



**ANNUAL FINANCIAL REPORT  
OBION COUNTY, TENNESSEE**



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



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

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

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

***JAN PAGE, CPA, CFE  
Audit Manager***

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Auditor 4***

***MELISSA DARBY, CPA, CFE  
GREG HOWELL  
LAUREN JEWELL  
ELISHA CROWELL, CISA, CFE  
State Auditors***

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

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## OBION COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ Government-wide financial statements did not include other postemployment benefits as required by generally accepted accounting principles.
  - ◆ Expenditures exceeded appropriations.
- 

### **OFFICE OF HIGHWAY SUPERINTENDENT**

- ◆ The Highway Department did not maintain a system to account for some road materials.
- 

### **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Expenditures exceeded appropriations.
- 

### **OFFICE OF TRUSTEE**

- ◆ Employees shared a username and password.
-

**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.
- 

**OBION COUNTY COMMISSION**

- ◆ The County Commission's Audit Committee is not a functioning committee.

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# INTRODUCTORY SECTION

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## Obion County Officials

June 30, 2014

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### **Officials**

Benny McGuire, County Mayor  
Gary Lofton, Highway Superintendent  
Russell Davis, 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

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## **FINANCIAL SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
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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, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Obion County Nursing Home, a major fund and the entire business-type activities, and the Obion County Emergency Communications District, which represent 4.1 percent, 4.9 percent, and 1.8 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

### ***Other Matters***

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 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.

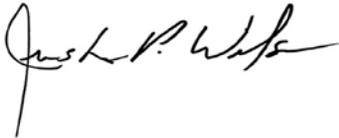
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Obion County School Department (a discretely presented component unit), and miscellaneous 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 January 15, 2015, 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 15, 2015

JPW/yu

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# **BASIC FINANCIAL STATEMENTS**

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

	Primary Government			Component Units							
	Governmental Activities		Business-type Activities	Obion County School Department	Emergency Communications District						
						Total					
<u>ASSETS</u>											
Cash	\$	974	\$	393,907	\$	394,881	\$	0	\$	812,799	
Equity in Pooled Cash and Investments		14,353,628		0		14,353,628		2,935,518		0	
Inventories		0		9,049		9,049		0		0	
Accounts Receivable		20,268		724,394		744,662		100,271		12,493	
Due from Other Governments		767,050		0		767,050		1,461,698		43,472	
Property Taxes Receivable		4,668,880		0		4,668,880		4,564,487		0	
Allowance for Uncollectible Property Taxes		(132,546)		0		(132,546)		(129,582)		0	
Prepaid Items		0		0		0		0		20,120	
Accrued Interest Receivable		6,838		0		6,838		0		0	
Notes Receivable - Long-term		3,587,116		0		3,587,116		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		5,807,783		149,047		5,956,830		26,279,477		411,278	
Infrastructure		5,599,267		0		5,599,267		160,863		0	
Other Capital Assets		1,726,887		123,406		1,850,293		1,894,428		279,577	
Total Assets	\$	40,357,115	\$	1,399,803	\$	41,756,918	\$	37,963,191	\$	1,609,739	
<u>LIABILITIES</u>											
Accounts Payable	\$	76,350	\$	15,375	\$	91,725	\$	10,384	\$	1,073	
Accrued Payroll		0		50,191		50,191		0		0	
Payroll Deductions Payable		4,904		103		5,007		1,505		0	
Accrued Leave		0		66,719		66,719		0		0	
Due to State of Tennessee		122		0		122		0		0	
Other Current Liabilities		0		0		0		353		0	
Accrued Interest Payable		54,831		0		54,831		969		0	
Patients' Trust Fund		0		18,239		18,239		0		0	
Noncurrent Liabilities:											
Due Within One Year		621,505		0		621,505		251,589		0	
Due in More Than One Year (net of unamortized discount on debt)		12,963,255		0		12,963,255		1,915,771		0	
Total Liabilities	\$	13,720,967	\$	150,627	\$	13,871,594	\$	2,180,571	\$	1,073	

(Continued)

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

Exhibit A

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Obion County School Department	Emergency Communications District
Deferred Current Property Taxes	\$ 4,399,965	\$ 0	\$ 4,301,585	\$ 0
Total Deferred Inflows of Resources	\$ 4,399,965	\$ 0	\$ 4,301,585	\$ 0
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 16,951,777	\$ 272,453	\$ 27,739,133	\$ 720,855
Restricted for:				
General Government	3,499,974	0	3,499,974	0
Administration of Justice	37,480	0	37,480	0
Public Safety	55,877	0	55,877	0
Public Health and Welfare	509,234	0	509,234	0
Highway/Public Works	94,630	0	94,630	0
Debt Service	2,974,864	0	2,974,864	0
Education	0	0	159,655	0
Operation of Non-instructional Services	0	0	459,874	0
Capital Projects	0	0	3,449	0
Unrestricted	(1,887,653)	976,723	3,118,924	887,811
Total Net Position	\$ 22,236,183	\$ 1,249,176	\$ 31,481,035	\$ 1,608,666

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

Exhibit B

Obion County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Primary Government		Obion		
						Governmental Activities	Business-type Activities	County School Department	Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 3,192,989	\$ 149,112	\$ 44,649	\$ 136,547	\$ (2,862,681)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	732,047	810,792	0	0	78,745	0	0	0	0	0
Administration of Justice	1,127,819	639,997	4,500	0	(483,322)	0	0	0	0	0
Public Safety	3,965,135	1,739,755	46,800	192,983	(1,985,597)	0	0	0	0	0
Public Health and Welfare	481,613	362,501	132,269	0	13,157	0	0	0	0	0
Social, Cultural, and Recreational Services	556,962	0	0	0	(556,962)	0	0	0	0	0
Agriculture and Natural Resources	152,578	0	0	0	(152,578)	0	0	0	0	0
Highways/Public Works	4,147,448	214,500	1,841,102	0	(2,091,846)	0	0	0	0	0
Education	75,740	0	0	0	(75,740)	0	0	0	0	0
Interest on Long-term Debt	385,104	0	0	0	(385,104)	0	0	0	0	0
Total Governmental Activities	\$ 14,817,435	\$ 3,916,657	\$ 2,069,320	\$ 329,530	\$ (8,501,928)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Nursing Home	\$ 3,698,123	\$ 3,952,548	\$ 0	\$ 0	\$ 0	\$ 254,425	\$ 254,425	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 18,515,558	\$ 7,869,205	\$ 2,069,320	\$ 329,530	\$ (8,501,928)	\$ 254,425	\$ (8,247,503)	\$ 0	\$ 0	\$ 0
Component Units:										
Obion County School Department	\$ 32,927,446	\$ 576,154	\$ 4,776,780	\$ 0	\$ 0	\$ 0	\$ 0	\$ (27,574,512)	\$ 0	\$ 0
Emergency Communications District	466,819	259,097	281,765	0	0	0	0	0	0	74,043
Total Component Units	\$ 33,394,265	\$ 835,251	\$ 5,058,545	\$ 0	\$ 0	\$ 0	\$ 0	\$ (27,574,512)	\$ 0	\$ 74,043

(Continued)

Exhibit B

Obion County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position				
	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		\$ 2,209,529	\$	0	\$	2,209,529	\$	4,606,230	\$	0
Property Taxes Levied for Debt Service		1,843,374		0		1,843,374		0		0
Local Option Sales Taxes		478,946		0		478,946		3,187,634		0
Wheel Tax		1,193,690		0		1,193,690		0		0
Litigation Tax		255,266		0		255,266		0		0
Business Tax		244,917		0		244,917		70,855		0
Other Local Taxes		91,119		0		91,119		4,268		0
Grants and Contributions Not Restricted to Specific Programs		384,978		0		384,978		17,725,398		0
Unrestricted Investment Income		162,557		1,305		163,862		0		2,706
Miscellaneous		25,292		0		25,292		21,894		36,479
Total General Revenues		\$ 6,889,668		\$ 1,305		\$ 6,890,973		\$ 25,616,279		\$ 39,185
Change in Net Position		\$ (1,612,260)		\$ 255,730		\$ (1,356,530)		\$ (1,958,233)		\$ 113,228
Net Position, July 1, 2013		23,848,443		993,446		24,841,889		33,439,268		1,495,438
Net Position, June 30, 2014		\$ 22,236,183		\$ 1,249,176		\$ 23,485,359		\$ 31,481,035		\$ 1,608,666

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

Obion County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Other	Governmental Funds	
\$	0 \$	0 \$	0 \$	974 \$	974 \$	974
Cash	9,641,295	1,688,574	2,965,964	57,795	57,795	14,353,628
Equity in Pooled Cash and Investments	14,633	45	4,797	793	793	20,268
Accounts Receivable	410,223	342,580	1,976	12,271	12,271	767,050
Due from Other Governments	974	0	0	0	0	974
Due from Other Funds	2,069,527	414,790	2,184,563	0	0	4,668,880
Property Taxes Receivable	(58,752)	(11,776)	(62,018)	0	0	(132,546)
Allowance for Uncollectible Property Taxes	6,838	0	0	0	0	6,838
Accrued Interest Receivable	3,453,986	0	133,130	0	0	3,587,116
Notes Receivable - Long-term						
Total Assets	\$ 15,538,724 \$	2,434,213 \$	5,228,412 \$	71,833 \$	71,833 \$	23,273,182

ASSETS

Cash	974
Equity in Pooled Cash and Investments	14,353,628
Accounts Receivable	20,268
Due from Other Governments	767,050
Due from Other Funds	974
Property Taxes Receivable	4,668,880
Allowance for Uncollectible Property Taxes	(132,546)
Accrued Interest Receivable	6,838
Notes Receivable - Long-term	3,587,116

LIABILITIES

Accounts Payable	76,350	0	0	0	0	76,350
Payroll Deductions Payable	1,488	3,416	0	0	0	4,904
Due to Other Funds	0	0	0	974	974	974
Due to State of Tennessee	0	122	0	0	0	122
Total Liabilities	\$ 77,838 \$	3,538 \$	0 \$	974 \$	974 \$	82,350

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	1,950,328	390,899	2,058,738	0	0	4,399,965
Deferred Delinquent Property Taxes	54,549	13,309	59,627	0	0	127,485
Other Deferred/Unavailable Revenue	50,480	165,049	213	0	0	215,742
Total Deferred Inflows of Resources	\$ 2,055,357 \$	569,257 \$	2,118,578 \$	0 \$	0 \$	4,743,192

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Other Governmental Funds		
\$ 3,453,986 \$	0 \$	0 \$	0 \$	0 \$	3,453,986	
45,988	0	0	0	0	45,988	
37,480	0	0	0	0	37,480	
11,400	0	0	44,477	0	55,877	
509,234	0	0	0	0	509,234	
0	0	2,970,068	0	0	2,970,068	
0	0	0	26,382	0	26,382	
0	1,861,418	0	0	0	1,861,418	
0	0	139,766	0	0	139,766	
2,343	0	0	0	0	2,343	
194	0	0	0	0	194	
9,344,904	0	0	0	0	9,344,904	
\$ 13,405,529 \$	1,861,418 \$	3,109,834 \$	70,859 \$	0	18,447,640	
\$ 15,538,724 \$	2,434,213 \$	5,228,412 \$	71,833 \$	0	23,273,182	

FUND BALANCES

Nonspendable:  
 Long-term Notes Receivable  
 Restricted:  
 Restricted for General Government  
 Restricted for Administration of Justice  
 Restricted for Public Safety  
 Restricted for Public Health and Welfare  
 Restricted for Debt Service  
 Committed:  
 Committed for Public Health and Welfare  
 Committed for Highways/Public Works  
 Committed for Debt Service  
 Assigned:  
 Assigned for General Government  
 Assigned for Finance  
 Unassigned  
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 18,447,640
(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	5,807,783	
Add: infrastructure net of accumulated depreciation	5,599,267	
Add: other capital assets net of accumulated depreciation	<u>1,726,887</u>	17,084,907
(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	\$ (133,130)	
Less: other loan payable	(5,203,000)	
Less: bonds payable	(7,975,000)	
Add: deferred charges - discount on debt	36,782	
Less: compensated absences payable	(310,412)	
Less: accrued interest on bonds	<u>(54,831)</u>	(13,639,591)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>343,227</u>
Net position of governmental activities (Exhibit A)		<u>\$ 22,236,183</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, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 3,087,102	\$ 1,648,501	\$ 1,639,207	\$ 0	\$ 0	\$ 6,374,810
Licenses and Permits	21,357	0	0	0	0	21,357
Fines, Forfeitures, and Penalties	90,803	0	0	26,983	0	117,786
Charges for Current Services	136,730	510	0	28,908	0	166,148
Other Local Revenues	285,444	213,990	57,561	24,721	0	581,716
Fees Received from County Officials	1,375,253	0	0	0	0	1,375,253
State of Tennessee	1,467,651	1,857,074	0	28,740	0	3,353,465
Federal Government	150,967	0	0	0	0	150,967
Other Governments and Citizens Groups	879,028	0	0	105,000	0	984,028
Total Revenues	\$ 7,494,335	\$ 3,720,075	\$ 1,696,768	\$ 214,352	\$ 0	\$ 13,125,530
<u>Expenditures</u>						
Current:						
General Government	\$ 784,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 784,297
Finance	614,993	0	0	0	0	614,993
Administration of Justice	906,736	0	0	12,380	0	919,116
Public Safety	3,296,016	0	0	33,774	0	3,329,790
Public Health and Welfare	248,317	0	0	166,058	0	414,375
Social, Cultural, and Recreational Services	436,154	0	0	0	0	436,154
Agriculture and Natural Resources	146,611	0	0	0	0	146,611
Other Operations	2,831,955	0	0	0	0	2,831,955
Highways	0	3,902,573	0	0	0	3,902,573
Instruction	75,740	0	0	0	0	75,740
Debt Service:						
Principal on Debt	0	0	912,070	0	0	912,070
Interest on Debt	0	0	343,663	0	0	343,663

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 0	\$ 0	\$ 84,581	\$ 0	\$ 0	\$ 84,581
Capital Projects	184,746	0	0	0	0	184,746
Total Expenditures	\$ 9,525,565	\$ 3,902,573	\$ 1,340,314	\$ 212,212	\$ 14,980,664	
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (2,031,230)	\$ (182,498)	\$ 356,454	\$ 2,140	\$ (1,855,134)	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 331,414	\$ 0	\$ 0	\$ 0	\$ 0	\$ 331,414
Insurance Recovery	40,434	0	0	0	0	40,434
Total Other Financing Sources (Uses)	\$ 371,848	\$ 0	\$ 0	\$ 0	\$ 0	\$ 371,848
<u>Net Change in Fund Balances</u>	\$ (1,659,382)	\$ (182,498)	\$ 356,454	\$ 2,140	\$ (1,483,286)	
Fund Balance, July 1, 2013	15,064,911	2,043,916	2,753,380	68,719	19,930,926	
Fund Balance, June 30, 2014	\$ 13,405,529	\$ 1,861,418	\$ 3,109,834	\$ 70,859	\$ 18,447,640	

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, 2014

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (1,483,286)
<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	\$ 807,708	
Less: current-year depreciation expense	<u>(1,589,639)</u>	(781,931)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.</p>		
Add: assets donated and capitalized	\$ 79,416	
Less: book value of capital assets disposed	<u>(2,344)</u>	77,072
<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, 2014	\$ 343,227	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(342,998)</u>	229
<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	\$ (331,414)	
Add: principal payments on notes	342,070	
Add: principal payments on other loan	555,000	
Add: principal payments on bonds	15,000	
Less: change in discount on debt issuances	<u>(2,177)</u>	578,479
<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	\$ (13,965)	
Change in other postemployment benefits liability	11,054	
Change in accrued interest on bonds	<u>88</u>	<u>(2,823)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,612,260)</u>

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

Exhibit C-5

Obion County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 General Fund  
 For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 3,087,102	\$ 0	\$ 0	\$ 3,087,102	\$ 2,928,061	\$ 2,929,861	\$ 157,241
Licenses and Permits	21,357	0	0	21,357	17,200	17,200	4,157
Fines, Forfeitures, and Penalties	90,803	0	0	90,803	87,640	87,640	3,163
Charges for Current Services	136,730	0	0	136,730	77,350	77,350	59,380
Other Local Revenues	285,444	0	0	285,444	385,600	385,600	(100,156)
Fees Received from County Officials	1,375,253	0	0	1,375,253	1,280,500	1,280,500	94,753
State of Tennessee	1,467,651	0	0	1,467,651	1,062,111	1,060,311	407,340
Federal Government	150,967	0	0	150,967	190,884	190,884	(39,917)
Other Governments and Citizens Groups	879,028	0	0	879,028	965,500	965,500	(86,472)
<b>Total Revenues</b>	<b>\$ 7,494,335</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,494,335</b>	<b>\$ 6,994,846</b>	<b>\$ 6,994,846</b>	<b>\$ 499,489</b>
<b>Expenditures</b>							
<b>General Government</b>							
County Commission	\$ 73,107	\$ 0	\$ 0	\$ 73,107	\$ 81,100	\$ 81,100	\$ 7,993
Board of Equalization	1,712	0	0	1,712	3,500	3,500	1,788
Beer Board	0	0	0	0	1,200	1,200	1,200
Budget and Finance Committee	12,026	0	0	12,026	14,000	14,000	1,974
Other Boards and Committees	2,580	0	0	2,580	3,900	3,900	1,320
County Mayor/Executive	204,753	0	295	205,048	208,165	208,165	3,117
Election Commission	165,671	0	2,048	167,719	205,381	205,381	37,662
Register of Deeds	141,164	0	0	141,164	152,669	152,669	11,505
County Buildings	166,557	0	0	166,557	220,552	220,552	53,995
Preservation of Records	16,727	0	0	16,727	20,000	20,000	3,273
<b>Finance</b>							
Property Assessor's Office	224,157	(930)	0	223,227	246,206	246,206	22,979
County Trustee's Office	143,452	0	194	143,646	146,784	146,784	3,138
County Clerk's Office	247,384	0	0	247,384	242,716	257,186	9,802
<b>Administration of Justice</b>							
Circuit Court	162,028	0	0	162,028	188,246	188,246	26,218
General Sessions Court	247,058	0	0	247,058	248,096	255,238	8,180
Chancery Court	146,087	(936)	0	145,151	159,223	161,378	16,227

