

ANNUAL FINANCIAL REPORT
OBION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



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

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

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

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

OBION COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Obion County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	25
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	26-29
Highway/Public Works Fund	C-6	30
Proprietary Funds:		
Statement of Net Position	D-1	31
Statement of Revenues, Expenses, and Changes in Net Position	D-2	32-34
Statement of Cash Flows	D-3	35
Fiduciary Funds:		
Statement of Fiduciary Net Position	E-1	36
Statement of Changes in Fiduciary Net Position	E-2	37
Index and Notes to the Financial Statements		38-96
REQUIRED SUPPLEMENTARY INFORMATION:		97
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-1	98
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	99

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Obion County School Department	F-3	100
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Obion County School Department	F-4	101
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Obion County School Department	F-5	102
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Obion County School Department	F-6	103
Notes to the Required Supplementary Information		104
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		105
Nonmajor Governmental Funds:		106
Combining Balance Sheet	G-1	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	108
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	G-3	109
Drug Control Fund	G-4	110
Major Governmental Fund:		111
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	112
Fiduciary Funds:		113
Combining Statement of Fiduciary Net Position	I-1	114
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	115-116
Component Unit:		
Discretely Presented Obion County School Department:		117
Statement of Activities	J-1	118
Balance Sheet – Government Funds	J-2	119
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	J-3	120
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	121
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	122
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	123
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	124
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	125-126
School Federal Projects Fund	J-9	127
Central Cafeteria Fund	J-10	128

	Exhibit	
Miscellaneous Schedules:		129
Schedule of Changes in Long-term Notes, Other Loan, and Bond – Primary Government and Discretely Presented Obion County School Department	K-1	130
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Obion County School Department	K-2	131-132
Schedule of Investments	K-3	133
Schedule of Notes Receivable	K-4	134
Schedule of Transfers – Primary Government and Discretely Presented Obion County School Department	K-5	135
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Obion County School Department	K-6	136
Schedule of Detailed Revenues – All Governmental Fund Types	K-7	137-148
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Obion County School Department	K-8	149-150
Schedule of Detailed Expenditures – All Governmental Fund Types	K-9	151-166
Schedule of Detailed Expenditures - All Governmental Fund Types – Discretely Presented Obion County School Department	K-10	167-179
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Funds	K-11	180
 <u>SINGLE AUDIT SECTION</u>		 181
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		182-183
Auditor's 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		184-186
Schedule of Expenditures of Federal Awards and State Grants		187-188
Schedule of Audit Findings Not Corrected		189
Schedule of Findings and Questioned Costs		190-193
Best Practice		194
Auditee Reporting Responsibilities		195

Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Competitive bids were not solicited for the purchase of school bus tires.

OFFICE OF SHERIFF

- ◆ The annual financial report was not accurate.

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.

INTRODUCTORY SECTION

Obion County Officials

June 30, 2015

Officials

Benny McGuire, County Mayor
Gary Lofton, Highway Superintendent
Russell Davis, Director of Schools
Tracey Westbrook, 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	Steve Goodrich
Kenneth Barnes	Jerry Grady
James Beasley	Dwayne Hensley
Ned Bigelow	Danny Jowers
Jim Bondurant	Dean Jowers
Ricky Boyd	Allen Nohsey
Donnie Braswell	Terry Roberts
Kenneth Cheatham	Sam Sinclair
Andy Crocker	

Highway Commission

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

Board of Education

Brian Rainey, Chairman
Fritz Fussell
Keisha Hooper
David Lamb
Scott Northam
Mickey Preciado
Diane Sanderson

Audit Committee

John Fowler, Chairman
Jim Bondurant
Jerry Grady
John Miles
Ralph Puckett
James Thompson

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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, 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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Obion County Nursing Home, a major fund and the entire business-type activities, and the Obion County Emergency Communications District, which represent 4.52 percent, 6.21 percent, and 2.02 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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$491,182 and the discretely presented Obion County School Department's net position by \$5,485,896 on the Government-wide Statement of Activities. We also draw attention to Note VI.A.3. to the financial statements, which describes a restatement decreasing the beginning Business-type

Activities net position by \$107,525. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to 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 schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedule of funding progress - other postemployment benefits plan on pages 98-104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Obion County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Obion County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 21, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Obion	Emergency
	Activities	Activities		School	Communications
				Department	District
<u>ASSETS</u>					
Cash	\$ 1,033	\$ 560,718	\$ 561,751	\$ 0	\$ 1,051,501
Equity in Pooled Cash and Investments	16,160,635	0	16,160,635	3,512,122	0
Inventories	0	15,925	15,925	0	0
Accounts Receivable	67,317	558,415	625,732	103,737	0
Due from Other Governments	830,936	0	830,936	1,090,722	0
Property Taxes Receivable	4,969,457	0	4,969,457	4,584,156	0
Allowance for Uncollectible Property Taxes	(136,075)	0	(136,075)	(125,524)	0
Prepaid Items	0	0	0	0	39,677
Accrued Interest Receivable	9,118	0	9,118	0	0
Notes Receivable - Long-term	2,981,312	0	2,981,312	0	0
Net Pension Asset - Agent Plan	185,421	40,590	226,011	288,291	0
Net Pension Asset - Cost-sharing Plan	0	0	0	57,753	0
Capital Assets:					
Assets Not Depreciated:					
Land	3,950,970	0	3,950,970	696,031	34,500
Construction in Progress	0	0	0	0	347
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	5,703,030	120,508	5,823,538	24,614,097	397,532
Infrastructure	5,484,308	0	5,484,308	146,025	0
Other Capital Assets	1,264,903	155,377	1,420,280	1,839,054	218,317
Total Assets	\$ 41,472,365	\$ 1,451,533	\$ 42,923,898	\$ 36,806,464	\$ 1,741,874
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Pension Changes in Experience	\$ 0	\$ 0	\$ 0	\$ 140,211	\$ 0
Pension Contributions After Measurement Date	297,001	84,243	381,244	1,489,866	0
Total Deferred Outflows of Resources	\$ 297,001	\$ 84,243	\$ 381,244	\$ 1,630,077	\$ 0

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Obion	Emergency
	Activities	Activities		School	Communications
				District	
<u>LIABILITIES</u>					
Accounts Payable	\$ 34,098	\$ 3,669	\$ 37,767	\$ 6,830	\$ 1,090
Accrued Payroll	0	46,039	46,039	0	0
Payroll Deductions Payable	1,296	103	1,399	0	0
Accrued Leave	0	63,208	63,208	0	0
Due to State of Tennessee	112	11,546	11,658	0	0
Accrued Interest Payable	54,731	0	54,731	781	0
Patients' Trust Fund	0	17,879	17,879	0	0
Health Insurance Payments	132	0	132	0	0
Noncurrent Liabilities:					
Due Within One Year	641,338	0	641,338	251,683	0
Due in More Than One Year (net of unamortized discount on debt)	12,336,305	0	12,336,305	1,679,024	0
Total Liabilities	\$ 13,068,012	\$ 142,444	\$ 13,210,456	\$ 1,938,318	\$ 1,090
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,693,760	\$ 0	\$ 4,693,760	\$ 4,329,834	\$ 0
Pension Changes in Experience	95,856	20,984	116,840	149,037	0
Pension Changes in Investment Earnings	561,378	122,891	684,269	5,631,358	0
Pension Other Deferrals	0	0	0	96,094	0
Total Deferred Inflows of Resources	\$ 5,350,994	\$ 143,875	\$ 5,494,869	\$ 10,206,323	\$ 0

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Obion	Emergency
	Activities	Activities	Total	School	Communications
				Department	District
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 16,286,065	\$ 275,885	\$ 16,561,950	\$ 26,253,541	\$ 650,696
Restricted for:					
General Government	2,920,671	0	2,920,671	0	0
Administration of Justice	42,386	0	42,386	0	0
Public Safety	54,622	0	54,622	0	0
Public Health and Welfare	514,008	0	514,008	0	0
Highway/Public Works	124,729	0	124,729	0	0
Education	0	0	0	360,224	0
Operation of Non-instructional Services	0	0	0	409,184	0
Debt Service	3,550,840	0	3,550,840	0	0
Capital Projects	0	0	0	3,449	0
Other Purposes	185,421	0	185,421	0	0
Unrestricted	(328,382)	973,572	645,190	(734,498)	1,090,088
Total Net Position	\$ 23,350,360	\$ 1,249,457	\$ 24,599,817	\$ 26,291,900	\$ 1,740,784

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, 2015

Functions/Programs	Expenses	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		
Primary Government:											
Governmental Activities:											
General Government	\$ 1,715,940	\$ 205,927	\$ 55,351	\$ 424,977	\$ (1,029,685)	\$ 0	\$ (1,029,685)	\$ 0	\$ 0	0	
Finance	697,062	836,971	0	0	139,909	0	139,909	0	0	0	
Administration of Justice	1,070,523	642,895	0	0	(427,628)	0	(427,628)	0	0	0	
Public Safety	3,734,140	1,550,667	172,614	6,193	(2,004,666)	0	(2,004,666)	0	0	0	
Public Health and Welfare	435,067	356,956	74,073	0	(4,038)	0	(4,038)	0	0	0	
Social, Cultural, and Recreational Services	538,647	0	33,900	0	(504,747)	0	(504,747)	0	0	0	
Agriculture and Natural Resources	153,517	0	0	0	(153,517)	0	(153,517)	0	0	0	
Highways/Public Works	3,366,392	91,757	2,062,424	280,649	(931,562)	0	(931,562)	0	0	0	
Education	82,825	0	0	0	(82,825)	0	(82,825)	0	0	0	
Interest on Long-term Debt	377,444	0	0	0	(377,444)	0	(377,444)	0	0	0	
Total Governmental Activities	\$ 12,171,557	\$ 3,685,173	\$ 2,398,362	\$ 711,819	\$ (5,376,203)	\$ 0	\$ (5,376,203)	\$ 0	\$ 0	0	
Business-type Activities:											
Nursing Home	\$ 3,791,862	\$ 3,918,791	\$ 0	\$ 0	\$ 0	\$ 126,929	\$ 126,929	\$ 0	\$ 0	0	
Total Primary Government	\$ 15,963,419	\$ 7,603,964	\$ 2,398,362	\$ 711,819	\$ (5,376,203)	\$ 126,929	\$ (5,249,274)	\$ 0	\$ 0	0	
Component Units:											
Obion County School Department	\$ 30,424,635	\$ 580,437	\$ 4,180,861	\$ 0	\$ 0	\$ 0	\$ 0	\$ (25,663,337)	\$ 0	0	
Emergency Communications District	502,702	377,664	152,264	100,651	0	0	0	0	0	127,877	
Total Component Units	\$ 30,927,337	\$ 958,101	\$ 4,333,125	\$ 100,651	\$ 0	\$ 0	\$ 0	\$ (25,663,337)	\$ 0	127,877	

(Continued)

Exhibit B

Obion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	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					\$ 2,721,010	\$ 0	\$ 2,721,010	\$ 4,615,291	\$ 0
Property Taxes Levied for Debt Service					1,638,948	0	1,638,948	0	0
Local Option Sales Taxes					436,520	0	436,520	3,295,672	0
Wheel Tax					1,013,094	0	1,013,094	0	0
Litigation Tax					215,061	0	215,061	0	0
Business Tax					278,177	0	278,177	77,292	0
Other Local Taxes					72,267	0	72,267	3,580	0
Grants and Contributions Not Restricted to Specific Programs					379,069	0	379,069	17,849,787	0
Unrestricted Investment Income					161,661	1,637	163,298	0	3,198
Miscellaneous					21,386	0	21,386	22,814	1,043
Pension Income					19,369	4,240	23,609	95,662	0
Total General Revenues					\$ 6,956,562	\$ 5,877	\$ 6,962,439	\$ 25,960,098	\$ 4,241
Transfers									
					\$ 25,000	\$ (25,000)	\$ 0	\$ 0	\$ 0
Change in Net Position									
Net Position, July 1, 2014					\$ 1,605,359	\$ 107,806	\$ 1,713,165	\$ 296,761	\$ 132,118
Restatement - Pension Liability (see Note I.D.9)					22,236,183	1,249,176	23,485,359	31,481,035	1,608,666
Restatement - Pension Liability (see Note I.D.9)					(491,182)	0	(491,182)	(5,485,896)	0
Restatement - Pension Liability (see Note VI.A.3)					0	(107,525)	(107,525)	0	0
Net Position, June 30, 2015					\$ 23,350,360	\$ 1,249,457	\$ 24,599,817	\$ 26,291,900	\$ 1,740,784

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

Exhibit C-1

Obion County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	Highway / Public Works	General Debt Service	Other Govern- mental Funds		
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,033	\$ 1,033
Equity in Pooled Cash and Investments	10,154,236	2,353,405	3,564,546	88,448	16,160,635
Accounts Receivable	14,390	21,390	4,798	1,739	42,317
Due from Other Governments	291,339	537,502	2,095	0	830,936
Due from Other Funds	26,094	0	0	0	26,094
Property Taxes Receivable	2,152,985	545,082	2,271,390	0	4,969,457
Allowance for Uncollectible Property Taxes	(59,314)	(14,565)	(62,196)	0	(136,075)
Accrued Interest Receivable	9,118	0	0	0	9,118
Notes Receivable - Long-term	2,864,166	0	117,146	0	2,981,312
Total Assets	\$ 15,453,014	\$ 3,442,814	\$ 5,897,779	\$ 91,220	\$ 24,884,827
<u>LIABILITIES</u>					
Accounts Payable	\$ 31,268	\$ 0	\$ 0	\$ 2,830	\$ 34,098
Payroll Deductions Payable	0	1,296	0	0	1,296
Due to Other Funds	0	0	0	1,094	1,094
Due to State of Tennessee	0	112	0	0	112
Health Insurance Payments	0	132	0	0	132
Total Liabilities	\$ 31,268	\$ 1,540	\$ 0	\$ 3,924	\$ 36,732
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,032,406	\$ 515,977	\$ 2,145,377	\$ 0	\$ 4,693,760
Deferred Delinquent Property Taxes	53,824	12,778	58,642	0	125,244
Other Deferred/Unavailable Revenue	35,883	178,263	536	0	214,682
Total Deferred Inflows of Resources	\$ 2,122,113	\$ 707,018	\$ 2,204,555	\$ 0	\$ 5,033,686

(Continued)

Exhibit C-1

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

	Major Funds		Nonmajor Funds		Total Governmental Funds
	Highway / Public Works	General Debt Service	Other Govern- mental Funds		
	General				
<u>FUND BALANCES</u>					
Nonspendable:					
Long-term Notes Receivable	\$ 2,864,166	\$ 0	\$ 0	\$ 0	\$ 2,864,166
Restricted:					
Restricted for General Government	56,505	0	0	0	56,505
Restricted for Administration of Justice	42,386	0	0	0	42,386
Restricted for Public Safety	13,550	0	0	41,072	54,622
Restricted for Public Health and Welfare	514,008	0	0	0	514,008
Restricted for Debt Service	0	0	3,546,929	0	3,546,929
Committed:					
Committed for Public Health and Welfare	0	0	0	46,224	46,224
Committed for Highways/Public Works	0	2,734,256	0	0	2,734,256
Committed for Debt Service	0	0	146,295	0	146,295
Unassigned	9,809,018	0	0	0	9,809,018
Total Fund Balances	<u>\$ 13,299,633</u>	<u>\$ 2,734,256</u>	<u>\$ 3,693,224</u>	<u>\$ 87,296</u>	<u>\$ 19,814,409</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,453,014</u>	<u>\$ 3,442,814</u>	<u>\$ 5,897,779</u>	<u>\$ 91,220</u>	<u>\$ 24,884,827</u>

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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 19,814,409
(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	5,703,030	
Add: infrastructure net of accumulated depreciation	5,484,308	
Add: other capital assets net of accumulated depreciation	<u>1,264,903</u>	16,403,211
(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	\$ (117,146)	
Less: other loan payable	(4,628,000)	
Less: bond payable	(7,960,000)	
Add: deferred charges - discount on debt	34,605	
Less: compensated absences payable	(307,102)	
Less: accrued interest on bond	<u>(54,731)</u>	(13,032,374)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 297,001	
Less: deferred inflows of resources related to pensions	<u>(657,234)</u>	(360,233)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		185,421
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>339,926</u>
Net position of governmental activities (Exhibit A)		<u>\$ 23,350,360</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, 2015

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,143,010	\$ 1,562,846	\$ 1,728,470	\$ 0	\$ 6,434,326
Licenses and Permits	23,571	0	0	0	23,571
Fines, Forfeitures, and Penalties	93,305	0	0	19,053	112,358
Charges for Current Services	138,209	1,262	0	41,375	180,846
Other Local Revenues	348,472	90,495	53,939	29,268	522,174
Fees Received from County Officials	1,396,634	0	0	0	1,396,634
State of Tennessee	1,079,725	2,339,547	0	0	3,419,272
Federal Government	111,213	0	0	0	111,213
Other Governments and Citizens Groups	1,010,477	0	0	100,000	1,110,477
Total Revenues	\$ 7,344,616	\$ 3,994,150	\$ 1,782,409	\$ 189,696	\$ 13,310,871
<u>Expenditures</u>					
Current:					
General Government	\$ 843,581	\$ 0	\$ 0	\$ 0	\$ 843,581
Finance	604,573	0	0	0	604,573
Administration of Justice	909,013	0	0	929	909,942
Public Safety	3,069,977	0	0	22,458	3,092,435
Public Health and Welfare	238,592	0	0	149,872	388,464
Social, Cultural, and Recreational Services	425,291	0	0	0	425,291
Agriculture and Natural Resources	152,353	0	0	0	152,353
Other Operations	1,267,454	0	0	0	1,267,454
Highways	0	3,143,312	0	0	3,143,312
Instruction	75,868	0	0	0	75,868
Debt Service:					
Principal on Debt	0	0	776,943	0	776,943
Interest on Debt	0	0	339,775	0	339,775

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 82,301	\$ 0	\$ 82,301
Capital Projects	93,196	0	0	0	93,196
Total Expenditures	<u>\$ 7,679,898</u>	<u>\$ 3,143,312</u>	<u>\$ 1,199,019</u>	<u>\$ 173,259</u>	<u>\$ 12,195,488</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (335,282)</u>	<u>\$ 850,838</u>	<u>\$ 583,390</u>	<u>\$ 16,437</u>	<u>\$ 1,115,383</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 170,959	\$ 0	\$ 0	\$ 0	\$ 170,959
Insurance Recovery	33,427	22,000	0	0	55,427
Transfers In	25,000	0	0	0	25,000
Total Other Financing Sources (Uses)	<u>\$ 229,386</u>	<u>\$ 22,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 251,386</u>
Net Change in Fund Balances	\$ (105,896)	\$ 872,838	\$ 583,390	\$ 16,437	\$ 1,366,769
Fund Balance, July 1, 2014	13,405,529	1,861,418	3,109,834	70,859	18,447,640
Fund Balance, June 30, 2015	<u>\$ 13,299,633</u>	<u>\$ 2,734,256</u>	<u>\$ 3,693,224</u>	<u>\$ 87,296</u>	<u>\$ 19,814,409</u>

