Stationery, and Forms		1,056	
Travel		5,015	
Data Processing Supplies		716	
Duplicating Supplies		157	
Office Supplies		953	
Premiums on Corporate Surety Bonds		300	
Data Processing Equipment		166	
Furniture and Fixtures		644	
Total County Mayor/Executive			193,791

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	56,465	
Deputy(ies)		46,238	
Election Commission		1,155	
Election Workers		24,018	
Communication		778	
Data Processing Services		439	
Dues and Memberships		250	
Freight Expenses		641	
Janitorial Services		2,100	
Legal Notices, Recording, and Court Costs		7,579	
Maintenance Agreements		11,373	
Maintenance and Repair Services - Buildings		3,764	
Maintenance and Repair Services - Equipment		519	
Pest Control		275	
Postal Charges		3,874	
Printing, Stationery, and Forms		9,467	
Rentals		478	
Travel		2,881	
Other Contracted Services		7,539	
Custodial Supplies		535	
Data Processing Supplies		5,973	
Duplicating Supplies		180	
Office Supplies		211	
Utilities		4,289	
Vehicle and Equipment Insurance		450	
Data Processing Equipment		1,345	
Office Equipment		1,745	
Total Election Commission			\$ 194,561

Register of Deeds

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		51,687	
Dues and Memberships		588	
Freight Expenses		203	
Maintenance Agreements		18,684	
Postal Charges		596	
Printing, Stationery, and Forms		2,698	
Data Processing Supplies		545	
Duplicating Supplies		231	
Office Supplies		356	
Premiums on Corporate Surety Bonds		125	
Office Equipment		71	
Total Register of Deeds			138,523

County Buildings

Custodial Personnel	\$	42,752
Communication		6,477
Data Processing Services		990
Freight Expenses		49
Licenses		165

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Buildings	\$	6,369	
Maintenance and Repair Services - Equipment		766	
Pest Control		772	
Other Contracted Services		15,358	
Custodial Supplies		7,131	
Drugs and Medical Supplies		988	
Food Supplies		416	
Utilities		35,966	
Premiums on Corporate Surety Bonds		746	
Building Improvements		899	
Furniture and Fixtures		281	
Other Capital Outlay		434	
Total County Buildings			\$ 120,559

Preservation of Records

Maintenance and Repair Services - Records	\$	43,892	
Total Preservation of Records			43,892

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		76,164	
Other Salaries and Wages		8,052	
Audit Services		24,965	
Communication		824	
Contracts with Government Agencies		960	
Data Processing Services		18,745	
Dues and Memberships		1,550	
Maintenance and Repair Services - Office Equipment		547	
Postal Charges		9,000	
Printing, Stationery, and Forms		850	
Travel		1,967	
Other Contracted Services		555	
Data Processing Supplies		678	
Duplicating Supplies		284	
Office Supplies		209	
Premiums on Corporate Surety Bonds		348	
Data Processing Equipment		65	
Furniture and Fixtures		142	
Total Property Assessor's Office			208,644

County Trustee's Office

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		59,351	
Part-time Personnel		1,360	
Dues and Memberships		225	
Freight Expenses		8	
Legal Notices, Recording, and Court Costs		321	
Maintenance Agreements		4,757	
Maintenance and Repair Services - Office Equipment		44	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Postal Charges	\$	7,064	
Printing, Stationery, and Forms		180	
Travel		132	
Data Processing Supplies		670	
Duplicating Supplies		75	
Office Supplies		245	
Data Processing Equipment		1,559	
Total County Trustee's Office			\$ 138,730

County Clerk's Office

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		121,113	
Part-time Personnel		3,975	
Bank Charges		30	
Dues and Memberships		628	
Freight Expenses		73	
Maintenance Agreements		15,850	
Postal Charges		2,364	
Printing, Stationery, and Forms		928	
Travel		2,357	
Data Processing Supplies		460	
Duplicating Supplies		477	
Office Supplies		954	
Premiums on Corporate Surety Bonds		350	
Office Equipment		1,260	
Total County Clerk's Office			213,558

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		48,300	
Board and Committee Members Fees		100	
Jury and Witness Expense		6,859	
Bank Charges		35	
Dues and Memberships		573	
Freight Expenses		156	
Legal Notices, Recording, and Court Costs		169	
Maintenance Agreements		6,108	
Postal Charges		2,094	
Printing, Stationery, and Forms		1,311	
Travel		1,761	
Data Processing Supplies		668	
Duplicating Supplies		791	
Office Supplies		557	
Premiums on Corporate Surety Bonds		300	
Other Charges		3,042	
Data Processing Equipment		685	
Total Circuit Court			136,248

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	101,874	
Deputy(ies)		108,627	
Other Per Diem and Fees		9,600	
Dues and Memberships		100	
Freight Expenses		224	
Maintenance Agreements		3,682	
Postal Charges		1,194	
Printing, Stationery, and Forms		1,377	
Travel		2,743	
Data Processing Supplies		540	
Office Supplies		381	
Data Processing Equipment		465	
Furniture and Fixtures		489	
Total General Sessions Court			\$ 231,296

Chancery Court

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		58,891	
Part-time Personnel		3,440	
Bank Charges		50	
Dues and Memberships		573	
Freight Expenses		429	
Maintenance Agreements		6,799	
Postal Charges		2,366	
Printing, Stationery, and Forms		3,204	
Travel		40	
Other Contracted Services		953	
Data Processing Supplies		258	
Duplicating Supplies		281	
Library Books/Media		285	
Office Supplies		916	
Premiums on Corporate Surety Bonds		223	
Furniture and Fixtures		36	
Total Chancery Court			141,483