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Juvenile Court	\$ 139,204	\$ 0	\$ 0	\$ 139,204	\$ 148,952	\$ 148,952	\$ 9,748
Juvenile Court Clerk	45,529	0	0	45,529	50,143	50,143	4,614
Courtroom Security	166,830	0	0	166,830	189,846	189,846	23,016
<u>Public Safety</u>							
Sheriff's Department	1,613,327	(140)	0	1,613,187	1,833,052	1,803,537	190,350
Jail	1,459,423	(884)	0	1,458,539	1,614,281	1,614,281	155,742
Rescue Squad	10,000	0	0	10,000	10,000	10,000	0
Other Emergency Management	56,854	0	0	56,854	62,529	62,529	5,675
County Coroner/Medical Examiner	36,585	0	0	36,585	29,800	38,050	1,465
Public Safety Grants Program	119,827	(250)	0	119,577	123,000	123,000	3,423
Other Public Safety	0	0	0	0	5,000	5,000	5,000
<u>Public Health and Welfare</u>							
Local Health Center	111,805	0	0	111,805	144,342	144,342	32,537
Alcohol and Drug Programs	28,640	0	0	28,640	35,000	35,000	6,360
Other Local Health Services	0	0	0	0	2,500	2,500	2,500
Appropriation to State	73,553	0	0	73,553	73,553	73,553	0
General Welfare Assistance	1,900	0	0	1,900	1,800	2,500	600
Sanitation Education/Information	29,027	(152)	0	28,875	41,800	41,800	12,925
Other Public Health and Welfare	3,392	0	0	3,392	4,000	4,000	608
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	27,500	0	0	27,500	27,500	27,500	0
Libraries	403,654	0	0	403,654	435,738	437,538	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>							
Agricultural Extension Service	96,311	0	0	96,311	100,260	100,260	3,949
Soil Conservation	25,100	0	0	25,100	25,100	25,100	0
Flood Control	25,200	0	0	25,200	25,200	25,200	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Expenditures (Cont.)</b>							
<u>Other Operations</u>							
Tourism	\$ 22,575	\$ 0	\$ 0	\$ 22,575	\$ 30,000	\$ 30,000	\$ 7,425
Industrial Development	1,704,074	0	0	1,704,074	80,475	1,705,475	1,401
Airport	20,000	0	0	20,000	20,000	20,000	0
Veterans' Services	14,809	0	0	14,809	14,809	14,809	0
Other Charges	153,927	0	0	153,927	163,126	163,126	9,199
Contributions to Other Agencies	26,119	0	0	26,119	1,674	1,674	(24,445)
Employee Benefits	854,198	0	0	854,198	939,900	939,900	85,702
Miscellaneous	36,253	0	0	36,253	22,000	51,515	15,262
<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	184,746	0	0	184,746	172,012	172,012	(12,734)
<b>Total Expenditures</b>	<b>\$ 9,525,565</b>	<b>\$ (3,292)</b>	<b>\$ 2,537</b>	<b>\$ 9,524,810</b>	<b>\$ 8,649,870</b>	<b>\$ 10,309,387</b>	<b>\$ 784,577</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (2,031,230)</b>	<b>\$ 3,292</b>	<b>\$ (2,537)</b>	<b>\$ (2,030,475)</b>	<b>\$ (1,655,024)</b>	<b>\$ (3,314,541)</b>	<b>\$ 1,284,066</b>
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 331,414	\$ 0	\$ 0	\$ 331,414	\$ 554,800	\$ 554,800	\$ (223,386)
Insurance Recovery	40,434	0	0	40,434	500	500	39,934
<b>Total Other Financing Sources</b>	<b>\$ 371,848</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 371,848</b>	<b>\$ 555,300</b>	<b>\$ 555,300</b>	<b>\$ (183,452)</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2013</b>	<b>\$ (1,659,382)</b>	<b>\$ 3,292</b>	<b>\$ (2,537)</b>	<b>\$ (1,658,627)</b>	<b>\$ (1,099,724)</b>	<b>\$ (2,759,241)</b>	<b>\$ 1,100,614</b>
	<b>15,064,911</b>	<b>(3,292)</b>	<b>0</b>	<b>15,061,619</b>	<b>14,403,199</b>	<b>14,403,199</b>	<b>658,420</b>
<b>Fund Balance, June 30, 2014</b>	<b>\$ 13,405,529</b>	<b>\$ 0</b>	<b>\$ (2,537)</b>	<b>\$ 13,402,992</b>	<b>\$ 13,303,475</b>	<b>\$ 11,643,958</b>	<b>\$ 1,759,034</b>

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,648,501	\$ 1,532,880	\$ 1,532,880	\$ 115,621
Charges for Current Services	510	500	500	10
Other Local Revenues	213,990	228,100	228,100	(14,110)
State of Tennessee	1,857,074	3,857,600	3,857,600	(2,000,526)
Total Revenues	<u>\$ 3,720,075</u>	<u>\$ 5,619,080</u>	<u>\$ 5,619,080</u>	<u>\$ (1,899,005)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 190,413	\$ 217,341	\$ 217,341	\$ 26,928
Highway and Bridge Maintenance	2,178,350	3,270,237	3,270,237	1,091,887
Operation and Maintenance of Equipment	560,484	909,795	909,795	349,311
Other Charges	150,364	208,025	208,025	57,661
Employee Benefits	274,909	334,000	334,000	59,091
Capital Outlay	548,053	2,684,500	2,684,500	2,136,447
Total Expenditures	<u>\$ 3,902,573</u>	<u>\$ 7,623,898</u>	<u>\$ 7,623,898</u>	<u>\$ 3,721,325</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (182,498)</u>	<u>\$ (2,004,818)</u>	<u>\$ (2,004,818)</u>	<u>\$ 1,822,320</u>
Net Change in Fund Balance	\$ (182,498)	\$ (2,004,818)	\$ (2,004,818)	\$ 1,822,320
Fund Balance, July 1, 2013	2,043,916	2,038,440	2,038,440	5,476
Fund Balance, June 30, 2014	<u>\$ 1,861,418</u>	<u>\$ 33,622</u>	<u>\$ 33,622</u>	<u>\$ 1,827,796</u>

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, 2014

	<u>Business-type Activities Major Fund Nursing Home</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 393,907
Inventories	9,049
Accounts Receivable	724,394
Total Current Assets	<u>\$ 1,127,350</u>
Noncurrent Assets:	
Capital Assets:	
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	\$ 149,047
Other Capital Assets	123,406
Total Noncurrent Assets	<u>\$ 272,453</u>
Total Assets	<u>\$ 1,399,803</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 15,375
Accrued Payroll	50,191
Payroll Deductions Payable	103
Accrued Leave	66,719
Patients' Trust Fund	18,239
Total Liabilities	<u>\$ 150,627</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 272,453
Unrestricted	<u>976,723</u>
Total Net Position	<u>\$ 1,249,176</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, 2014

	Business-type Activities
	<u>Major Fund</u>
	Nursing Home
	<u>Home</u>
<u>Operating Revenues</u>	
Medicaid Patients	\$ 1,927,532
Medicare Patients	1,297,328
Private Patients	725,803
Hospice	101
Other Revenue	1,784
Total Operating Revenues	<u>\$ 3,952,548</u>
<u>Operating Expenses</u>	
General and Administrative Expenses:	
Salary - administrator	\$ 107,342
Salaries - administrative	74,993
Freight and postage	1,469
Office supplies and expense	14,559
Minor equipment	45,864
Conventions and seminars	2,064
Travel	5,227
Advisory board fees and expense	7,300
Pension plan costs	81,105
Employee insurance	197,859
Employee payroll taxes	137,663
Workers compensation insurance	36,399
Unemployment expense	2,309
Employee activities and awards	5,382
Extra labor	9,780
Liability insurance	5,580
Court reporter	1,200
Contract services	715
Taxes and licenses	126,210
Dues and subscriptions	4,561
Legal and audit fees	20,695
Advertising and promotion	6,600
Telephone	5,014
Uniforms	997
Total General and Administrative Expenses	<u>\$ 900,887</u>
Medical and Nursing:	
Salaries	\$ 1,154,294
Minor equipment	16,261
Nurses notes and forms	378
Training and seminars	275
Medical supplies	71,808
Medical director	9,600
Pharmacy consultant	1,344
Total Medical and Nursing Expenses	<u>\$ 1,253,960</u>

(Continued)

Exhibit D-2

Obion County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund (Cont.)

	Business-type Activities Major Fund Nursing Home
<u>Operating Expenses (Cont.)</u>	
Patient Activities:	
Salaries	\$ 40,544
Special events	2,765
Minor equipment	292
Supplies	13,916
Total Patient Activities	<u>\$ 57,517</u>
Social Services:	
Salaries	<u>\$ 62,811</u>
Dietary:	
Salaries	\$ 185,664
Raw food	173,884
Minor equipment	5,820
Supplies	13,346
Consultant	3,080
Total Dietary Expenses	<u>\$ 381,794</u>
Housekeeping:	
Salaries	\$ 112,029
Minor equipment	2,070
Supplies	9,649
Total Housekeeping Expenses	<u>\$ 123,748</u>
Laundry:	
Salaries	\$ 85,010
Minor equipment	357
Supplies	3,110
Linen and bedding	17,081
Total Laundry Expenses	<u>\$ 105,558</u>
Maintenance:	
Salaries	\$ 37,456
Repair and maintenance	87,596
Minor equipment	3,488
Supplies	1,877
Contract services	8,499
Pest control	892
Fuel and gas	43,983
Electricity	39,166
Waste disposal service	7,844
Water and sewage	9,399
Total Maintenance Expenses	<u>\$ 240,200</u>

(Continued)

Exhibit D-2

Obion County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund (Cont.)

	Business-type Activities
	<u>Major Fund</u>
	Nursing <u>Home</u>
<u>Operating Expenses (Cont.)</u>	
Other Operating Expenses:	
Skilled - pharmacy	\$ 72,583
Skilled - xray	2,702
Physical therapy	110,239
Occupational therapy	126,348
Speech therapy	89,528
Medicaid/Medicare fees	119,526
Total Other Operating Expenses	<u>\$ 520,926</u>
Depreciation	<u>\$ 50,722</u>
Total Operating Expenses	<u>\$ 3,698,123</u>
 Operating Income (Loss)	 <u>\$ 254,425</u>
 <u>Nonoperating Revenues</u>	
Investment Income	<u>\$ 1,305</u>
Total Nonoperating Revenues	<u>\$ 1,305</u>
 Change in Net Position	 \$ 255,730
Net Position, July 1, 2013	<u>993,446</u>
 Net Position, June 30, 2014	 <u>\$ 1,249,176</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, 2014

	<u>Business-type Activities Major Fund Nursing Home</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Patients	\$ 3,779,319
Cash Paid to Suppliers	(1,828,978)
Cash Paid to Employees	(1,849,795)
Other Operating Revenue	1,784
Net Cash Provided By (Used In) Operating Activities	<u>\$ 102,330</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	\$ (28,805)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (28,805)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 1,305
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,305</u>
Increase (Decrease) in Cash	\$ 74,830
Cash, July 1, 2013	<u>319,077</u>
Cash, June 30, 2014	<u><u>\$ 393,907</u></u>
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 254,425
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	50,722
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventories	(1,104)
(Increase) Decrease in Accounts Receivable	(171,410)
Increase (Decrease) in Accounts Payable	(40,616)
Increase (Decrease) in Accrued Payroll	13,384
Increase (Decrease) in Payroll Deductions Payable	(145)
Increase (Decrease) in Accrued Leave	(2,891)
Increase (Decrease) in Patients' Trust Fund	(35)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 102,330</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, 2014

	<u>Other Trust Fund</u>	
	<u>Indigent Care Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 180,352	\$ 1,545,153
Equity in Pooled Cash and Investments	0	227,375
Investments	3,790,993	0
Accounts Receivable	0	6,564
Due from Other Governments	0	939,722
Property Taxes Receivable	0	1,845,194
Allowance for Uncollectible Property Taxes	0	(52,546)
Notes Receivable - Long-term	0	203,472
Total Assets	<u>\$ 3,971,345</u>	<u>\$ 4,714,934</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,755,911
Due to Litigants, Heirs, and Others	0	1,755,189
Due to Joint Ventures	0	203,834
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,714,934</u>
<u>NET POSITION</u>		
Held in Trust for Indigent Patients' Medical Claims	<u>\$ 3,971,345</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, 2014

	Other Trust Fund <u>Indigent Care Trust</u>
<u>ADDITIONS</u>	
Investment Income	\$ 66,707
Contributions and Gifts	111,274
Total Additions	<u>\$ 177,981</u>
<u>DEDUCTIONS</u>	
Fiscal Agent Charges	\$ 6,449
Medical Claims	126,174
Travel Expense	141
Total Deductions	<u>\$ 132,764</u>
Change in Net Position	\$ 45,217
Net Position, July 1, 2013	<u>3,926,128</u>
Net Position, June 30, 2014	<u><u>\$ 3,971,345</u></u>

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

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**OBION COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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

**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, 2014.

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 in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. 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 Town of Woodland Mills, assets held in a custodial capacity for a special school district, the city school system’s share of educational revenues, and state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force. 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 1.48 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, 2014, Obion County had \$13,178,000 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, 2014. As discussed in Note IV.B., \$3,453,986 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.

**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**

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, Budget and Finance Committee, Other Boards and Committees, 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.

**B. Expenditures Exceeded Appropriations**

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General Fund:	
Contributions to Other Agencies	\$ 24,445
Other General Government Projects	12,734
School Department:	
School Federal Projects Fund:	
Operation of Non-instructional Services - Community Services	8,071

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, 2014, Obion County had the following investments carried at fair value:

Investment	Maturities	Fair Value
Indigent Care Trust Fund:		
Federal Home Loan Mortgage Corp.	7-28-14	\$ 596,309
Federal Home Loan Bank	5-18-16	300,185
Federal Farm Credit Bank	8-25-16	822,810
Federal Home Loan Mortgage Corp.	11-17-17	311,666
Federal Home Loan Bank	11-17-17	<u>1,760,023</u>
Total		<u>\$ 3,790,993</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. Obion County's investments with the Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and Federal Farm Credit Bank 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 78 percent of the county's investments are in the Federal Home Loan Bank (54 percent) and the Federal Home Loan Mortgage Corporation (24 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 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. On May 21, 2012, the interest rate on this loan was established at .9 percent and can be re-negotiated annually. As of June 30, 2014, the Obion County School Department's General Purpose School Fund had borrowed \$2.5 million from the county under this agreement.

During the current year, the Obion County Commission authorized a \$1,625,000 loan to the Union City Industrial Development Board for MIA Seating Corporation to purchase land and a building. The Union City Industrial Development Board signed a promissory note to repay Obion County the loan plus interest at one percent per annum over a period of ten years. The City of Union City has also agreed to annually contribute an amount equal to the principal requirement to the Union City Industrial Development Board in order to assist with the repayment. The County Commission also authorized an additional \$1,625,000 contribution from the General Fund in the current year to the Union City Industrial Development Board for this project.

Also, during the current year, the Obion County Commission authorized a \$400,000 loan to the Union City Industrial Development Board for MIA Seating Corporation for building renovations. The Union City Industrial Development Board signed a promissory note to repay Obion County the loan plus interest at one percent per annum over a period of ten years.

The total notes receivable of \$3,453,986 in the General Fund are presented on the balance sheet with a nonspendable fund balance.

**General Debt Service Fund**

During the 2012-13 fiscal 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 has a balance of \$133,130 at June 30, 2014, and 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 \$203,472 in the Office of Clerk and Master.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
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	\$ 296,011	\$ 0	\$ 12,834,708
Infrastructure	30,187,120	0	0	30,187,120
Other Capital Assets	8,686,577	591,113	(561,152)	8,716,538
Total Capital Assets Depreciated	<u>\$ 51,412,394</u>	<u>\$ 887,124</u>	<u>\$ (561,152)</u>	<u>\$ 51,738,366</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,516,003	\$ 510,922	\$ 0	\$ 7,026,925
Infrastructure	24,160,268	427,585	0	24,587,853
Other Capital Assets	6,897,327	651,132	(558,808)	6,989,651
Total Accumulated Depreciation	<u>\$ 37,573,598</u>	<u>\$ 1,589,639</u>	<u>\$ (558,808)</u>	<u>\$ 38,604,429</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,838,796</u>	<u>\$ (702,515)</u>	<u>\$ (2,344)</u>	<u>\$ 13,133,937</u>

**Governmental Activities (Cont.):**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Governmental Activities				
Capital Assets, Net	\$ 17,789,766	\$ (702,515)	\$ (2,344)	\$ 17,084,907

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

**Governmental Activities:**

General Administration	\$ 351,599
Finance	3,386
Administration of Justice	12,458
Public Safety	380,276
Public Health and Welfare	34,321
Social, Cultural, and Recreational Services	118,464
Highways/Public Works	<u>689,135</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,589,639</u>

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

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
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	\$ 61,260,527	\$ 77,395	\$ 0	\$ 61,337,922
Infrastructure	873,592	38,400	0	911,992
Other Capital Assets	6,475,895	185,031	(158,910)	6,502,016
Total Capital Assets Depreciated	<u>\$ 68,610,014</u>	<u>\$ 300,826</u>	<u>\$ (158,910)</u>	<u>\$ 68,751,930</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 33,119,149	\$ 1,939,296	\$ 0	\$ 35,058,445
Infrastructure	734,102	17,027	0	751,129
Other Capital Assets	4,430,853	335,645	(158,910)	4,607,588
Total Accumulated Depreciation	<u>\$ 38,284,104</u>	<u>\$ 2,291,968</u>	<u>\$ (158,910)</u>	<u>\$ 40,417,162</u>

**Governmental Activities (Cont.):**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Total Capital Assets Depreciated, Net	\$ 30,325,910	\$ (1,991,142)	\$ 0	\$ 28,334,768
Governmental Activities Capital Assets, Net	\$ 31,021,941	\$ (1,991,142)	\$ 0	\$ 29,030,799

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

**Governmental Activities:**

Instruction	\$ 1,571,794
Support Services	618,129
Operation of Non-instructional Services	<u>102,045</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,291,968</u>

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

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

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government: General	Nonmajor governmental	\$ 974
Discretely Presented Obion County School Department: General Purpose School	Nonmajor governmental	218,653
Nonmajor governmental	General Purpose School	9,837

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, 2014, consisted of the following amount:

**Discretely Presented Obion County School Department**

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 41,773

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, 2014, will be retired from the General Debt Service Fund.