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

Exhibit C-4

Obion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,366,769
(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	\$ 389,068	
Less: current-year depreciation expense	<u>(1,495,741)</u>	(1,106,673)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized		424,977
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 339,926	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(343,227)</u>	(3,301)
(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.		
Less: note proceeds	\$ (170,959)	
Add: principal payments on notes	186,943	
Add: principal payments on other loan	575,000	
Add: principal payments on bond	15,000	
Less: change in discount on debt issuances	<u>(2,177)</u>	603,807
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 3,310	
Change in accrued interest on bonds	100	
Change in net pension asset	676,603	
Change in deferred outflows related to pensions	297,001	
Change in deferred inflows related to pensions	<u>(657,234)</u>	<u>319,780</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,605,359</u>

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

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,143,010	\$ 0	\$ 3,143,010	\$ 3,057,175	\$ 3,057,175	\$ 85,835
Licenses and Permits	23,571	0	23,571	20,500	20,500	3,071
Fines, Forfeitures, and Penalties	93,305	0	93,305	85,840	85,840	7,465
Charges for Current Services	138,209	0	138,209	120,415	120,415	17,794
Other Local Revenues	348,472	0	348,472	351,600	351,600	(3,128)
Fees Received from County Officials	1,396,634	0	1,396,634	1,366,500	1,366,500	30,134
State of Tennessee	1,079,725	0	1,079,725	1,237,910	1,282,047	(202,322)
Federal Government	111,213	0	111,213	113,000	113,000	(1,787)
Other Governments and Citizens Groups	1,010,477	0	1,010,477	886,010	886,010	124,467
Total Revenues	\$ 7,344,616	\$ 0	\$ 7,344,616	\$ 7,238,950	\$ 7,283,087	\$ 61,529
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 77,544	\$ 0	\$ 77,544	\$ 82,300	\$ 82,300	\$ 4,756
Board of Equalization	984	0	984	3,500	3,500	2,516
Beer Board	568	0	568	1,200	1,200	632
Budget and Finance Committee	13,650	0	13,650	17,000	17,000	3,350
Other Boards and Committees	4,846	0	4,846	3,900	5,200	354
County Mayor/Executive	208,339	(295)	208,044	213,684	213,604	5,560
Election Commission	214,370	(2,048)	212,322	242,310	242,310	29,988
Register of Deeds	140,827	0	140,827	155,820	155,810	14,983
County Buildings	162,683	0	162,683	186,016	186,106	23,423
Preservation of Records	19,770	0	19,770	40,000	40,000	20,230
<u>Finance</u>						
Property Assessor's Office	217,386	0	217,386	248,957	248,957	31,571
County Trustee's Office	159,520	(194)	159,326	164,883	164,883	5,557
County Clerk's Office	227,667	0	227,667	235,582	237,582	9,915

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice</u>						
Circuit Court	\$ 163,623	\$ 0	\$ 163,623	\$ 191,912	\$ 191,912	\$ 28,289
General Sessions Court	246,728	0	246,728	251,264	251,264	4,536
Chancery Court	144,793	0	144,793	164,298	164,298	19,505
Juvenile Court	138,604	0	138,604	151,633	151,633	13,029
Juvenile Court Clerk	45,824	0	45,824	50,500	50,500	4,676
Courtroom Security	169,441	0	169,441	191,202	191,202	21,761
<u>Public Safety</u>						
Sheriff's Department	1,644,192	0	1,644,192	1,845,531	1,845,531	201,339
Jail	1,319,792	0	1,319,792	1,446,374	1,446,374	126,582
Rescue Squad	10,000	0	10,000	10,000	10,000	0
Other Emergency Management	60,263	0	60,263	65,629	65,629	5,366
County Coroner/Medical Examiner	17,467	0	17,467	38,300	38,300	20,833
Public Safety Grants Program	13,263	0	13,263	60,000	60,000	46,737
Other Public Safety	5,000	0	5,000	5,000	5,000	0
<u>Public Health and Welfare</u>						
Local Health Center	95,277	0	95,277	138,744	138,744	43,467
Alcohol and Drug Programs	29,179	0	29,179	35,000	35,000	5,821
Other Local Health Services	2,500	0	2,500	2,500	2,500	0
Appropriation to State	75,553	0	75,553	75,553	75,553	0
General Welfare Assistance	2,500	0	2,500	5,000	5,000	2,500
Sanitation Education/Information	30,193	0	30,193	41,499	41,499	11,306
Other Public Health and Welfare	3,390	0	3,390	3,500	3,500	110
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	27,500	0	27,500	27,500	27,500	0
Libraries	379,922	0	379,922	381,023	384,423	4,501
Parks and Fair Boards	17,869	0	17,869	20,000	20,000	2,131

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services (Cont.)</u>						
Other Social, Cultural, and Recreational	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	102,657	0	102,657	103,182	103,417	760
Soil Conservation	24,496	0	24,496	25,297	25,297	801
Flood Control	25,200	0	25,200	25,200	25,200	0
<u>Other Operations</u>						
Tourism	22,585	0	22,585	30,000	30,000	7,415
Industrial Development	120,106	0	120,106	180,475	342,975	222,869
Airport	20,000	0	20,000	20,000	20,000	0
Veterans' Services	14,809	0	14,809	14,809	14,809	0
Other Charges	180,678	0	180,678	166,926	190,126	9,448
Contributions to Other Agencies	1,674	0	1,674	1,674	1,674	0
Employee Benefits	880,757	0	880,757	983,000	983,000	102,243
Miscellaneous	26,845	0	26,845	52,500	52,500	25,655
<u>Instruction</u>						
Vocational Education Program	75,868	0	75,868	75,868	75,868	0
<u>Capital Projects</u>						
Public Health and Welfare Projects	9,566	0	9,566	0	44,137	34,571
Other General Government Projects	83,630	0	83,630	100,000	100,000	16,370
Total Expenditures	<u>\$ 7,679,898</u>	<u>\$ (2,537)</u>	<u>\$ 7,677,361</u>	<u>\$ 8,577,045</u>	<u>\$ 8,813,817</u>	<u>\$ 1,136,456</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (335,282)</u>	<u>\$ 2,537</u>	<u>\$ (332,745)</u>	<u>\$ (1,338,095)</u>	<u>\$ (1,530,730)</u>	<u>\$ 1,197,985</u>

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 170,959	\$ 0	\$ 170,959	\$ 300,000	\$ 300,000	\$ (129,041)
Insurance Recovery	33,427	0	33,427	1,000	1,000	32,427
Transfers In	25,000	0	25,000	0	0	25,000
Total Other Financing Sources	<u>\$ 229,386</u>	<u>\$ 0</u>	<u>\$ 229,386</u>	<u>\$ 301,000</u>	<u>\$ 301,000</u>	<u>\$ (71,614)</u>
Net Change in Fund Balance	\$ (105,896)	\$ 2,537	\$ (103,359)	\$ (1,037,095)	\$ (1,229,730)	\$ 1,126,371
Fund Balance, July 1, 2014	13,405,529	(2,537)	13,402,992	14,973,069	14,973,069	(1,570,077)
Fund Balance, June 30, 2015	<u>\$ 13,299,633</u>	<u>\$ 0</u>	<u>\$ 13,299,633</u>	<u>\$ 13,935,974</u>	<u>\$ 13,743,339</u>	<u>\$ (443,706)</u>

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

Exhibit C-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 1,562,846	\$ 0	\$ 1,562,846	\$ 1,612,880	\$ 1,612,880	\$ (50,034)
Charges for Current Services	1,262	0	1,262	500	500	762
Other Local Revenues	90,495	0	90,495	60,100	60,100	30,395
State of Tennessee	2,339,547	0	2,339,547	3,798,600	3,798,600	(1,459,053)
Total Revenues	\$ 3,994,150	\$ 0	\$ 3,994,150	\$ 5,472,080	\$ 5,472,080	\$ (1,477,930)
Expenditures						
Highways						
Administration	\$ 213,237	\$ 0	\$ 213,237	\$ 236,128	\$ 236,128	\$ 22,891
Highway and Bridge Maintenance	1,654,644	0	1,654,644	2,756,299	2,756,299	1,101,655
Operation and Maintenance of Equipment	361,401	0	361,401	634,850	634,850	273,449
Other Charges	168,351	0	168,351	208,025	208,025	39,674
Employee Benefits	278,432	0	278,432	334,000	334,000	55,568
Capital Outlay	467,247	137,710	604,957	2,532,500	2,532,500	1,927,543
Total Expenditures	\$ 3,143,312	\$ 137,710	\$ 3,281,022	\$ 6,701,802	\$ 6,701,802	\$ 3,420,780
Excess (Deficiency) of Revenues Over Expenditures	\$ 850,838	\$ (137,710)	\$ 713,128	\$ (1,229,722)	\$ (1,229,722)	\$ 1,942,850
Other Financing Sources (Uses)						
Insurance Recovery	\$ 22,000	\$ 0	\$ 22,000	\$ 0	\$ 0	\$ 22,000
Total Other Financing Sources	\$ 22,000	\$ 0	\$ 22,000	\$ 0	\$ 0	\$ 22,000
Net Change in Fund Balance	\$ 872,838	\$ (137,710)	\$ 735,128	\$ (1,229,722)	\$ (1,229,722)	\$ 1,964,850
Fund Balance, July 1, 2014	1,861,418	0	1,861,418	2,043,916	2,043,916	(182,498)
Fund Balance, June 30, 2015	\$ 2,734,256	\$ (137,710)	\$ 2,596,546	\$ 814,194	\$ 814,194	\$ 1,782,352

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, 2015

	Business-type Activities
	<u>Major Fund</u>
	<u>Nursing</u>
	<u>Home</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 560,718
Inventories	15,925
Accounts Receivable	558,415
Total Current Assets	<u>\$ 1,135,058</u>
Noncurrent Assets:	
Net Pension Asset	\$ 40,590
Capital Assets:	
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	120,508
Other Capital Assets	155,377
Total Noncurrent Assets	<u>\$ 316,475</u>
Total Assets	<u>\$ 1,451,533</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension Contributions After Measurement Date	\$ 84,243
Total Deferred Outflows	<u>\$ 84,243</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 3,669
Accrued Payroll	46,039
Payroll Deductions Payable	103
Accrued Leave	63,208
Due to State of Tennessee	11,546
Patients' Trust Fund	17,879
Total Liabilities	<u>\$ 142,444</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 20,984
Pension Changes in Investment Earnings	122,891
Total Deferred Inflows	<u>\$ 143,875</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 275,885
Unrestricted	<u>973,572</u>
Total Net Position	<u>\$ 1,249,457</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, 2015

	Business-type Activities
	<u>Major Fund</u>
	Nursing Home
	<u>Home</u>
<u>Operating Revenues</u>	
Medicaid Patients	\$ 2,243,084
Medicare Patients	1,224,071
Private Patients	423,955
Hospice	25,660
Other Revenue	2,021
Total Operating Revenues	<u>\$ 3,918,791</u>
<u>Operating Expenses</u>	
General and Administrative Expenses:	
Salary - administrator	\$ 109,999
Salaries - administrative	81,819
Freight and postage	1,562
Office supplies and expense	21,992
Minor equipment	8,524
Conventions and seminars	1,048
Travel	5,689
Advisory board fees and expense	7,500
Employee insurance	202,464
Employee payroll taxes	142,881
Workers compensation insurance	41,758
Unemployment expense	4,171
Employee activities and awards	4,140
Extra labor	32,910
Liability insurance	35,325
Court reporter	1,200
Contract services	550
Taxes and licenses	188,156
Dues and subscriptions	4,918
Legal and audit fees	6,725
Advertising and promotion	6,281
Telephone	3,302
Uniforms	1,246
Total General and Administrative Expenses	<u>\$ 914,160</u>
Medical and Nursing:	
Salaries	\$ 1,183,381
Minor equipment	10,727
Nurses notes and forms	408
Training and seminars	245
Training supplies	641
Medical supplies	78,317
Medical director	13,600
Pharmacy consultant	1,344
Total Medical and Nursing Expenses	<u>\$ 1,288,663</u>

(Continued)

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>	
Patient Activities:	
Salaries	\$ 43,679
Special events	1,862
Supplies	14,320
Total Patient Activities	<u>\$ 59,861</u>
Social Services:	
Salaries	<u>\$ 62,992</u>
Dietary:	
Salaries	\$ 193,712
Raw food	167,484
Training	145
Minor equipment	1,516
Supplies	14,968
Consultant	5,280
Total Dietary Expenses	<u>\$ 383,105</u>
Housekeeping:	
Salaries	\$ 117,915
Minor equipment	770
Supplies	8,902
Total Housekeeping Expenses	<u>\$ 127,587</u>
Laundry:	
Salaries	\$ 93,989
Minor equipment	425
Supplies	4,791
Linen and bedding	4,400
Total Laundry Expenses	<u>\$ 103,605</u>
Maintenance:	
Salaries	\$ 31,830
Repair and maintenance	43,566
Minor equipment	290
Supplies	617
Contract services	7,062
Pest control	1,772
Fuel and gas	48,912
Electricity	37,613
Waste disposal service	3,774
Water and sewage	11,372
Total Maintenance Expenses	<u>\$ 186,808</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	\$ 109,529
Skilled - xray	6,751
Skilled - lab	4,391
Skilled - medical	669
Physical therapy	107,727
Occupational therapy	121,946
Speech therapy	102,953
Medicaid/Medicare fees	158,123
Total Other Operating Expenses	<u>\$ 612,089</u>
Depreciation	\$ 52,992
Total Operating Expenses	<u>\$ 3,791,862</u>
Operating Income (Loss)	<u>\$ 126,929</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 1,637
Pension Income	4,240
Total Nonoperating Revenues	<u>\$ 5,877</u>
Income Before Transfers	\$ 132,806
Transfers In (Out)	<u>(25,000)</u>
Change in Net Position	\$ 107,806
Net Position, July 1, 2014	1,249,176
Restatement - Pension Liability (see Note VI.A.3)	<u>(107,525)</u>
Net Position, June 30, 2015	<u><u>\$ 1,249,457</u></u>

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

Exhibit D-3

Obion County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Business-type Activities
	<u>Major Fund</u>
	<u>Nursing</u>
	<u>Home</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Patients	\$ 4,082,389
Cash Paid to Suppliers	(1,826,590)
Cash Paid to Employees	(1,926,979)
Cash Paid for Employees Pensions	(84,243)
Other Operating Revenue	2,021
Net Cash Provided By (Used In) Operating Activities	<u>\$ 246,598</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	\$ (56,424)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (56,424)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfer to General Fund	\$ (25,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (25,000)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 1,637
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,637</u>
Increase (Decrease) in Cash	\$ 166,811
Cash, July 1, 2014	<u>393,907</u>
Cash, June 30, 2015	<u>\$ 560,718</u>
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 126,929
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	52,992
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventories	(6,876)
(Increase) Decrease in Accounts Receivable	165,979
(Increase) Decrease in Pension Outflows	(84,243)
Increase (Decrease) in Accounts Payable	(11,706)
Increase (Decrease) in Accrued Payroll	(4,152)
Increase (Decrease) in Accrued Leave	(3,511)
Increase (Decrease) in Due to State of Tennessee	11,546
Increase (Decrease) in Patients' Trust Fund	(360)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 246,598</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, 2015

	Other Trust Fund	
	Indigent Care Trust	Agency Funds
<u>ASSETS</u>		
Cash	\$ 128,540	\$ 1,470,797
Equity in Pooled Cash and Investments	0	141,268
Investments	3,851,716	0
Accounts Receivable	0	8,900
Due from Other Governments	0	1,027,488
Property Taxes Receivable	0	1,964,524
Allowance for Uncollectible Property Taxes	0	(53,976)
Notes Receivable - Long-term	0	217,703
Total Assets	<u>\$ 3,980,256</u>	<u>\$ 4,776,704</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,963,785
Due to Litigants, Heirs, and Others	0	1,697,400
Due to Joint Ventures	0	115,519
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,776,704</u>
<u>NET POSITION</u>		
Held in Trust for Indigent Patients' Medical Claims	<u>\$ 3,980,256</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, 2015

	Other Trust Fund
	<u>Indigent Care Trust</u>
<u>ADDITIONS</u>	
Investment Income	\$ 61,552
Contributions and Gifts	<u>110,784</u>
Total Additions	<u>\$ 172,336</u>
<u>DEDUCTIONS</u>	
Fiscal Agent Charges	\$ 7,782
Medical Claims	155,501
Travel Expense	<u>142</u>
Total Deductions	<u>\$ 163,425</u>
Change in Net Position	\$ 8,911
Net Position, July 1, 2014	<u>3,971,345</u>
Net Position, June 30, 2015	<u><u>\$ 3,980,256</u></u>

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

OBION COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	39
B. Government-wide and Fund Financial Statements	40
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	40
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	43
2. Receivables and Payables	44
3. Capital Assets	45
4. Deferred Outflows/Inflows of Resources	45
5. Compensated Absences	46
6. Long-term Obligations	47
7. Net Position and Fund Balance	47
8. Stabilization Arrangement	49
9. Restatement	49
E. Pension Plans	49
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	50
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	50
III. Stewardship, Compliance, and Accountability	
Budgetary Information	51
IV. Detailed Notes on All Funds	
A. Deposits and Investments	51
B. Notes Receivable	54
C. Capital Assets	55
D. Interfund Receivables, Payables, and Transfers	57
E. Long-term Obligations	58
F. On-Behalf Payments	62
V. Other Information	
A. Risk Management	63
B. Accounting Changes	63
C. Contingent Liabilities	64
D. Change in Administration	64
E. Joint Ventures	64
F. Jointly Governed Organization	66
G. Retirement Commitments	66
H. Other Postemployment Benefits (OPEB)	80
I. Purchasing Laws	83
VI. Other Notes - Obion County Nursing Home (Enterprise Fund)	83
VII. Other Notes - Discretely Presented Obion County Emergency Communications District	92

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

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, 2015.

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 1.43 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. Deferred outflows of resources represent a consumption of net position that

applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience as well as employer contributions made to the pension plan after the measurement date.

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

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, 2015, Obion County had \$12,588,000 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, 2015. As discussed in Note IV.B., \$2,864,166 of this amount has been loaned for various purposes and is presented in the General Fund as notes receivable, which is offset with a nonspendable fund balance. The remainder is included in the General Fund's unassigned fund balance account since this arrangement does not meet the criteria for restricted or committed fund balance as defined by GASB Statement No. 54.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement decreasing Obion County's Governmental Activities beginning net position by \$491,182 has been recognized on the Statement of Activities. In addition, a restatement decreasing the Obion County School Department's beginning net position by \$5,485,896 has been recognized on the Statement of Activities for liabilities of the pension agent plan (\$763,690) and the pension cost-sharing plan (\$4,722,206).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Obion County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Obion County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan.