Juvenile Court

Judge(s)	\$	50,314
Youth Service Officer(s)		79,363
Communication		239
Contracts with Private Agencies		2,365
Dues and Memberships		325
Freight Expenses		87
Maintenance and Repair Services - Equipment		354
Maintenance and Repair Services - Office Equipment		59
Postal Charges		231
Printing, Stationery, and Forms		56
Travel		3,031
Data Processing Supplies		185
Drugs and Medical Supplies		375
Duplicating Supplies		159

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Library Books/Media	\$	235	
Office Supplies		179	
Total Juvenile Court			\$ 137,557

Juvenile Court Clerk

Deputy(ies)	\$	43,408	
Freight Expenses		60	
Postal Charges		45	
Printing, Stationery, and Forms		770	
Office Supplies		214	
Total Juvenile Court Clerk			44,497

Courtroom Security

Guards	\$	56,620	
Attendants		148,176	
Overtime Pay		3,138	
In-Service Training		1,200	
Maintenance and Repair Services - Equipment		409	
Communication Equipment		675	
Total Courtroom Security			210,218

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	69,013	
Dispatchers/Radio Operators		214,927	
Clerical Personnel		91,908	
Part-time Personnel		312	
School Resource Officer		77,845	
Overtime Pay		26,558	
Other Salaries and Wages		733,646	
In-Service Training		13,625	
Communication		4,392	
Contracts with Government Agencies		670	
Contracts with Private Agencies		100	
Data Processing Services		1,559	
Dues and Memberships		2,339	
Freight Expenses		836	
Legal Notices, Recording, and Court Costs		128	
Maintenance and Repair Services - Equipment		6,725	
Maintenance and Repair Services - Office Equipment		2,150	
Maintenance and Repair Services - Vehicles		25,918	
Postal Charges		4,815	
Printing, Stationery, and Forms		2,393	
Rentals		20,750	
Travel		3,707	
Other Contracted Services		2,900	
Custodial Supplies		3,739	
Data Processing Supplies		8,101	
Duplicating Supplies		693	
Gasoline		128,155	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Supplies	\$	140	
Office Supplies		2,117	
Tires and Tubes		8,489	
Uniforms		3,716	
Premiums on Corporate Surety Bonds		592	
Vehicle and Equipment Insurance		22,850	
Communication Equipment		3,701	
Data Processing Equipment		5,621	
Furniture and Fixtures		962	
Law Enforcement Equipment		1,656	
Motor Vehicles		72,885	
Total Sheriff's Department			\$ 1,570,633

Jail

Guards	\$	668,704	
Cafeteria Personnel		45,130	
Maintenance Personnel		35,706	
Part-time Personnel		13,555	
Overtime Pay		5,830	
In-Service Training		1,650	
Contracts with Government Agencies		2,010	
Contracts with Other Public Agencies		5,203	
Evaluation and Testing		170	
Freight Expenses		2,578	
Maintenance and Repair Services - Buildings		13,404	
Maintenance and Repair Services - Equipment		14,702	
Maintenance and Repair Services - Office Equipment		453	
Medical and Dental Services		117,043	
Pest Control		550	
Postal Charges		3,958	
Printing, Stationery, and Forms		1,455	
Transportation - Other than Students		1,199	
Travel		1,337	
Custodial Supplies		27,307	
Data Processing Supplies		2,568	
Duplicating Supplies		595	
Food Supplies		146,229	
Gasoline		67	
Office Supplies		810	
Prisoners Clothing		1,948	
Uniforms		4,390	
Utilities		107,053	
Other Supplies and Materials		14,228	
Building and Contents Insurance		16,500	
Communication Equipment		3,115	
Data Processing Equipment		3,486	
Food Service Equipment		405	
Furniture and Fixtures		4,850	
Office Equipment		300	
Total Jail			1,268,488

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 49,939	
Communication	2,190	
Dues and Memberships	103	
Freight Expenses	23	
Maintenance and Repair Services - Vehicles	148	
Travel	2,327	
Food Supplies	99	
Gasoline	529	
Uniforms	350	
Communication Equipment	468	
Data Processing Equipment	38	
Other Equipment	726	
Total Other Emergency Management		56,940

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 4,950	
Contracts with Government Agencies	19,740	
Transportation - Other than Students	4,500	
Total County Coroner/Medical Examiner		29,190

Public Safety Grant Programs

Law Enforcement Supplies	\$ 1,400	
Law Enforcement Equipment	5,000	
Other Equipment	51,056	
Total Public Safety Grant Programs		57,456

Other Public Safety

Contributions	\$ 6,000	
Total Other Public Safety		6,000

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 52,261	
Social Security	3,933	
State Retirement	3,004	
Life Insurance	60	
Medical Insurance	6,469	
Unemployment Compensation	184	
Communication	3,811	
Contracts with Private Agencies	103	
Dues and Memberships	200	
Janitorial Services	11,736	
Maintenance and Repair Services - Buildings	1,264	
Maintenance and Repair Services - Equipment	362	
Pest Control	312	
Postal Charges	176	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Travel	\$	1,184	
Other Contracted Services		2,985	
Custodial Supplies		940	
Drugs and Medical Supplies		260	
Duplicating Supplies		115	
Food Supplies		115	
Office Supplies		11	
Utilities		13,551	
Workers' Compensation Insurance		1,258	
Building Improvements		3,490	
Total Local Health Center			\$ 107,784

Alcohol and Drug Programs

Drug Treatment	\$	26,032	
Total Alcohol and Drug Programs			26,032

Other Local Health Services

Contributions	\$	2,500	
Other Contracted Services		3,000	
Total Other Local Health Services			5,500

Appropriation to State

Contracts with Government Agencies	\$	72,053	
Total Appropriation to State			72,053