The general obligation bond, capital outlay note, and other loan outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bond - Refunding	3.5 to 4.25%	5-1-31	\$ 8,050,000	\$ 7,975,000
Capital Outlay Note	0	9-13-22	143,786	133,130
Other Loan	variable	5-25-22	17,000,000	5,203,000

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, 2014, 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, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bond		
	Principal	Interest	Total
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
2020-2024	1,605,000	1,593,740	3,198,740
2025-2029	4,355,000	965,777	5,320,777
2030-2031	1,940,000	124,313	2,064,313
Total	<u>\$ 7,975,000</u>	<u>\$ 4,322,770</u>	<u>\$ 12,297,770</u>

Year Ending June 30	Note	
	Principal	Total
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
2020-2023	53,210	53,210
Total	<u>\$ 133,130</u>	<u>\$ 133,130</u>

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
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
2020-2022	2,120,000	14,150	23,314	2,157,464
Total	\$ 5,203,000	\$ 80,351	\$ 114,742	\$ 5,398,093

There is \$3,190,834 available in the General Debt Service Fund to service long-term debt. Debt per capita, including a bond, the note, and the other loan, totaled \$419, based on the 2010 federal census.

#### Changes in Long-term Obligations

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

	Bond	Note	Other Loan
Balance, July 1, 2013	\$ 7,990,000	\$ 143,786	\$ 5,758,000
Additions	0	331,414	0
Reductions	(15,000)	(342,070)	(555,000)
Balance, June 30, 2014	\$ 7,975,000	\$ 133,130	\$ 5,203,000
Balance Due Within One Year	\$ 15,000	\$ 15,984	\$ 575,000

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 296,447	\$ 11,054
Additions	243,612	0
Reductions	(229,647)	(11,054)
Balance, June 30, 2014	\$ 310,412	\$ 0
Balance Due Within One Year	\$ 15,521	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 13,621,542
Less: Balance Due Within One Year	(621,505)
Less: Deferred Discount on Debt	<u>(36,782)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 12,963,255</u>

Compensated absences 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, 2014, will be retired from the General Purpose School Fund.

The note outstanding as of June 30, 2014, for governmental activities is as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount of Issue</u>	<u>Balance 6-30-14</u>
Note	variable	6-1-20	\$ 2,500,000	\$ 1,291,666

The annual requirements to amortize the note outstanding as of June 30, 2014, including interest payments, are presented in the following table:

<u>Year Ending June 30</u>	<u>Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 250,000	\$ 11,625	\$ 261,625
2016	250,000	9,375	259,375
2017	250,000	7,125	257,125
2018	250,000	4,875	254,875
2019	250,000	2,625	252,625
2020	41,666	375	42,041
Total	<u>\$ 1,291,666</u>	<u>\$ 36,000</u>	<u>\$ 1,327,666</u>

Changes in Long-term Obligations

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

	Note	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 1,291,666	\$ 46,321	\$ 871,351
Additions	0	28,627	178,898
Reductions	0	(43,175)	(206,328)
Balance, June 30, 2014	<u>\$ 1,291,666</u>	<u>\$ 31,773</u>	<u>\$ 843,921</u>
Balance Due Within One Year	<u>\$ 250,000</u>	<u>\$ 1,589</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 2,167,360
Less: Balance Due Within One Year	<u>(251,589)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,915,771</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, 2014, were \$111,810 and \$36,856, 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 Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

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

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

**C. 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 were no lawsuits pending against the department.

**D. Changes in Administration**

Director of Schools David Huss resigned effective November 15, 2013, and Dale Hollowell and Nancy Hamilton were appointed as interim co-directors through April 20, 2014. Russell Davis was appointed as director of schools effective April 21, 2014.

**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, 2014, 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 October 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 \$345,576 to the operations of the library during the year ended June 30, 2014.

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, 2014, 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, 2014, the county's annual pension cost of \$656,331 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
6-30-14	\$656,331	100%	\$0
6-30-13	631,834	100	0
6-30-12	618,241	100	0

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the plan was 92.21 percent funded. The actuarial accrued liability for benefits was \$24.78 million, and the actuarial value of assets was \$22.85 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.93 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.53 million, and the ratio of the UAAL to the covered payroll was 20.27 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](http://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, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$1,238,767, \$1,248,006, and \$1,262,663, respectively, equal to the required contributions for each year.

## **H. Other Postemployment Benefits (OPEB)**

### **Primary Government**

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. As noted in Finding 2014-001, the county had not obtained an actuarial valuation to determine the data necessary for the measurement, recognition, and display of other postemployment benefits necessary to prepare government-wide financial statements and note disclosures.

## 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, 2014, the Obion County School Department contributed \$206,328 for postemployment benefits.

### Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 178,000
Interest on the NOPEBO	34,854
Adjustment to the ARC	<u>(33,956)</u>
Annual OPEB cost	\$ 178,898
Less: Amount of contribution	<u>(206,328)</u>
Increase/decrease in NOPEBO	\$ (27,430)
Net OPEB obligation, 7-1-13	<u>871,351</u>
Net OPEB obligation, 6-30-14	<u>\$ 843,921</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 340,642	53%	\$ 712,788
6-30-13	"	344,248	54	871,351
6-30-14	"	178,898	115	843,921

#### Funded Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 1,735,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,735,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 18,940,427
UAAL as a % of covered payroll	9%

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, 2013, 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 7.5 percent for fiscal year 2014. The trend will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The 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, 2014, 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, 2014. 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, 2014, annual leave totaled \$19,292 and sick leave was \$47,427, for a total accrual of \$66,719. All accrued leave has been reported as a current liability in the Statement of Net Position.

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

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, 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. In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and*

*Liabilities.* GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. As of June 30, 2014, the nursing home had no deferred outflows or deferred inflows of resources.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25, and Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27. Statement No. 67, effective for fiscal years beginning after June 15, 2013, revises existing standards of financial reporting by state and local government pension plans and will be adopted by the pension plan itself. Statement No. 68 will affect the governments that participate as employers in these plans and is effective for fiscal years beginning after June 15, 2014. For governments to adopt Statement No. 68, the underlying pension plans must first adopt Statement No. 67. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. Management is currently evaluating the impact that the adoption of Statement No. 68 will have on the nursing home’s financial statements.

**g. Net Position Flow Assumption**

Sometimes the nursing home will fund outlays for a particular purpose from both restricted 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, 2014, 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, 2014, all bank deposits were fully collateralized or insured.

### 2. Capital Assets

Capital assets activity during the year was as follows:

	Balance		Balance
	7-1-13	Increases	6-30-14
Capital Assets Depreciated:			
Land Improvements	\$ 12,745	\$ 3,999	\$ 16,744
Buildings and			
Improvements	1,051,959	5,396	1,057,355
Furniture and Equipment	129,747	9,087	138,834
Departmental Equipment	216,920	10,324	227,244
Other Capital Assets	120,506	0	120,506
Total Capital Assets			
Depreciated	\$ 1,531,877	\$ 28,806	\$ 1,560,683
Less Accumulated Depreciation For:			
Land Improvements	\$ 12,745	\$ 183	\$ 12,928
Buildings and			
Improvements	879,680	28,628	908,308
Furniture and Equipment	92,386	8,601	100,987
Departmental Equipment	140,038	12,036	152,074
Other Capital Assets	112,658	1,275	113,933
Total Accumulated			
Depreciation	\$ 1,237,507	\$ 50,723	\$ 1,288,230
Total Capital Assets			
Depreciated, Net	\$ 294,370	\$ (21,917)	\$ 272,453

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, 2014, the total covered payroll for the nursing home was \$1,254,760, and the pension contribution was \$81,105. 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 nonoperating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board to be nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating 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, 2014, 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 June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, 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. In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. As of June 30, 2014, 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, 2014, was prepared on the accrual basis. The legal level of control is at each line item of expense; therefore, each line item must be amended to authorize actual expenditures. For the year ended June 30, 2014, the line item entitled "other contracted services" exceeded the amount budgeted by \$1,529. In addition, the district budgeted an amount for depreciation, a noncash expense. Actual depreciation exceeded this budgeted amount by \$10,020.

**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, 2014, 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. As of June 30, 2014, all of the district's deposits were fully insured or collateralized.

**2. Capital Assets**

Capital assets activity during the year was as follows:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 30,000	\$ 0	\$ 30,000
Capital Assets Depreciated:			
Office Equipment	\$ 144,148	\$ 0	\$ 144,148
Vehicles	39,876	0	39,876
Communications Equipment and Furniture and Fixtures	600,183	0	600,183
Building and Improvements	507,743	0	507,743
Total Capital Assets Depreciated	\$ 1,291,950	\$ 0	\$ 1,291,950
Less: Accumulated Depreciation:			
Office Equipment	\$ 82,530	\$ 11,451	\$ 93,981
Vehicles	14,617	5,051	19,668
Communications Equipment and Furniture and Fixtures	346,209	44,772	390,981
Building and Improvements	82,719	13,746	96,465
Total Accumulated Depreciation	\$ 526,075	\$ 75,020	\$ 601,095
Total Capital Assets, Net	\$ 795,875	\$ (75,020)	\$ 720,855

Depreciation expense for the year ended June 30, 2014, was \$75,020.

**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, 2014. An immaterial amount was charged to expense for a claim made by a former employee to the state unemployment fund that was assessed to the district.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-13	\$ 22,853	\$ 24,784	\$ 1,931	92.21	% \$ 9,529	20.27 %
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

Exhibit F-2

Obion County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Obion County School Department  
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-10	\$ 0	\$ 3,476	\$ 3,476	0%	\$ 17,940	19%
"	7-1-11	0	3,513	3,513	0	18,995	18
"	7-1-13	0	1,735	1,735	0	18,940	9

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

NONE

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for 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.

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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 of deeds, and sheriff.

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
	0 \$	0 \$	974 \$	974
Cash	13,318	44,477	0	57,795
Equity in Pooled Cash and Investments	793	0	0	793
Accounts Receivable	12,271	0	0	12,271
Due from Other Governments				
Total Assets	26,382 \$	44,477 \$	974 \$	71,833
<u>LIABILITIES</u>				
Due to Other Funds	0 \$	0 \$	974 \$	974
Total Liabilities	0 \$	0 \$	974 \$	974
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	0 \$	44,477 \$	0 \$	44,477
Committed:				
Committed for Public Health and Welfare	26,382	0	0	26,382
Total Fund Balances	26,382 \$	44,477 \$	0 \$	70,859
Total Liabilities and Fund Balances	26,382 \$	44,477 \$	974 \$	71,833

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees		
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 0	\$ 26,983	\$ 0	\$ 0	\$ 26,983
Charges for Current Services	16,528	0	12,380	0	28,908
Other Local Revenues	24,721	0	0	0	24,721
State of Tennessee	28,740	0	0	0	28,740
Other Governments and Citizens Groups	105,000	0	0	0	105,000
Total Revenues	\$ 174,989	\$ 26,983	\$ 12,380	\$ 0	\$ 214,352
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 12,380	\$ 0	\$ 12,380
Public Safety	0	33,774	0	0	33,774
Public Health and Welfare	166,058	0	0	0	166,058
Total Expenditures	\$ 166,058	\$ 33,774	\$ 12,380	\$ 0	\$ 212,212
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,931	\$ (6,791)	\$ 0	\$ 0	\$ 2,140
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ 8,931	\$ (6,791)	\$ 0	\$ 0	\$ 2,140
	17,451	51,268	0	0	68,719
Fund Balance, June 30, 2014	\$ 26,382	\$ 44,477	\$ 0	\$ 0	\$ 70,859

Exhibit G-3

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 16,528 \$	0 \$	16,528 \$	16,500 \$	16,500 \$	28
Other Local Revenues	24,721	0	24,721	24,090	24,090	631
State of Tennessee	28,740	0	28,740	19,000	28,000	740
Other Governments and Citizens Groups	105,000	0	105,000	105,000	105,000	0
Total Revenues	\$ 174,989 \$	0 \$	174,989 \$	164,590 \$	173,590 \$	1,399
<u>Expenditures</u>						
Public Health and Welfare	\$ 166,058 \$	1,125 \$	167,183 \$	170,076 \$	179,076 \$	11,893
Recycling Center	\$ 166,058 \$	1,125 \$	167,183 \$	170,076 \$	179,076 \$	11,893
Total Expenditures	\$ 8,931 \$	(1,125) \$	7,806 \$	(5,486) \$	(5,486) \$	13,292
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,931 \$	(1,125) \$	7,806 \$	(5,486) \$	(5,486) \$	13,292
Net Change in Fund Balance Fund Balance, July 1, 2013	17,451	0	17,451	17,953	17,953	(502)
Fund Balance, June 30, 2014	\$ 26,382 \$	(1,125) \$	25,257 \$	12,467 \$	12,467 \$	12,790

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 26,983	\$ 21,600	\$ 21,600	\$ 5,383
Other Local Revenues	0	3,100	3,100	(3,100)
Total Revenues	<u>\$ 26,983</u>	<u>\$ 24,700</u>	<u>\$ 24,700</u>	<u>\$ 2,283</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 33,774	\$ 53,000	\$ 53,000	\$ 19,226
Total Expenditures	<u>\$ 33,774</u>	<u>\$ 53,000</u>	<u>\$ 53,000</u>	<u>\$ 19,226</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,791)</u>	<u>\$ (28,300)</u>	<u>\$ (28,300)</u>	<u>\$ 21,509</u>
Net Change in Fund Balance	\$ (6,791)	\$ (28,300)	\$ (28,300)	\$ 21,509
Fund Balance, July 1, 2013	<u>51,268</u>	<u>28,346</u>	<u>28,346</u>	<u>22,922</u>
Fund Balance, June 30, 2014	<u>\$ 44,477</u>	<u>\$ 46</u>	<u>\$ 46</u>	<u>\$ 44,431</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit 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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,639,207	\$ 1,564,478	\$ 1,564,478	\$ 74,729
Other Local Revenues	57,561	57,570	57,570	(9)
Total Revenues	\$ 1,696,768	\$ 1,622,048	\$ 1,622,048	\$ 74,720
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 342,070	\$ 554,801	\$ 541,989	\$ 199,919
Education	570,000	570,000	575,000	5,000
<u>Interest on Debt</u>				
General Government	62	500	550	488
Education	343,601	549,513	549,513	205,912
<u>Other Debt Service</u>				
General Government	45,229	45,750	58,512	13,283
Education	39,352	45,000	40,000	648
Total Expenditures	\$ 1,340,314	\$ 1,765,564	\$ 1,765,564	\$ 425,250
Excess (Deficiency) of Revenues Over Expenditures	\$ 356,454	\$ (143,516)	\$ (143,516)	\$ 499,970
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 11,988	\$ 11,988	\$ (11,988)
Total Other Financing Sources	\$ 0	\$ 11,988	\$ 11,988	\$ (11,988)
Net Change in Fund Balance	\$ 356,454	\$ (131,528)	\$ (131,528)	\$ 487,982
Fund Balance, July 1, 2013	2,753,380	2,331,044	2,331,044	422,336
Fund Balance, June 30, 2014	\$ 3,109,834	\$ 2,199,516	\$ 2,199,516	\$ 910,318

# Fiduciary Funds

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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.

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

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 Town of Woodland Mills. These collections are remitted monthly to the municipality.