For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Obion County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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

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, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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, 2015, Obion County had the following investments carried at fair value:

Investment	Maturities	Fair Value
Indigent Care Trust Fund:		
Federal Home Loan Bank	5-18-16	\$ 287,072
Federal Farm Credit Bank	8-25-16	790,140
Federal Home Loan Bank	11-17-17	1,711,445
Federal Home Loan Mortgage Corp.	11-17-17	302,558
Federal Home Loan Mortgage Corp.	3-27-19	<u>760,501</u>
 Total		 <u>\$ 3,851,716</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 Bank, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and AA+ by Standard and Pools.

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. Approximately 80 percent of the county's investments are in the Federal Home Loan Bank (52 percent) and the Federal Home Loan Mortgage Corporation (28 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 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, 2015, the Obion County School Department's General Purpose School Fund had borrowed \$2.5 million from the county under this agreement.

During the prior 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.

Also, during the prior 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 \$2,864,166 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 \$117,146 at June 30, 2015, 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 \$217,703 in the Office of Clerk and Master.

C. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government - Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 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	\$ 12,834,708	\$ 424,977	\$ 0	\$ 13,259,685
Infrastructure	30,187,120	287,280	0	30,474,400
Other Capital Assets	8,716,538	101,788	(18,482)	8,799,844
Total Capital Assets Depreciated	<u>\$ 51,738,366</u>	<u>\$ 814,045</u>	<u>\$ (18,482)</u>	<u>\$ 52,533,929</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,026,925	\$ 529,730	\$ 0	\$ 7,556,655
Infrastructure	24,587,853	402,239	0	24,990,092
Other Capital Assets	6,989,651	563,772	(18,482)	7,534,941
Total Accumulated Depreciation	<u>\$ 38,604,429</u>	<u>\$ 1,495,741</u>	<u>\$ (18,482)</u>	<u>\$ 40,081,688</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,133,937</u>	<u>\$ (681,696)</u>	<u>\$ 0</u>	<u>\$ 12,452,241</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,084,907</u>	<u>\$ (681,696)</u>	<u>\$ 0</u>	<u>\$ 16,403,211</u>

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

Governmental Activities:

General Administration	\$ 360,076
Finance	3,386
Administration of Justice	12,458
Public Safety	358,282
Public Health and Welfare	34,321
Social, Cultural, and Recreational Services	113,356
Highway/Public Works	<u>613,862</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,495,741</u>
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**Discretely Presented Obion County School Department -
Governmental Activities:**

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 696,031	\$ 0	\$ 696,031
Total Capital Assets Not Depreciated	<u>\$ 696,031</u>	<u>\$ 0</u>	<u>\$ 696,031</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 61,337,922	\$ 278,487	\$ 61,616,409
Infrastructure	911,992	0	911,992
Other Capital Assets	6,502,016	280,607	6,782,623
Total Capital Assets Depreciated	<u>\$ 68,751,930</u>	<u>\$ 559,094</u>	<u>\$ 69,311,024</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 35,058,445	\$ 1,943,867	\$ 37,002,312
Infrastructure	751,129	14,838	765,967
Other Capital Assets	4,607,588	335,981	4,943,569
Total Accumulated Depreciation	<u>\$ 40,417,162</u>	<u>\$ 2,294,686</u>	<u>\$ 42,711,848</u>
Total Capital Assets Depreciated, Net	<u>\$ 28,334,768</u>	<u>\$ (1,735,592)</u>	<u>\$ 26,599,176</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,030,799</u>	<u>\$ (1,735,592)</u>	<u>\$ 27,295,207</u>

There were no decreases in capital assets to report during the year ended June 30, 2015. Depreciation expense was charged to functions of the discretely presented Obion County School Department as follows:

Governmental Activities:

Instruction	\$ 1,568,342
Support Services	624,299
Operation of Non-instructional Services	<u>102,045</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,294,686</u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,094
"	Nursing Home	25,000
Discretely Presented Obion County School Department:		
General Purpose School	Nonmajor governmental	225,893
Nonmajor governmental	General Purpose School	16,320

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.

The receivable in the General Fund totaling \$25,000 was in transit from the Nursing Home Fund at June 30, 2015.

Interfund Transfers:

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

Primary Government

Transfer Out	<u>Transfer In</u> General Fund
Nursing Home Fund	\$ 25,000

Discretely Presented Obion County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental fund	\$ 25,161

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.

The Nursing Home Fund made a one-time transfer of \$25,000 to the General Fund to subsidize county operations.

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, 2015, will be retired from the General Debt Service Fund.

The general obligation bond, capital outlay note, and other loan outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bond -				
Refunding	3.5 to 4.25%	5-1-31	\$ 8,050,000	\$ 7,960,000
Capital Outlay Note	0	9-13-22	143,786	117,146
Other Loan	variable	5-25-22	17,000,000	4,628,000

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, 2015, the variable interest rate was .26 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, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bond		
	Principal	Interest	Total
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
2021-2025	2,405,000	1,529,540	3,934,540
2026-2030	4,495,000	786,439	5,281,439
2031	985,000	41,863	1,026,863
Total	\$ 7,960,000	\$ 3,993,782	\$ 11,953,782

Year Ending June 30	Note	
	Principal	Total
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
2021-2023	37,226	37,226
Total	\$ 117,146	\$ 117,146

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2016	\$ 595,000	\$ 12,033	\$ 20,977	\$ 628,010
2017	616,000	10,486	18,376	644,862
2018	637,000	8,884	15,684	661,568
2019	660,000	7,228	12,900	680,128
2020	683,000	5,512	10,015	698,527
2021-2022	1,437,000	5,637	12,894	1,455,531
Total	\$ 4,628,000	\$ 49,780	\$ 90,846	\$ 4,768,626

There is \$3,693,224 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 \$399, based on the 2010 federal census.

Changes in Long-term Obligations

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

	Bond	Note
Balance, July 1, 2014	\$ 7,975,000	\$ 133,130
Additions	0	170,959
Reductions	(15,000)	(186,943)
Balance, June 30, 2015	\$ 7,960,000	\$ 117,146
Balance Due Within One Year	\$ 15,000	\$ 15,984

	<u>Other Loan</u>	<u>Compensated Absences</u>
Balance, July 1, 2014	\$ 5,203,000	\$ 310,412
Additions	0	221,287
Reductions	<u>(575,000)</u>	<u>(224,597)</u>
Balance, June 30, 2015	<u>\$ 4,628,000</u>	<u>\$ 307,102</u>
Balance Due Within One Year	<u>\$ 595,000</u>	<u>\$ 15,354</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 13,012,248
Less: Balance Due Within One Year	(641,338)
Less: Deferred Discount on Debt	<u>(34,605)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 12,336,305</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, 2015, will be retired from the General Purpose School Fund.

The note outstanding as of June 30, 2015, for governmental activities is as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount of Issue</u>	<u>Balance 6-30-15</u>
Note	variable	6-1-20	\$ 2,500,000	\$ 1,041,666

The annual requirements to amortize the note outstanding as of June 30, 2015, including interest payments, are presented in the following table:

Year Ending June 30	Note		
	Principal	Interest	Total
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>\$ 1,041,666</u>	<u>\$ 24,375</u>	<u>\$ 1,066,041</u>

Changes in Long-term Obligations

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

	Note	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 1,291,666	\$ 31,773	\$ 843,921
Additions	0	22,659	184,870
Reductions	(250,000)	(20,771)	(173,411)
Balance, June 30, 2015	<u>\$ 1,041,666</u>	<u>\$ 33,661</u>	<u>\$ 855,380</u>
Balance Due Within One Year	<u>\$ 250,000</u>	<u>\$ 1,683</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 1,930,707
Less: Balance Due Within One Year	<u>(251,683)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,679,024</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, 2015, were \$111,811 and \$39,400, 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 purchased commercial health insurance for its employees during the 2014-15 fiscal year. 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

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

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

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

C. Contingent Liabilities

The county's attorney advised of several lawsuits pending against the county. Management estimates 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. Change in Administration

On May 31, 2015, Lori Seals left the Office of Trustee and was succeeded by Tracey Westbrook.

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, 2015, 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 \$379,922 to the operations of the library during the year ended June 30, 2015.

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 Gibson County in conjunction with the counties of Chester, Madison, McNairy, Obion, 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

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Obion County, the Obion County Nursing Home enterprise fund, the Obion County Library Board joint venture, and non-certified employees of the discretely presented Obion County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees, the nursing home, the library board, and the non-certified employees of the discretely present School Department comprise 35.22 percent, 7.71 percent, 2.31 percent, and 54.76 percent, respectively, of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55.

Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	235
Inactive Employees Entitled to But Not Yet Receiving Benefits	224
Active Employees	<u>389</u>
Total	<u><u>848</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Obion County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Obion County were \$643,391 based on a rate of 6.24 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Obion County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 24,099,613	\$ 22,048,670	\$ 2,050,943
Changes for the year:			
Service Cost	\$ 740,405	\$ 0	\$ 740,405
Interest	1,814,383	0	1,814,383
Differences Between Expected and Actual Experience	(340,205)	0	(340,205)
Contributions-Employer	0	656,331	(656,331)
Contributions-Employees	0	509,826	(509,826)
Net Investment Income	0	3,640,606	(3,640,606)
Benefit Payments, Including Refunds of Employee Contributions	(1,296,482)	(1,296,482)	0
Administrative Expense	0	(14,773)	14,773
Net Changes	\$ 918,101	\$ 3,495,508	\$ (2,577,407)
Balance, June 30, 2014	\$ 25,017,714	\$ 25,544,178	\$ (526,464)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	35.22%	\$ 8,811,239	\$ 8,996,660	\$ (185,421)
Nursing Home (enterprise)	7.71%	1,928,866	1,969,456	(40,590)
Library Board (JV)	2.31%	577,909	590,071	(12,162)
School Department	54.76%	13,699,700	13,987,991	(288,291)
Total		\$ 25,017,714	\$ 25,544,178	\$ (526,464)

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

	1% Decrease	Current Discount Rate	1% Increase
<u>Obion County</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>

Net Pension Liability \$ 221,537 \$ (526,464) \$ (2,848,944)

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

Pension Income. For the year ended June 30, 2015, Obion County recognized pension income of \$54,994.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 272,164
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		0 1,593,918
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>643,391</u>	<u>N/A</u>
Total	<u>\$ 643,391</u>	<u>\$ 1,866,082</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 297,001	\$ 657,234
Nursing Home (enterprise)	84,243	143,875
Library Board (JV)	0	43,107
School Department	262,147	1,021,866
Total	\$ 643,391	\$ 1,866,082

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

Year Ending <u>June 30</u>	<u>Amount</u>
2016	\$ (466,520)
2017	(466,520)
2018	(466,520)
2019	(466,522)
2020	0
Thereafter	0

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

Discretely Presented Obion County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Obion County, the Obion County Nursing Home enterprise fund, the Obion County Library Board joint venture, and non-certified employees of the discretely presented Obion County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees, the nursing home, the library board, and the

non-certified employees of the discretely present School Department comprise 35.22 percent, 7.71 percent, 2.31 percent, and 54.76 percent, respectively, of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$16,528, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 16,528	N/A

The Obion County School Department’s employer contributions of \$16,528 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Obion County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,211,191, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Obion County School Department reported an asset of \$57,753 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Obion County School Department's proportion of the net pension asset was based on the Obion County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Obion County School Department's proportion was .355417 percent. The proportion measured as of June 30, 2013, was .362229 percent.

Pension Income. For the year ended June 30, 2015, the Obion County School Department recognized a pension income of \$65,547.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 140,211	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,758,529
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	96,094
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>1,211,191</u>	<u>N/A</u>
Total	<u>\$ 1,351,402</u>	<u>\$ 4,854,623</u>

The Obion County School Department's employer contributions of \$1,211,191 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,182,279)
2017	(1,182,279)
2018	(1,182,279)
2019	(1,182,279)
2020	7,352
Thereafter	7,352

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 9,740,797 \$ (57,753) \$ (8,169,891)

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

H. Other Postemployment Benefits (OPEB)

Primary Government

Obion County provided commercial health benefits for pre-65 age retirees during the 2014-15 fiscal year. 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, previously had the option to maintain this health insurance. 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 for the year ended June 30, 2015. However, effective August 1, 2015, Obion County switched from the commercial healthcare plan to the state-administered Local Government Group Insurance Plan. The commercial healthcare plan is now closed and all current employees are members of the state-administered group plan. This effectively terminates any current or future postemployment benefits liability of the county government for the commercial healthcare plan.

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 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, 2015, the Obion County School Department contributed \$173,411 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 184,000
Interest on the NOPEBO	33,757
Adjustment to the ARC	(32,887)
	<hr/>
Annual OPEB cost	\$ 184,870
Less: Amount of contribution	(173,411)
	<hr/>
Increase/decrease in NOPEBO	\$ 11,459
Net OPEB obligation, 7-1-14	843,921
	<hr/>
Net OPEB obligation, 6-30-15	<u>\$ 855,380</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-13	Local Education Group	\$ 344,248	54%	\$ 871,351
6-30-14	"	178,898	115	843,921
6-30-15	"	184,870	94	855,380

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 seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 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. Impact of Recently Issued Accounting Pronouncements

The nursing home adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* during the current year. Statement No. 68 affects governments that participate as employers in state and local government pension plans and was effective for fiscal years beginning after June 15, 2014. Statement No. 71 was effective for years ending on or after June 15, 2015. The new pension standards 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 defined benefit pension plans 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. The adoption of these standards resulted in the restatement of certain beginning balances to record pension amounts as of July 1, 2014. Net pension liability was increased by \$158,128 and deferred outflows of resources was increased by \$50,603. As a result, beginning net position decreased by \$107,525.

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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, does not materially distort the presentation of the financial statements.

c. Inventory

At June 30, 2015, 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, 2015. 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, 2015, annual leave totaled \$16,845 and sick leave was \$46,363, for a total accrual of \$63,208. All accrued leave has been reported as a current liability in the Statement of Net Position.

f. 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 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) until then. The nursing home has one item related to pensions that qualifies for reporting in this category as of June 30, 2015. See the pension disclosure for details concerning this balance.

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 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 then. The nursing home has various items related to pensions that qualify for reporting in this category. See the pension disclosure for the items that comprise this financial statement element.

g. Pensions

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

h. 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, 2015, 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, 2015, all bank deposits were fully collateralized or insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance		Balance	
	7-1-14	Increases	Decreases	6-30-15
Capital Assets Depreciated:				
Land Improvements	\$ 16,744	\$ 0	\$ 0	\$ 16,744
Buildings and Improvements	1,057,355	0	0	1,057,355
Furniture and Equipment	138,834	43,924	0	182,758
Departmental Equipment	227,244	0	0	227,244
Other Capital Assets	120,506	12,500	(34,971)	98,035
Total Capital Assets Depreciated	\$ 1,560,683	\$ 56,424	\$ (34,971)	\$ 1,582,136
Less Accumulated Depreciation For:				
Land Improvements	\$ 12,928	\$ 200	\$ 0	\$ 13,128
Buildings and Improvements	908,308	28,539	0	936,847
Furniture and Equipment	100,987	9,129	0	110,116
Departmental Equipment	152,074	11,975	0	164,049
Other Capital Assets	113,933	3,149	(34,971)	82,111
Total Accumulated Depreciation	\$ 1,288,230	\$ 52,992	\$ (34,971)	\$ 1,306,251
Total Capital Assets Depreciated, Net	\$ 272,453	\$ 3,432	\$ 0	\$ 275,885

3. Transfers

The board approved a \$25,000 operating transfer to the General Fund for the year ended June 30, 2015.

C. **Other Information**

1. **Pension Plan**

Plan Description. Employees of Obion County Nursing Home, an enterprise fund of Obion County, Tennessee, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The nursing home employees comprise 7.71 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Obion County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Obion County Nursing Home were \$84,243 based on a rate of 6.24 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Obion County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Asset). The net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Obion County Nursing Home’s proportion of the net pension liability was based on census data of the nursing home’s employees relative to all employees covered under Obion County’s plan. At the June 30, 2014, measurement date, Obion County Nursing Home’s proportion was 7.71 percent.

Pension Income. For the year ended June 30, 2015, Obion County Nursing Home recognized pension income of \$4,240.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 20,984
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	122,891
Contributions Subsequent to the Measurement Date of June 30, 2014	<u>84,243</u>	N/A
Total	<u>\$ 84,243</u>	<u>\$ 143,875</u>

The amount shown above for contributions subsequent to the measurement date will be recognized as a reduction (increase) in net pension liability (asset) in the following measurement period. Other amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (35,969)
2017	(35,969)
2018	(35,969)
2019	(35,968)
2020	0
Thereafter	0

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

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

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study and included some adjustments for expected future improvements in life expectancy.

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

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

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

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

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

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

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

Obion County Nursing Home's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 17,081 \$ (40,590) \$ (219,654)

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

Payable to the Pension Plan

At June 30, 2015, Obion County Nursing Home reported a payable of \$11,546 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

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 uniform accounting system developed by the Comptroller of the Treasury, 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, 2015, 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. 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.

c. 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 \$10,000 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.

d. 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.

e. 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, 2015, was prepared on the cash basis. Revenues were budgeted at amounts expected to be received during the fiscal year, and the budget included amounts accrued as receivables in the prior year. The budgetary comparison statement includes a reconciliation to the Statement of Revenues, Expenses, and Changes in Net Position. The legal level of control for expenses is at each line item of expense; therefore, each line item must be amended to authorize actual expenditures.

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, 2015, 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, 2015, all of the district's deposits were fully insured or collateralized.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 30,000	\$ 4,500	\$ 34,500
Construction in Progress	0	347	347
Total Capital Assets Not Depreciated:	\$ 30,000	\$ 4,847	\$ 34,847

Capital Assets (Cont.)	Balance 7-1-14	Increases	Balance 6-30-15
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	<u>\$ 1,291,950</u>	<u>\$ 0</u>	<u>\$ 1,291,950</u>
Less: Accumulated Depreciation:			
Office Equipment	\$ 93,981	\$ 12,917	\$ 106,898
Vehicles	19,668	5,052	24,720
Communications Equipment and Furniture and Fixtures	390,981	43,291	434,272
Building and Improvements	96,465	13,746	110,211
Total Accumulated Depreciation	<u>\$ 601,095</u>	<u>\$ 75,006</u>	<u>\$ 676,101</u>
Total Capital Assets, Net	<u>\$ 720,855</u>	<u>\$ (70,159)</u>	<u>\$ 650,696</u>

Depreciation expense for the year ended June 30, 2015, was \$75,006.