General Welfare Assistance

Pauper Burials	\$	1,000	
Total General Welfare Assistance			1,000

Sanitation Education/Information

Foremen	\$	13,494	
Social Security		1,032	
Unemployment Compensation		265	
Advertising		12,400	
Maintenance and Repair Services - Vehicles		562	
Travel		1,190	
Food Supplies		1,558	
Gasoline		58	
Uniforms		236	
Other Supplies and Materials		6,011	
Workers' Compensation Insurance		661	
Total Sanitation Education/Information			37,467

Other Public Health and Welfare

Other Supplies and Materials	\$	4,241	
Total Other Public Health and Welfare			4,241

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	27,500	
Total Senior Citizens Assistance			27,500

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$ 337,820	
Total Libraries		\$ 337,820

Parks and Fair Boards

Contributions	\$ 4,000	
Total Parks and Fair Boards		4,000

Other Social, Cultural, and Recreational

Contributions	\$ 1,000	
Total Other Social, Cultural, and Recreational		1,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 55,107	
Temporary Personnel	420	
Social Security	4,216	
State Retirement	8,860	
Communication	1,968	
Data Processing Services	901	
Janitorial Services	2,100	
Maintenance and Repair Services - Buildings	265	
Maintenance and Repair Services - Vehicles	83	
Pest Control	390	
Other Contracted Services	3,200	
Custodial Supplies	126	
Utilities	4,875	
Office Equipment	300	
Total Agriculture Extension Service		82,811

Soil Conservation

Secretary(ies)	\$ 24,800	
Total Soil Conservation		24,800

Flood Control

Contributions	\$ 25,113	
Total Flood Control		25,113

Other Operations

Tourism

Remittance of Revenue Collected	\$ 16,299	
Total Tourism		16,299

Industrial Development

Contracts with Other Public Agencies	\$ 58,967	
Contributions	11,000	
Dues and Memberships	9,106	
Matching Share	1,000	
Total Industrial Development		80,073

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Contributions	\$	20,000	
Airport Improvement		143,786	
Total Airport			\$ 163,786

Veterans' Services

Other Per Diem and Fees	\$	500	
Contributions		14,066	
Matching Share		399	
Data Processing Equipment		977	
Office Equipment		140	
Total Veterans' Services			16,082

Other Charges

Contracts with Government Agencies	\$	3,500	
Dues and Memberships		626	
Legal Services		4,625	
Legal Notices, Recording, and Court Costs		22	
Maintenance Agreements		840	
Boiler Insurance		2,900	
Building and Contents Insurance		3,295	
Liability Insurance		72,800	
Trustee's Commission		63,204	
Total Other Charges			151,812

Contributions to Other Agencies

Dues and Memberships	\$	1,674	
Total Contributions to Other Agencies			1,674

Employee Benefits

Social Security	\$	284,246	
State Retirement		229,534	
Employee and Dependent Insurance		273,800	
Life Insurance		2,534	
Unemployment Compensation		5,795	
Workers' Compensation Insurance		43,534	
Total Employee Benefits			839,443

Miscellaneous

Other Salaries and Wages	\$	14,020	
Total Miscellaneous			14,020

Instruction

Vocational Education Program

Contracts with Government Agencies	\$	75,740	
Total Vocational Education Program			75,740

Total General Fund \$ 7,357,736

(Continued)

Exhibit K-9

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Problem Waste Centers

Other Contracted Services	\$ 30,980	
Total Problem Waste Centers		\$ 30,980

Recycling Center

Supervisor/Director	\$ 40,035	
Attendants	26,555	
Board and Committee Members Fees	4,300	
Social Security	5,299	
State Retirement	2,570	
Life Insurance	30	
Unemployment Compensation	250	
Advertising	725	
Communication	1,069	
Data Processing Services	329	
Dues and Memberships	100	
Freight Expenses	432	
Maintenance and Repair Services - Buildings	734	
Maintenance and Repair Services - Equipment	1,161	
Maintenance and Repair Services - Office Equipment	75	
Maintenance and Repair Services - Vehicles	1,616	
Postal Charges	199	
Printing, Stationery, and Forms	622	
Travel	390	
Other Contracted Services	22,684	
Custodial Supplies	276	
Data Processing Supplies	315	
Diesel Fuel	4,030	
Equipment and Machinery Parts	515	
Food Supplies	127	
Gasoline	1,954	
General Construction Materials	48	
Small Tools	10	
Uniforms	200	
Utilities	4,299	
Other Supplies and Materials	234	
Building and Contents Insurance	529	
Trustee's Commission	482	
Vehicle and Equipment Insurance	230	
Workers' Compensation Insurance	4,500	
Solid Waste Equipment	1,250	
Total Recycling Center		128,174

Total Solid Waste/Sanitation Fund		\$ 159,154
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Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$ 285	
Communication	482	
Data Processing Services		

(Continued)

Exhibit K-9

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Confidential Drug Enforcement Payments	\$	638	
Dues and Memberships		45	
Freight Expenses		164	
Rentals		21,138	
Travel		4,994	
Veterinary Services		711	
Animal Food and Supplies		453	
Other Supplies and Materials		4,193	
Trustee's Commission		246	
Other Charges		455	
Communication Equipment		1,382	
Total Drug Enforcement			\$ 35,386

Total Drug Control Fund \$ 35,386

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	700	
Total Chancery Court			\$ 700

Total Constitutional Officers - Fees Fund 700

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	69,013	
Secretary to Board		900	
Secretary(ies)		67,617	
Board and Committee Members Fees		8,800	
Communication		5,962	
Data Processing Services		4,404	
Dues and Memberships		3,023	
Maintenance and Repair Services - Office Equipment		534	
Postal Charges		506	
Printing, Stationery, and Forms		1,473	
Travel		1,622	
Electricity		14,325	
Natural Gas		2,392	
Office Supplies		2,211	
Water and Sewer		2,605	
Total Administration			\$ 185,387