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 of deeds; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for grants and other restricted revenues for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

Exhibit I-1

Obion County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
For the Year Ended June 30, 2014

	Agency Funds							Total
	Cities - Sales Tax	Cities - Property Tax	Special School District	School ADA - Union City	Constitu- tional Officers - Agency	Judicial District Drug		
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,545,153	\$ 0	\$ 0	\$ 1,545,153
Equity in Pooled Cash and Investments	0	317	1,345	21,879	0	203,834	0	227,375
Accounts Receivable	0	0	0	0	6,564	0	0	6,564
Due from Other Governments	709,635	0	0	230,087	0	0	0	939,722
Property Taxes Receivable	0	0	0	1,845,194	0	0	0	1,845,194
Allowance for Uncollectible Property Taxes	0	0	0	(52,546)	0	0	0	(52,546)
Notes Receivable - Long-term	0	0	0	0	203,472	0	0	203,472
Total Assets	\$ 709,635	\$ 317	\$ 1,345	\$ 2,044,614	\$ 1,755,189	\$ 203,834	\$ 0	\$ 4,714,934
<u>LIABILITIES</u>								
Due to Other Taxing Units	\$ 709,635	\$ 317	\$ 1,345	\$ 2,044,614	\$ 0	\$ 0	\$ 0	\$ 2,755,911
Due to Litigants, Heirs, and Others	0	0	0	0	1,755,189	0	0	1,755,189
Due to Joint Ventures	0	0	0	0	0	203,834	0	203,834
Total Liabilities	\$ 709,635	\$ 317	\$ 1,345	\$ 2,044,614	\$ 1,755,189	\$ 203,834	\$ 0	\$ 4,714,934

## Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,972,503	\$ 3,972,503	\$ 0
Due from Other Governments	670,478	709,635	670,478	709,635
Total Assets	\$ 670,478	\$ 4,682,138	\$ 4,642,981	\$ 709,635
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 670,478	\$ 4,682,138	\$ 4,642,981	\$ 709,635
Total Liabilities	\$ 670,478	\$ 4,682,138	\$ 4,642,981	\$ 709,635
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 390	\$ 24,569	\$ 24,642	\$ 317
Total Assets	\$ 390	\$ 24,569	\$ 24,642	\$ 317
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 390	\$ 24,569	\$ 24,642	\$ 317
Total Liabilities	\$ 390	\$ 24,569	\$ 24,642	\$ 317
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 941	\$ 86,342	\$ 85,938	\$ 1,345
Total Assets	\$ 941	\$ 86,342	\$ 85,938	\$ 1,345
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 941	\$ 86,342	\$ 85,938	\$ 1,345
Total Liabilities	\$ 941	\$ 86,342	\$ 85,938	\$ 1,345
<u>City School ADA - Union City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 30,068	\$ 3,207,067	\$ 3,215,256	\$ 21,879
Due from Other Governments	216,073	230,087	216,073	230,087
Property Taxes Receivable	1,770,847	1,845,194	1,770,847	1,845,194
Allowance for Uncollectible Property Taxes	(44,998)	(52,546)	(44,998)	(52,546)
Total Assets	\$ 1,971,990	\$ 5,229,802	\$ 5,157,178	\$ 2,044,614

(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	\$ 1,971,990	\$ 5,229,802	\$ 5,157,178	\$ 2,044,614
Total Liabilities	\$ 1,971,990	\$ 5,229,802	\$ 5,157,178	\$ 2,044,614
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,745,946	\$ 7,953,992	\$ 8,154,785	\$ 1,545,153
Accounts Receivable	4,387	6,564	4,387	6,564
Notes Receivable - Long-term	193,737	9,735	0	203,472
Total Assets	\$ 1,944,070	\$ 7,970,291	\$ 8,159,172	\$ 1,755,189
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,944,070	\$ 7,970,291	\$ 8,159,172	\$ 1,755,189
Total Liabilities	\$ 1,944,070	\$ 7,970,291	\$ 8,159,172	\$ 1,755,189
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 367,085	\$ 163,251	\$ 203,834
Total Assets	\$ 0	\$ 367,085	\$ 163,251	\$ 203,834
<u>Liabilities</u>				
Due to Joint Ventures	\$ 0	\$ 367,085	\$ 163,251	\$ 203,834
Total Liabilities	\$ 0	\$ 367,085	\$ 163,251	\$ 203,834
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,745,946	\$ 7,953,992	\$ 8,154,785	\$ 1,545,153
Equity in Pooled Cash and Investments	31,399	7,657,566	7,461,590	227,375
Accounts Receivable	4,387	6,564	4,387	6,564
Due from Other Governments	886,551	939,722	886,551	939,722
Property Taxes Receivable	1,770,847	1,845,194	1,770,847	1,845,194
Allowance for Uncollectible Property Taxes	(44,998)	(52,546)	(44,998)	(52,546)
Notes Receivable - Long-term	193,737	9,735	0	203,472
Total Assets	\$ 4,587,869	\$ 18,360,227	\$ 18,233,162	\$ 4,714,934
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,643,799	\$ 10,022,851	\$ 9,910,739	\$ 2,755,911
Due to Litigants, Heirs, and Others	1,944,070	7,970,291	8,159,172	1,755,189
Due to Joint Ventures	0	367,085	163,251	203,834
Total Liabilities	\$ 4,587,869	\$ 18,360,227	\$ 18,233,162	\$ 4,714,934

# Obion County School Department

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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.

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

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

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

Education 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, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 18,880,399	\$ 21,692	\$ 1,839,990	\$ (17,018,717)
Support Services	10,718,319	5,400	844,547	(9,868,372)
Operation of Non-instructional Services	3,317,103	549,062	2,092,243	(675,798)
Interest on Long-term Debt	11,625	0	0	(11,625)
Total Governmental Activities	\$ 32,927,446	\$ 576,154	\$ 4,776,780	\$ (27,574,512)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$ 4,606,230	
Local Option Sales Taxes			3,187,634	
Business Tax			70,855	
Other Local Taxes			4,268	
Grants and Contributions Not Restricted to Specific Programs			17,725,398	
Miscellaneous			21,894	
Total General Revenues			\$ 25,616,279	
Change in Net Position			\$ (1,958,233)	
Net Position, July 1, 2013			33,439,268	
Net Position, June 30, 2014			\$ 31,481,035	

Exhibit J-2

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

	<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	\$ 2,397,304	\$ 538,214	\$ 2,935,518
Accounts Receivable	100,239	32	100,271
Due from Other Governments	1,227,227	234,471	1,461,698
Due from Other Funds	218,653	9,837	228,490
Property Taxes Receivable	4,564,487	0	4,564,487
Allowance for Uncollectible Property Taxes	(129,582)	0	(129,582)
<b>Total Assets</b>	<b>\$ 8,378,328</b>	<b>\$ 782,554</b>	<b>\$ 9,160,882</b>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 10,384	\$ 10,384
Payroll Deductions Payable	1,505	0	1,505
Due to Other Funds	9,837	218,653	228,490
Other Current Liabilities	353	0	353
<b>Total Liabilities</b>	<b>\$ 11,695</b>	<b>\$ 229,037</b>	<b>\$ 240,732</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,301,585	\$ 0	\$ 4,301,585
Deferred Delinquent Property Taxes	120,171	0	120,171
Other Deferred/Unavailable Revenue	515,833	0	515,833
<b>Total Deferred Inflows of Resources</b>	<b>\$ 4,937,589</b>	<b>\$ 0</b>	<b>\$ 4,937,589</b>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 7,104	\$ 0	\$ 7,104
Restricted for Operation of Non-instructional Services	0	459,874	459,874
Restricted for Capital Projects	0	3,449	3,449
Committed:			
Committed for Education	31,395	0	31,395
Assigned:			
Assigned for Education	104,218	90,194	194,412
Unassigned	3,286,327	0	3,286,327
<b>Total Fund Balances</b>	<b>\$ 3,429,044</b>	<b>\$ 553,517</b>	<b>\$ 3,982,561</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,378,328</b>	<b>\$ 782,554</b>	<b>\$ 9,160,882</b>

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, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	3,982,561
(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		26,279,477	
Add: infrastructure net of accumulated depreciation		160,863	
Add: other capital assets net of accumulated depreciation		<u>1,894,428</u>	29,030,799
(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: compensated absences payable		(31,773)	
Less: other postemployment benefits liability		(843,921)	
Less: accrued interest on note		<u>(969)</u>	(2,168,329)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>636,004</u>
Net position of governmental activities (Exhibit A)			<u>\$ 31,481,035</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 7,924,673	\$ 0	\$ 7,924,673
Licenses and Permits	1,856	0	1,856
Charges for Current Services	43,171	436,102	479,273
Other Local Revenues	66,307	1,663	67,970
State of Tennessee	18,361,331	19,645	18,380,976
Federal Government	237,581	3,601,978	3,839,559
Other Governments and Citizens Groups	24,445	0	24,445
Total Revenues	<u>\$ 26,659,364</u>	<u>\$ 4,059,388</u>	<u>\$ 30,718,752</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,861,477	\$ 1,336,158	\$ 17,197,635
Support Services	9,868,287	283,496	10,151,783
Operation of Non-instructional Services	692,255	2,500,732	3,192,987
Capital Outlay	426,314	0	426,314
Debt Service:			
Interest on Debt	11,625	0	11,625
Total Expenditures	<u>\$ 26,859,958</u>	<u>\$ 4,120,386</u>	<u>\$ 30,980,344</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (200,594)</u>	<u>\$ (60,998)</u>	<u>\$ (261,592)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 2,062	\$ 0	\$ 2,062
Transfers In	41,773	0	41,773
Transfers Out	0	(41,773)	(41,773)
Total Other Financing Sources (Uses)	<u>\$ 43,835</u>	<u>\$ (41,773)</u>	<u>\$ 2,062</u>
Net Change in Fund Balances	\$ (156,759)	\$ (102,771)	\$ (259,530)
Fund Balance, July 1, 2013	<u>3,585,803</u>	<u>656,288</u>	<u>4,242,091</u>
Fund Balance, June 30, 2014	<u>\$ 3,429,044</u>	<u>\$ 553,517</u>	<u>\$ 3,982,561</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, 2014

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	(259,530)
(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	\$	300,826	
Less: current-year depreciation expense		<u>(2,291,968)</u>	(1,991,142)
(2) 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, 2014	\$	636,004	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(385,543)</u>	250,461
(3) 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 compensated absences payable	\$	14,548	
Change in other postemployment benefits liability		<u>27,430</u>	<u>41,978</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (1,958,233)</u>

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

Exhibit J-6

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
Equity in Pooled Cash and Investments	\$ 74,923	\$ 459,842	\$ 534,765	\$ 3,449	\$	538,214
Accounts Receivable	0	32	32	0		32
Due from Other Governments	234,471	0	234,471	0		234,471
Due from Other Funds	9,837	0	9,837	0		9,837
<b>Total Assets</b>	<b>\$ 319,231</b>	<b>\$ 459,874</b>	<b>\$ 779,105</b>	<b>\$ 3,449</b>	<b>\$</b>	<b>782,554</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 10,384	\$ 0	\$ 10,384	\$ 0	\$	10,384
Due to Other Funds	218,653	0	218,653	0		218,653
<b>Total Liabilities</b>	<b>\$ 229,037</b>	<b>\$ 0</b>	<b>\$ 229,037</b>	<b>\$ 0</b>	<b>\$</b>	<b>229,037</b>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Operation of Non-instructional Services	\$ 0	\$ 459,874	\$ 459,874	\$ 0	\$	459,874
Restricted for Capital Projects	0	0	0	3,449		3,449
Assigned:						
Assigned for Education	90,194	0	90,194	0		90,194
<b>Total Fund Balances</b>	<b>\$ 90,194</b>	<b>\$ 459,874</b>	<b>\$ 550,068</b>	<b>\$ 3,449</b>	<b>\$</b>	<b>553,517</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 319,231</b>	<b>\$ 459,874</b>	<b>\$ 779,105</b>	<b>\$ 3,449</b>	<b>\$</b>	<b>782,554</b>

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, 2014

	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	\$ 436,102	\$ 436,102	\$ 0	\$ 0	\$ 436,102
Other Local Revenues	0	1,663	1,663	0	0	1,663
State of Tennessee	0	19,645	19,645	0	0	19,645
Federal Government	2,007,334	1,594,644	3,601,978	0	0	3,601,978
Total Revenues	\$ 2,007,334	\$ 2,052,054	\$ 4,059,388	\$ 0	\$ 0	\$ 4,059,388
<u>Expenditures</u>						
Current:						
Instruction	\$ 1,336,158	\$ 0	\$ 1,336,158	\$ 0	\$ 0	\$ 1,336,158
Support Services	283,496	0	283,496	0	0	283,496
Operation of Non-instructional Services	372,971	2,127,761	2,500,732	0	0	2,500,732
Total Expenditures	\$ 1,992,625	\$ 2,127,761	\$ 4,120,386	\$ 0	\$ 0	\$ 4,120,386
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,709	\$ (75,707)	\$ (60,998)	\$ 0	\$ 0	\$ (60,998)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (41,773)	\$ 0	\$ (41,773)	\$ 0	\$ 0	\$ (41,773)
Total Other Financing Sources (Uses)	\$ (41,773)	\$ 0	\$ (41,773)	\$ 0	\$ 0	\$ (41,773)
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ (27,064)	\$ (75,707)	\$ (102,771)	\$ 0	\$ 0	\$ (102,771)
Fund Balance, July 1, 2013	117,258	535,581	652,839	3,449	3,449	656,288
Fund Balance, June 30, 2014	\$ 90,194	\$ 459,874	\$ 550,068	\$ 3,449	\$ 3,449	\$ 553,517

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 7,924,673	\$ 0	\$ 0	\$ 7,924,673	\$ 7,831,361	\$ 7,832,611	\$ 92,062
Licenses and Permits	1,856	0	0	1,856	1,600	1,600	256
Charges for Current Services	43,171	0	0	43,171	138,180	138,180	(95,009)
Other Local Revenues	66,307	0	0	66,307	81,000	86,000	(19,693)
State of Tennessee	18,361,331	0	0	18,361,331	18,214,868	18,402,436	(41,105)
Federal Government	237,581	0	0	237,581	252,138	252,138	(14,557)
Other Governments and Citizens Groups	24,445	0	0	24,445	0	0	24,445
<b>Total Revenues</b>	<b>\$ 26,659,364</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 26,659,364</b>	<b>\$ 26,519,147</b>	<b>\$ 26,712,965</b>	<b>\$ (53,601)</b>
<b>Expenditures</b>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,950,840	\$ 0	\$ 0	\$ 12,950,840	\$ 13,045,520	\$ 13,145,520	\$ 194,680
Alternative Instruction Program	123,526	0	0	123,526	126,860	126,860	3,334
Special Education Program	1,658,651	0	0	1,658,651	1,800,592	1,800,592	141,941
Vocational Education Program	1,040,079	0	0	1,040,079	1,066,697	1,066,697	26,618
Student Body Education Program	88,381	(7,300)	0	81,081	89,332	89,332	8,251
<u>Support Services</u>							
Attendance	141,570	0	0	141,570	149,196	149,196	7,626
Health Services	321,371	0	0	321,371	328,174	354,819	33,448
Other Student Support	565,805	0	73	565,878	578,006	578,006	12,128
Regular Instruction Program	973,417	0	0	973,417	1,011,216	1,011,216	37,799
Alternative Instruction Program	42,603	0	0	42,603	45,633	45,633	3,030
Special Education Program	126,042	0	0	126,042	135,717	135,717	9,675
Vocational Education Program	237	0	0	237	5,750	5,750	5,513
Other Programs	148,666	0	0	148,666	0	148,666	0
Board of Education	539,007	0	0	539,007	524,817	549,317	10,310
Director of Schools	173,367	0	0	173,367	225,895	225,895	52,528
Office of the Principal	1,678,950	0	0	1,678,950	1,714,533	1,714,533	35,583
Fiscal Services	176,115	0	0	176,115	182,126	182,126	6,011
Operation of Plant	2,466,375	0	262	2,466,637	2,454,648	2,489,648	23,011

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 749,864	\$ (5,910)	\$ 11,637	\$ 755,591	\$ 737,769	\$ 791,569	\$ 35,978
Transportation	1,553,681	0	212	1,553,893	1,594,577	1,594,577	40,684
Central and Other	211,217	0	0	211,217	221,098	221,098	9,881
<u>Operation of Non-instructional Services</u>							
Community Services	235,665	0	200	235,865	235,940	235,940	75
Early Childhood Education	456,590	(850)	0	455,740	475,087	475,087	19,347
<u>Capital Outlay</u>							
Regular Capital Outlay	426,314	(239,899)	91,834	278,249	326,100	341,807	63,558
<u>Interest on Debt</u>							
Education	11,625	0	0	11,625	11,625	11,625	0
Total Expenditures	\$ 26,859,958	\$ (253,959)	\$ 104,218	\$ 26,710,217	\$ 27,086,908	\$ 27,491,226	\$ 781,009
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (200,594)	\$ 253,959	\$ (104,218)	\$ (50,853)	\$ (567,761)	\$ (778,261)	\$ 727,408
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,062	\$ 0	\$ 0	\$ 2,062	\$ 0	\$ 16,000	\$ (13,938)
Transfers In	41,773	0	0	41,773	122,143	122,143	(80,370)
Total Other Financing Sources	\$ 43,835	\$ 0	\$ 0	\$ 43,835	\$ 122,143	\$ 138,143	\$ (94,308)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (156,759)	\$ 253,959	\$ (104,218)	\$ (7,018)	\$ (445,618)	\$ (640,118)	\$ 633,100
Fund Balance, July 1, 2013	3,585,803	(253,959)	0	3,331,844	3,421,382	3,421,382	(89,538)
Fund Balance, June 30, 2014	\$ 3,429,044	\$ 0	\$ (104,218)	\$ 3,324,826	\$ 2,975,764	\$ 2,781,264	\$ 543,562

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,007,334	\$ 1,994,906	\$ 2,116,238	\$ (108,904)
Total Revenues	\$ 2,007,334	\$ 1,994,906	\$ 2,116,238	\$ (108,904)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 723,921	\$ 737,148	\$ 763,114	\$ 39,193
Special Education Program	588,748	538,097	602,703	13,955
Vocational Education Program	23,489	23,489	23,489	0
<u>Support Services</u>				
Health Services	19,590	19,630	19,630	40
Other Student Support	19,088	20,735	20,685	1,597
Regular Instruction Program	50,217	9,013	63,352	13,135
Special Education Program	131,791	94,140	145,765	13,974
Vocational Education Program	2,033	2,033	2,033	0
Transportation	60,777	63,578	68,792	8,015
<u>Operation of Non-instructional Services</u>				
Community Services	372,971	364,900	364,900	(8,071)
Total Expenditures	\$ 1,992,625	\$ 1,872,763	\$ 2,074,463	\$ 81,838
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,709	\$ 122,143	\$ 41,775	\$ (27,066)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (41,773)	\$ (122,143)	\$ (41,773)	\$ 0
Total Other Financing Sources	\$ (41,773)	\$ (122,143)	\$ (41,773)	\$ 0
Net Change in Fund Balance	\$ (27,064)	\$ 0	\$ 2	\$ (27,066)
Fund Balance, July 1, 2013	117,258	0	0	117,258
Fund Balance, June 30, 2014	\$ 90,194	\$ 0	\$ 2	\$ 90,192