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. During the year ended June 30, 2015, \$750 was charged to expense for claims made by a former employee to the state unemployment fund that was assessed to the district.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 740,405
Interest	1,814,383
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(340,205)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,296,482)</u>
Net Change in Total Pension Liability (Asset)	\$ 918,101
Total Pension Liability (Asset), Beginning	<u>24,099,613</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 25,017,714</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 656,331
Contributions - Employee	509,826
Net Investment Income	3,640,606
Benefit Payments, Including Refunds of Employee Contributions	(1,296,482)
Administrative Expense	<u>(14,773)</u>
Net Change in Plan Fiduciary Net Position	\$ 3,495,508
Plan Fiduciary Net Position, Beginning	<u>22,048,670</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 25,544,178</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (526,464)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.10%
Covered Employee Payroll	\$ 10,223,211
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	5.15%

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

Note: data presented includes primary government, discretely presented non-certified employees of the School Department, and Obion County Library Board joint venture.

Exhibit F-2

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 656,331	\$ 643,391
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(656,331)</u>	<u>(643,391)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 10,223,211	\$ 11,061,626
Contributions as a Percentage of Covered Employee Payroll	6.42%	5.82%

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

Note: data presented includes primary government, discretely presented non-certified employees of the School Department, and Obion County Library Board joint venture.

Exhibit F-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 10,330
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(16,528)</u>
Contribution Deficiency (Excess)	<u>\$ (6,198)</u>
Covered Employee Payroll	\$ 413,205
Contributions as a Percentage of Covered Employee Payroll	4.00%

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

Exhibit F-4

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,238,767	\$ 1,211,191
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,238,767)</u>	<u>(1,211,191)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 13,950,088	\$ 13,398,143
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

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

Exhibit F-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.355417%
School Department's Proportionate Share of the Net Pension Asset	\$ 57,753
Covered Employee Payroll	\$ 13,950,088
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit F-6

Obion County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Obion County School Department
June 30, 2015

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Exhibit G-1

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

	<u>Special Revenue Funds</u>			Total
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,033	\$ 1,033
Equity in Pooled Cash and Investments	47,376	41,072	0	88,448
Accounts Receivable	1,678	0	61	1,739
Total Assets	\$ 49,054	\$ 41,072	\$ 1,094	\$ 91,220
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,830	\$ 0	\$ 0	\$ 2,830
Due to Other Funds	0	0	1,094	1,094
Total Liabilities	\$ 2,830	\$ 0	\$ 1,094	\$ 3,924
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 41,072	\$ 0	\$ 41,072
Committed:				
Committed for Public Health and Welfare	46,224	0	0	46,224
Total Fund Balances	\$ 46,224	\$ 41,072	\$ 0	\$ 87,296
Total Liabilities and Fund Balances	\$ 49,054	\$ 41,072	\$ 1,094	\$ 91,220

Exhibit G-2

Obion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 0	\$ 19,053	\$ 0	\$ 19,053
Charges for Current Services	40,446	0	929	41,375
Other Local Revenues	29,268	0	0	29,268
Other Governments and Citizens Groups	100,000	0	0	100,000
Total Revenues	\$ 169,714	\$ 19,053	\$ 929	\$ 189,696
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 929	\$ 929
Public Safety	0	22,458	0	22,458
Public Health and Welfare	149,872	0	0	149,872
Total Expenditures	\$ 149,872	\$ 22,458	\$ 929	\$ 173,259
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,842	\$ (3,405)	\$ 0	\$ 16,437
Net Change in Fund Balances	\$ 19,842	\$ (3,405)	\$ 0	\$ 16,437
Fund Balance, July 1, 2014	26,382	44,477	0	70,859
Fund Balance, June 30, 2015	\$ 46,224	\$ 41,072	\$ 0	\$ 87,296

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 40,446	\$ 0	\$ 40,446	\$ 28,000	\$ 28,000	\$ 12,446
Other Local Revenues	29,268	0	29,268	16,400	16,400	12,868
State of Tennessee	0	0	0	0	2,200	(2,200)
Other Governments and Citizens Groups	100,000	0	100,000	100,000	100,000	0
Total Revenues	\$ 169,714	\$ 0	\$ 169,714	\$ 144,400	\$ 146,600	\$ 23,114
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Recycling Center	\$ 149,872	\$ (1,125)	\$ 148,747	\$ 157,127	\$ 157,127	\$ 8,380
Total Expenditures	\$ 149,872	\$ (1,125)	\$ 148,747	\$ 157,127	\$ 157,127	\$ 8,380
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 19,842	\$ 1,125	\$ 20,967	\$ (12,727)	\$ (10,527)	\$ 31,494
Net Change in Fund Balance						
Fund Balance, July 1, 2014	\$ 26,382	(1,125)	25,257	18,155	18,155	7,102
Fund Balance, June 30, 2015	\$ 46,224	\$ 0	\$ 46,224	\$ 5,428	\$ 7,628	\$ 38,596

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 19,053	\$ 24,850	\$ 24,850	\$ (5,797)
Other Local Revenues	0	800	800	(800)
Total Revenues	<u>\$ 19,053</u>	<u>\$ 25,650</u>	<u>\$ 25,650</u>	<u>\$ (6,597)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 22,458	\$ 41,600	\$ 41,600	\$ 19,142
Total Expenditures	<u>\$ 22,458</u>	<u>\$ 41,600</u>	<u>\$ 41,600</u>	<u>\$ 19,142</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,405)</u>	<u>\$ (15,950)</u>	<u>\$ (15,950)</u>	<u>\$ 12,545</u>
Net Change in Fund Balance	\$ (3,405)	\$ (15,950)	\$ (15,950)	\$ 12,545
Fund Balance, July 1, 2014	<u>44,477</u>	<u>48,424</u>	<u>48,424</u>	<u>(3,947)</u>
Fund Balance, June 30, 2015	<u>\$ 41,072</u>	<u>\$ 32,474</u>	<u>\$ 32,474</u>	<u>\$ 8,598</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,728,470	\$ 1,606,950	\$ 1,606,950	\$ 121,520
Other Local Revenues	53,939	1,000	1,000	52,939
Total Revenues	<u>\$ 1,782,409</u>	<u>\$ 1,607,950</u>	<u>\$ 1,607,950</u>	<u>\$ 174,459</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 186,943	\$ 365,984	\$ 365,984	\$ 179,041
Education	590,000	590,000	590,000	0
<u>Interest on Debt</u>				
General Government	56	50	100	44
Education	339,719	451,864	451,864	112,145
<u>Other Debt Service</u>				
General Government	46,709	47,913	47,863	1,154
Education	35,592	40,000	40,000	4,408
Total Expenditures	<u>\$ 1,199,019</u>	<u>\$ 1,495,811</u>	<u>\$ 1,495,811</u>	<u>\$ 296,792</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 583,390</u>	<u>\$ 112,139</u>	<u>\$ 112,139</u>	<u>\$ 471,251</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 15,984	\$ 15,984	\$ (15,984)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 15,984</u>	<u>\$ 15,984</u>	<u>\$ (15,984)</u>
Net Change in Fund Balance	\$ 583,390	\$ 128,123	\$ 128,123	\$ 455,267
Fund Balance, July 1, 2014	<u>3,109,834</u>	<u>3,115,132</u>	<u>3,115,132</u>	<u>(5,298)</u>
Fund Balance, June 30, 2015	<u><u>\$ 3,693,224</u></u>	<u><u>\$ 3,243,255</u></u>	<u><u>\$ 3,243,255</u></u>	<u><u>\$ 449,969</u></u>

Fiduciary Funds

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

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

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for property tax collections received by the county trustee on behalf of the 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
June 30, 2015

	Agency Funds					Total
	Cities - Sales Tax	Special School District	City School ADA - Union City	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 1,470,797	\$ 0	\$ 1,470,797
Equity in Pooled Cash and Investments	0	712	25,037	0	115,519	141,268
Accounts Receivable	0	0	0	8,900	0	8,900
Due from Other Governments	772,627	0	254,861	0	0	1,027,488
Property Taxes Receivable	0	0	1,964,524	0	0	1,964,524
Allowance for Uncollectible Property Taxes	0	0	(53,976)	0	0	(53,976)
Notes Receivable - Long-term	0	0	0	217,703	0	217,703
Total Assets	<u>\$ 772,627</u>	<u>\$ 712</u>	<u>\$ 2,190,446</u>	<u>\$ 1,697,400</u>	<u>\$ 115,519</u>	<u>\$ 4,776,704</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 772,627	\$ 712	\$ 2,190,446	\$ 0	\$ 0	\$ 2,963,785
Due to Litigants, Heirs, and Others	0	0	0	1,697,400	0	1,697,400
Due to Joint Ventures	0	0	0	0	115,519	115,519
Total Liabilities	<u>\$ 772,627</u>	<u>\$ 712</u>	<u>\$ 2,190,446</u>	<u>\$ 1,697,400</u>	<u>\$ 115,519</u>	<u>\$ 4,776,704</u>

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,231,718	\$ 4,231,718	\$ 0
Due from Other Governments	709,635	772,627	709,635	772,627
Total Assets	\$ 709,635	\$ 5,004,345	\$ 4,941,353	\$ 772,627
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 709,635	\$ 5,004,345	\$ 4,941,353	\$ 772,627
Total Liabilities	\$ 709,635	\$ 5,004,345	\$ 4,941,353	\$ 772,627
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 317	\$ 24,708	\$ 25,025	\$ 0
Total Assets	\$ 317	\$ 24,708	\$ 25,025	\$ 0
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 317	\$ 24,708	\$ 25,025	\$ 0
Total Liabilities	\$ 317	\$ 24,708	\$ 25,025	\$ 0
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,345	\$ 85,224	\$ 85,857	\$ 712
Total Assets	\$ 1,345	\$ 85,224	\$ 85,857	\$ 712
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,345	\$ 85,224	\$ 85,857	\$ 712
Total Liabilities	\$ 1,345	\$ 85,224	\$ 85,857	\$ 712
<u>City School ADA - Union City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 21,879	\$ 3,439,854	\$ 3,436,696	\$ 25,037
Due from Other Governments	230,087	254,861	230,087	254,861
Property Taxes Receivable	1,845,194	1,964,524	1,845,194	1,964,524
Allowance for Uncollectible Property Taxes	(52,546)	(53,976)	(52,546)	(53,976)
Total Assets	\$ 2,044,614	\$ 5,605,263	\$ 5,459,431	\$ 2,190,446

(Continued)

Exhibit I-2

Obion County, Tennessee

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

	Ending Balance	Additions	Deductions	Ending Balance
<u>City School ADA - Union City Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,044,614	\$ 5,605,263	\$ 5,459,431	\$ 2,190,446
Total Liabilities	\$ 2,044,614	\$ 5,605,263	\$ 5,459,431	\$ 2,190,446
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,545,153	\$ 7,092,666	\$ 7,167,022	\$ 1,470,797
Accounts Receivable	6,564	8,370	6,034	8,900
Notes Receivable - Long-term	203,472	14,231	0	217,703
Total Assets	\$ 1,755,189	\$ 7,115,267	\$ 7,173,056	\$ 1,697,400
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,755,189	\$ 7,115,267	\$ 7,173,056	\$ 1,697,400
Total Liabilities	\$ 1,755,189	\$ 7,115,267	\$ 7,173,056	\$ 1,697,400
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 203,834	\$ 77,971	\$ 166,286	\$ 115,519
Total Assets	\$ 203,834	\$ 77,971	\$ 166,286	\$ 115,519
<u>Liabilities</u>				
Due to Joint Ventures	\$ 203,834	\$ 77,971	\$ 166,286	\$ 115,519
Total Liabilities	\$ 203,834	\$ 77,971	\$ 166,286	\$ 115,519
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,545,153	\$ 7,092,666	\$ 7,167,022	\$ 1,470,797
Equity in Pooled Cash and Investments	227,375	7,859,475	7,945,582	141,268
Accounts Receivable	6,564	8,370	6,034	8,900
Due from Other Governments	939,722	1,027,488	939,722	1,027,488
Property Taxes Receivable	1,845,194	1,964,524	1,845,194	1,964,524
Allowance for Uncollectible Property Taxes	(52,546)	(53,976)	(52,546)	(53,976)
Notes Receivable - Long-term	203,472	14,231	0	217,703
Total Assets	\$ 4,714,934	\$ 17,912,778	\$ 17,851,008	\$ 4,776,704
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,755,911	\$ 10,719,540	\$ 10,511,666	\$ 2,963,785
Due to Litigants, Heirs, and Others	1,755,189	7,115,267	7,173,056	1,697,400
Due to Joint Ventures	203,834	77,971	166,286	115,519
Total Liabilities	\$ 4,714,934	\$ 17,912,778	\$ 17,851,008	\$ 4,776,704

Obion County School Department

This section presents fund financial statements for the Obion County School Department, a discretely presented component unit. The Obion County School Department uses a General Fund, two Special Revenue Funds, and one Capital Projects Fund.

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit J-1

Obion County, Tennessee
Statement of Activities
Discretely Presented Obion County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 17,183,771	\$ 12,899	\$ 985,381	\$ (16,185,491)
Support Services	10,116,680	2,700	869,249	(9,244,731)
Operation of Non-instructional Services	3,112,747	564,838	2,326,231	(221,678)
Interest on Long-term Debt	11,437	0	0	(11,437)
Total Governmental Activities	\$ 30,424,635	\$ 580,437	\$ 4,180,861	\$ (25,663,337)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,615,291
Local Option Sales Taxes				3,295,672
Business Tax				77,292
Other Local Taxes				3,580
Grants and Contributions Not Restricted to Specific Programs				17,849,787
Miscellaneous				22,814
Pension Income				95,662
Total General Revenues				\$ 25,960,098
Change in Net Position				\$ 296,761
Net Position, July 1, 2014				31,481,035
Restatement - Pension Liability (see Note I.D.9)				(5,485,896)
Net Position, June 30, 2015				\$ 26,291,900

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,009,574	\$ 502,548	\$ 3,512,122
Accounts Receivable	102,031	1,706	103,737
Due from Other Governments	879,420	211,302	1,090,722
Due from Other Funds	225,893	16,320	242,213
Property Taxes Receivable	4,584,156	0	4,584,156
Allowance for Uncollectible Property Taxes	(125,524)	0	(125,524)
Total Assets	<u>\$ 8,675,550</u>	<u>\$ 731,876</u>	<u>\$ 9,407,426</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 6,830	\$ 6,830
Due to Other Funds	16,320	225,893	242,213
Total Liabilities	<u>\$ 16,320</u>	<u>\$ 232,723</u>	<u>\$ 249,043</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,329,834	\$ 0	\$ 4,329,834
Deferred Delinquent Property Taxes	113,143	0	113,143
Other Deferred/Unavailable Revenue	297,052	0	297,052
Total Deferred Inflows of Resources	<u>\$ 4,740,029</u>	<u>\$ 0</u>	<u>\$ 4,740,029</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 14,180	\$ 0	\$ 14,180
Restricted for Operation of Non-instructional Services	0	409,184	409,184
Restricted for Capital Projects	0	3,449	3,449
Committed:			
Committed for Education	34,095	0	34,095
Assigned:			
Assigned for Education	172,267	86,520	258,787
Unassigned	3,698,659	0	3,698,659
Total Fund Balances	<u>\$ 3,919,201</u>	<u>\$ 499,153</u>	<u>\$ 4,418,354</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,675,550</u>	<u>\$ 731,876</u>	<u>\$ 9,407,426</u>

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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,418,354
(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		24,614,097	
Add: infrastructure net of accumulated depreciation		146,025	
Add: other capital assets net of accumulated depreciation		<u>1,839,054</u>	27,295,207
(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	\$	(1,041,666)	
Less: compensated absences payable		(33,661)	
Less: other postemployment benefits liability		(855,380)	
Less: accrued interest on note		<u>(781)</u>	(1,931,488)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as a component of pension expense in future years			
Add: deferred outflows of resources related to pensions	\$	1,630,077	
Less: deferred inflows of resources related to pensions		<u>(5,876,489)</u>	(4,246,412)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds			
Add: net pension asset - agent plan	\$	288,291	
Add: net pension asset - cost-sharing plan		<u>57,753</u>	346,044
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>410,195</u>
Net position of governmental activities (Exhibit A)		\$	<u>26,291,900</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, 2015

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 8,019,229	\$ 0	\$ 8,019,229
Licenses and Permits	1,393	0	1,393
Charges for Current Services	224,767	433,428	658,195
Other Local Revenues	58,568	1,437	60,005
State of Tennessee	18,399,363	19,280	18,418,643
Federal Government	239,449	3,454,629	3,694,078
Total Revenues	<u>\$ 26,942,769</u>	<u>\$ 3,908,774</u>	<u>\$ 30,851,543</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,260,846	\$ 1,347,659	\$ 16,608,505
Support Services	9,920,610	256,867	10,177,477
Operation of Non-instructional Services	734,854	2,333,451	3,068,305
Capital Outlay	360,656	0	360,656
Debt Service:			
Principal on Debt	250,000	0	250,000
Interest on Debt	11,625	0	11,625
Total Expenditures	<u>\$ 26,538,591</u>	<u>\$ 3,937,977</u>	<u>\$ 30,476,568</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 404,178</u>	<u>\$ (29,203)</u>	<u>\$ 374,975</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 60,818	\$ 0	\$ 60,818
Transfers In	25,161	0	25,161
Transfers Out	0	(25,161)	(25,161)
Total Other Financing Sources (Uses)	<u>\$ 85,979</u>	<u>\$ (25,161)</u>	<u>\$ 60,818</u>
Net Change in Fund Balances	\$ 490,157	\$ (54,364)	\$ 435,793
Fund Balance, July 1, 2014	<u>3,429,044</u>	<u>553,517</u>	<u>3,982,561</u>
Fund Balance, June 30, 2015	<u>\$ 3,919,201</u>	<u>\$ 499,153</u>	<u>\$ 4,418,354</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, 2015

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 435,793
<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	\$ 559,094	
Less: current-year depreciation expense	<u>(2,294,686)</u>	(1,735,592)
<p>(2) 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, 2015	\$ 410,195	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(636,004)</u>	(225,809)
<p>(3) The issuance of long-term debt (e.g., notes) 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.</p>		
Add: principal payments on note		250,000
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences payable	\$ (1,888)	
Change in other postemployment benefits liability	(11,459)	
Change in accrued interest on note	188	
Change in net pension asset - agent plan	1,051,981	
Change in net pension asset - cost-sharing plan	4,779,959	
Change in deferred outflows related to pensions	1,630,077	
Change in deferred inflows related to pensions	<u>(5,876,489)</u>	<u>1,572,369</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 296,761</u>