Highway and Bridge Maintenance

Foremen	\$	199,025	
Equipment Operators		197,860	
Truck Drivers		152,028	
Laborers		331,349	
Asphalt		519,083	
Asphalt - Cold Mix		353,910	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Concrete	\$	30,975	
Crushed Stone		297,857	
General Construction Materials		42,895	
Pipe - Metal		64,351	
Road Signs		11,190	
Wood Products		7,440	
Total Highway and Bridge Maintenance	\$		2,207,963

Operation and Maintenance of Equipment

Mechanic(s)	\$	69,067	
Janitorial Services		3,033	
Diesel Fuel		258,062	
Equipment and Machinery Parts		112,820	
Garage Supplies		12,380	
Gasoline		72,556	
Lubricants		9,150	
Small Tools		500	
Tires and Tubes		35,102	
Total Operation and Maintenance of Equipment			572,670

Other Charges

Building and Contents Insurance	\$	8,619	
Liability Insurance		13,000	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		37,164	
Vehicle and Equipment Insurance		30,924	
Workers' Compensation Insurance		48,223	
Other Charges		11,624	
Total Other Charges			149,904

Employee Benefits

Social Security	\$	80,627	
State Retirement		65,580	
Employee and Dependent Insurance		102,870	
Unemployment Compensation		1,328	
Total Employee Benefits			250,405

Capital Outlay

Other Contracted Services	\$	127,363	
Building Construction		13,520	
Communication Equipment		13,143	
Data Processing Equipment		3,605	
Highway Equipment		354,960	
Office Equipment		598	
Total Capital Outlay			513,189

Total Highway/Public Works Fund \$ 3,879,518

(Continued)

Exhibit K-9

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 112,762	
Total General Government		\$ 112,762

Education

Principal on Bonds	\$ 15,000	
Principal on Other Loans	536,000	
Total Education		551,000

Interest on Debt

General Government

Interest on Notes	\$ 54	
Total General Government		54

Education

Interest on Bonds	\$ 330,038	
Interest on Other Loans	22,275	
Total Education		352,313

Other Debt Service

General Government

Contributions	\$ 12,812	
Trustee's Commission	32,111	
Total General Government		44,923

Education

Other Debt Service	\$ 42,841	
Total Education		42,841

Total General Debt Service Fund		\$ 1,103,893
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Total Governmental Funds - Primary Government		<u>\$ 12,536,387</u>
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Obion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Obion County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,505,234	
Career Ladder Program		77,442	
Career Ladder Extended Contracts		35,037	
Homebound Teachers		20,956	
Educational Assistants		181,842	
Certified Substitute Teachers		38,583	
Non-certified Substitute Teachers		100,408	
Social Security		516,875	
State Retirement		766,311	
Life Insurance		8,217	
Medical Insurance		1,300,658	
Unemployment Compensation		16,981	
Employer Medicare		121,427	
Operating Lease Payments		28,241	
Licenses		40,778	
Maintenance and Repair Services - Equipment		11,954	
Travel		13,351	
Instructional Supplies and Materials		420,781	
Textbooks		244,740	
Regular Instruction Equipment		131,688	
Total Regular Instruction Program	\$		12,581,504

Alternative Instruction Program

Teachers	\$	85,163	
Career Ladder Program		500	
Educational Assistants		16,227	
Certified Substitute Teachers		270	
Non-certified Substitute Teachers		262	
Social Security		6,245	
State Retirement		8,637	
Life Insurance		126	
Medical Insurance		5,893	
Unemployment Compensation		260	
Employer Medicare		1,461	
Drugs and Medical Supplies		325	
Instructional Supplies and Materials		284	
Total Alternative Instruction Program			125,653

Special Education Program

Teachers	\$	1,010,250	
Career Ladder Program		14,250	
Homebound Teachers		25,856	
Educational Assistants		80,429	
Speech Pathologist		130,790	
Certified Substitute Teachers		2,620	
Non-certified Substitute Teachers		10,085	
Social Security		75,110	
State Retirement		110,031	
Life Insurance		1,272	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	177,268	
Unemployment Compensation		2,393	
Employer Medicare		17,593	
Contracts with Private Agencies		92,480	
Other Supplies and Materials		223	
Total Special Education Program	\$		1,750,650

Vocational Education Program

Teachers	\$	764,899	
Career Ladder Program		3,000	
Certified Substitute Teachers		3,675	
Non-certified Substitute Teachers		12,688	
Social Security		45,672	
State Retirement		67,521	
Life Insurance		680	
Medical Insurance		115,140	
Unemployment Compensation		1,432	
Employer Medicare		10,781	
Operating Lease Payments		2,518	
Maintenance and Repair Services - Equipment		1,739	
Instructional Supplies and Materials		33,239	
Textbooks		58,456	
Vocational Instruction Equipment		26,453	
Total Vocational Education Program			1,147,893

Student Body Education Program

Paraprofessionals	\$	39,275	
Social Security		2,435	
Unemployment Compensation		264	
Employer Medicare		570	
Travel		10,059	
Drugs and Medical Supplies		3,465	
Instructional Supplies and Materials		26,347	
Regular Instruction Equipment		5,519	
Total Student Body Education Program			87,934

Adult Education Program

Teachers	\$	22,349	
Social Security		1,386	
State Retirement		430	
Unemployment Compensation		147	
Employer Medicare		324	
Operating Lease Payments		1,105	
Instructional Supplies and Materials		1,319	
Total Adult Education Program			27,060