Exhibit J-10

Obion County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Obion County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 436,102	\$ 565,000	\$ 565,000	\$ (128,898)
Other Local Revenues	1,663	2,000	2,000	(337)
State of Tennessee	19,645	20,500	20,500	(855)
Federal Government	1,594,644	1,662,673	1,662,673	(68,029)
Total Revenues	<u>\$ 2,052,054</u>	<u>\$ 2,250,173</u>	<u>\$ 2,250,173</u>	<u>\$ (198,119)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,127,761	\$ 2,299,654	\$ 2,299,654	\$ 171,893
Total Expenditures	<u>\$ 2,127,761</u>	<u>\$ 2,299,654</u>	<u>\$ 2,299,654</u>	<u>\$ 171,893</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (75,707)</u>	<u>\$ (49,481)</u>	<u>\$ (49,481)</u>	<u>\$ (26,226)</u>
Net Change in Fund Balance	\$ (75,707)	\$ (49,481)	\$ (49,481)	\$ (26,226)
Fund Balance, July 1, 2013	<u>535,581</u>	<u>535,524</u>	<u>535,524</u>	<u>57</u>
Fund Balance, June 30, 2014	<u>\$ 459,874</u>	<u>\$ 486,043</u>	<u>\$ 486,043</u>	<u>\$ (26,169)</u>

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## MISCELLANEOUS SCHEDULES

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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, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<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	\$ 143,786	\$ 0	\$ 10,656	\$ 133,130
Various General Capital Projects	331,414	1.35	6-23-14	6-24-14	0	331,414	331,414	0
Total Notes Payable					\$ 143,786	\$ 331,414	\$ 342,070	\$ 133,130
<u>OTHER LOAN PAYABLE</u>								
Payable through General Debt Service Fund								
School Construction/Renovation	17,000,000	Variable	8-25-04	5-25-22	\$ 5,758,000	\$ 0	\$ 555,000	\$ 5,203,000
Total Other Loan Payable					\$ 5,758,000	\$ 0	\$ 555,000	\$ 5,203,000
<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	\$ 7,990,000	\$ 0	\$ 15,000	\$ 7,975,000
Total Bond Payable					\$ 7,990,000	\$ 0	\$ 15,000	\$ 7,975,000
<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	6-1-20	\$ 1,291,666	\$ 0	\$ 0	\$ 1,291,666
Total Note Payable					\$ 1,291,666	\$ 0	\$ 0	\$ 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
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	5,258	5,258
Total	\$ 133,130	\$ 133,130

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
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	\$ 5,203,000	\$ 80,351	\$ 114,742	\$ 5,398,093

(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	
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	\$ 7,975,000	\$ 4,322,770	\$ 12,297,770

DISCRETELY PRESENTED OBION  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note		Total
	Principal	Interest	
2015	\$ 250,000	\$ 11,625	\$ 261,625
2016	250,000	9,375	259,375
2017	250,000	7,125	257,125
2018	250,000	4,875	254,875
2019	250,000	2,625	252,625
2020	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, 2014

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Indigent Care Trust Fund</u>	
Federal Farm Credit Bank	\$ 822,810
Federal Home Loan Bank	2,060,208
Federal Home Loan Mortgage Corp.	<u>907,975</u>
Total Investments	<u><u>\$ 3,790,993</u></u>

Exhibit K-4

Obion County, Tennessee  
Schedule of Notes Receivable  
June 30, 2014

Description	Debtor	Original Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-14
<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%	\$ 137,320
Career Technology Center	Obion County School Department	2,500,000	6-1-10	6-1-20	variable	1,291,666
Industrial Facilities - MIA Seating Corp.	Industrial Development Board of Union City	1,625,000	12-30-13	12-1-23	1	1,625,000
"	"	400,000	12-30-13	12-1-23	1	400,000
Total General Fund						<u>\$ 3,453,986</u>
<u>General Debt Service Fund</u>						
Airport Improvements	Everett-Stewart Regional Airport	143,786	10-16-12	9-13-22	0	\$ 133,130
Total General Debt Service Fund						<u>\$ 133,130</u>
<u>Constitutional Officers - Agency Fund</u>						
Clerk and Master						
Ellen Wade Wiley Scholarship Loan Notes	Various Students	Various	Various	Various	0	\$ 203,472
Total Constitutional Officers - Agency Fund						<u>\$ 203,472</u>
Total Notes Receivable						<u>\$ 3,790,588</u>

Exhibit K-5

Obion County, Tennessee  
Schedule of Transfers  
Discretely Presented Obion County School Department  
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 16,453
"	"	Early intervening services	<u>25,320</u>
Total Transfers			<u>\$ 41,773</u>

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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 75,804	\$ 50,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, TCA	72,195	100,000	Travelers Casualty and Surety Company of America
Director of Schools:				
David Huss (7-1-13 through 11-15-13)	State Board of Education and County Board of Education	55,000 (1)	150,000	Tennessee Risk Management Trust
Dale Hollowell (11-16-13 through 4-20-14)	State Board of Education and County Board of Education	5,091	150,000	"
Nancy Hamilton (11-16-13 through 4-20-14)	State Board of Education and County Board of Education	5,091	150,000	"
Russell Davis (4-21-14 through 6-30-14)	State Board of Education and County Board of Education	19,222 (2)	100,000	RLI Insurance Company
Trustee	Section 8-24-102, TCA	65,632	1,092,200	"
Assessor of Property	Section 8-24-102, TCA	65,632	50,000	"
County Clerk	Section 8-24-102, TCA	65,632	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	65,632	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	65,632 (3)	70,000	Travelers Casualty and Surety Company of America
Register of Deeds	Section 8-24-102, TCA	65,632	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	72,195 (4)	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) 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 (\$3,022); and the director's five percent share of retirement (\$3,020).
- (2) Does not include amounts the Board of Education pays for a travel allowance of \$400 per month.
- (3) Does not include special commissioner fees of \$12,380.
- (4) Does not include a law enforcement training supplement of \$600.

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,999,631	\$ 0	\$ 0	\$ 0	\$ 398,358
Trustee's Collections - Prior Year	58,160	0	0	0	10,374
Circuit/Clerk & Master Collections - Prior Years	22,208	0	0	0	4,330
Interest and Penalty	11,177	0	0	0	1,869
Payments in-Lieu-of Taxes - T.V.A.	139	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	2,519	0	0	0	505
Payments in-Lieu-of Taxes - Other	21,844	0	0	0	4,378
<u>County Local Option Taxes</u>					
Local Option Sales Tax	474,887	0	0	0	0
Hotel/Motel Tax	23,560	0	0	0	0
Wheel Tax	0	0	0	0	1,193,690
Litigation Tax - General	118,289	0	0	0	0
Litigation Tax - Special Purpose	6,744	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Litigation Tax - Courthouse Security	95,388	0	0	0	0
Business Tax	206,775	0	0	0	6,520
Mixed Drink Tax	2,683	0	0	0	0
Mineral Severance Tax	0	0	0	0	27,361
<u>Statutory Local Taxes</u>					
Bank Excise Tax	5,569	0	0	0	1,116
Wholesale Beer Tax	36,095	0	0	0	0
Interstate Telecommunications Tax	1,434	0	0	0	0
Total Local Taxes	\$ 3,087,102	\$ 0	\$ 0	\$ 0	\$ 1,648,501

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise Permits	20,597 \$	0 \$	0 \$	0 \$	0
Beer Permits	760	0	0	0	0
Total Licenses and Permits	<u>21,357 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	1,096 \$	0 \$	0 \$	0 \$	0
Officers Costs	3,176	0	0	0	0
Drug Control Fines	475	0	475	0	0
Drug Court Fees	2,093	0	0	0	0
Jail Fees	1,064	0	0	0	0
DUI Treatment Fines	332	0	0	0	0
Data Entry Fee - Circuit Court	948	0	0	0	0
Courtroom Security Fee	4	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	332	0	0	0	0
<u>General Sessions Court</u>					
Fines	13,611	0	0	0	0
Officers Costs	10,222	0	0	0	0
Drug Control Fines	463	0	463	0	0
Drug Court Fees	3,328	0	0	0	0
Jail Fees	25,020	0	0	0	0
DUI Treatment Fines	4,582	0	0	0	0
Data Entry Fee - General Sessions Court	12,551	0	0	0	0
Courtroom Security Fee	329	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Fines	\$ 474	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,434	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	4,660	0	0	0	0
Data Entry Fee - Chancery Court	4,608	0	0	0	0
Courtroom Security Fee	1	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	1,500	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	24,545	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 90,803</b>	<b>\$ 0</b>	<b>\$ 26,983</b>	<b>\$ 0</b>	<b>\$ 0</b>

<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fees	\$ 0	\$ 16,528	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	756	0	0	0	0
Other General Service Charges	52,822	0	0	0	0
<u>Fees</u>					
Copy Fees	300	0	0	0	0
Archives and Records Management Fee - County Clerk	25,486	0	0	0	0
Telephone Commissions	37,261	0	0	0	0
Vending Machine Collections	191	0	0	0	510
Constitutional Officers' Fees and Commissions	0	0	0	12,380	0
Data Processing Fee - Register	9,810	0	0	0	0
Data Processing Fee - Sheriff	1,539	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Sexual Offender Registration Fees - Sheriff	\$ 2,500	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - County Clerk	6,065	0	0	0	0
Total Charges for Current Services	\$ 136,730	\$ 16,528	\$ 0	\$ 12,380	\$ 510
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 162,557	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	9,455	0	0	0	0
Sale of Materials and Supplies	1,569	0	0	0	40,758
Commissary Sales	84,143	0	0	0	0
Sale of Gasoline	0	0	0	0	92,643
Sale of Maps	53	0	0	0	0
Sale of Recycled Materials	0	24,068	0	0	0
Miscellaneous Refunds	6,674	57	0	0	80,589
<u>Nonrecurring Items</u>					
Sale of Equipment	1,983	0	0	0	0
Sale of Property	527	0	0	0	0
Contributions and Gifts	0	596	0	0	0
Performance Bond Forfeitures	2,375	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	16,108	0	0	0	0
Total Other Local Revenues	\$ 285,444	\$ 24,721	\$ 0	\$ 0	\$ 213,990

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of-Salary</u>					
County Clerk	\$ 371,987	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	67,371	0	0	0	0
General Sessions Court Clerk	209,999	0	0	0	0
Clerk and Master	178,278	0	0	0	0
Juvenile Court Clerk	22,691	0	0	0	0
Register	106,430	0	0	0	0
Sheriff	13,722	0	0	0	0
Trustee	404,775	0	0	0	0
Total Fees Received from County Officials	\$ 1,375,253	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	28,740	0	0	0
Public Safety Grants					
Law Enforcement Training Programs	13,800	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	75,676	0	0	0	0
Other Health and Welfare Grants	3,500	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	27,853	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	77,400	0	0	0	0
Beer Tax	17,806	0	0	0	0
Vehicle Certificate of Title Fees	2,292	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Alcoholic Beverage Tax	\$ 48,085	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - T.V.A.	167,895	0	0	0	9,600
Contracted Prisoner Boarding	851,148	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,824,524
Petroleum Special Tax	0	0	0	0	22,950
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	136,547	0	0	0	0
Other State Revenues	25,985	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 1,467,651</b>	<b>\$ 28,740</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,857,074</b>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 113,567	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	5,000	0	0	0	0
Other Federal through State	28,000	0	0	0	0
<u>Direct Federal Revenue</u>	4,400	0	0	0	0
Other Direct Federal Revenue	150,967	0	0	0	0
<b>Total Federal Government</b>	<b>\$ 191,934</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 719,741	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	159,287	105,000	0	0	0
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 879,028</b>	<b>\$ 105,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total</b>	<b>\$ 7,494,335</b>	<b>\$ 174,989</b>	<b>\$ 26,983</b>	<b>\$ 12,380</b>	<b>\$ 3,720,075</b>

(Continued)

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

	Debt Service		Total
	Fund	General	
	Debt	Service	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 1,467,851	\$	3,865,840
Trustee's Collections - Prior Year	43,368		111,902
Circuit/Clerk & Master Collections - Prior Years	23,274		49,812
Interest and Penalty	8,002		21,048
Payments in-Lieu-of Taxes - T.V.A.	0		139
Payments in-Lieu-of Taxes - Local Utilities	1,395		4,419
Payments in-Lieu-of Taxes - Other	20,252		46,474
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0		474,887
Hotel/Motel Tax	0		23,560
Wheel Tax	0		1,193,690
Litigation Tax - General	0		118,289
Litigation Tax - Special Purpose	0		6,744
Litigation Tax - Jail, Workhouse, or Courthouse	34,845		34,845
Litigation Tax - Courthouse Security	0		95,388
Business Tax	34,341		247,636
Mixed Drink Tax	0		2,683
Mineral Severance Tax	0		27,361
<u>Statutory Local Taxes</u>			
Bank Excise Tax	5,879		12,564
Wholesale Beer Tax	0		36,095
Interstate Telecommunications Tax	0		1,434
Total Local Taxes	\$ 1,639,207	\$	6,374,810

(Continued)

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

	Debt Service		
	Fund		Total
	General	Debt	
	Service	Service	
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	0	\$	20,597
<u>Permits</u>			
Beer Permits	0		760
Total Licenses and Permits	0	\$	21,357
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0	\$	1,096
Officers Costs	0		3,176
Drug Control Fines	0		950
Drug Court Fees	0		2,093
Jail Fees	0		1,064
DUI Treatment Fines	0		332
Data Entry Fee - Circuit Court	0		948
Courtroom Security Fee	0		4
<u>Criminal Court</u>			
DUI Treatment Fines	0		332
<u>General Sessions Court</u>			
Fines	0		13,611
Officers Costs	0		10,222
Drug Control Fines	0		926
Drug Court Fees	0		3,328
Jail Fees	0		25,020
DUI Treatment Fines	0		4,582
Data Entry Fee - General Sessions Court	0		12,551
Courtroom Security Fee	0		329

(Continued)

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

	Debt Service		Total
	Fund	Debt	
	General	Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Juvenile Court</u>			
Fines	0	\$ 474	
Officers Costs	0	1,434	
<u>Chancery Court</u>			
Officers Costs	0	4,660	
Data Entry Fee - Chancery Court	0	4,608	
Courtroom Security Fee	0	1	
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	0	1,500	
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	24,545	
Total Fines, Forfeitures, and Penalties	0	\$ 117,786	
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Solid Waste Disposal Fees	0	\$ 16,528	
Work Release Charges for Board	0	756	
Other General Service Charges	0	52,822	
<u>Fees</u>			
Copy Fees	0	300	
Archives and Records Management Fee - County Clerk	0	25,486	
Telephone Commissions	0	37,261	
Vending Machine Collections	0	701	
Constitutional Officers' Fees and Commissions	0	12,380	
Data Processing Fee - Register	0	9,810	
Data Processing Fee - Sheriff	0	1,539	

(Continued)

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

	Debt Service		
	Fund	Debt	Total
	General	Service	
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Sexual Offender Registration Fees - Sheriff	0	\$ 2,500	
Data Processing Fee - County Clerk	0	6,065	
Total Charges for Current Services	0	\$ 166,148	
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	0	\$ 162,557	
Lease/Rentals	57,561	67,016	
Sale of Materials and Supplies	0	42,327	
Commissary Sales	0	84,143	
Sale of Gasoline	0	92,643	
Sale of Maps	0	53	
Sale of Recycled Materials	0	24,068	
Miscellaneous Refunds	0	87,320	
<u>Nonrecurring Items</u>			
Sale of Equipment	0	1,983	
Sale of Property	0	527	
Contributions and Gifts	0	596	
Performance Bond Forfeitures	0	2,375	
<u>Other Local Revenues</u>			
Other Local Revenues	0	16,108	
Total Other Local Revenues	57,561	\$ 581,716	

(Continued)

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

	Debt Service		
	<u>Fund</u>		
	General	Debt	Total
	Service	Service	Total
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	0	\$	371,987
Circuit Court Clerk	0		67,371
General Sessions Court Clerk	0		209,999
Clerk and Master	0		178,278
Juvenile Court Clerk	0		22,691
Register	0		106,430
Sheriff	0		13,722
Trustee	0		404,775
<b>Total Fees Received from County Officials</b>	<b>0</b>	<b>\$</b>	<b>1,375,253</b>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0	\$	4,500
Solid Waste Grants	0		28,740
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0		13,800
<u>Health and Welfare Grants</u>			
Health Department Programs	0		75,676
Other Health and Welfare Grants	0		3,500
<u>Public Works Grants</u>			
Litter Program	0		27,853
<u>Other State Revenues</u>			
Income Tax	0		77,400
Beer Tax	0		17,806
Vehicle Certificate of Title Fees	0		2,292

(Continued)

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

	Debt Service		
	Fund	Debt	Total
	General	Service	
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Alcoholic Beverage Tax	\$ 0	\$ 48,085	
State Revenue Sharing - T.V.A.	0	177,495	
Contracted Prisoner Boarding	0	851,148	
Gasoline and Motor Fuel Tax	0	1,824,524	
Petroleum Special Tax	0	22,950	
Registrar's Salary Supplement	0	15,164	
Other State Grants	0	136,547	
Other State Revenues	0	25,985	
Total State of Tennessee	\$ 0	\$ 3,353,465	
<u>Federal Government</u>			
<u>Federal Through State</u>			
Homeland Security Grants	\$ 0	\$ 113,567	
Law Enforcement Grants	0	5,000	
Other Federal through State	0	28,000	
<u>Direct Federal Revenue</u>			
Other Direct Federal Revenue	0	4,400	
Total Federal Government	\$ 0	\$ 150,967	
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Prisoner Board	\$ 0	\$ 719,741	
Contracted Services	0	264,287	
Total Other Governments and Citizens Groups	\$ 0	\$ 984,028	
Total	\$ 1,696,768	\$ 13,125,530	