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects Fund</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>		<u>Capital</u>	<u>Governmental</u>
	<u>Projects</u>			<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 91,621	\$ 407,478	\$ 499,099	\$ 3,449	\$ 502,548
Accounts Receivable	0	1,706	1,706	0	1,706
Due from Other Governments	211,302	0	211,302	0	211,302
Due from Other Funds	16,320	0	16,320	0	16,320
Total Assets	\$ 319,243	\$ 409,184	\$ 728,427	\$ 3,449	\$ 731,876
<u>LIABILITIES</u>					
Accounts Payable	\$ 6,830	\$ 0	\$ 6,830	\$ 0	\$ 6,830
Due to Other Funds	225,893	0	225,893	0	225,893
Total Liabilities	\$ 232,723	\$ 0	\$ 232,723	\$ 0	\$ 232,723
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Operation of Non-instructional Services	\$ 0	\$ 409,184	\$ 409,184	\$ 0	\$ 409,184
Restricted for Capital Projects	0	0	0	3,449	3,449
Assigned:					
Assigned for Education	86,520	0	86,520	0	86,520
Total Fund Balances	\$ 86,520	\$ 409,184	\$ 495,704	\$ 3,449	\$ 499,153
Total Liabilities and Fund Balances	\$ 319,243	\$ 409,184	\$ 728,427	\$ 3,449	\$ 731,876

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, 2015

	Special Revenue Funds			Capital	Total
	School Federal Projects	Central Cafeteria	Total	Projects Fund Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 433,428	\$ 433,428	\$ 0	\$ 433,428
Other Local Revenues	0	1,437	1,437	0	1,437
State of Tennessee	0	19,280	19,280	0	19,280
Federal Government	1,908,242	1,546,387	3,454,629	0	3,454,629
Total Revenues	\$ 1,908,242	\$ 2,000,532	\$ 3,908,774	\$ 0	\$ 3,908,774
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,347,659	\$ 0	\$ 1,347,659	\$ 0	\$ 1,347,659
Support Services	256,867	0	256,867	0	256,867
Operation of Non-instructional Services	282,229	2,051,222	2,333,451	0	2,333,451
Total Expenditures	\$ 1,886,755	\$ 2,051,222	\$ 3,937,977	\$ 0	\$ 3,937,977
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 21,487	\$ (50,690)	\$ (29,203)	\$ 0	\$ (29,203)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (25,161)	\$ 0	\$ (25,161)	\$ 0	\$ (25,161)
Total Other Financing Sources (Uses)	\$ (25,161)	\$ 0	\$ (25,161)	\$ 0	\$ (25,161)
Net Change in Fund Balances					
Fund Balance, July 1, 2014	\$ (3,674)	\$ (50,690)	\$ (54,364)	\$ 0	\$ (54,364)
	90,194	459,874	550,068	3,449	553,517
Fund Balance, June 30, 2015					
	\$ 86,520	\$ 409,184	\$ 495,704	\$ 3,449	\$ 499,153

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,019,229	\$ 0	\$ 0	\$ 8,019,229	\$ 7,895,482	\$ 7,895,482	\$ 123,747
Licenses and Permits	1,393	0	0	1,393	1,925	1,925	(532)
Charges for Current Services	224,767	0	0	224,767	121,200	151,200	73,567
Other Local Revenues	58,568	0	0	58,568	36,501	48,501	10,067
State of Tennessee	18,399,363	0	0	18,399,363	18,524,872	18,726,083	(326,720)
Federal Government	239,449	0	0	239,449	161,352	161,352	78,097
Total Revenues	\$ 26,942,769	\$ 0	\$ 0	\$ 26,942,769	\$ 26,741,332	\$ 26,984,543	\$ (41,774)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,453,144	\$ 0	\$ 2,928	\$ 12,456,072	\$ 12,839,830	\$ 12,839,879	\$ 383,807
Alternative Instruction Program	128,422	0	0	128,422	132,022	132,022	3,600
Special Education Program	1,598,001	0	0	1,598,001	1,650,555	1,650,555	52,554
Vocational Education Program	1,022,091	0	0	1,022,091	1,067,690	1,071,030	48,939
Student Body Education Program	59,188	0	1,858	61,046	85,242	85,242	24,196
<u>Support Services</u>							
Attendance	157,837	0	0	157,837	175,129	175,129	17,292
Health Services	356,955	0	0	356,955	345,083	357,083	128
Other Student Support	645,580	(73)	0	645,507	656,355	656,355	10,848
Regular Instruction Program	949,109	0	2,734	951,843	981,259	981,259	29,416
Alternative Instruction Program	46,537	0	0	46,537	49,035	49,035	2,498
Special Education Program	99,970	0	0	99,970	128,467	128,467	28,497
Vocational Education Program	56,790	0	0	56,790	51,785	56,937	147
Other Programs	151,211	0	0	151,211	0	151,211	0
Board of Education	537,609	0	0	537,609	536,337	563,262	25,653
Director of Schools	183,765	0	0	183,765	189,721	189,721	5,956
Office of the Principal	1,584,366	0	0	1,584,366	1,690,164	1,690,164	105,798
Fiscal Services	203,954	0	0	203,954	210,427	210,427	6,473
Operation of Plant	2,376,719	(262)	0	2,376,457	2,490,384	2,490,384	113,927
Maintenance of Plant	808,172	(11,637)	2,014	798,549	782,016	843,016	44,467

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 1,559,253	\$ (212)	\$ 0	\$ 1,559,041	\$ 1,658,698	\$ 1,658,698	\$ 99,657
Central and Other	202,783	0	0	202,783	206,755	206,755	3,972
<u>Operation of Non-instructional Services</u>							
Community Services	263,764	(200)	0	263,564	205,815	285,815	22,251
Early Childhood Education	471,090	0	3,338	474,428	475,087	475,087	659
<u>Capital Outlay</u>							
Regular Capital Outlay	360,656	(91,834)	159,395	428,217	485,100	485,100	56,883
<u>Principal on Debt</u>							
Education	250,000	0	0	250,000	250,000	250,000	0
<u>Interest on Debt</u>							
Education	11,625	0	0	11,625	11,625	11,625	0
Total Expenditures	\$ 26,538,591	\$ (104,218)	\$ 172,267	\$ 26,606,640	\$ 27,354,581	\$ 27,694,258	\$ 1,087,618
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 404,178	\$ 104,218	\$ (172,267)	\$ 336,129	\$ (613,249)	\$ (709,715)	\$ 1,045,844
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 60,818	\$ 0	\$ 0	\$ 60,818	\$ 0	\$ 61,000	\$ (182)
Transfers In	25,161	0	0	25,161	73,723	73,723	(48,562)
Total Other Financing Sources	\$ 85,979	\$ 0	\$ 0	\$ 85,979	\$ 73,723	\$ 134,723	\$ (48,744)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2014	\$ 490,157	\$ 104,218	\$ (172,267)	\$ 422,108	\$ (539,526)	\$ (574,992)	\$ 997,100
	3,429,044	(104,218)	0	3,324,826	2,897,283	3,597,283	(272,457)
Fund Balance, June 30, 2015	\$ 3,919,201	\$ 0	\$ (172,267)	\$ 3,746,934	\$ 2,357,757	\$ 3,022,291	\$ 724,643

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,908,242	\$ 1,805,989	\$ 2,022,466	\$ (114,224)
Total Revenues	\$ 1,908,242	\$ 1,805,989	\$ 2,022,466	\$ (114,224)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 698,996	\$ 812,338	\$ 763,276	\$ 64,280
Special Education Program	623,111	602,445	638,518	15,407
Vocational Education Program	25,552	27,335	27,335	1,783
<u>Support Services</u>				
Health Services	19,752	19,610	19,610	(142)
Other Student Support	13,852	22,537	22,537	8,685
Regular Instruction Program	26,015	62,718	56,737	30,722
Special Education Program	123,758	110,622	123,078	(680)
Vocational Education Program	2,273	2,300	2,300	27
Transportation	71,217	71,595	75,156	3,939
<u>Operation of Non-instructional Services</u>				
Community Services	282,229	0	282,800	571
Total Expenditures	\$ 1,886,755	\$ 1,731,500	\$ 2,011,347	\$ 124,592
Excess (Deficiency) of Revenues Over Expenditures	\$ 21,487	\$ 74,489	\$ 11,119	\$ 10,368
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (25,161)	\$ (74,489)	\$ (25,343)	\$ 182
Total Other Financing Sources	\$ (25,161)	\$ (74,489)	\$ (25,343)	\$ 182
Net Change in Fund Balance	\$ (3,674)	\$ 0	\$ (14,224)	\$ 10,550
Fund Balance, July 1, 2014	90,194	90,194	90,194	0
Fund Balance, June 30, 2015	\$ 86,520	\$ 90,194	\$ 75,970	\$ 10,550

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 433,428	\$ 488,500	\$ 488,500	\$ (55,072)
Other Local Revenues	1,437	1,650	1,650	(213)
State of Tennessee	19,280	19,645	19,645	(365)
Federal Government	1,546,387	1,682,715	1,682,715	(136,328)
Total Revenues	<u>\$ 2,000,532</u>	<u>\$ 2,192,510</u>	<u>\$ 2,192,510</u>	<u>\$ (191,978)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,051,222	\$ 2,221,302	\$ 2,221,302	\$ 170,080
Total Expenditures	<u>\$ 2,051,222</u>	<u>\$ 2,221,302</u>	<u>\$ 2,221,302</u>	<u>\$ 170,080</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (50,690)</u>	<u>\$ (28,792)</u>	<u>\$ (28,792)</u>	<u>\$ (21,898)</u>
Net Change in Fund Balance	\$ (50,690)	\$ (28,792)	\$ (28,792)	\$ (21,898)
Fund Balance, July 1, 2014	<u>459,874</u>	<u>459,874</u>	<u>459,874</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 409,184</u>	<u>\$ 431,082</u>	<u>\$ 431,082</u>	<u>\$ (21,898)</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Obion County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, and Bond
Primary Government and Discretely Presented Obion
County School Department
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Airport Improvement	\$ 143,786	0 %	10-16-12	9-13-22	\$ 133,130	\$ 0	\$ 15,984	\$ 117,146
General Improvement Projects	170,939	1.335	6-29-15	6-30-15	0	170,959	170,959	0
Total Notes Payable					<u>\$ 143,786</u>	<u>\$ 170,959</u>	<u>\$ 186,943</u>	<u>\$ 117,146</u>
<u>OTHER LOAN PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction/Renovation	17,000,000	Variable	8-25-04	5-25-22	\$ 5,203,000	\$ 0	\$ 575,000	\$ 4,628,000
Total Other Loan Payable					<u>\$ 5,758,000</u>	<u>\$ 0</u>	<u>\$ 575,000</u>	<u>\$ 4,628,000</u>
<u>BOND PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Rural School Refunding Bonds, Series 2007	8,050,000	3.5 to 4.25	12-20-07	5-1-31	\$ 7,975,000	\$ 0	\$ 15,000	\$ 7,960,000
Total Bond Payable					<u>\$ 7,990,000</u>	<u>\$ 0</u>	<u>\$ 15,000</u>	<u>\$ 7,960,000</u>
<u>DISCRETELY PRESENTED OBION COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTE PAYABLE</u>								
<u>Payable through General Purpose School Fund to the Primary Government</u>								
Career Technology Centers	2,500,000	Variable	6-1-10	6-1-20	\$ 1,291,666	\$ 0	\$ 250,000	\$ 1,041,666
Total Note Payable					<u>\$ 1,291,666</u>	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 1,041,666</u>

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
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	\$ 117,146	\$ 117,146

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2016	\$ 595,000	\$ 12,033	\$ 20,977	\$ 628,010
2017	616,000	10,486	18,376	644,862
2018	637,000	8,884	15,684	661,568
2019	660,000	7,228	12,900	680,128
2020	683,000	5,512	10,015	698,527
2021	706,000	3,736	7,030	716,766
2022	731,000	1,901	5,864	738,765
Total	\$ 4,628,000	\$ 49,780	\$ 90,846	\$ 4,768,626

(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	
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	\$ 7,960,000	\$ 3,993,782	\$ 11,953,782

DISCRETELY PRESENTED OBION
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note		Total
	Principal	Interest	
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	\$ 1,041,666	\$ 24,375	\$ 1,066,041

Exhibit K-3

Obion County, Tennessee
Schedule of Investments
June 30, 2015

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Indigent Care Trust Fund</u>	
Federal Farm Credit Bank	\$ 790,140
Federal Home Loan Bank	1,998,517
Federal Home Loan Mortgage Corp.	<u>1,063,059</u>
Total Investments	<u>\$ 3,851,716</u>

Exhibit K-4

Obion County, Tennessee
Schedule of Notes Receivable
June 30, 2015

Description	Debtor	Original Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-15
<u>General Fund</u>						
Career Technology Center	Obion County School Department	\$ 2,500,000	6-1-10	6-1-20	variable %	\$ 1,041,666
Industrial Facilities - MIA Seating Corp.	Industrial Development Board of Union City	1,625,000	12-30-13	12-1-23	1	1,462,500
"	"	400,000	12-30-13	12-1-23	1	360,000
Total General Fund						<u>\$ 2,864,166</u>
<u>General Debt Service Fund</u>						
Airport Improvements	Everett-Stewart Regional Airport	143,786	10-16-12	9-13-22	0	\$ 117,146
Total General Debt Service Fund						<u>\$ 117,146</u>
<u>Constitutional Officers - Agency Fund</u>						
<u>Clerk and Master</u>						
Ellen Wade Wiley Scholarship Loan Notes	Various Students	Various	Various	Various	0	\$ 217,703
Total Constitutional Officers - Agency Fund						<u>\$ 217,703</u>
Total Notes Receivable						<u>\$ 3,199,015</u>

Exhibit K-5

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Nursing Home	General	Operations	<u>\$ 25,000</u>
Total Transfers Primary Government			<u>\$ 25,000</u>
<u>DISCRETELY PRESENTED OBION COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 25,161</u>
Total Transfers Discretely Presented Obion County School Department			<u>\$ 25,161</u>

Exhibit K-6

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 78,364	\$ 100,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	74,628	100,000	"
Director of Schools	State Board of Education and County Board of Education	97,557 (1)	100,000	"
Trustee:				
Lori Seals (7-1-14 through 5-31-15)	Section 8-24-102, <i>TCA</i>	62,628	1,092,200	"
Tracey Westbrook (6-1-15 through 6-30-15)	Section 8-24-102, <i>TCA</i>	5,219	1,092,200	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	67,847	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	67,847	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	67,847	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	67,847 (2)	70,000	Travelers Casualty and Surety Company of America
Register of Deeds	Section 8-24-102, <i>TCA</i>	67,847	100,000	RLI Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	74,633 (3)	100,000	"
Employee Bonds:				
General County Employees (including Highway Superintendent's Office)			150,000	Tennessee Risk Management Trust
Director of School's Office			150,000	"

(1) Includes a chief executive officer training supplement of \$1,000. Does not include amounts the Board of Education pays for a travel allowance of \$400 per month.

(2) Does not include special commissioner fees of \$929.

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

Exhibit K-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,107,770	\$ 0	\$ 0	\$ 0	\$ 500,265
Trustee's Collections - Prior Year	45,237	0	0	0	11,256
Circuit/Clerk and Master Collections - Prior Years	37,049	0	0	0	5,892
Interest and Penalty	12,112	0	0	0	2,685
Payments in-Lieu-of Taxes - T.V.A.	139	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	2,475	0	0	0	688
Payments in-Lieu-of Taxes - Other	12,025	0	0	0	2,562
<u>County Local Option Taxes</u>					
Local Option Sales Tax	452,030	0	0	0	0
Hotel/Motel Tax	21,600	0	0	0	0
Wheel Tax	0	0	0	0	1,013,094
Litigation Tax - General	96,263	0	0	0	0
Litigation Tax - Special Purpose	6,569	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Litigation Tax - Courthouse Security	79,836	0	0	0	0
Business Tax	229,104	0	0	0	8,777
Mixed Drink Tax	2,011	0	0	0	0
Mineral Severance Tax	0	0	0	0	16,139
<u>Statutory Local Taxes</u>					
Bank Excise Tax	6,268	0	0	0	1,488
Wholesale Beer Tax	31,127	0	0	0	0
Interstate Telecommunications Tax	1,395	0	0	0	0
Total Local Taxes	\$ 3,143,010	\$ 0	\$ 0	\$ 0	\$ 1,562,846

(Continued)

Exhibit K-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 22,269	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	1,302	0	0	0	0
Total Licenses and Permits	<u>\$ 23,571</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 4,319	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	4,950	0	28	0	0
Drug Control Fines	1,627	0	1,592	0	0
Drug Court Fees	3,166	0	0	0	0
Jail Fees	1,915	0	0	0	0
DUI Treatment Fines	1,045	0	0	0	0
Data Entry Fee - Circuit Court	1,126	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	332	0	0	0	0
<u>General Sessions Court</u>					
Fines	16,036	0	0	0	0
Officers Costs	8,557	0	0	0	0
Drug Control Fines	790	0	782	0	0
Drug Court Fees	4,085	0	0	0	0
Jail Fees	18,332	0	0	0	0
DUI Treatment Fines	3,396	0	0	0	0
Data Entry Fee - General Sessions Court	11,088	0	0	0	0
Courtroom Security Fee	73	0	0	0	0

(Continued)

Exhibit K-7

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	\$ 462	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,400	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	6,401	0	0	0	0
Data Entry Fee - Chancery Court	4,204	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	16,651	0	0
Total Fines, Forfeitures, and Penalties	\$ 93,305	\$ 0	\$ 19,053	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fee	\$ 0	\$ 38,117	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	2,329	0	0	0
Work Release Charges for Board	702	0	0	0	0
Other General Service Charges	56,060	0	0	0	0
<u>Fees</u>					
Copy Fees	428	0	0	0	0
Archives and Records Management Fee - County Clerk	22,724	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0
Telephone Commissions	43,404	0	0	0	0
Vending Machine Collections	167	0	0	0	1,262
Constitutional Officers' Fees and Commissions	0	0	0	929	0
Data Processing Fee - Register	7,922	0	0	0	0
Data Processing Fee - Sheriff	1,841	0	0	0	0

(Continued)