Support Services

Attendance

Supervisor/Director	\$	31,929	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Career Ladder Program	\$	500	
Data Processing Personnel		37,903	
Social Security		4,238	
State Retirement		5,315	
Life Insurance		58	
Medical Insurance		4,309	
Unemployment Compensation		115	
Employer Medicare		991	
Communication		9,163	
Data Processing Services		2,985	
Maintenance Agreements		10,664	
Travel		65	
Instructional Supplies and Materials		1,460	
Office Supplies		3,241	
In Service/Staff Development		3,793	
Total Attendance			\$ 116,729

Health Services

Supervisor/Director	\$	49,265	
Medical Personnel		161,360	
Social Security		11,951	
State Retirement		14,733	
Life Insurance		268	
Medical Insurance		19,887	
Unemployment Compensation		547	
Employer Medicare		2,795	
Communication		825	
Dues and Memberships		678	
Operating Lease Payments		2,360	
Medical and Dental Services		4,701	
Postal Charges		438	
Printing, Stationery, and Forms		1,558	
Travel		114	
Drugs and Medical Supplies		10,072	
Food Supplies		648	
Instructional Supplies and Materials		29,148	
Office Supplies		874	
Medical Claims		888	
In Service/Staff Development		1,033	
Total Health Services			314,143

Other Student Support

Career Ladder Program	\$	8,000	
Guidance Personnel		394,147	
Secretary(ies)		15,092	
Social Security		24,272	
State Retirement		36,428	
Life Insurance		357	
Medical Insurance		62,155	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Unemployment Compensation	\$	641	
Employer Medicare		5,677	
Evaluation and Testing		14,619	
Postal Charges		368	
Instructional Supplies and Materials		1,883	
Office Supplies		750	
In Service/Staff Development		2,945	
Total Other Student Support			\$ 567,334

Regular Instruction Program

Supervisor/Director	\$	338,989	
Career Ladder Program		13,000	
Librarians		336,401	
Assessment Personnel		53,725	
Secretary(ies)		26,622	
Educational Assistants		26,561	
Other Salaries and Wages		23,258	
Social Security		43,811	
State Retirement		69,874	
Life Insurance		619	
Medical Insurance		90,435	
Unemployment Compensation		1,140	
Employer Medicare		10,971	
Evaluation and Testing		710	
Printing, Stationery, and Forms		14,656	
Travel		5,701	
Instructional Supplies and Materials		233	
Library Books/Media		41,610	
Office Supplies		4,329	
Periodicals		1,890	
In Service/Staff Development		41,013	
Total Regular Instruction Program			1,145,548

Alternative Instruction Program

Supervisor/Director	\$	31,929	
Career Ladder Program		500	
Social Security		1,888	
State Retirement		2,884	
Life Insurance		20	
Medical Insurance		4,309	
Unemployment Compensation		29	
Employer Medicare		442	
Travel		18	
In Service/Staff Development		621	
Total Alternative Instruction Program			42,640

Special Education Program

Supervisor/Director	\$	73,682	
Career Ladder Program		1,000	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	4,371	
State Retirement		6,642	
Life Insurance		38	
Medical Insurance		7,874	
Unemployment Compensation		64	
Employer Medicare		1,022	
Travel		32,975	
Total Special Education Program			\$ 127,668

Vocational Education Program

Office Supplies	\$	166	
In Service/Staff Development		1,138	
Total Vocational Education Program			1,304

Adult Programs

Supervisor/Director	\$	54,268	
Social Security		3,267	
State Retirement		4,827	
Life Insurance		41	
Medical Insurance		5,988	
Unemployment Compensation		72	
Employer Medicare		764	
Communication		256	
Travel		267	
In Service/Staff Development		3,436	
Total Adult Programs			73,186

Other Programs

On-Behalf Payments to OPEB	\$	183,303	
Total Other Programs			183,303

Board of Education

Board and Committee Members Fees	\$	7,575	
Social Security		355	
Life Insurance		209	
Unemployment Compensation		5	
Employer Medicare		110	
Advertising		3,051	
Audit Services		10,500	
Dues and Memberships		5,707	
Legal Services		195	
Rentals		87	
Maintenance and Repair Services - Records		2,500	
Liability Insurance		36,099	
Premiums on Corporate Surety Bonds		8,750	
Trustee's Commission		177,764	
Workers' Compensation Insurance		193,350	
In Service/Staff Development		5,488	
Refund to Applicant for Criminal Investigation		1,688	
Other Charges		15,802	
Total Board of Education			469,235

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	104,740	
Career Ladder Program		1,000	
Secretary(ies)		29,642	
Social Security		8,498	
State Retirement		17,696	
Life Insurance		82	
Medical Insurance		19,339	
Dental Insurance		1,319	
Unemployment Compensation		142	
Employer Medicare		2,072	
Other Fringe Benefits		299	
Communication		3,141	
Dues and Memberships		1,970	
Operating Lease Payments		1,995	
Maintenance and Repair Services - Equipment		1,798	
Postal Charges		5,868	
Travel		4,875	
Office Supplies		2,118	
In Service/Staff Development		3,100	
Total Director of Schools			\$ 209,694

Office of the Principal

Principals	\$	506,154	
Career Ladder Program		11,000	
Accountants/Bookkeepers		122,521	
Assistant Principals		537,850	
Secretary(ies)		172,185	
Social Security		80,820	
State Retirement		111,608	
Life Insurance		1,178	
Medical Insurance		116,466	
Unemployment Compensation		2,190	
Employer Medicare		18,902	
Communication		21,677	
Dues and Memberships		4,550	
Maintenance Agreements		5,830	
Travel		3,157	
Other Contracted Services		250	
Office Supplies		3,701	
In Service/Staff Development		3,391	
Total Office of the Principal			1,723,430