Obion County, Tennessee  
 Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Obion County School Department  
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,410,405	\$ 0	\$ 0	\$ 0	4,410,405
Trustee's Collections - Prior Year	121,936	0	0	0	121,936
Circuit/Clerk & Master Collections - Prior Years	45,773	0	0	0	45,773
Interest and Penalty	23,875	0	0	0	23,875
Payments in-Lieu-of Taxes - Local Utilities	5,556	0	0	0	5,556
Payments in-Lieu-of Taxes - Other	48,173	0	0	0	48,173
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,180,807	0	0	0	3,180,807
Business Tax	71,651	0	0	0	71,651
Mixed Drink Tax	1,909	0	0	0	1,909
<u>Statutory Local Taxes</u>					
Bank Excise Tax	12,284	0	0	0	12,284
Interstate Telecommunications Tax	2,304	0	0	0	2,304
Total Local Taxes	\$ 7,924,673	\$ 0	\$ 0	\$ 0	\$ 7,924,673
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,856	\$ 0	\$ 0	\$ 0	1,856
Total Licenses and Permits	\$ 1,856	\$ 0	\$ 0	\$ 0	1,856
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 79	\$ 0	\$ 0	\$ 0	79

(Continued)

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>Charges for Current Services (Cont.)</u>						
<u>Education Charges</u>						
Tuition - Out-of-State Systems	\$ 11,757	\$ 0	\$ 0	\$ 0	\$ 0	11,757
Lunch Payments - Children	0	0	0	239,047	0	239,047
Lunch Payments - Adults	0	0	0	70,613	0	70,613
A la carte Sales	0	0	0	117,214	0	117,214
Transportation - Other State Systems	5,400	0	0	0	0	5,400
Receipts from Individual Schools	24,865	0	0	9,228	0	34,093
Community Service Fees - Children	95	0	0	0	0	95
<u>Other Charges for Services</u>	975	0	0	0	0	975
<u>Total Charges for Current Services</u>	\$ 43,171	\$ 0	\$ 0	\$ 436,102	\$ 0	\$ 479,273
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0	0	0	1,663	0	1,663
Lease/Rentals	1	0	0	0	0	1
Sale of Materials and Supplies	2,340	0	0	0	0	2,340
Refund of Telecommunication & Internet Fees (E-Rate)	8,960	0	0	0	0	8,960
Miscellaneous Refunds	11,914	0	0	0	0	11,914
<u>Nonrecurring Items</u>	7,431	0	0	0	0	7,431
Sale of Equipment	129	0	0	0	0	129
Damages Recovered from Individuals	35,532	0	0	0	0	35,532
Contributions and Gifts	66,307	0	0	1,663	0	67,970
<u>Total Other Local Revenues</u>	\$ 66,307	\$ 0	\$ 0	\$ 1,663	\$ 0	\$ 67,970

(Continued)

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-half Contributions for OPEB	\$ 148,666	\$ 0	\$ 0	\$ 0	148,666
<u>State Education Funds</u>					
Basic Education Program	16,542,001	0	0	0	16,542,001
Early Childhood Education	475,087	0	0	0	475,087
School Food Service	0	0	19,645	0	19,645
Energy Efficient School Initiative	11,105	0	0	0	11,105
Driver Education	15,225	0	0	0	15,225
Other State Education Funds	450,282	0	0	0	450,282
Career Ladder Program	136,220	0	0	0	136,220
Career Ladder - Extended Contract	33,070	0	0	0	33,070
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	549,675	0	0	0	549,675
Total State of Tennessee	\$ 18,361,331	\$ 0	\$ 19,645	\$ 0	\$ 18,380,976
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 911,233	\$ 0	911,233
USDA - Commodities	0	0	133,142	0	133,142
Breakfast	0	0	512,255	0	512,255
USDA - Other	0	0	38,014	0	38,014
Vocational Education - Basic Grants to States	0	40,652	0	0	40,652
Title I Grants to Local Education Agencies	0	505,937	0	0	505,937
Special Education - Grants to States	173,976	794,121	0	0	968,097
Special Education Preschool Grants	0	38,280	0	0	38,280

(Continued)

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		
Federal Government (Cont.)					
Federal Through State (Cont.)					
English Language Acquisition Grants	\$ 0	\$ 20,892	\$ 0	\$ 20,892	
Safe and Drug-free Schools - State Grants	0	352,349	0	352,349	
Eisenhower Professional Development State Grants	0	150,103	0	150,103	
Race-to-the-Top - ARRA	0	105,000	0	105,000	
Other Federal through State	63,605	0	0	63,605	
Total Federal Government	\$ 237,581	\$ 2,007,334	\$ 1,594,644	\$ 3,839,559	
Other Governments and Citizens Groups					
Other Governments					
Contributions	\$ 24,445	\$ 0	\$ 0	\$ 24,445	
Total Other Governments and Citizens Groups	\$ 24,445	\$ 0	\$ 0	\$ 24,445	
Total	\$ 26,659,364	\$ 2,007,334	\$ 2,052,054	\$ 30,718,752	

Exhibit K-9

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	1,500	
Board and Committee Members Fees		33,940	
Audit Services		9,542	
Dues and Memberships		1,700	
Legal Services		12,118	
Legal Notices, Recording, and Court Costs		1,119	
Postal Charges		751	
Printing, Stationery, and Forms		949	
Travel		11,061	
Office Supplies		427	
Total County Commission	\$		73,107

Board of Equalization

Board and Committee Members Fees	\$	1,220	
Legal Notices, Recording, and Court Costs		70	
Travel		422	
Total Board of Equalization			1,712

Budget and Finance Committee

Board and Committee Members Fees	\$	11,200	
Travel		826	
Total Budget and Finance Committee			12,026

Other Boards and Committees

Board and Committee Members Fees	\$	2,500	
Travel		80	
Total Other Boards and Committees			2,580

County Mayor/Executive

County Official/Administrative Officer	\$	75,804	
Assistant(s)		101,597	
Bonus Payments		3,250	
Dues and Memberships		2,297	
Freight Expenses		257	
Legal Notices, Recording, and Court Costs		247	
Maintenance Agreements		8,735	
Maintenance and Repair Services - Office Equipment		487	
Postal Charges		814	
Printing, Stationery, and Forms		1,536	
Travel		3,670	
Data Processing Supplies		979	
Duplicating Supplies		258	
Library Books/Media		263	
Office Supplies		976	
Premiums on Corporate Surety Bonds		250	
Data Processing Equipment		3,333	
Total County Mayor/Executive			204,753

(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	\$	59,068	
Deputy(ies)		46,954	
Bonus Payments		600	
Election Commission		2,302	
Election Workers		9,919	
Communication		841	
Data Processing Services		439	
Dues and Memberships		250	
Freight Expenses		211	
Janitorial Services		2,100	
Legal Notices, Recording, and Court Costs		6,322	
Maintenance Agreements		11,373	
Maintenance and Repair Services - Buildings		204	
Maintenance and Repair Services - Equipment		347	
Maintenance and Repair Services - Office Equipment		225	
Pest Control		235	
Postal Charges		1,349	
Printing, Stationery, and Forms		3,069	
Rentals		388	
Travel		3,993	
Other Contracted Services		3,333	
Custodial Supplies		514	
Data Processing Supplies		4,358	
Duplicating Supplies		63	
Office Supplies		659	
Utilities		4,492	
Vehicle and Equipment Insurance		500	
Data Processing Equipment		1,563	
Total Election Commission			\$ 165,671

Register of Deeds

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		51,965	
Bonus Payments		600	
Dues and Memberships		588	
Freight Expenses		477	
Maintenance Agreements		16,205	
Maintenance and Repair Services - Office Equipment		8	
Postal Charges		1,250	
Printing, Stationery, and Forms		1,708	
Data Processing Supplies		355	
Duplicating Supplies		267	
Office Supplies		187	
Premiums on Corporate Surety Bonds		175	
Data Processing Equipment		214	
Office Equipment		1,533	
Total Register of Deeds			141,164

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$	32,388	
Bonus Payments		600	
Communication		7,077	
Data Processing Services		989	
Freight Expenses		183	
Licenses		175	
Maintenance and Repair Services - Buildings		18,454	
Maintenance and Repair Services - Equipment		607	
Pest Control		931	
Other Contracted Services		15,630	
Custodial Supplies		9,663	
Drugs and Medical Supplies		1,017	
Food Supplies		122	
Utilities		43,031	
Premiums on Corporate Surety Bonds		746	
Building Improvements		3,800	
Heating and Air Conditioning Equipment		8,975	
Other Capital Outlay		22,169	
Total County Buildings			\$ 166,557

Preservation of Records

Maintenance and Repair Services - Records	\$	16,727	
Total Preservation of Records			16,727

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		76,164	
Bonus Payments		1,050	
Other Salaries and Wages		10,712	
Audit Services		25,830	
Communication		196	
Contracts with Government Agencies		576	
Data Processing Services		17,767	
Dues and Memberships		1,715	
Maintenance and Repair Services - Office Equipment		398	
Postal Charges		1,976	
Printing, Stationery, and Forms		1,126	
Travel		1,118	
Other Contracted Services		13,528	
Data Processing Supplies		1,786	
Duplicating Supplies		266	
Office Supplies		196	
Furniture and Fixtures		81	
Other Equipment		4,040	
Total Property Assessor's Office			224,157

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		59,351	
Part-time Personnel		1,075	
Bonus Payments		2,600	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		373	
Maintenance Agreements		4,960	
Maintenance and Repair Services - Office Equipment		8	
Postal Charges		6,622	
Printing, Stationery, and Forms		375	
Travel		207	
Data Processing Supplies		507	
Duplicating Supplies		97	
Office Supplies		268	
Data Processing Equipment		1,052	
Office Equipment		100	
Total County Trustee's Office			\$ 143,452

County Clerk's Office

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		126,016	
Part-time Personnel		31	
Bonus Payments		1,500	
Bank Charges		30	
Data Processing Services		1,119	
Dues and Memberships		628	
Freight Expenses		247	
Legal Notices, Recording, and Court Costs		131	
Maintenance Agreements		16,271	
Postal Charges		1,558	
Printing, Stationery, and Forms		705	
Travel		2,918	
Data Processing Supplies		3,862	
Duplicating Supplies		1,010	
Office Supplies		606	
Premiums on Corporate Surety Bonds		350	
Other Charges		85	
Data Processing Equipment		24,415	
Office Equipment		270	
Total County Clerk's Office			247,384

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	65,632
Deputy(ies)		65,675
Bonus Payments		900
Board and Committee Members Fees		250

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Jury and Witness Expense	\$	10,087	
Bank Charges		35	
Dues and Memberships		478	
Freight Expenses		147	
Legal Notices, Recording, and Court Costs		179	
Maintenance Agreements		6,362	
Maintenance and Repair Services - Equipment		148	
Maintenance and Repair Services - Office Equipment		74	
Postal Charges		1,525	
Printing, Stationery, and Forms		1,521	
Travel		1,372	
Data Processing Supplies		510	
Duplicating Supplies		707	
Office Supplies		462	
Premiums on Corporate Surety Bonds		250	
Other Charges		3,986	
Data Processing Equipment		1,273	
Furniture and Fixtures		310	
Office Equipment		145	
Total Circuit Court			\$ 162,028

General Sessions Court

Judge(s)	\$	104,014	
Deputy(ies)		109,312	
Bonus Payments		1,688	
Other Per Diem and Fees		9,600	
Dues and Memberships		545	
Freight Expenses		77	
Maintenance Agreements		3,765	
Postal Charges		2,545	
Printing, Stationery, and Forms		1,865	
Travel		1,304	
Data Processing Supplies		981	
Office Supplies		1,028	
Data Processing Equipment		9,503	
Furniture and Fixtures		831	
Total General Sessions Court			247,058

Chancery Court

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		58,891	
Part-time Personnel		1,240	
Bonus Payments		600	
Jury and Witness Expense		95	
Bank Charges		50	
Dues and Memberships		573	
Freight Expenses		284	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Maintenance Agreements	\$	7,081	
Postal Charges		2,550	
Printing, Stationery, and Forms		1,019	
Other Contracted Services		756	
Data Processing Supplies		868	
Duplicating Supplies		543	
Library Books/Media		411	
Office Supplies		706	
Premiums on Corporate Surety Bonds		223	
Data Processing Equipment		3,155	
Furniture and Fixtures		1,265	
Office Equipment		145	
Total Chancery Court			\$ 146,087

Juvenile Court

Judge(s)	\$	50,314	
Youth Service Officer(s)		79,363	
Bonus Payments		900	
Communication		264	
Contracts with Private Agencies		768	
Dues and Memberships		350	
Freight Expenses		143	
Postal Charges		521	
Printing, Stationery, and Forms		684	
Travel		2,920	
Data Processing Supplies		51	
Drugs and Medical Supplies		170	
Duplicating Supplies		242	
Library Books/Media		71	
Office Supplies		85	
Data Processing Equipment		2,358	
Total Juvenile Court			139,204

Juvenile Court Clerk

Deputy(ies)	\$	44,000	
Bonus Payments		600	
Freight Expenses		31	
Postal Charges		113	
Printing, Stationery, and Forms		462	
Data Processing Supplies		139	
Office Supplies		184	
Total Juvenile Court Clerk			45,529

Courtroom Security

Guards	\$	59,120	
Attendants		99,487	
Overtime Pay		3,153	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Bonus Payments	\$	1,800	
In-Service Training		1,200	
Maintenance and Repair Services - Equipment		42	
Uniforms		1,678	
Communication Equipment		260	
Furniture and Fixtures		90	
Total Courtroom Security			\$ 166,830

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	72,195
Dispatchers/Radio Operators		197,313
Clerical Personnel		91,530
School Resource Officer		77,845
Overtime Pay		32,224
Bonus Payments		9,071
Other Salaries and Wages		735,065
In-Service Training		12,600
Communication		5,241
Contracts with Government Agencies		2,875
Contracts with Private Agencies		300
Data Processing Services		1,559
Dues and Memberships		2,489
Evaluation and Testing		350
Freight Expenses		580
Maintenance Agreements		480
Maintenance and Repair Services - Buildings		365
Maintenance and Repair Services - Equipment		10,356
Maintenance and Repair Services - Office Equipment		370
Maintenance and Repair Services - Vehicles		35,611
Postal Charges		5,141
Printing, Stationery, and Forms		1,895
Rentals		46,344
Travel		3,084
Other Contracted Services		4,500
Custodial Supplies		28
Data Processing Supplies		3,985
Duplicating Supplies		1,449
Gasoline		113,390
Law Enforcement Supplies		1,067
Office Supplies		2,819
Tires and Tubes		4,698
Uniforms		7,920
Premiums on Corporate Surety Bonds		592
Vehicle and Equipment Insurance		25,500
Communication Equipment		2,961
Data Processing Equipment		7,866

(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 Equipment	\$ 22,233	
Motor Vehicles	69,436	
Total Sheriff's Department		\$ 1,613,327

Jail

Guards	\$ 665,733	
Cafeteria Personnel	36,338	
Maintenance Personnel	35,706	
Part-time Personnel	24,731	
Overtime Pay	7,139	
Bonus Payments	8,400	
Contracts with Government Agencies	2,680	
Contracts with Other Public Agencies	8,338	
Evaluation and Testing	390	
Freight Expenses	399	
Maintenance and Repair Services - Buildings	49,906	
Maintenance and Repair Services - Equipment	12,092	
Maintenance and Repair Services - Office Equipment	275	
Medical and Dental Services	142,227	
Pest Control	571	
Postal Charges	4,008	
Printing, Stationery, and Forms	706	
Transportation - Other than Students	400	
Travel	2,922	
Custodial Supplies	29,111	
Data Processing Supplies	3,473	
Duplicating Supplies	1,772	
Fertilizer, Lime, and Seed	441	
Food Supplies	142,830	
Gasoline	924	
Office Supplies	923	
Prisoners Clothing	7,307	
Uniforms	1,248	
Utilities	108,364	
Other Supplies and Materials	15,095	
Building and Contents Insurance	18,500	
Communication Equipment	735	
Data Processing Equipment	1,665	
Food Service Equipment	1,423	
Furniture and Fixtures	4,812	
Heating and Air Conditioning Equipment	116,330	
Law Enforcement Equipment	1,509	
Total Jail		1,459,423

Rescue Squad

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

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Supervisor/Director	\$	51,710	
Bonus Payments		300	
Communication		1,862	
Dues and Memberships		95	
Maintenance and Repair Services - Vehicles		14	
Travel		1,486	
Data Processing Supplies		59	
Food Supplies		167	
Gasoline		90	
Office Supplies		127	
Uniforms		263	
Communication Equipment		138	
Other Equipment		543	
Total Other Emergency Management			\$ 56,854

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	4,875	
Contracts with Government Agencies		24,960	
Transportation - Other than Students		6,750	
Total County Coroner/Medical Examiner			36,585

Public Safety Grant Programs

Law Enforcement Equipment	\$	5,000	
Other Equipment		114,827	
Total Public Safety Grant Programs			119,827

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	60,961	
Social Security		4,598	
State Retirement		2,742	
Life Insurance		65	
Medical Insurance		3,929	
Unemployment Compensation		219	
Communication		1,231	
Contracts with Private Agencies		154	
Dues and Memberships		200	
Freight Expenses		5	
Janitorial Services		11,775	
Maintenance and Repair Services - Buildings		874	
Maintenance and Repair Services - Equipment		194	
Pest Control		286	
Postal Charges		180	
Printing, Stationery, and Forms		110	
Travel		1,778	
Other Contracted Services		4,165	
Custodial Supplies		751	

(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.)