Exhibit K-7

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 Fee - Sheriff	\$ 2,150	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - County Clerk	2,711	0	0	0	0
Total Charges for Current Services	<u>\$ 138,209</u>	<u>\$ 40,446</u>	<u>\$ 0</u>	<u>\$ 929</u>	<u>\$ 1,262</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 161,661	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	68,569	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	47,428
Commissary Sales	91,237	0	0	0	0
Sale of Maps	58	0	0	0	0
Sale of Recycled Materials	0	28,113	0	0	0
Miscellaneous Refunds	6,096	47	0	0	43,067
<u>Nonrecurring Items</u>					
Sale of Property	15,050	0	0	0	0
Contributions and Gifts	5,561	1,108	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	240	0	0	0	0
Total Other Local Revenues	<u>\$ 348,472</u>	<u>\$ 29,268</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 90,495</u>
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 388,176	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	73,935	0	0	0	0
General Sessions Court Clerk	234,590	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary (Cont.)</u>					
Clerk and Master	\$ 143,632	\$ 0	\$ 0	\$ 0	\$ 0
Juvenile Court Clerk	22,231	0	0	0	0
Register	105,270	0	0	0	0
Sheriff	14,340	0	0	0	0
Trustee	414,460	0	0	0	0
Total Fees Received from County Officials	\$ 1,396,634	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	\$ 14,400	\$ 0	\$ 0	\$ 0	\$ 0
<u>Health and Welfare Grants</u>					
Health Department Programs	55,219	0	0	0	0
Other Health and Welfare Grants	3,500	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	280,649
Litter Program	18,854	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	28,809	0	0	0	0
Beer Tax	18,055	0	0	0	0
Vehicle Certificate of Title Fees	8,876	0	0	0	0
Alcoholic Beverage Tax	67,564	0	0	0	0
State Revenue Sharing - T.V.A.	204,576	0	0	0	9,600
Contracted Prisoner Boarding	608,021	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,024,435
Petroleum Special Tax	0	0	0	0	24,863

(Continued)

Exhibit K-7

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	36,687	0	0	0	0
Total State of Tennessee	<u>\$ 1,079,725</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,339,547</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 6,193	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	5,000	0	0	0	0
Other Federal through State	91,820	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	8,200	0	0	0	0
Total Federal Government	<u>\$ 111,213</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 780,772	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	95,294	0	0	0	0
Contracted Services	134,411	100,000	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 1,010,477</u>	<u>\$ 100,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 7,344,616</u>	<u>\$ 169,714</u>	<u>\$ 19,053</u>	<u>\$ 929</u>	<u>\$ 3,994,150</u>

(Continued)

Exhibit K-7

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

	<u>Debt Service</u>	
	Fund	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 1,572,107	\$ 4,180,142
Trustee's Collections - Prior Year	25,546	82,039
Circuit/Clerk and Master Collections - Prior Years	33,935	76,876
Interest and Penalty	8,345	23,142
Payments in-Lieu-of Taxes - T.V.A.	0	139
Payments in-Lieu-of Taxes - Local Utilities	1,461	4,624
Payments in-Lieu-of Taxes - Other	10,161	24,748
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	452,030
Hotel/Motel Tax	0	21,600
Wheel Tax	0	1,013,094
Litigation Tax - General	0	96,263
Litigation Tax - Special Purpose	0	6,569
Litigation Tax - Jail, Workhouse, or Courthouse	32,393	32,393
Litigation Tax - Courthouse Security	0	79,836
Business Tax	37,993	275,874
Mixed Drink Tax	0	2,011
Mineral Severance Tax	0	16,139
<u>Statutory Local Taxes</u>		
Bank Excise Tax	6,529	14,285
Wholesale Beer Tax	0	31,127
Interstate Telecommunications Tax	0	1,395
Total Local Taxes	\$ 1,728,470	\$ 6,434,326

(Continued)

Exhibit K-7

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$	0	\$	22,269
<u>Permits</u>				
Beer Permits		0		1,302
Total Licenses and Permits	\$	0	\$	23,571
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$	0	\$	4,319
Officers Costs		0		4,978
Drug Control Fines		0		3,219
Drug Court Fees		0		3,166
Jail Fees		0		1,915
DUI Treatment Fines		0		1,045
Data Entry Fee - Circuit Court		0		1,126
<u>Criminal Court</u>				
DUI Treatment Fines		0		332
<u>General Sessions Court</u>				
Fines		0		16,036
Officers Costs		0		8,557
Drug Control Fines		0		1,572
Drug Court Fees		0		4,085
Jail Fees		0		18,332
DUI Treatment Fines		0		3,396
Data Entry Fee - General Sessions Court		0		11,088
Courtroom Security Fee		0		73

(Continued)

Exhibit K-7

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Juvenile Court</u>				
Fines	\$	0	\$	462
Officers Costs		0		1,400
<u>Chancery Court</u>				
Officers Costs		0		6,401
Data Entry Fee - Chancery Court		0		4,204
Courtroom Security Fee		0		1
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures		0		16,651
Total Fines, Forfeitures, and Penalties	\$	0	\$	112,358
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Solid Waste Disposal Fee	\$	0	\$	38,117
Surcharge - Waste Tire Disposal		0		2,329
Work Release Charges for Board		0		702
Other General Service Charges		0		56,060
<u>Fees</u>				
Copy Fees		0		428
Archives and Records Management Fee - County Clerk		0		22,724
Greenbelt Late Application Fee		0		100
Telephone Commissions		0		43,404
Vending Machine Collections		0		1,429
Constitutional Officers' Fees and Commissions		0		929
Data Processing Fee - Register		0		7,922
Data Processing Fee - Sheriff		0		1,841

(Continued)

Exhibit K-7

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>Charges for Current Services (Cont.)</u>				
<u>Fees (Cont.)</u>				
Sexual Offender Registration Fee - Sheriff	\$	0	\$	2,150
Data Processing Fee - County Clerk			0	2,711
Total Charges for Current Services	\$	0	\$	180,846
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$	0	\$	161,661
Lease/Rentals			53,939	122,508
Sale of Materials and Supplies			0	47,428
Commissary Sales			0	91,237
Sale of Maps			0	58
Sale of Recycled Materials			0	28,113
Miscellaneous Refunds			0	49,210
<u>Nonrecurring Items</u>				
Sale of Property			0	15,050
Contributions and Gifts			0	6,669
<u>Other Local Revenues</u>				
Other Local Revenues			0	240
Total Other Local Revenues	\$	53,939	\$	522,174
<u>Fees Received from County Officials</u>				
<u>Fees in-Lieu-of Salary</u>				
County Clerk	\$	0	\$	388,176
Circuit Court Clerk			0	73,935
General Sessions Court Clerk			0	234,590

(Continued)

Exhibit K-7

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>Fees Received from County Officials (Cont.)</u>				
<u>Fees in-Lieu-of Salary (Cont.)</u>				
Clerk and Master	\$	0	\$	143,632
Juvenile Court Clerk		0		22,231
Register		0		105,270
Sheriff		0		14,340
Trustee		0		414,460
Total Fees Received from County Officials	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>1,396,634</u>
<u>State of Tennessee</u>				
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	\$	0	\$	14,400
<u>Health and Welfare Grants</u>				
Health Department Programs		0		55,219
Other Health and Welfare Grants		0		3,500
<u>Public Works Grants</u>				
Bridge Program		0		280,649
Litter Program		0		18,854
<u>Other State Revenues</u>				
Income Tax		0		28,809
Beer Tax		0		18,055
Vehicle Certificate of Title Fees		0		8,876
Alcoholic Beverage Tax		0		67,564
State Revenue Sharing - T.V.A.		0		214,176
Contracted Prisoner Boarding		0		608,021
Gasoline and Motor Fuel Tax		0		2,024,435
Petroleum Special Tax		0		24,863

(Continued)

Exhibit K-7

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Registrar's Salary Supplement	\$	0	\$	15,164
Other State Revenues		0		36,687
Total State of Tennessee	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>3,419,272</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Homeland Security Grants	\$	0	\$	6,193
Law Enforcement Grants		0		5,000
Other Federal through State		0		91,820
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue		0		8,200
Total Federal Government	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>111,213</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Prisoner Board	\$	0	\$	780,772
Contributions		0		95,294
Contracted Services		0		234,411
Total Other Governments and Citizens Groups	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>1,110,477</u>
Total	<u>\$</u>	<u>1,782,409</u>	<u>\$</u>	<u>13,310,871</u>

Exhibit K-8

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,432,245	\$ 0	\$ 0	\$ 4,432,245
Trustee's Collections - Prior Year	98,145	0	0	98,145
Circuit/Clerk and Master Collections - Prior Years	66,592	0	0	66,592
Interest and Penalty	25,337	0	0	25,337
Payments in-Lieu-of Taxes - Local Utilities	5,204	0	0	5,204
Payments in-Lieu-of Taxes - Other	23,751	0	0	23,751
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,274,513	0	0	3,274,513
Business Tax	76,657	0	0	76,657
Mixed Drink Tax	1,402	0	0	1,402
<u>Statutory Local Taxes</u>				
Bank Excise Tax	13,181	0	0	13,181
Interstate Telecommunications Tax	2,202	0	0	2,202
Total Local Taxes	\$ 8,019,229	\$ 0	\$ 0	\$ 8,019,229
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,393	\$ 0	\$ 0	\$ 1,393
Total Licenses and Permits	\$ 1,393	\$ 0	\$ 0	\$ 1,393
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 107	\$ 0	\$ 0	\$ 107
<u>Education Charges</u>				
Lunch Payments - Children	0	0	235,203	235,203
Lunch Payments - Adults	0	0	72,743	72,743
A la carte Sales	0	0	117,233	117,233
Transportation - Other State Systems	2,700	0	0	2,700
Receipts from Individual Schools	29,410	0	8,249	37,659
Community Service Fees - Children	190,000	0	0	190,000
<u>Other Charges for Services</u>				
Other Charges for Services	2,550	0	0	2,550
Total Charges for Current Services	\$ 224,767	\$ 0	\$ 433,428	\$ 658,195
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,437	\$ 1,437
Sale of Materials and Supplies	3,819	0	0	3,819
E-Rate Funding	10,349	0	0	10,349
Miscellaneous Refunds	12,331	0	0	12,331
<u>Nonrecurring Items</u>				
Sale of Equipment	6,231	0	0	6,231
Damages Recovered from Individuals	326	0	0	326
Contributions and Gifts	25,512	0	0	25,512
Total Other Local Revenues	\$ 58,568	\$ 0	\$ 1,437	\$ 60,005

(Continued)

Exhibit K-8

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 151,211	\$ 0	\$ 0	\$ 151,211
<u>State Education Funds</u>				
Basic Education Program	16,704,000	0	0	16,704,000
Early Childhood Education	475,087	0	0	475,087
School Food Service	0	0	19,280	19,280
Driver Education	19,928	0	0	19,928
Other State Education Funds	320,838	0	0	320,838
Career Ladder Program	125,619	0	0	125,619
Career Ladder - Extended Contract	33,070	0	0	33,070
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	550,000	0	0	550,000
Safe Schools	19,610	0	0	19,610
Total State of Tennessee	<u>\$ 18,399,363</u>	<u>\$ 0</u>	<u>\$ 19,280</u>	<u>\$ 18,418,643</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 882,250	\$ 882,250
USDA - Commodities	0	0	120,119	120,119
Breakfast	0	0	488,891	488,891
USDA - Other	0	0	50,133	50,133
USDA Food Service Equipment Grant	0	0	4,994	4,994
Vocational Education - Basic Grants to States	0	46,109	0	46,109
Title I Grants to Local Education Agencies	0	526,746	0	526,746
Special Education - Grants to States	206,471	809,920	0	1,016,391
Special Education Preschool Grants	0	47,025	0	47,025
English Language Acquisition Grants	0	15,840	0	15,840
Safe and Drug-free Schools - State Grants	0	282,800	0	282,800
Rural Education	0	49,108	0	49,108
Eisenhower Professional Development State Grants	0	130,694	0	130,694
Other Federal through State	32,978	0	0	32,978
Total Federal Government	<u>\$ 239,449</u>	<u>\$ 1,908,242</u>	<u>\$ 1,546,387</u>	<u>\$ 3,694,078</u>
Total	<u>\$ 26,942,769</u>	<u>\$ 1,908,242</u>	<u>\$ 2,000,532</u>	<u>\$ 30,851,543</u>

Exhibit K-9

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

General Fund

General Government

County Commission

Other Salaries and Wages	\$	1,500	
Board and Committee Members Fees		34,400	
Audit Services		9,542	
Dues and Memberships		1,700	
Legal Services		12,000	
Legal Notices, Recording, and Court Costs		1,803	
Postal Charges		500	
Printing, Stationery, and Forms		768	
Travel		14,942	
Office Supplies		389	
Total County Commission			\$ 77,544

Board of Equalization

Board and Committee Members Fees	\$	720	
Legal Notices, Recording, and Court Costs		70	
Travel		194	
Total Board of Equalization			984

Beer Board

Board and Committee Members Fees	\$	500	
Legal Notices, Recording, and Court Costs		68	
Total Beer Board			568

Budget and Finance Committee

Board and Committee Members Fees	\$	12,800	
Travel		850	
Total Budget and Finance Committee			13,650

Other Boards and Committees

Board and Committee Members Fees	\$	4,700	
Travel		146	
Total Other Boards and Committees			4,846

County Mayor/Executive

County Official/Administrative Officer	\$	78,364	
Assistant(s)		105,280	
Dues and Memberships		1,700	
Freight Expenses		144	
Legal Notices, Recording, and Court Costs		212	
Maintenance Agreements		10,126	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		1,998	
Printing, Stationery, and Forms		782	
Travel		4,911	
Data Processing Supplies		1,196	
Duplicating Supplies		142	
Library Books/Media		250	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Supplies	\$	987	
Premiums on Corporate Surety Bonds		247	
Data Processing Equipment		1,500	
Total County Mayor/Executive			\$ 208,339

Election Commission

County Official/Administrative Officer	\$	61,061	
Deputy(ies)		47,445	
Election Commission		2,600	
Election Workers		21,400	
Communication		958	
Data Processing Services		439	
Dues and Memberships		250	
Freight Expenses		474	
Janitorial Services		2,100	
Legal Notices, Recording, and Court Costs		10,455	
Maintenance Agreements		11,373	
Maintenance and Repair Services - Buildings		120	
Maintenance and Repair Services - Equipment		600	
Pest Control		235	
Postal Charges		3,240	
Printing, Stationery, and Forms		9,541	
Rentals		403	
Travel		6,766	
Other Contracted Services		10,416	
Custodial Supplies		623	
Data Processing Supplies		13,482	
Duplicating Supplies		389	
Office Supplies		1,210	
Utilities		4,394	
Vehicle and Equipment Insurance		600	
Data Processing Equipment		3,557	
Office Equipment		239	
Total Election Commission			214,370

Register of Deeds

County Official/Administrative Officer	\$	67,847	
Deputy(ies)		53,006	
Dues and Memberships		588	
Freight Expenses		291	
Maintenance Agreements		14,310	
Maintenance and Repair Services - Office Equipment		90	
Postal Charges		128	
Printing, Stationery, and Forms		2,320	
Rentals		595	
Data Processing Supplies		108	
Duplicating Supplies		303	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Office Supplies	\$	281	
Premiums on Corporate Surety Bonds		197	
Data Processing Equipment		225	
Office Equipment		538	
Total Register of Deeds			\$ 140,827

County Buildings

Custodial Personnel	\$	22,465	
Communication		6,378	
Data Processing Services		1,339	
Freight Expenses		63	
Licenses		225	
Maintenance and Repair Services - Buildings		21,440	
Maintenance and Repair Services - Equipment		1,524	
Pest Control		836	
Other Contracted Services		18,859	
Custodial Supplies		8,088	
Drugs and Medical Supplies		1,013	
Food Supplies		458	
Utilities		37,417	
Premiums on Corporate Surety Bonds		746	
Building Improvements		12,881	
Heating and Air Conditioning Equipment		9,900	
Other Capital Outlay		19,051	
Total County Buildings			162,683

Preservation of Records

Maintenance and Repair Services - Records	\$	19,770	
Total Preservation of Records			19,770

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	67,847	
Deputy(ies)		74,417	
Other Salaries and Wages		2,538	
Audit Services		28,620	
Communication		350	
Contracts with Government Agencies		960	
Data Processing Services		17,271	
Dues and Memberships		1,715	
Maintenance and Repair Services - Office Equipment		17	
Postal Charges		1,775	
Printing, Stationery, and Forms		350	
Travel		1,955	
Other Contracted Services		12,780	
Data Processing Supplies		910	
Duplicating Supplies		485	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Supplies	\$	112	
Premiums on Corporate Surety Bonds		98	
Furniture and Fixtures		16	
Other Equipment		5,170	
		<hr/>	
Total Property Assessor's Office	\$		217,386

County Trustee's Office

County Official/Administrative Officer	\$	67,847	
Deputy(ies)		58,445	
Part-time Personnel		800	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		373	
Maintenance Agreements		7,094	
Maintenance and Repair Services - Office Equipment		17	
Postal Charges		7,766	
Printing, Stationery, and Forms		2,500	
Data Processing Supplies		675	
Duplicating Supplies		81	
Office Supplies		394	
Premiums on Corporate Surety Bonds		11,403	
Data Processing Equipment		1,507	
Office Equipment		518	
		<hr/>	
Total County Trustee's Office			159,520

County Clerk's Office

County Official/Administrative Officer	\$	67,847	
Deputy(ies)		125,661	
Bank Charges		30	
Data Processing Services		1,025	
Dues and Memberships		628	
Freight Expenses		444	
Maintenance Agreements		14,282	
Postal Charges		6,125	
Printing, Stationery, and Forms		1,725	
Travel		2,172	
Data Processing Supplies		2,671	
Duplicating Supplies		1,021	
Office Supplies		607	
Premiums on Corporate Surety Bonds		366	
Other Charges		100	
Data Processing Equipment		2,405	
Office Equipment		558	
		<hr/>	
Total County Clerk's Office			227,667

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,847	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Deputy(ies)	\$	71,400	
Board and Committee Members Fees		150	
Jury and Witness Expense		6,233	
Bank Charges		35	
Dues and Memberships		478	
Freight Expenses		57	
Legal Notices, Recording, and Court Costs		181	
Maintenance Agreements		6,975	
Postal Charges		1,630	
Printing, Stationery, and Forms		948	
Travel		1,085	
Data Processing Supplies		1,345	
Duplicating Supplies		554	
Office Supplies		919	
Premiums on Corporate Surety Bonds		197	
Other Charges		2,689	
Data Processing Equipment		609	
Furniture and Fixtures		206	
Office Equipment		85	
Total Circuit Court			\$ 163,623

General Sessions Court

Judge(s)	\$	105,578	
Deputy(ies)		112,699	
Other Per Diem and Fees		9,600	
Dues and Memberships		250	
Freight Expenses		175	
Maintenance Agreements		4,312	
Postal Charges		2,001	
Printing, Stationery, and Forms		1,840	
Travel		2,971	
Data Processing Supplies		1,193	
Office Supplies		1,534	
Data Processing Equipment		1,431	
Furniture and Fixtures		1,886	
Office Equipment		1,258	
Total General Sessions Court			246,728

Chancery Court

County Official/Administrative Officer	\$	67,847	
Deputy(ies)		60,071	
Part-time Personnel		2,000	
Bank Charges		50	
Dues and Memberships		578	
Freight Expenses		260	
Maintenance Agreements		7,725	
Postal Charges		576	

(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.)