Fiscal Services

Supervisor/Director	\$	51,268	
Accountants/Bookkeepers		74,714	
Social Security		7,189	
State Retirement		8,078	
Life Insurance		136	
Medical Insurance		11,118	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Unemployment Compensation	\$	254	
Employer Medicare		1,681	
Maintenance Agreements		8,944	
Maintenance and Repair Services - Equipment		270	
Travel		21	
Office Supplies		11,506	
In Service/Staff Development		1,134	
Total Fiscal Services			\$ 176,313

Operation of Plant

Supervisor/Director	\$	18,558	
Custodial Personnel		715,265	
Social Security		42,132	
State Retirement		42,052	
Life Insurance		1,622	
Medical Insurance		69,005	
Unemployment Compensation		2,918	
Employer Medicare		9,853	
Laundry Service		326	
Maintenance and Repair Services - Equipment		3,492	
Pest Control		6,716	
Custodial Supplies		87,351	
Electricity		873,464	
Natural Gas		221,066	
Small Tools		4,333	
Water and Sewer		139,842	
Boiler Insurance		7,001	
Building and Contents Insurance		127,553	
Plant Operation Equipment		1,395	
Total Operation of Plant			2,373,944

Maintenance of Plant

Supervisor/Director	\$	75,222	
Secretary(ies)		25,688	
Maintenance Personnel		294,477	
Social Security		23,093	
State Retirement		24,656	
Life Insurance		405	
Medical Insurance		16,023	
Unemployment Compensation		893	
Employer Medicare		5,545	
Communication		3,004	
Maintenance Agreements		5,613	
Maintenance and Repair Services - Buildings		144,576	
Maintenance and Repair Services - Equipment		15,321	
Postal Charges		29	
Permits		3,430	
Drugs and Medical Supplies		25	
Fertilizer, Lime, and Seed		758	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Office Supplies	\$	957	
Propane Gas		200	
Small Tools		2,686	
Gravel and Chert		557	
Maintenance Equipment		11,724	
Total Maintenance of Plant			\$ 654,882

Transportation

Supervisor/Director	\$	73,338	
Mechanic(s)		130,356	
Bus Drivers		490,146	
Secretary(ies)		22,207	
Social Security		38,748	
State Retirement		40,436	
Life Insurance		1,653	
Medical Insurance		55,704	
Unemployment Compensation		2,980	
Employer Medicare		9,579	
Communication		1,561	
Laundry Service		1,117	
Licenses		13,823	
Maintenance and Repair Services - Equipment		3,120	
Maintenance and Repair Services - Vehicles		11,329	
Medical and Dental Services		5,330	
Rentals		2,700	
Travel		337	
Diesel Fuel		267,376	
Garage Supplies		982	
Gasoline		53,011	
Lubricants		8,168	
Office Supplies		958	
Small Tools		720	
Tires and Tubes		27,885	
Vehicle Parts		59,535	
Vehicle and Equipment Insurance		39,382	
In Service/Staff Development		2,638	
Transportation Equipment		198,419	
Total Transportation			1,563,538

Central and Other

Assistant(s)	\$	48,590	
Supervisor/Director		67,762	
Social Security		6,981	
State Retirement		7,671	
Life Insurance		133	
Medical Insurance		2,943	
Unemployment Compensation		280	
Employer Medicare		1,633	
Communication		1,272	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Data Processing Services	\$	70,453	
Dues and Memberships		30	
In Service/Staff Development		2,510	
Data Processing Equipment		4,236	
Total Central and Other			\$ 214,494

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	47,759	
Other Salaries and Wages		97,102	
Social Security		7,505	
State Retirement		8,731	
Unemployment Compensation		1,366	
Employer Medicare		2,041	
Printing, Stationery, and Forms		139	
Other Contracted Services		50	
Food Supplies		528	
Instructional Supplies and Materials		16,202	
In Service/Staff Development		406	
Total Community Services			181,829

Early Childhood Education

Supervisor/Director	\$	13,178	
Teachers		211,867	
Educational Assistants		74,515	
Certified Substitute Teachers		862	
Non-certified Substitute Teachers		4,702	
Social Security		17,377	
State Retirement		23,704	
Life Insurance		414	
Medical Insurance		46,933	
Unemployment Compensation		721	
Employer Medicare		4,067	
Advertising		1,463	
Dues and Memberships		259	
Food Supplies		2,834	
Instructional Supplies and Materials		35,562	
In Service/Staff Development		10,744	
Other Equipment		20,978	
Total Early Childhood Education			470,180

Capital Outlay

Regular Capital Outlay

Other Salaries and Wages	\$	12,132	
Social Security		752	
Unemployment Compensation		46	
Employer Medicare		176	
Engineering Services		13,546	
Building Improvements		412,346	
Total Regular Capital Outlay			438,998

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Principal on Notes	\$ 500,000	
Total Education		\$ 500,000

Interest on Debt

Education

Interest on Notes	\$ 16,125	
Total Education		<u>16,125</u>

Total General Purpose School Fund \$ 27,285,211

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 461,404	
Educational Assistants	29,027	
Certified Substitute Teachers	4,395	
Non-certified Substitute Teachers	6,785	
Social Security	28,530	
State Retirement	38,986	
Life Insurance	490	
Medical Insurance	75,596	
Unemployment Compensation	1,112	
Employer Medicare	6,696	
Maintenance and Repair Services - Equipment	90	
Instructional Supplies and Materials	30,737	
Regular Instruction Equipment	<u>46,689</u>	
Total Regular Instruction Program		\$ 730,537

Special Education Program

Teachers	\$ 37,889	
Educational Assistants	362,413	
Non-certified Substitute Teachers	1,155	
Social Security	23,321	
State Retirement	21,217	
Life Insurance	944	
Medical Insurance	36,020	
Unemployment Compensation	1,858	
Employer Medicare	5,455	
Contracts with Other Public Agencies	102,563	
Contracts with Private Agencies	2,812	
Maintenance and Repair Services - Equipment	1,229	
Instructional Supplies and Materials	23,947	
Other Supplies and Materials	2,101	
Special Education Equipment	<u>17,634</u>	
Total Special Education Program		640,558