Duplicating Supplies	\$	115	
Food Supplies		84	
Office Supplies		20	
Utilities		14,169	
Workers' Compensation Insurance		1,200	
Furniture and Fixtures		2,000	
Total Local Health Center			\$ 111,805

Alcohol and Drug Programs

Drug Treatment	\$	28,640	
Total Alcohol and Drug Programs			28,640

Appropriation to State

Contracts with Government Agencies	\$	73,553	
Total Appropriation to State			73,553

General Welfare Assistance

Pauper Burials	\$	1,900	
Total General Welfare Assistance			1,900

Sanitation Education/Information

Foremen	\$	12,006	
Social Security		859	
Unemployment Compensation		147	
Advertising		11,300	
Maintenance and Repair Services - Vehicles		1,498	
Travel		162	
Food Supplies		1,238	
Other Supplies and Materials		1,346	
Workers' Compensation Insurance		471	
Total Sanitation Education/Information			29,027

Other Public Health and Welfare

Other Supplies and Materials	\$	3,392	
Total Other Public Health and Welfare			3,392

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Bonus Payments	\$	1,800	
Contributions		345,576	
Other Capital Outlay		56,278	
Total Libraries			403,654

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

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	\$ 57,441	
Temporary Personnel	300	
Social Security	4,347	
State Retirement	9,125	
Communication	2,350	
Data Processing Services	901	
Janitorial Services	350	
Maintenance and Repair Services - Buildings	429	
Pest Control	430	
Other Contracted Services	15,283	
Custodial Supplies	212	
Utilities	5,143	
Total Agriculture Extension Service		96,311

Soil Conservation

Secretary(ies)	\$ 24,800	
Bonus Payments	300	
Total Soil Conservation		25,100

Flood Control

Contributions	\$ 25,200	
Total Flood Control		25,200

Other Operations

Tourism

Remittance of Revenue Collected	\$ 22,575	
Total Tourism		22,575

Industrial Development

Contracts with Other Public Agencies	\$ 58,968	
Contributions	1,636,000	
Dues and Memberships	9,106	
Total Industrial Development		1,704,074

Airport

Contributions	\$ 20,000	
Total Airport		20,000

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Contributions	\$ 14,410	
Matching Share	399	
Total Veterans' Services		\$ 14,809

Other Charges

Dues and Memberships	\$ 626	
Legal Services	3,647	
Maintenance Agreements	1,260	
Boiler Insurance	3,200	
Building and Contents Insurance	5,600	
Liability Insurance	79,000	
Trustee's Commission	60,594	
Total Other Charges		153,927

Contributions to Other Agencies

Contributions	\$ 24,445	
Dues and Memberships	1,674	
Total Contributions to Other Agencies		26,119

Employee Benefits

Social Security	\$ 288,884	
State Retirement	227,965	
Employee and Dependent Insurance	296,011	
Life Insurance	1,492	
Unemployment Compensation	5,644	
Workers' Compensation Insurance	34,202	
Total Employee Benefits		854,198

Miscellaneous

Other Salaries and Wages	\$ 36,253	
Total Miscellaneous		36,253

Instruction

Vocational Education Program

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

Capital Projects

Other General Government Projects

Engineering Services	\$ 8,000	
Fiscal Agent Charges	5,065	
Building Improvements	171,681	
Total Other General Government Projects		184,746

Total General Fund \$ 9,525,565

(Continued)

Exhibit K-9

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Recycling Center

Supervisor/Director	\$	40,035	
Attendants		31,691	
Bonus Payments		600	
Board and Committee Members Fees		4,100	
Social Security		5,527	
State Retirement		1,894	
Life Insurance		15	
Unemployment Compensation		162	
Advertising		739	
Communication		1,027	
Contracts with Private Agencies		32,058	
Data Processing Services		329	
Dues and Memberships		125	
Freight Expenses		88	
Maintenance and Repair Services - Buildings		718	
Maintenance and Repair Services - Equipment		2,461	
Maintenance and Repair Services - Vehicles		5,523	
Postal Charges		250	
Printing, Stationery, and Forms		376	
Travel		559	
Other Contracted Services		7,006	
Custodial Supplies		368	
Data Processing Supplies		245	
Diesel Fuel		3,338	
Equipment and Machinery Parts		243	
Food Supplies		27	
Gasoline		1,399	
General Construction Materials		5	
Lubricants		12	
Small Tools		52	
Uniforms		195	
Utilities		4,819	
Gravel and Chert		4,824	
Other Supplies and Materials		247	
Building and Contents Insurance		600	
Trustee's Commission		406	
Vehicle and Equipment Insurance		300	
Workers' Compensation Insurance		3,600	
Solid Waste Equipment		10,095	
Total Recycling Center			\$ 166,058

Total Solid Waste/Sanitation Fund \$ 166,058

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	150	
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(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.)

Communication	\$	288	
Data Processing Services		742	
Confidential Drug Enforcement Payments		160	
Dues and Memberships		45	
Freight Expenses		294	
Veterinary Services		465	
Animal Food and Supplies		366	
Other Supplies and Materials		2,061	
Trustee's Commission		255	
Other Charges		2,544	
Communication Equipment		582	
Law Enforcement Equipment		2,444	
Motor Vehicles		23,378	
Total Drug Enforcement			\$ 33,774

Total Drug Control Fund \$ 33,774

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	12,380	
Total Chancery Court			\$ 12,380

Total Constitutional Officers - Fees Fund 12,380

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	72,195	
Secretary to Board		900	
Secretary(ies)		68,217	
Board and Committee Members Fees		8,925	
Communication		5,597	
Data Processing Services		4,291	
Dues and Memberships		3,023	
Maintenance and Repair Services - Office Equipment		190	
Postal Charges		500	
Printing, Stationery, and Forms		534	
Travel		1,249	
Electricity		15,330	
Natural Gas		4,159	
Office Supplies		2,650	
Water and Sewer		2,653	
Total Administration			\$ 190,413

Highway and Bridge Maintenance

Foremen	\$	193,228	
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(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators	\$	210,857	
Truck Drivers		132,178	
Laborers		380,399	
Asphalt		456,737	
Asphalt - Cold Mix		458,110	
Concrete		60,640	
Crushed Stone		175,100	
General Construction Materials		41,637	
Pipe - Metal		54,492	
Road Signs		7,974	
Wood Products		6,998	
Total Highway and Bridge Maintenance			\$ 2,178,350

Operation and Maintenance of Equipment

Mechanic(s)	\$	70,082	
Janitorial Services		888	
Diesel Fuel		189,425	
Equipment and Machinery Parts		100,239	
Garage Supplies		10,854	
Gasoline		142,242	
Lubricants		9,957	
Small Tools		480	
Tires and Tubes		36,317	
Total Operation and Maintenance of Equipment			560,484

Other Charges

Building and Contents Insurance	\$	7,200	
Liability Insurance		14,000	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		40,039	
Vehicle and Equipment Insurance		31,922	
Workers' Compensation Insurance		52,609	
Other Charges		4,244	
Total Other Charges			150,364

Employee Benefits

Social Security	\$	83,472	
State Retirement		71,347	
Employee and Dependent Insurance		118,765	
Unemployment Compensation		1,325	
Total Employee Benefits			274,909

Capital Outlay

Engineering Services	\$	30,126	
Other Contracted Services		127,363	
Communication Equipment		4,845	
Highway Equipment		384,403	
Office Equipment		1,316	
Total Capital Outlay			548,053

Total Highway/Public Works Fund \$ 3,902,573

(Continued)

Exhibit K-9

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$ 342,070	
Total General Government		\$ 342,070
<u>Education</u>		
Principal on Bonds	\$ 15,000	
Principal on Other Loans	555,000	
Total Education		570,000
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 62	
Total General Government		62
<u>Education</u>		
Interest on Bonds	\$ 329,513	
Interest on Other Loans	14,088	
Total Education		343,601
<u>Other Debt Service</u>		
<u>General Government</u>		
Contributions	\$ 12,812	
Trustee's Commission	32,417	
Total General Government		45,229
<u>Education</u>		
Other Debt Service	\$ 39,352	
Total Education		39,352
Total General Debt Service Fund		<u>\$ 1,340,314</u>
Total Governmental Funds - Primary Government		<u>\$ 14,980,664</u>

Obion County, Tennessee  
 Schedule of Detailed Expenditures -  
 All Governmental Fund Types  
 Discretely Presented Obion County School Department  
 For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,553,399	
Career Ladder Program	68,509	
Career Ladder Extended Contracts	27,491	
Homebound Teachers	15,951	
Educational Assistants	184,834	
Bonus Payments	104,394	
Certified Substitute Teachers	55,535	
Non-certified Substitute Teachers	104,572	
Social Security	523,055	
State Retirement	777,625	
Life Insurance	8,850	
Medical Insurance	1,368,002	
Unemployment Compensation	14,846	
Employer Medicare	122,919	
Operating Lease Payments	27,429	
Licenses	49,299	
Maintenance and Repair Services - Equipment	11,613	
Travel	10,838	
Instructional Supplies and Materials	351,964	
Textbooks	274,667	
Regular Instruction Equipment	295,048	
Total Regular Instruction Program		\$ 12,950,840

Alternative Instruction Program

Teachers	\$ 88,099	
Career Ladder Program	1,000	
Educational Assistants	16,493	
Non-certified Substitute Teachers	230	
Social Security	6,525	
State Retirement	8,955	
Life Insurance	129	
Unemployment Compensation	174	
Employer Medicare	1,526	
Drugs and Medical Supplies	275	
Instructional Supplies and Materials	120	
Total Alternative Instruction Program		123,526

Special Education Program

Teachers	\$ 863,519	
Career Ladder Program	8,416	
Homebound Teachers	34,999	
Educational Assistants	92,880	
Speech Pathologist	133,660	
Certified Substitute Teachers	3,598	
Non-certified Substitute Teachers	6,140	
Social Security	66,095	

(Continued)

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.)

State Retirement	\$	96,995	
Life Insurance		1,200	
Medical Insurance		200,343	
Unemployment Compensation		1,848	
Employer Medicare		15,462	
Contracts with Private Agencies		129,320	
Other Supplies and Materials		8	
Special Education Equipment		4,168	
Total Special Education Program			\$ 1,658,651

Vocational Education Program

Teachers	\$	729,559	
Career Ladder Program		3,000	
Certified Substitute Teachers		4,125	
Non-certified Substitute Teachers		9,500	
Social Security		43,553	
State Retirement		65,051	
Life Insurance		708	
Medical Insurance		111,688	
Unemployment Compensation		1,050	
Employer Medicare		10,189	
Operating Lease Payments		2,474	
Maintenance and Repair Services - Equipment		624	
Instructional Supplies and Materials		27,563	
Textbooks		12,785	
Vocational Instruction Equipment		18,210	
Total Vocational Education Program			1,040,079

Student Body Education Program

Paraprofessionals	\$	36,595	
Social Security		2,269	
State Retirement		306	
Unemployment Compensation		136	
Employer Medicare		531	
Travel		7,000	
Drugs and Medical Supplies		8,201	
Instructional Supplies and Materials		16,721	
Other Supplies and Materials		114	
Regular Instruction Equipment		16,508	
Total Student Body Education Program			88,381

Support Services

Attendance

Supervisor/Director	\$	32,046	
Career Ladder Program		500	
Data Processing Personnel		38,203	

(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.)

Social Security	\$	4,255	
State Retirement		5,343	
Life Insurance		65	
Medical Insurance		4,441	
Unemployment Compensation		87	
Employer Medicare		995	
Communication		4,750	
Data Processing Services		995	
Licenses		34,323	
Maintenance Agreements		9,584	
Instructional Supplies and Materials		1,566	
Office Supplies		2,477	
In Service/Staff Development		1,940	
Total Attendance			\$ 141,570

Health Services

Supervisor/Director	\$	49,265	
Medical Personnel		162,098	
Social Security		12,019	
State Retirement		14,569	
Life Insurance		282	
Medical Insurance		19,434	
Unemployment Compensation		371	
Employer Medicare		2,811	
Communication		831	
Dues and Memberships		166	
Operating Lease Payments		2,299	
Medical and Dental Services		9,495	
Printing, Stationery, and Forms		2,207	
Travel		106	
Drugs and Medical Supplies		10,070	
Food Supplies		8,238	
Instructional Supplies and Materials		21,814	
Office Supplies		830	
Medical Claims		1,258	
In Service/Staff Development		3,158	
Other Charges		50	
Total Health Services			321,371

Other Student Support

Career Ladder Program	\$	8,000	
Guidance Personnel		401,058	
Secretary(ies)		15,468	
Social Security		24,678	
State Retirement		37,317	
Life Insurance		367	

(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.)

Other Student Support (Cont.)

Medical Insurance	\$	52,925	
Unemployment Compensation		484	
Employer Medicare		5,772	
Evaluation and Testing		14,178	
Postal Charges		380	
Instructional Supplies and Materials		1,962	
Office Supplies		333	
In Service/Staff Development		2,883	
Total Other Student Support			\$ 565,805

Regular Instruction Program

Supervisor/Director	\$	303,355	
Career Ladder Program		10,230	
Librarians		327,425	
Secretary(ies)		24,804	
Educational Assistants		26,423	
Other Salaries and Wages		21,558	
Social Security		37,658	
State Retirement		60,409	
Life Insurance		573	
Medical Insurance		73,756	
Unemployment Compensation		815	
Employer Medicare		9,524	
Printing, Stationery, and Forms		5,902	
Travel		3,964	
Instructional Supplies and Materials		798	
Library Books/Media		40,118	
Office Supplies		1,872	
Periodicals		1,313	
Other Supplies and Materials		200	
In Service/Staff Development		22,595	
Other Charges		125	
Total Regular Instruction Program			973,417

Alternative Instruction Program

Supervisor/Director	\$	32,036	
Career Ladder Program		500	
Social Security		1,885	
State Retirement		2,889	
Life Insurance		22	
Medical Insurance		4,440	
Unemployment Compensation		21	
Employer Medicare		441	
In Service/Staff Development		369	
Total Alternative Instruction Program			42,603

(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.)

Special Education Program

Supervisor/Director	\$	73,707	
Career Ladder Program		1,000	
Social Security		4,348	
State Retirement		6,634	
Life Insurance		40	
Medical Insurance		8,212	
Unemployment Compensation		48	
Employer Medicare		1,017	
Travel		30,052	
In Service/Staff Development		984	
Total Special Education Program			\$ 126,042

Vocational Education Program

Travel	\$	65	
Office Supplies		106	
Other Supplies and Materials		66	
Total Vocational Education Program			237

Other Programs

On-behalf Payments to OPEB	\$	148,666	
Total Other Programs			148,666

Board of Education

Board and Committee Members Fees	\$	10,775	
Social Security		491	
Life Insurance		215	
Unemployment Compensation		5	
Employer Medicare		156	
Accounting Services		2,610	
Advertising		2,418	
Audit Services		10,500	
Dues and Memberships		5,658	
Legal Services		14,803	
Rentals		88	
Travel		4,937	
Maintenance and Repair Services - Records		2,500	
Other Contracted Services		8,500	
Other Supplies and Materials		94	
Liability Insurance		38,544	
Premiums on Corporate Surety Bonds		9,344	
Trustee's Commission		179,084	
Workers' Compensation Insurance		226,552	
Refund to Applicant for Criminal Investigation		4,358	
Other Charges		17,375	
Total Board of Education			539,007

(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	\$	84,404	
Secretary(ies)		29,942	
Social Security		6,928	
State Retirement		13,273	
Life Insurance		78	
Medical Insurance		14,163	
Dental Insurance		659	
Unemployment Compensation		69	
Employer Medicare		1,696	
Other Fringe Benefits		128	
Communication		2,353	
Dues and Memberships		2,792	
Operating Lease Payments		3,367	
Maintenance and Repair Services - Equipment		1,422	
Postal Charges		3,703	
Travel		3,706	
Office Supplies		1,425	
In Service/Staff Development		3,259	
Total Director of Schools			\$ 173,367

Office of the Principal

Principals	\$	488,264	
Career Ladder Program		11,000	
Accountants/Bookkeepers		116,828	
Assistant Principals		524,441	
Secretary(ies)		174,887	
Social Security		78,414	
State Retirement		108,007	
Life Insurance		1,246	
Medical Insurance		120,106	
Unemployment Compensation		1,776	
Employer Medicare		18,339	
Communication		19,758	
Dues and Memberships		4,550	
Maintenance Agreements		6,072	
Travel		1,773	
Office Supplies		699	
In Service/Staff Development		2,790	
Total Office of the Principal			1,678,950

Fiscal Services

Supervisor/Director	\$	51,568	
Accountants/Bookkeepers		76,350	
Social Security		7,304	
State Retirement		8,218	
Life Insurance		148	

(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.)

Medical Insurance	\$	14,079	
Unemployment Compensation		191	
Employer Medicare		1,708	
Maintenance Agreements		9,315	
Maintenance and Repair Services - Equipment		352	
Travel		16	
Office Supplies		5,979	
In Service/Staff Development		887	
Total Fiscal Services			\$ 176,115

Operation of Plant

Supervisor/Director	\$	18,564	
Custodial Personnel		726,519	
Social Security		42,541	
State Retirement		45,681	
Life Insurance		1,726	
Medical Insurance		77,826	
Unemployment Compensation		2,554	
Employer Medicare		9,949	
Laundry Service		196	
Maintenance and Repair Services - Equipment		2,996	
Pest Control		6,885	
Custodial Supplies		90,446	
Electricity		907,716	
Natural Gas		253,876	
Small Tools		4,122	
Water and Sewer		126,592	
Boiler Insurance		7,475	
Building and Contents Insurance		136,192	
Plant Operation Equipment		4,519	
Total Operation of Plant			2,466,375

Maintenance of Plant

Supervisor/Director	\$	75,528	
Secretary(ies)		25,988	
Maintenance Personnel		301,435	
Social Security		23,368	
State Retirement		23,231	
Life Insurance		447	
Medical Insurance		19,353	
Unemployment Compensation		672	
Employer Medicare		5,645	
Communication		2,465	
Laundry Service		10	
Maintenance Agreements		6,935	
Maintenance and Repair Services - Buildings		215,981	

(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.)