Printing, Stationery, and Forms	\$	1,469	
Travel		123	
Other Contracted Services		750	
Data Processing Supplies		264	
Duplicating Supplies		195	
Library Books/Media		335	
Office Supplies		855	
Premiums on Corporate Surety Bonds		223	
Furniture and Fixtures		482	
Office Equipment		990	
Total Chancery Court			\$ 144,793

Juvenile Court

Judge(s)	\$	52,007	
Youth Service Officer(s)		80,951	
Communication		239	
Contracts with Private Agencies		405	
Dues and Memberships		350	
Freight Expenses		122	
Laundry Service		19	
Maintenance and Repair Services - Equipment		116	
Maintenance and Repair Services - Office Equipment		68	
Postal Charges		392	
Printing, Stationery, and Forms		37	
Travel		2,539	
Data Processing Supplies		198	
Duplicating Supplies		276	
Library Books/Media		380	
Office Supplies		99	
Data Processing Equipment		406	
Total Juvenile Court			138,604

Juvenile Court Clerk

Deputy(ies)	\$	45,250	
Freight Expenses		19	
Postal Charges		98	
Printing, Stationery, and Forms		237	
Office Supplies		220	
Total Juvenile Court Clerk			45,824

Courtroom Security

Guards	\$	66,787	
Attendants		99,506	
Overtime Pay		1,859	
In-service Training		1,200	
Maintenance and Repair Services - Equipment		56	
Law Enforcement Equipment		33	
Total Courtroom Security			169,441

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,633	
Dispatchers/Radio Operators		213,530	
Clerical Personnel		93,361	
Part-time Personnel		20,638	
School Resource Officer		79,403	
Overtime Pay		32,826	
Other Salaries and Wages		786,162	
In-service Training		13,800	
Communication		4,907	
Contracts with Government Agencies		600	
Data Processing Services		1,559	
Dues and Memberships		2,399	
Evaluation and Testing		850	
Freight Expenses		135	
Legal Notices, Recording, and Court Costs		160	
Maintenance Agreements		5,460	
Maintenance and Repair Services - Buildings		1,741	
Maintenance and Repair Services - Equipment		4,265	
Maintenance and Repair Services - Office Equipment		813	
Maintenance and Repair Services - Vehicles		25,704	
Postal Charges		4,336	
Printing, Stationery, and Forms		2,689	
Rentals		43,831	
Travel		4,124	
Other Contracted Services		7,580	
Custodial Supplies		178	
Data Processing Supplies		6,060	
Duplicating Supplies		1,797	
Gasoline		90,172	
Law Enforcement Supplies		1,147	
Office Supplies		2,212	
Tires and Tubes		6,255	
Uniforms		1,050	
Premiums on Corporate Surety Bonds		848	
Vehicle and Equipment Insurance		28,000	
Communication Equipment		4,398	
Data Processing Equipment		5,149	
Furniture and Fixtures		904	
Law Enforcement Equipment		15,521	
Motor Vehicles		54,995	
Total Sheriff's Department			\$ 1,644,192

Jail

Guards	\$	663,093
Cafeteria Personnel		37,686
Maintenance Personnel		21,267
Part-time Personnel		10,376

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Overtime Pay	\$	1,955	
In-service Training		660	
Contracts with Government Agencies		2,680	
Contracts with Other Public Agencies		7,607	
Freight Expenses		326	
Maintenance and Repair Services - Buildings		23,105	
Maintenance and Repair Services - Equipment		20,131	
Maintenance and Repair Services - Office Equipment		365	
Medical and Dental Services		131,378	
Pest Control		667	
Postal Charges		1,670	
Printing, Stationery, and Forms		694	
Transportation - Other than Students		5,566	
Travel		2,286	
Custodial Supplies		33,338	
Data Processing Supplies		3,096	
Duplicating Supplies		602	
Fertilizer, Lime, and Seed		317	
Food Supplies		160,416	
Gasoline		318	
Office Supplies		1,106	
Prisoners Clothing		3,318	
Uniforms		3,256	
Utilities		97,436	
Other Supplies and Materials		15,322	
Building and Contents Insurance		19,300	
Communication Equipment		7,040	
Data Processing Equipment		35,437	
Food Service Equipment		12	
Furniture and Fixtures		4,271	
Law Enforcement Equipment		3,573	
Office Equipment		122	
Total Jail			\$ 1,319,792

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$	53,487	
Communication		1,882	
Freight Expenses		10	
Travel		2,161	
Data Processing Supplies		15	
Food Supplies		138	
Gasoline		1,820	
Office Supplies		15	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Uniforms	\$	160	
Data Processing Equipment		59	
Other Equipment		516	
Total Other Emergency Management	\$		60,263

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	4,875	
Contracts with Government Agencies		9,360	
Freight Expenses		133	
Transportation - Other than Students		1,750	
Other Equipment		1,349	
Total County Coroner/Medical Examiner			17,467

Public Safety Grants Programs

Law Enforcement Equipment	\$	5,000	
Other Equipment		8,263	
Total Public Safety Grants Programs			13,263

Other Public Safety

Contributions	\$	5,000	
Total Other Public Safety			5,000

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	51,726	
Social Security		3,982	
Pensions		2,670	
Life Insurance		120	
Unemployment Compensation		241	
Communication		1,314	
Contracts with Private Agencies		259	
Dues and Memberships		230	
Janitorial Services		11,714	
Maintenance and Repair Services - Buildings		1,041	
Maintenance and Repair Services - Equipment		508	
Pest Control		338	
Postal Charges		232	
Printing, Stationery, and Forms		110	
Travel		519	
Other Contracted Services		2,859	
Custodial Supplies		1,008	
Duplicating Supplies		63	
Food Supplies		99	
Utilities		13,872	
Workers' Compensation Insurance		1,590	
Building Improvements		782	
Total Local Health Center			95,277

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Drug Treatment	\$ 29,179	
Total Alcohol and Drug Programs		\$ 29,179

Other Local Health Services

Contributions	\$ 2,500	
Total Other Local Health Services		2,500

Appropriation to State

Contracts with Government Agencies	\$ 75,553	
Total Appropriation to State		75,553

General Welfare Assistance

Pauper Burials	\$ 2,500	
Total General Welfare Assistance		2,500

Sanitation Education/Information

Foremen	\$ 12,353	
Social Security	575	
Unemployment Compensation	45	
Advertising	12,300	
Maintenance and Repair Services - Vehicles	269	
Food Supplies	828	
Other Supplies and Materials	3,741	
Workers' Compensation Insurance	82	
Total Sanitation Education/Information		30,193

Other Public Health and Welfare

Other Supplies and Materials	\$ 3,390	
Total Other Public Health and Welfare		3,390

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Contributions	\$ 379,922	
Total Libraries		379,922

Parks and Fair Boards

Contributions	\$ 4,000	
Building Improvements	13,869	
Total Parks and Fair Boards		17,869

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 64,283	
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(Continued)

Exhibit K-9

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Social Security	\$	4,667	
Pensions		9,928	
Employee and Dependent Insurance		2,706	
Unemployment Compensation		87	
Communication		2,194	
Data Processing Services		905	
Maintenance and Repair Services - Buildings		132	
Maintenance and Repair Services - Equipment		364	
Maintenance and Repair Services - Vehicles		80	
Pest Control		430	
Other Contracted Services		12,470	
Custodial Supplies		261	
Utilities		4,109	
Workers' Compensation Insurance		41	
Total Agricultural Extension Service			\$ 102,657

Soil Conservation

Secretary(ies)	\$	24,496	
Total Soil Conservation			24,496

Flood Control

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

Other Operations

Tourism

Remittance of Revenue Collected	\$	22,585	
Total Tourism			22,585

Industrial Development

Contracts with Other Public Agencies	\$	100,000	
Contributions		11,000	
Dues and Memberships		9,106	
Total Industrial Development			120,106

Airport

Contributions	\$	20,000	
Total Airport			20,000

Veterans' Services

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

Other Charges

Contracts with Government Agencies	\$	446	
Dues and Memberships		626	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Legal Services	\$	21,750	
Maintenance Agreements		1,380	
Boiler Insurance		4,000	
Building and Contents Insurance		7,117	
Liability Insurance		83,500	
Trustee's Commission		61,859	
Total Other Charges			\$ 180,678

Contributions to Other Agencies

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

Employee Benefits

Social Security	\$	297,248	
Pensions		233,003	
Employee and Dependent Insurance		311,105	
Life Insurance		3,146	
Unemployment Compensation		2,994	
Workers' Compensation Insurance		33,261	
Total Employee Benefits			880,757

Miscellaneous

Other Salaries and Wages	\$	26,845	
Total Miscellaneous			26,845

Instruction

Vocational Education Program

Contracts with Government Agencies	\$	75,868	
Total Vocational Education Program			75,868

Capital Projects

Public Health and Welfare Projects

Other Charges	\$	9,566	
Total Public Health and Welfare Projects			9,566

Other General Government Projects

Building Improvements	\$	83,630	
Total Other General Government Projects			83,630

Total General Fund \$ 7,679,898

Solid Waste/Sanitation Fund

Public Health and Welfare

Recycling Center

Supervisor/Director	\$	45,815	
Attendants		23,349	
Board and Committee Members Fees		4,800	

(Continued)

Exhibit K-9

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Social Security	\$	5,839	
Pensions		3,139	
Life Insurance		94	
Advertising		635	
Communication		787	
Contracts with Private Agencies		33,203	
Data Processing Services		329	
Dues and Memberships		100	
Freight Expenses		1,023	
Maintenance and Repair Services - Buildings		723	
Maintenance and Repair Services - Equipment		1,273	
Maintenance and Repair Services - Vehicles		1,173	
Postal Charges		142	
Printing, Stationery, and Forms		326	
Travel		744	
Other Contracted Services		2,353	
Custodial Supplies		503	
Data Processing Supplies		154	
Diesel Fuel		2,754	
Equipment and Machinery Parts		7,603	
Food Supplies		48	
Gasoline		1,519	
General Construction Materials		275	
Office Supplies		24	
Small Tools		26	
Uniforms		200	
Utilities		3,867	
Other Supplies and Materials		414	
Building and Contents Insurance		700	
Trustee's Commission		711	
Vehicle and Equipment Insurance		400	
Workers' Compensation Insurance		4,000	
Data Processing Equipment		827	
Total Recycling Center			\$ 149,872
Total Solid Waste/Sanitation Fund			\$ 149,872

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$	1,935
Communication		280
Data Processing Services		961
Confidential Drug Enforcement Payments		140
Freight Expenses		318
Travel		971
Veterinary Services		359

(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.)

Animal Food and Supplies	\$	441	
Other Supplies and Materials		2,746	
Trustee's Commission		24	
Other Charges		3,428	
Law Enforcement Equipment		10,855	
Total Drug Enforcement			\$ 22,458

Total Drug Control Fund \$ 22,458

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	929	
Total Chancery Court			\$ 929

Total Constitutional Officers - Fees Fund 929

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	74,628	
Secretary to Board		900	
Secretary(ies)		87,249	
Board and Committee Members Fees		9,175	
Unemployment Compensation		13	
Communication		5,633	
Data Processing Services		4,885	
Dues and Memberships		3,173	
Maintenance and Repair Services - Office Equipment		1,041	
Postal Charges		36	
Printing, Stationery, and Forms		951	
Travel		1,610	
Electricity		15,123	
Natural Gas		3,360	
Office Supplies		2,808	
Water and Sewer		2,652	
Total Administration			\$ 213,237

Highway and Bridge Maintenance

Foremen	\$	200,723	
Equipment Operators		223,571	
Truck Drivers		122,924	
Laborers		332,484	
Unemployment Compensation		80	
Asphalt		285,068	
Asphalt - Cold Mix		137,028	
Concrete		18,329	

(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.)

Crushed Stone	\$	257,233	
General Construction Materials		26,703	
Pipe - Metal		37,370	
Road Signs		13,131	
Total Highway and Bridge Maintenance			\$ 1,654,644

Operation and Maintenance of Equipment

Mechanic(s)	\$	68,991	
Unemployment Compensation		10	
Janitorial Services		979	
Diesel Fuel		121,491	
Equipment and Machinery Parts		104,481	
Garage Supplies		10,481	
Gasoline		13,781	
Lubricants		10,718	
Small Tools		413	
Tires and Tubes		30,056	
Total Operation and Maintenance of Equipment			361,401

Other Charges

Building and Contents Insurance	\$	8,600	
Liability Insurance		15,000	
Premiums on Corporate Surety Bonds		285	
Trustee's Commission		39,500	
Vehicle and Equipment Insurance		34,753	
Workers' Compensation Insurance		64,403	
Other Charges		5,810	
Total Other Charges			168,351

Employee Benefits

Social Security	\$	82,600	
Pensions		63,998	
Employee and Dependent Insurance		130,615	
Unemployment Compensation		1,219	
Total Employee Benefits			278,432

Capital Outlay

Engineering Services	\$	42,026	
Other Contracted Services		127,363	
Bridge Construction		278,392	
Building Construction		1,339	
Communication Equipment		4,121	
Data Processing Equipment		751	
Highway Equipment		9,200	
Office Equipment		4,055	
Total Capital Outlay			467,247

Total Highway/Public Works Fund \$ 3,143,312

(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	\$ 186,943	
Total General Government		\$ 186,943
 <u>Education</u>		
Principal on Bonds	\$ 15,000	
Principal on Other Loans	<u>575,000</u>	
Total Education		590,000
 <u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 56	
Total General Government		56
 <u>Education</u>		
Interest on Bonds	\$ 328,987	
Interest on Other Loans	<u>10,732</u>	
Total Education		339,719
 <u>Other Debt Service</u>		
<u>General Government</u>		
Contributions	\$ 12,813	
Trustee's Commission	<u>33,896</u>	
Total General Government		46,709
 <u>Education</u>		
Other Debt Service	\$ 35,592	
Total Education		<u>35,592</u>
 Total General Debt Service Fund		 <u>\$ 1,199,019</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 12,195,488</u></u>

Exhibit K-10

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,529,181	
Career Ladder Program	57,831	
Career Ladder Extended Contracts	28,776	
Homebound Teachers	11,858	
Educational Assistants	157,539	
Bonus Payments	107,010	
Certified Substitute Teachers	27,091	
Non-certified Substitute Teachers	104,497	
Social Security	519,900	
Pensions	779,348	
Life Insurance	8,705	
Medical Insurance	1,216,268	
Unemployment Compensation	15,422	
Employer Medicare	121,656	
Operating Lease Payments	27,429	
Licenses	61,284	
Maintenance and Repair Services - Equipment	16,073	
Travel	7,698	
Instructional Supplies and Materials	351,542	
Textbooks	247,343	
Regular Instruction Equipment	56,693	
Total Regular Instruction Program		\$ 12,453,144

Alternative Instruction Program

Teachers	\$ 92,705	
Career Ladder Program	500	
Educational Assistants	16,623	
Non-certified Substitute Teachers	110	
Social Security	5,111	
Pensions	7,195	
Life Insurance	104	
Medical Insurance	3,773	
Unemployment Compensation	134	
Employer Medicare	1,553	
Drugs and Medical Supplies	200	
Instructional Supplies and Materials	414	
Total Alternative Instruction Program		128,422

Special Education Program

Teachers	\$ 908,476
Career Ladder Program	9,000
Homebound Teachers	29,269
Educational Assistants	86,574
Speech Pathologist	129,359
Certified Substitute Teachers	600
Non-certified Substitute Teachers	8,592

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	67,284	
Pensions		101,437	
Life Insurance		1,270	
Medical Insurance		181,464	
Unemployment Compensation		1,552	
Employer Medicare		15,738	
Contracts with Private Agencies		57,200	
Other Supplies and Materials		186	
Total Special Education Program			\$ 1,598,001

Vocational Education Program

Teachers	\$	738,713	
Career Ladder Program		3,000	
Certified Substitute Teachers		1,050	
Non-certified Substitute Teachers		9,905	
Social Security		43,398	
Pensions		66,995	
Life Insurance		723	
Medical Insurance		93,875	
Unemployment Compensation		1,024	
Employer Medicare		10,161	
Operating Lease Payments		2,424	
Maintenance and Repair Services - Equipment		352	
Instructional Supplies and Materials		24,126	
Textbooks		11,907	
Vocational Instruction Equipment		14,438	
Total Vocational Education Program			1,022,091

Student Body Education Program

Paraprofessionals	\$	18,115	
Social Security		1,123	
Pensions		41	
Unemployment Compensation		100	
Employer Medicare		263	
Travel		7,900	
Other Contracted Services		3,450	
Drugs and Medical Supplies		2,958	
Instructional Supplies and Materials		15,802	
Other Charges		50	
Regular Instruction Equipment		9,386	
Total Student Body Education Program			59,188

Support Services

Attendance

Supervisor/Director	\$	65,106	
Career Ladder Program		1,000	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Data Processing Personnel	\$	38,652	
Social Security		6,255	
Pensions		8,388	
Life Insurance		86	
Medical Insurance		7,920	
Unemployment Compensation		108	
Employer Medicare		1,463	
Licenses		6,962	
Instructional Supplies and Materials		922	
Office Supplies		6,367	
Other Supplies and Materials		2,447	
In Service/Staff Development		3,394	
Attendance Equipment		8,767	
Total Attendance			\$ 157,837

Health Services

Supervisor/Director	\$	49,247	
Medical Personnel		169,693	
Social Security		12,436	
Pensions		14,246	
Life Insurance		286	
Medical Insurance		25,060	
Unemployment Compensation		313	
Employer Medicare		2,908	
Advertising		4,400	
Communication		959	
Dues and Memberships		50	
Operating Lease Payments		2,146	
Medical and Dental Services		14,775	
Postal Charges		128	
Printing, Stationery, and Forms		4,662	
Travel		665	
Other Contracted Services		1,500	
Drugs and Medical Supplies		9,047	
Food Supplies		11,122	
Instructional Supplies and Materials		16,710	
Office Supplies		1,520	
Other Supplies and Materials		1,209	
Medical Claims		6,327	
In Service/Staff Development		3,474	
Other Charges		250	
Health Equipment		3,822	
Total Health Services			356,955

Other Student Support

Career Ladder Program	\$	7,000	
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(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.)