Vocational Education Program

Vocational Instruction Equipment	\$ 28,420	
Total Vocational Education Program		28,420

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

Medical Personnel	\$	15,368	
Social Security		953	
State Retirement		970	
Life Insurance		20	
Medical Insurance		1,962	
Unemployment Compensation		41	
Employer Medicare		223	
Total Health Services			\$ 19,537

Other Student Support

Bus Drivers	\$	1,000	
Contracts with Other School Systems		9,805	
Travel		10,640	
Other Charges		4,099	
Total Other Student Support			25,544

Regular Instruction Program

Supervisor/Director	\$	27,376	
Other Salaries and Wages		15,033	
Social Security		1,697	
State Retirement		2,431	
Life Insurance		17	
Medical Insurance		3,347	
Unemployment Compensation		149	
Employer Medicare		615	
Travel		1,504	
In Service/Staff Development		18,706	
Total Regular Instruction Program			70,875

Special Education Program

Assessment Personnel	\$	47,155	
Secretary(ies)		27,022	
Social Security		4,177	
State Retirement		5,922	
Life Insurance		82	
Medical Insurance		10,231	
Unemployment Compensation		140	
Employer Medicare		977	
Travel		2,151	
Other Contracted Services		63,677	
In Service/Staff Development		3,534	
Total Special Education Program			165,068

Vocational Education Program

Travel	\$	2,466	
Total Vocational Education Program			2,466

Transportation

Bus Drivers	\$	53,086	
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(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Social Security	\$	2,650	
State Retirement		2,465	
Life Insurance		167	
Unemployment Compensation		235	
Employer Medicare		746	
Maintenance and Repair Services - Vehicles		1,000	
Diesel Fuel		2,700	
Garage Supplies		496	
Tires and Tubes		2,453	
Vehicle Parts		492	
Total Transportation			\$ 66,490

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	53,856	
Social Security		2,591	
State Retirement		1,756	
Life Insurance		5	
Unemployment Compensation		255	
Employer Medicare		744	
Other Contracted Services		889	
Food Supplies		664	
Instructional Supplies and Materials		8,821	
In Service/Staff Development		3,319	
Total Community Services			72,900

Total School Federal Projects Fund \$ 1,822,395

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	53,368
Accountants/Bookkeepers		15,087
Clerical Personnel		15,814
Cafeteria Personnel		718,460
Maintenance Personnel		17,619
Social Security		48,960
State Retirement		48,493
Life Insurance		1,887
Medical Insurance		33,808
Unemployment Compensation		3,630
Employer Medicare		11,453
Advertising		185
Audit Services		3,000
Dues and Memberships		448
Maintenance Agreements		4,079
Maintenance and Repair Services - Equipment		29,565
Pest Control		1,368
Postal Charges		500

(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Transportation - Other than Students	\$	12,879	
Disposal Fees		31,762	
Permits		560	
Custodial Supplies		15,917	
Food Preparation Supplies		72,742	
Food Supplies		844,334	
Office Supplies		8,238	
USDA - Commodities		119,977	
Trustee's Commission		1	
Surcharge		3,200	
In Service/Staff Development		5,822	
Food Service Equipment		68,101	
Total Food Service			\$ 2,191,257

Total Central Cafeteria Fund \$ 2,191,257

Total Governmental Funds - Obion County School Department \$ 31,298,863

Exhibit K-11

Obion County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Special School District Fund	City School ADA - Union City Fund	Total
<u>Cash Receipts</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 23,842	\$ 0	\$ 1,707,615	\$ 1,731,457
Trustee's Collections - Prior Year	0	2,573	0	52,267	54,840
Clerk and Master Collections - Prior Years	0	0	343	14,954	15,297
Interest and Penalty	0	788	0	9,132	9,920
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	1,022	1,022
Payments in-Lieu-of Taxes - Other	0	0	0	18,713	18,713
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,900,524	0	0	1,247,682	5,148,206
Business Tax	0	0	0	32,564	32,564
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	6,152	6,152
Interstate Telecommunications Tax	0	0	0	734	734
<u>School District Property Taxes</u>					
Current Property Tax	0	0	82,916	0	82,916
Prior Year's Property Tax	0	0	2,252	0	2,252
Interest and Penalty	0	0	299	0	299
<u>Licenses and Permits</u>					
Marriage Licenses	0	0	0	681	681
<u>State of Tennessee</u>					
Mixed Drink Tax	0	0	0	485	485
Total Cash Receipts	\$ 3,900,524	\$ 27,203	\$ 85,810	\$ 3,092,001	\$ 7,105,538
<u>Cash Disbursements</u>					
Remittance of Revenues Collected	\$ 3,861,519	\$ 26,391	\$ 84,009	\$ 3,042,436	\$ 7,014,355
Trustee's Commission	39,005	544	1,715	47,911	89,175
Total Cash Disbursements	\$ 3,900,524	\$ 26,935	\$ 85,724	\$ 3,090,347	\$ 7,103,530
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 268	\$ 86	\$ 1,654	\$ 2,008
Cash Balance, July 1, 2012	0	122	855	28,414	29,391
Cash Balance, June 30, 2013	\$ 0	\$ 390	\$ 941	\$ 30,068	\$ 31,399

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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Obion County's basic financial statements, and have issued our report thereon dated December 13, 2013. Our report includes a reference to other auditors who audited the financial statements of the Obion County Nursing Home (a major fund and the entire business-type activities), and the Obion County Emergency Communications District (a discretely presented component unit) as described in our report on Obion 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 Obion 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 Obion County's internal control. Accordingly, we do not express an opinion on the effectiveness of Obion 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-002, 2013-005, 2013-006, and 2013-007.