Maintenance of Plant (Cont.)

Maintenance and Repair Services - Equipment	\$	11,617	
Postal Charges		121	
Rentals		410	
Travel		1,059	
Permits		350	
Drugs and Medical Supplies		51	
Office Supplies		1,324	
Propane Gas		189	
Small Tools		4,988	
Gravel and Chert		503	
Chemicals		926	
Other Charges		75	
Maintenance Equipment		27,193	
Total Maintenance of Plant			\$ 749,864

Transportation

Supervisor/Director	\$	73,643	
Mechanic(s)		128,000	
Bus Drivers		489,018	
Secretary(ies)		21,112	
Social Security		38,189	
State Retirement		41,678	
Life Insurance		1,619	
Medical Insurance		58,166	
Unemployment Compensation		2,196	
Employer Medicare		9,475	
Communication		1,386	
Laundry Service		1,138	
Licenses		39	
Maintenance Agreements		4,250	
Maintenance and Repair Services - Equipment		1,753	
Maintenance and Repair Services - Vehicles		13,239	
Medical and Dental Services		5,535	
Rentals		2,700	
Diesel Fuel		277,734	
Garage Supplies		803	
Gasoline		53,408	
Lubricants		9,492	
Office Supplies		1,378	
Small Tools		1,196	
Tires and Tubes		29,408	
Vehicle Parts		66,400	
Vehicle and Equipment Insurance		42,048	
In Service/Staff Development		2,963	
Transportation Equipment		175,715	
Total Transportation			1,553,681

(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

Assistant(s)	\$	32,267	
Supervisor/Director		77,896	
Social Security		6,704	
State Retirement		6,704	
Life Insurance		122	
Medical Insurance		6,783	
Unemployment Compensation		209	
Employer Medicare		1,532	
Communication		316	
Data Processing Services		72,067	
Dues and Memberships		546	
In Service/Staff Development		1,809	
Data Processing Equipment		4,262	
Total Central and Other			\$ 211,217

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	55,582	
Teachers		120	
Other Salaries and Wages		90,355	
Other Per Diem and Fees		25,438	
Social Security		8,277	
State Retirement		9,502	
Unemployment Compensation		282	
Employer Medicare		2,117	
Advertising		1,450	
Communication		1,151	
Postal Charges		106	
Printing, Stationery, and Forms		3,288	
Rentals		820	
Travel		75	
Food Supplies		157	
Instructional Supplies and Materials		31,044	
Office Supplies		1,412	
Other Supplies and Materials		760	
In Service/Staff Development		3,619	
Other Charges		110	
Total Community Services			235,665

Early Childhood Education

Supervisor/Director	\$	13,183	
Teachers		212,351	
Career Ladder Program		1,000	
Educational Assistants		76,508	
Certified Substitute Teachers		525	
Non-certified Substitute Teachers		2,760	

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Social Security	\$	17,857	
State Retirement		23,868	
Life Insurance		438	
Medical Insurance		35,907	
Unemployment Compensation		570	
Employer Medicare		4,178	
Advertising		1,141	
Contracts with Private Agencies		2,800	
Dues and Memberships		1,227	
Food Supplies		3,023	
Instructional Supplies and Materials		36,651	
Other Supplies and Materials		890	
In Service/Staff Development		8,480	
Other Equipment		13,233	
Total Early Childhood Education			\$ 456,590

Capital Outlay

Regular Capital Outlay

Unemployment Compensation	\$	49	
Engineering Services		14,307	
Building Improvements		411,958	
Total Regular Capital Outlay			426,314

Interest on Debt

Education

Interest on Notes	\$	11,625	
Total Education			11,625

Total General Purpose School Fund \$ 26,859,958

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	490,113	
Educational Assistants		29,578	
Bonus Payments		4,944	
Other Salaries and Wages		1,080	
Certified Substitute Teachers		1,350	
Non-certified Substitute Teachers		3,088	
Social Security		30,423	
State Retirement		42,785	
Life Insurance		518	
Medical Insurance		78,444	
Unemployment Compensation		1,072	
Employer Medicare		7,119	
Contracts with Other School Systems		9,323	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	18,181	
Regular Instruction Equipment		5,903	
Total Regular Instruction Program			\$ 723,921

Special Education Program

Teachers	\$	34,422	
Educational Assistants		361,046	
Bonus Payments		8,112	
Non-certified Substitute Teachers		1,963	
Social Security		23,539	
State Retirement		19,659	
Life Insurance		1,077	
Medical Insurance		37,149	
Unemployment Compensation		1,933	
Employer Medicare		5,510	
Contracts with Other Public Agencies		84,816	
Maintenance and Repair Services - Equipment		745	
Instructional Supplies and Materials		8,777	
Total Special Education Program			588,748

Vocational Education Program

Vocational Instruction Equipment	\$	23,489	
Total Vocational Education Program			23,489

Support Services

Health Services

Medical Personnel	\$	15,258	
Social Security		937	
State Retirement		970	
Life Insurance		21	
Medical Insurance		2,150	
Unemployment Compensation		35	
Employer Medicare		219	
Total Health Services			19,590

Other Student Support

Travel	\$	15,131	
Other Charges		3,957	
Total Other Student Support			19,088

Regular Instruction Program

Other Salaries and Wages	\$	10,281	
Certified Substitute Teachers		535	
In-Service Training		29,250	
Social Security		1,985	
State Retirement		2,047	

(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.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	48	
Employer Medicare		573	
Travel		802	
In Service/Staff Development		4,696	
Total Regular Instruction Program			\$ 50,217

Special Education Program

Assessment Personnel	\$	47,395	
Social Security		2,514	
State Retirement		4,209	
Life Insurance		43	
Medical Insurance		7,661	
Unemployment Compensation		73	
Employer Medicare		588	
Travel		1,887	
Other Contracted Services		65,926	
In Service/Staff Development		1,495	
Total Special Education Program			131,791

Vocational Education Program

Travel	\$	2,033	
Total Vocational Education Program			2,033

Transportation

Bus Drivers	\$	53,550	
Bonus Payments		900	
Social Security		2,585	
State Retirement		2,619	
Life Insurance		162	
Unemployment Compensation		204	
Employer Medicare		757	
Total Transportation			60,777

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	35,255	
Other Salaries and Wages		219,419	
Social Security		15,562	
State Retirement		12,164	
Unemployment Compensation		646	
Employer Medicare		3,657	
Travel		26,660	
Other Contracted Services		2,808	
Food Supplies		1,050	
Instructional Supplies and Materials		42,059	
In Service/Staff Development		8,313	
Other Equipment		5,378	
Total Community Services			372,971

Total School Federal Projects Fund \$ 1,992,625

(Continued)

Exhibit K-10

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

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	54,296	
Accountants/Bookkeepers		16,800	
Clerical Personnel		16,555	
Cafeteria Personnel		738,955	
Maintenance Personnel		18,508	
Social Security		50,019	
State Retirement		52,046	
Life Insurance		2,090	
Medical Insurance		45,704	
Unemployment Compensation		3,404	
Employer Medicare		11,670	
Audit Services		3,500	
Dues and Memberships		516	
Maintenance Agreements		4,079	
Maintenance and Repair Services - Equipment		26,462	
Pest Control		1,540	
Postal Charges		750	
Transportation - Other than Students		15,650	
Disposal Fees		29,450	
Permits		560	
Custodial Supplies		15,351	
Food Preparation Supplies		63,426	
Food Supplies		775,147	
Office Supplies		7,178	
USDA - Commodities		133,142	
Trustee's Commission		1	
Surcharge		2,909	
In Service/Staff Development		4,104	
Food Service Equipment		33,949	
Total Food Service			<u>\$ 2,127,761</u>

Total Central Cafeteria Fund

\$ 2,127,761

Total Governmental Funds - Obion County School Department

\$ 30,980,344

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, 2014

	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	\$ 22,821	\$ 0	\$ 1,783,379	\$ 1,806,200
Trustee's Collections - Prior Year	0	1,463	0	52,563	54,026
Clerk and Master Collections - Prior Years	0	0	1,482	18,567	20,049
Interest and Penalty	0	285	0	9,542	9,827
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	2,253	2,253
Payments in-Lieu-of Taxes - Other	0	0	0	19,316	19,316
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,972,503	0	0	1,281,418	5,253,921
Business Tax	0	0	0	32,620	32,620
Mixed Drink Tax	0	0	0	680	680
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	4,981	4,981
Interstate Telecommunications Tax	0	0	0	927	927
<u>School District Property Taxes</u>					
Current Property Tax	0	0	83,147	0	83,147
Prior Year's Property Tax	0	0	1,442	0	1,442
Interest and Penalty	0	0	271	0	271
<u>Licenses and Permits</u>					
Marriage Licenses	0	0	0	821	821
Total Cash Receipts	\$ 3,972,503	\$ 24,569	\$ 86,342	\$ 3,207,067	\$ 7,290,481
<u>Cash Disbursements</u>					
Remittance of Revenues Collected	\$ 3,932,778	\$ 24,151	\$ 84,226	\$ 3,165,371	\$ 7,206,526
Trustee's Commission	39,725	491	1,712	49,885	91,813
Total Cash Disbursements	\$ 3,972,503	\$ 24,642	\$ 85,938	\$ 3,215,256	\$ 7,298,339
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (73)	\$ 404	\$ (8,189)	\$ (7,858)
Cash Balance, July 1, 2013	0	390	941	30,068	31,399
Cash Balance, June 30, 2014	\$ 0	\$ 317	\$ 1,345	\$ 21,879	\$ 23,541

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## **SINGLE AUDIT SECTION**

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

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

Independent Auditor's Report

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, 2014, and the related notes to the financial statements, which collectively comprise Obion County's basic financial statements, and have issued our report thereon dated January 15, 2015. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-003, 2014-005, 2014-006, and 2014-007.

### **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 as items 2014-001, 2014-002, 2014-004, and 2014-008.

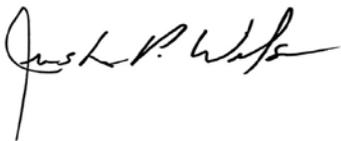
### **Obion County's Response to Findings**

Obion County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Obion County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 15, 2015

JPW/yu



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 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, 2014. 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, 2014.

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

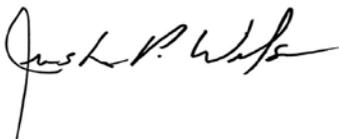
that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2014, and the related notes to the financial statements, which collectively comprise Obion County's basic financial statements. We issued our report thereon dated January 15, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 15, 2015

JPW/yu

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 512,255
National School Lunch Program	10.555	N/A	949,247 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	133,142 (4)
Total U.S. Department of Agriculture			<u>\$ 1,594,644</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.unknown	N/A	\$ 79,416
Total U.S. Department of Defense			<u>\$ 79,416</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-09-29102-00	\$ 3,500
Total U.S. Department of Housing and Urban Development			<u>\$ 3,500</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	GG1029856	\$ 4,500
Total U.S. Department of Justice			<u>\$ 4,500</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259		\$ 15,626
Total U.S. Department of Labor			<u>\$ 15,626</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	120030	\$ 136,547
Alcohol Open Container Requirements	20.607	Z14GHS265	5,000
Total U.S. Department of Transportation			<u>\$ 141,547</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 505,937
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	969,111
Special Education - Preschool Grants	84.173	N/A	41,506
Career and Technical Education - Basic Grants to States	84.048	N/A	40,660
Twenty-first Century Community Learning Centers	84.287	N/A	372,971
English Language Acquisition State Grants	84.365	N/A	19,346
Improving Teacher Quality State Grants	84.367	N/A	167,023
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	91,820
Total U.S. Department of Education			<u>\$ 2,208,374</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 1,463
Total U.S. Election Assistance Commission			<u>\$ 1,463</u>

(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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	38219	\$ 47,979
Total U.S. Department of Health and Human Services			<u>\$ 47,979</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 28,000
Homeland Security Grant Program	97.067	(3)	113,567
Total U.S. Department of Homeland Security			<u>\$ 141,567</u>
Total Federal Awards			<u>\$ 4,238,616</u>
<u>State Grants</u>		<u>Contract Number</u>	
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	25703	\$ 28,740
Local Health Services - State Department of Health	N/A	GG-11-3-09	75,676
Litter Program - State Department of Transportation	N/A	Z13LIT066	27,853
Help America Vote Act Payments - Tennessee Secretary of State	N/A	(2)	77
Early Childhood Education - State Department of Education	N/A	(2)	475,087
Energy Efficient School Initiative - State Department of Education	N/A	(2)	11,105
ConnecTenn - State Department of Education	N/A	(2)	10,628
ACT/EXP - Internet Connectivity - State Department of Education	N/A	(2)	4,436
Safe Schools - State Department of Education	N/A	(2)	19,100
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	100,440
Statewide Student Management System - State Department of Education	N/A	(2)	9,584
Coordinated School Health - State Department of Education	N/A	(2)	61,829
Total State Grants			<u>\$ 824,555</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Information not available.  
(3) 34101-17014: \$2,874; 34101-12031: \$9,396; DHS-2012-HSGP-Z-9370: \$101,297.  
(4) Total for CFDA No. 10.555 is \$1,082,389.

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

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Obion County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	162	Expenditures exceeded appropriations

**OFFICE OF HIGHWAY SUPERINTENDENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-002	162	The Highway Department did not maintain a system to account for some road materials

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-004	163	Expenditures exceeded appropriations in the School Federal Projects Fund

**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>
2013-006	164	Duties were not segregated adequately

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

Finding Number	Page Number	Subject
2013-007	165	Multiple employees operated from the same cash drawer

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**OBION COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of 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), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and Twenty-first Century Community Learning Centers (CFDA No. 84.287) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Obion County did qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

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

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2014-001**

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS DID NOT INCLUDE OTHER POSTEMPLOYMENT BENEFITS AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(Noncompliance Under *Government Auditing Standards*)

Obion County general government provides postemployment healthcare benefits through a self-insured plan that allows pre-65 age retirees to remain in the plan at the active employee rates. Obion County did not obtain an actuarial valuation to determine the data necessary for the measurement and recognition of other postemployment benefits (OPEB). This data is necessary for the preparation of government-wide financial statements and note disclosures as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information. This deficiency exists because management did not want to incur the cost of an actuarial valuation. The effects on the government-wide financial statements and note disclosures are not determinable since an actuarial valuation has not been performed since June 30, 2012; however, we do not believe the amount is material to the government-wide financial statements as of June 30, 2014. This liability becomes larger each year; therefore, management is advised that at some point in the future, this omission will become material to the governmental activities opinion unit and will lead to an adverse opinion in the auditor's report.

#### **RECOMMENDATION**

Obion County should present government-wide financial statements and note disclosures in conformity with generally accepted accounting principles. The county should contract for a biennial actuarial valuation of the plan and provide the necessary information for the measurement, recognition, and display of OPEB.

#### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I disagree with this finding because the number of retirees on our insurance is fewer than five people. The cost of the actuarial valuation would be considerably more than the effect of our financial obligation to the retirees. My job is to protect the tax dollars of the county, and I feel this would be an additional cost to our residents of Obion County.

AUDITOR'S COMMENT

As noted in the finding, an actuarial valuation is necessary in order to include other postemployment benefits information in the county's financial statements as required by the Governmental Accounting Standards Board. The liability for these benefits recognizes the potential liability that the county will incur for future retirees as well as the financial obligation to the current retirees. The omission of this liability in the future will lead to an adverse opinion in the auditor's report.

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FINDING 2014-002

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

Expenditures exceeded appropriations approved by the County Commission in two of the 50 major appropriation categories (the legal level of control) of the General Fund as noted in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Contributions to Other Agencies	\$ 24,445
Other General Government Projects	12,734

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.

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**OFFICE OF HIGHWAY SUPERINTENDENT**

FINDING 2014-003

**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.

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**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 2014-004**

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

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

- A. Expenditures exceeded appropriations in one of the 11 major appropriation categories (the legal level of control) of the School Federal Projects Fund: Operation of Non-instructional Services – Community Services by \$8,071.
- B. Two of 81 salary line-items exceeded appropriations in the General Purpose School Fund by \$120 and \$12,767. 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 expenditures 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, 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.

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## **OFFICE OF TRUSTEE**

### **FINDING 2014-005**

### **EMPLOYEES SHARED A USERNAME AND PASSWORD** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, employees used a shared username and password when accessing the server. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was corrected in July 2014.

### **RECOMMENDATION**

Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

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

### **FINDING 2014-006**

### **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.

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

**FINDING 2014-007**

**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.

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**OBION COUNTY COMMISSION**

**FINDING 2014-008**

**THE COUNTY COMMISSION'S AUDIT COMMITTEE IS  
NOT A FUNCTIONING COMMITTEE**

(Noncompliance Under *Government Auditing Standards*)

Obion County participates in the ThreeStar Program through the Tennessee Department of Economic and Community Development to assist the county's community development efforts in competing for jobs and attracting industry. One of the requirements of the ThreeStar Program is that the county must create and maintain an Audit Committee. The Obion County Commission created an Audit Committee on March 18, 2013, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, there are no minutes to document that this Audit Committee has ever met or conducted any business. Without a functioning Audit Committee, the County Commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

**RECOMMENDATION**

The County Commission's Audit Committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full County Commission.

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

There were no findings and questioned costs for federal awards.

## **BEST PRACTICE**

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

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

### **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. 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.

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

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