Guidance Personnel	\$	388,559	
Secretary(ies)		14,564	
Social Security		24,023	
Pensions		38,286	
Life Insurance		389	
Medical Insurance		36,417	
Unemployment Compensation		496	
Employer Medicare		5,618	
Contracts with Government Agencies		95,294	
Evaluation and Testing		30,028	
Postal Charges		392	
Instructional Supplies and Materials		1,193	
Office Supplies		194	
In Service/Staff Development		3,127	
Total Other Student Support			\$ 645,580

Regular Instruction Program

Supervisor/Director	\$	303,144	
Career Ladder Program		10,000	
Librarians		324,891	
Secretary(ies)		22,649	
Educational Assistants		11,111	
Other Salaries and Wages		23,918	
Social Security		36,317	
Pensions		60,334	
Life Insurance		544	
Medical Insurance		72,869	
Unemployment Compensation		709	
Employer Medicare		9,208	
Printing, Stationery, and Forms		6,369	
Travel		2,962	
Library Books/Media		40,386	
Office Supplies		863	
Periodicals		1,658	
Other Supplies and Materials		329	
In Service/Staff Development		20,700	
Other Charges		148	
Total Regular Instruction Program			949,109

Alternative Instruction Program

Supervisor/Director	\$	33,500	
Social Security		1,971	
Pensions		3,028	
Life Insurance		22	
Medical Insurance		6,890	
Unemployment Compensation		67	

(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.)

Alternative Instruction Program (Cont.)

Employer Medicare	\$	461	
Travel		143	
Other Supplies and Materials		67	
In Service/Staff Development		388	
Total Alternative Instruction Program			\$ 46,537

Special Education Program

Supervisor/Director	\$	73,868	
Career Ladder Program		1,000	
Social Security		4,360	
Pensions		6,768	
Life Insurance		40	
Medical Insurance		7,336	
Unemployment Compensation		48	
Employer Medicare		1,020	
Travel		5,530	
Total Special Education Program			99,970

Vocational Education Program

Supervisor/Director	\$	33,500	
Social Security		1,971	
Pensions		3,028	
Life Insurance		22	
Medical Insurance		6,889	
Unemployment Compensation		41	
Employer Medicare		461	
Dues and Memberships		100	
Travel		548	
Office Supplies		149	
In Service/Staff Development		10,081	
Total Vocational Education Program			56,790

Other Programs

On-behalf Payments to OPEB	\$	151,211	
Total Other Programs			151,211

Board of Education

Board and Committee Members Fees	\$	7,700	
Social Security		400	
Life Insurance		126	
Unemployment Compensation		11	
Employer Medicare		112	
Accounting Services		2,630	
Advertising		5,199	
Audit Services		11,000	
Dues and Memberships		5,703	

(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.)

Board of Education (Cont.)

Legal Services	\$	6,634	
Rentals		88	
Travel		2,144	
Maintenance and Repair Services - Records		2,500	
Other Supplies and Materials		68	
Liability Insurance		42,169	
Premiums on Corporate Surety Bonds		10,814	
Trustee's Commission		182,025	
Workers' Compensation Insurance		232,481	
In Service/Staff Development		8,067	
Refund to Applicant for Criminal Investigation		2,758	
Other Charges		14,980	
Total Board of Education			\$ 537,609

Director of Schools

County Official/Administrative Officer	\$	96,557	
Career Ladder Program		1,000	
Secretary(ies)		31,043	
Social Security		8,036	
Pensions		11,190	
Life Insurance		86	
Medical Insurance		9,866	
Unemployment Compensation		98	
Employer Medicare		1,879	
Communication		1,960	
Dues and Memberships		2,797	
Operating Lease Payments		2,394	
Maintenance and Repair Services - Equipment		2,213	
Postal Charges		4,311	
Travel		5,949	
Office Supplies		1,607	
In Service/Staff Development		2,779	
Total Director of Schools			183,765

Office of the Principal

Principals	\$	482,891	
Career Ladder Program		10,000	
Accountants/Bookkeepers		117,999	
Assistant Principals		466,513	
Secretary(ies)		168,697	
Social Security		74,242	
Pensions		103,460	
Life Insurance		1,250	
Medical Insurance		107,733	
Unemployment Compensation		1,328	
Employer Medicare		17,363	

(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.)

Office of the Principal (Cont.)

Communication	\$	19,935	
Maintenance Agreements		6,600	
Travel		1,383	
Office Supplies		981	
In Service/Staff Development		3,991	
Total Office of the Principal			\$ 1,584,366

Fiscal Services

Supervisor/Director	\$	55,500	
Accountants/Bookkeepers		93,177	
Social Security		8,744	
Pensions		9,277	
Life Insurance		173	
Medical Insurance		18,007	
Unemployment Compensation		215	
Employer Medicare		2,045	
Maintenance Agreements		10,125	
Maintenance and Repair Services - Equipment		474	
Travel		17	
Office Supplies		4,931	
In Service/Staff Development		1,191	
Other Charges		78	
Total Fiscal Services			203,954

Operation of Plant

Custodial Personnel	\$	704,203	
Social Security		40,591	
Pensions		40,582	
Life Insurance		1,662	
Medical Insurance		92,812	
Unemployment Compensation		1,223	
Employer Medicare		9,493	
Laundry Service		166	
Maintenance and Repair Services - Equipment		6,123	
Pest Control		8,228	
Custodial Supplies		101,102	
Drugs and Medical Supplies		259	
Electricity		879,782	
Natural Gas		225,221	
Small Tools		2,295	
Water and Sewer		106,371	
Boiler Insurance		7,670	
Building and Contents Insurance		139,744	
Plant Operation Equipment		9,192	
Total Operation of Plant			2,376,719

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	57,900	
Secretary(ies)		26,800	
Maintenance Personnel		354,462	
Social Security		25,480	
Pensions		24,505	
Life Insurance		503	
Medical Insurance		24,433	
Unemployment Compensation		673	
Employer Medicare		6,154	
Communication		2,595	
Maintenance Agreements		6,443	
Maintenance and Repair Services - Buildings		162,042	
Maintenance and Repair Services - Equipment		20,115	
Postal Charges		58	
Rentals		615	
Permits		2,830	
Office Supplies		1,184	
Propane Gas		181	
Small Tools		7,222	
Gravel and Chert		1,341	
Other Supplies and Materials		1,133	
In Service/Staff Development		200	
Other Charges		408	
Building Improvements		42,950	
Maintenance Equipment		37,945	
Total Maintenance of Plant			\$ 808,172

Transportation

Supervisor/Director	\$	56,000
Mechanic(s)		124,371
Bus Drivers		490,327
Secretary(ies)		21,216
Social Security		37,551
Pensions		39,480
Life Insurance		1,524
Medical Insurance		66,729
Unemployment Compensation		1,436
Employer Medicare		9,344
Communication		1,066
Laundry Service		1,255
Licenses		98
Maintenance and Repair Services - Equipment		463
Maintenance and Repair Services - Vehicles		8,351
Medical and Dental Services		4,970
Postal Charges		23
Rentals		2,781

(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.)

Transportation (Cont.)

Other Contracted Services	\$	6,336	
Diesel Fuel		198,277	
Drugs and Medical Supplies		40	
Garage Supplies		478	
Gasoline		38,851	
Lubricants		8,974	
Office Supplies		863	
Small Tools		1,236	
Tires and Tubes		38,793	
Vehicle Parts		82,247	
Other Supplies and Materials		1,952	
Vehicle and Equipment Insurance		43,165	
In Service/Staff Development		2,706	
Other Charges		400	
Transportation Equipment		267,950	
Total Transportation	\$		1,559,253

Central and Other

Assistant(s)	\$	41,388	
Supervisor/Director		60,568	
Social Security		6,037	
Pensions		6,362	
Life Insurance		130	
Medical Insurance		9,148	
Unemployment Compensation		147	
Employer Medicare		1,412	
Communication		360	
Data Processing Services		69,450	
In Service/Staff Development		2,817	
Data Processing Equipment		4,964	
Total Central and Other			202,783

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	56,344	
Other Salaries and Wages		146,756	
Social Security		12,373	
Pensions		11,104	
Unemployment Compensation		724	
Employer Medicare		2,898	
Advertising		200	
Other Contracted Services		2,427	
Food Supplies		2,021	
Instructional Supplies and Materials		27,834	
In Service/Staff Development		516	
Regular Instruction Equipment		567	
Total Community Services			263,764

(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.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education

Supervisor/Director	\$	13,215	
Teachers		215,295	
Career Ladder Program		1,000	
Educational Assistants		76,456	
Non-certified Substitute Teachers		2,290	
Social Security		17,755	
Pensions		25,192	
Life Insurance		440	
Medical Insurance		39,128	
Unemployment Compensation		594	
Employer Medicare		4,153	
Contracts with Private Agencies		2,800	
Travel		1,000	
Food Supplies		3,340	
Instructional Supplies and Materials		38,355	
Other Supplies and Materials		7,100	
In Service/Staff Development		12,568	
Other Charges		3,405	
Other Equipment		7,004	
Total Early Childhood Education			\$ 471,090

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	341,471	
Site Development		19,185	
Total Regular Capital Outlay			360,656

Principal on Debt

Education

Principal on Notes	\$	250,000	
Total Education			250,000

Interest on Debt

Education

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

Total General Purpose School Fund \$ 26,538,591

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	432,465	
Educational Assistants		30,019	
Other Salaries and Wages		3,120	
Certified Substitute Teachers		2,775	

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Non-certified Substitute Teachers	\$	4,955	
Social Security		27,042	
Pensions		40,880	
Life Insurance		515	
Medical Insurance		59,001	
Unemployment Compensation		741	
Employer Medicare		6,324	
Instructional Supplies and Materials		34,911	
Regular Instruction Equipment		56,248	
Total Regular Instruction Program			\$ 698,996

Special Education Program

Teachers	\$	27,561	
Educational Assistants		386,072	
Non-certified Substitute Teachers		3,145	
Social Security		23,862	
Pensions		21,731	
Life Insurance		1,217	
Medical Insurance		60,161	
Unemployment Compensation		1,790	
Employer Medicare		5,581	
Contracts with Other Public Agencies		70,687	
Maintenance and Repair Services - Equipment		752	
Instructional Supplies and Materials		8,882	
Other Supplies and Materials		3,844	
Special Education Equipment		7,826	
Total Special Education Program			623,111

Vocational Education Program

Teachers	\$	8,000	
Social Security		496	
Pensions		723	
Employer Medicare		116	
Vocational Instruction Equipment		16,217	
Total Vocational Education Program			25,552

Support Services

Health Services

Medical Personnel	\$	15,258	
Social Security		955	
Pensions		962	
Life Insurance		22	
Medical Insurance		2,308	
Unemployment Compensation		23	
Employer Medicare		224	
Total Health Services			19,752

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support

Travel	\$	9,792	
Other Charges		4,060	
Total Other Student Support			\$ 13,852

Regular Instruction Program

Other Salaries and Wages	\$	12,780	
Social Security		792	
Unemployment Compensation		32	
Employer Medicare		185	
Travel		871	
In Service/Staff Development		4,360	
Other Equipment		6,995	
Total Regular Instruction Program			26,015

Special Education Program

Psychological Personnel	\$	48,790	
Social Security		2,465	
Pensions		4,411	
Life Insurance		43	
Medical Insurance		9,557	
Unemployment Compensation		115	
Employer Medicare		576	
Travel		1,948	
Other Contracted Services		46,044	
In Service/Staff Development		9,809	
Total Special Education Program			123,758

Vocational Education Program

Travel	\$	2,273	
Total Vocational Education Program			2,273

Transportation

Bus Drivers	\$	53,940	
Other Salaries and Wages		5,973	
Social Security		2,954	
Pensions		2,505	
Life Insurance		187	
Unemployment Compensation		118	
Employer Medicare		850	
Diesel Fuel		4,690	
Total Transportation			71,217

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	10,895	
Teachers		97,913	

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Community Services (Cont.)

Educational Assistants	\$	45,788	
Other Salaries and Wages		66,521	
Social Security		13,191	
Pensions		11,944	
Employer Medicare		3,085	
Travel		407	
Other Contracted Services		11,922	
Instructional Supplies and Materials		16,254	
In Service/Staff Development		4,309	
Total Community Services			\$ 282,229

Total School Federal Projects Fund \$ 1,886,755

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	55,485	
Clerical Personnel		17,138	
Cafeteria Personnel		717,041	
Maintenance Personnel		14,152	
Social Security		47,901	
Pensions		46,567	
Life Insurance		2,030	
Medical Insurance		74,161	
Unemployment Compensation		3,009	
Employer Medicare		11,203	
Audit Services		3,000	
Dues and Memberships		512	
Maintenance Agreements		4,120	
Maintenance and Repair Services - Equipment		20,307	
Pest Control		1,660	
Postal Charges		750	
Transportation - Other than Students		11,224	
Travel		75	
Disposal Fees		25,988	
Permits		560	
Custodial Supplies		13,900	
Food Preparation Supplies		60,003	
Food Supplies		778,905	
Office Supplies		5,884	
USDA - Commodities		120,119	
Trustee's Commission		1	
Surcharge		2,618	
In Service/Staff Development		1,067	
Food Service Equipment		11,842	
Total Food Service			\$ 2,051,222

Total Central Cafeteria Fund 2,051,222

Total Governmental Funds - Obion County School Department \$ 30,476,568

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, 2015

	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	\$ 22,451	\$ 0	\$ 1,897,683	\$ 1,920,134
Trustee's Collections - Prior Year	0	1,898	0	47,477	49,375
Clerk and Master Collections - Prior Years	0	0	555	22,970	23,525
Interest and Penalty	0	359	0	11,107	11,466
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	2,238	2,238
Payments in-Lieu-of Taxes - Other	0	0	0	10,899	10,899
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,231,718	0	0	1,407,060	5,638,778
Business Tax	0	0	0	32,490	32,490
Mixed Drink Tax	0	0	0	716	716
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	5,662	5,662
Interstate Telecommunications Tax	0	0	0	915	915
<u>School District Property Taxes</u>					
Current Property Tax	0	0	81,573	0	81,573
Prior Year's Property Tax	0	0	2,594	0	2,594
Interest and Penalty	0	0	502	0	502
<u>Licenses and Permits</u>					
Marriage Licenses	0	0	0	637	637
Total Cash Receipts	\$ 4,231,718	\$ 24,708	\$ 85,224	\$ 3,439,854	\$ 7,781,504
<u>Cash Disbursements</u>					
Remittance of Revenues Collected	\$ 4,189,401	\$ 24,531	\$ 84,673	\$ 3,384,701	\$ 7,683,306
Trustee's Commission	42,317	494	1,184	51,995	95,990
Total Cash Disbursements	\$ 4,231,718	\$ 25,025	\$ 85,857	\$ 3,436,696	\$ 7,779,296
Excess of Cash Receipts Over (Under) Cash Disbursements					
Cash Balance, July 1, 2014	\$ 0	\$ (317)	\$ (633)	\$ 3,158	\$ 2,208
	0	317	1,345	21,879	23,541
Cash Balance, June 30, 2015	\$ 0	\$ 0	\$ 712	\$ 25,037	\$ 25,749

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Obion County's basic financial statements, and have issued our report thereon dated December 21, 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: 2015-002, 2015-003, and 2015-004.

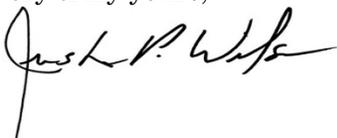
Compliance and Other Matters

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-01.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 21, 2015

JPW/sb



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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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 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, 2015. 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, 2015.

Report on Internal Control Over Compliance

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

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

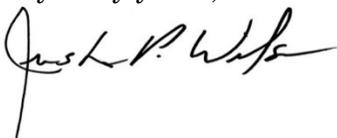
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Obion County's basic financial statements. We issued our report thereon dated December 21, 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 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 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

December 21, 2015

JPW/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 488,891
National School Lunch Program	10.555	N/A	932,383 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	4,994
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	120,119 (3)
Direct Program:			
Community Facilities Loans and Grants	10.766	(2)	33,900
Total U.S. Department of Agriculture			<u>\$ 1,580,287</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 Office of Criminal Justice Programs:			
National Criminal History Improvement Program (NCHIP)	16.554	31701-06189	\$ 25,920
Total U.S. Department of Justice			<u>\$ 25,920</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA/WIOA Youth Activities	17.259	1312-300-002-YTHPT	\$ 32,978
Total U.S. Department of Labor			<u>\$ 32,978</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 526,746
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,014,045
Special Education - Preschool Grants	84.173	N/A	46,308
Career and Technical Education - Basic Grants to States	84.048	N/A	37,617
Twenty-first Century Community Learning Centers	84.287	N/A	282,229
Rural Education	84.358	N/A	49,108
English Language Acquisition State Grants	84.365	N/A	16,099
Improving Teacher Quality State Grants	84.367	N/A	132,373
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	13,862
Total U.S. Department of Education			<u>\$ 2,118,387</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 Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-19716	\$ 32,000
Homeland Security Grant Program	97.067	34101-24315	6,193
Total U.S. Department of Homeland Security			\$ 38,193
Total Federal Awards			\$ 3,804,265
<u>State Grants</u>		Contract Number	
Local Health Services - State Department of Health	N/A	GG-11-3-09	\$ 55,219
Litter Program - State Department of Transportation	N/A	Z13LIT066	18,854
Early Childhood Education - State Department of Education	N/A	(2)	475,087
ConnecTenn - State Department of Education	N/A	(2)	10,437
ACT/EXP - Internet Connectivity - State Department of Education	N/A	(2)	4,952
Safe Schools - State Department of Education	N/A	(2)	19,610
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	185,000
Art Student Ticket Subsidy - State Department of Education	N/A	(2)	3,000
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Total State Grants			\$ 872,159

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$1,052,502.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Obion County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

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>
2014-006	178	Duties were not segregated adequately

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-007	179	Multiple employees operated from the same cash drawer

OBION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Obion County is unmodified.
2. The audit of the financial statements of Obion County reported 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 reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and Title I Grants to Local Educational Agencies (CFDA No. 84.010), 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 qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2015-001

COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF SCHOOL BUS TIRES

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 58 disbursements totaling \$618,608 from a population of 3,830 vendor checks totaling \$6,416,823. Our sample revealed that one out of 15 applicable purchases was not bid. The School Department did not solicit competitive bids for the purchase of school bus tires totaling \$38,723. School Department purchasing procedures are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *Tennessee Code Annotated*, which requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. The failure to solicit competitive bids could result in the department paying more than the most competitive price. This deficiency is the result of management's failure to comply with state statute.

RECOMMENDATION

Competitive bids should be solicited through newspaper advertisement for all purchases exceeding \$10,000 as required by state statute.

OFFICE OF SHERIFF

FINDING 2015-002

THE ANNUAL FINANCIAL REPORT WAS NOT ACCURATE

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

The annual financial report did not accurately reflect the operations of the office. Receipts and disbursements for operations were understated on the annual financial report by \$278,246 and \$188,573, respectively. These amounts were determined by substantive testing and alternative auditing procedures and have been properly included in the financial statements of this report. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

The annual financial report should accurately reflect all operations of the Sheriff's Department.

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

FINDING 2015-003

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. Sound business practices dictate that management is responsible for designing internal controls to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

FINDING 2015-004

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.

**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, 2015

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