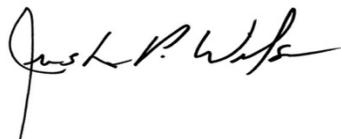
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Obion 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001, 2013-003, and 2013-004.

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 result 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 Obion 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

December 13, 2013

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Obion 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 Obion 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 Obion 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.

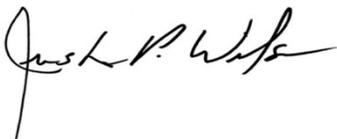
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Obion County's basic financial statements. We issued our report thereon dated December 13, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 13, 2013

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 492,944
National School Lunch Program	10.555	N/A	934,831 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	119,977 (4)
Total U.S. Department of Agriculture			\$ 1,547,752
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	GG1029856	\$ 9,000
Total U.S. Department of Justice			\$ 9,000
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	1212-300-002-YTHPT	\$ 24,547
Total U.S. Department of Labor			\$ 24,547
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 80,618
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	523,577
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,007,327
Special Education - Preschool Grants	84.173	N/A	60,735
Career and Technical Education - Basic Grants to States	84.048	N/A	42,527
Safe and Drug-free Schools and Communities - State Grants	84.186	(3)	107
Twenty-first Century Community Learning Centers	84.287	N/A	72,900
English Language Acquisition State Grants	84.365	N/A	22,298
Improving Teacher Quality State Grants	84.367	N/A	152,005
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	119,740
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	9,578
Total U.S. Department of Education			\$ 2,091,412
U.S. Department of Health and Human Services:			
Passed-through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC 13-1560	\$ 4,000
Total U.S. Department of Health and Human Services			\$ 4,000
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 22,661
Homeland Security Grant Program	97.067	(3)	39,932
Total U.S. Department of Homeland Security			\$ 62,593
Total Federal Awards			\$ 3,739,304

(Continued)

Obion 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>			
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	25703	\$ 19,788
Preventive Health and Human Services - State Department of Health	N/A	GG-11-3-09	69,312
Litter Program - State Department of Transportation	N/A	Z13LIT066	30,564
Early Childhood Education - State Department of Education	N/A	(3)	475,087
ConnectTenn - State Department of Education	N/A	(3)	12,068
Coordinated School Health - State Department of Education	N/A	(3)	<u>100,000</u>
Total State Grants			<u>\$ 706,819</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) PO 18944: \$72,379; PO 22456: \$8,239.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$1,054,808.

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

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

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.01	165	Expenditures exceeded appropriations

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.03	166	The Highway Department did not maintain a system to account for some road materials

OFFICES OF TRUSTEE; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.05	167	Duties were not segregated adequately

OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.06	167	Multiple employees operated from the same cash drawer

OBION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Obion County is unmodified.
2. The audit of the financial statements of Obion County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Obion County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Obion County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2013-001 **EXPENDITURES EXCEEDED APPROPRIATIONS IN THE SOLID/WASTE SANITATION FUND**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$1,228. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2013-002 **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR SOME ROAD MATERIALS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Highway Department had a system to determine the use of road materials, such as bridge lumber, culvert tiles, and rock for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. Sound business practices dictate that all road materials should be accounted for properly. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The failure to maintain a system to document the use of road materials resulted in a loss of control over the assets and increased the risk of inventory loss.

RECOMMENDATION

The Highway Department should develop and implement a system to account for materials used on all types of road projects.

FINDING 2013-003

THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES

(Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site at all times. Although system backups were stored off-site each evening, the backups were returned to the office at the beginning of the following business day. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied daily to storage media, and media more than one week old be stored at an off-site location. This deficiency is the result of management’s failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in June 2013.

RECOMMENDATION

Management should ensure system backups are stored off-site at all times.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-004

EXPENDITURES EXCEEDED APPROPRIATIONS IN THE SCHOOL FEDERAL PROJECTS FUND

(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission as noted below:

- A. Expenditures exceeded appropriations in four of the ten major appropriation categories (the legal level of control) of the School Federal Projects Fund as noted in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Instruction:	
Vocational Education Program	\$ 420
Support Services:	
Health Services	278
Special Education Program	32,325
Vocational Education Program	366

- B. Six of 14 salary line-items exceeded appropriations in the School Federal Projects Fund by amounts ranging from \$260 to \$1,321. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not exceed appropriations that accompany this resolution. Therefore, the salaries

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

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

OFFICE OF COUNTY CLERK

FINDING 2013-005

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

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

The software application used by the office generated a log that displayed changes made by users. This log provided the only audit trail of these changes and should be reviewed for inappropriate activity. During the prior audit period, the county clerk was aware of the importance of these logs and reviewed the audits logs on a regular basis. However, during the current period, the clerk discontinued the review and did not resume the review of the logs until we brought it to the clerk’s attention in June 2013. Procedures for reviewing these logs are currently in place.

RECOMMENDATION

The county clerk should be consistent in the review of the software audit logs as a means of strengthening internal controls. Documentation of this review process should be maintained. Any unusual transactions should be investigated.

OFFICES OF TRUSTEE; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; AND REGISTER OF DEEDS

FINDING 2013-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among officials and employees in the Offices of Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register of Deeds. Officials and employees responsible for maintaining accounting records

were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

**OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK;
CLERK AND MASTER; AND REGISTER OF DEEDS**

FINDING 2013-007

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

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

Multiple employees operated from the same cash drawer in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register of Deeds. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

BEST PRACTICE

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

Obion County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system 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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Obion County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

OBION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013

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