

ANNUAL FINANCIAL REPORT
OBION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2018**

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

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

***LEE ANN WEST, CPA, CGFM
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Obion County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Obion County as of and for the year ended June 30, 2018.

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, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft of \$79,173 at June 30, 2018.

OFFICE OF SHERIFF

- ◆ The office had deficiencies in compiling and filing its annual financial report.
- ◆ The office had deficiencies in the administration of confidential drug funds.

INTRODUCTORY SECTION

Obion County Officials
June 30, 2018

Officials

Benny McGuire, County Mayor
Gary Lofton, Highway Superintendent
Nancy Hamilton, Co-Interim Director of Schools
Dale Hollowell, Co-Interim Director of Schools
Tracey Westbrook, Trustee
Judy Smith, Assessor of Property
Crystal Crain, 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	Polk Glover
Paul Albright	Steve Goodrich
Richard Arnold	Jerry Grady
Kenneth Barnes	Dwayne Hensley
James Beasley	Danny Jowers
Jim Bondurant	Dean Jowers
Ricky Boyd	Allen Nohsey
Donnie Braswell	Terry Roberts
Blake Cheatham	Sam Sinclair, Jr.
Andy Crocker	Donnie Walton
Norma Fowler	

Highway Commission

Robert Nichols, Chairman
Larry Albright
Neil Dodson
Larry Gray
Lee Jay Hobbs
Jerry McCullough
James Thorpe

Board of Education

Fritz Fussell, Chairman
Barry Adams
Kyle Baggett
Tim Britt
Keisha Hooper
Jared Poore
Brian Rainey

Audit Committee

John Fowler, Chairman
Jim Bondurant
John Miles
Ralph Puckett
Sam Sinclair, Jr.
James Thompson

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2018, 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. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Obion County Nursing Home is based solely on the report of 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 report 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, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 restatements reducing the beginning net position of the Governmental Activities of the Primary Government and the discretely presented Obion County School Department by \$266,235 and 1,681,314, respectively, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than 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, schedules of school's proportionate share of the net pension asset or liability, and schedule of changes in the total other postemployment benefits liability and related ratios on pages 108-116 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

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), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

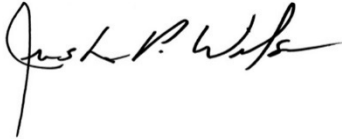
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Obion County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plan have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Obion County's 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 7, 2018

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Obion County, Tennessee
Statement of Net Position
June 30, 2018

	Primary Government			Component Unit
	Governmental	Business-type	Total	Obion
	Activities	Activities		School
				Department
<u>ASSETS</u>				
Cash	\$ 1,865	\$ 1,146,210	\$ 1,148,075	\$ 0
Equity in Pooled Cash and Investments	13,362,686	0	13,362,686	3,116,268
Inventories	0	28,007	28,007	0
Accounts Receivable	41,679	533,966	575,645	124,145
Due from Other Governments	831,276	0	831,276	1,498,646
Due from Primary Government	0	0	0	23,021
Property Taxes Receivable	5,190,734	0	5,190,734	4,334,742
Allowance for Uncollectible Property Taxes	(79,642)	0	(79,642)	(66,830)
Notes Receivable - Long-term	1,575,860	0	1,575,860	0
Net Pension Asset - Teacher Retirement Plan	0	0	0	53,810
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	119,425
Capital Assets:				
Assets Not Depreciated:				
Land	3,950,970	0	3,950,970	696,031
Construction in Progress	1,259,750	500	1,260,250	355,470
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,648,339	104,061	4,752,400	19,842,159
Infrastructure	7,166,230	0	7,166,230	481,690
Other Capital Assets	1,742,820	143,937	1,886,757	1,848,287
Total Assets	\$ 39,692,567	\$ 1,956,681	\$ 41,649,248	\$ 32,426,864
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 27,382	\$ 8,017	\$ 35,399	\$ 98,039
Pension Changes in Investment Earnings	0	0	0	18,128
Pension Changes in Assumptions	387,284	113,371	500,655	1,357,819
Pension Changes in Proportion	0	46,642	46,642	65,755
Pension Contributions After Measurement Date	360,051	99,538	459,589	1,501,197
OPEB Contributions After Measurement Date	10,162	924	11,086	182,618
Total Deferred Outflows of Resources	\$ 784,879	\$ 268,492	\$ 1,053,371	\$ 3,223,556
<u>LIABILITIES</u>				
Accounts Payable	\$ 41,201	\$ 0	\$ 41,201	\$ 75,611
Accrued Payroll	0	70,686	70,686	0
Payroll Deductions Payable	4,304	13,217	17,521	0
Accrued Leave	0	76,535	76,535	0
Cash Overdraft	0	0	0	79,173
Due to Component Units	23,021	0	23,021	0
Due to State of Tennessee	0	0	0	382
Due to Other Taxing Units	916	0	916	0
Accrued Interest Payable	0	0	0	219
Patients' Trust Fund	0	11,936	11,936	0
Noncurrent Liabilities:				
Due Within One Year	689,746	0	689,746	251,905
Due in More Than One Year	3,056,069	123,393	3,179,462	3,064,602
Total Liabilities	\$ 3,815,257	\$ 295,767	\$ 4,111,024	\$ 3,471,892

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	Obion
	Activities	Activities		County
				School
				Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,960,776	\$ 0	\$ 4,960,776	\$ 4,141,117
Pension Changes in Experience	100,330	29,370	129,700	2,558,115
Pension Changes on Investment Earnings	815	239	1,054	3,614
Pension Other Deferrals	0	16,841	16,841	61,524
OPEB Changes in Assumptions	13,873	1,261	15,134	111,318
Total Deferred Inflows of Resources	<u>\$ 5,075,794</u>	<u>\$ 47,711</u>	<u>\$ 5,123,505</u>	<u>\$ 6,875,688</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 18,698,915	\$ 248,498	\$ 18,947,413	\$ 22,931,971
Restricted for:				
General Government	7,151,007	0	7,151,007	0
Finance	1,135	0	1,135	0
Administration of Justice	66,963	0	66,963	0
Public Safety	476,261	0	476,261	0
Public Health and Welfare	508,914	0	508,914	0
Highway/Public Works	147,695	0	147,695	0
Debt Service	56,573	0	56,573	0
Operation of Non-instructional Services	0	0	0	445,864
Pensions	0	0	0	173,235
Unrestricted	<u>4,478,932</u>	<u>1,633,197</u>	<u>6,112,129</u>	<u>1,751,770</u>
Total Net Position	<u>\$ 31,586,395</u>	<u>\$ 1,881,695</u>	<u>\$ 33,468,090</u>	<u>\$ 25,302,840</u>

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Obion County School Department
					Governmental Activities	Business- type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 3,915,139	\$ 584,739	\$ 6,060	\$ 3,065,733	\$ (258,607)	\$ 0	\$ (258,607)	\$ 0
Finance	770,312	873,233	0	0	102,921	0	102,921	0
Administration of Justice	1,234,474	674,711	18,000	16,965	(524,798)	0	(524,798)	0
Public Safety	3,866,459	806,394	50,037	27,627	(2,982,401)	0	(2,982,401)	0
Public Health and Welfare	585,160	278,192	90,240	0	(216,728)	0	(216,728)	0
Social, Cultural, and Recreational Services	510,409	0	0	0	(510,409)	0	(510,409)	0
Agriculture and Natural Resources	155,362	0	0	0	(155,362)	0	(155,362)	0
Highways/Public Works	4,119,138	69,413	36,223	570,534	(3,442,968)	0	(3,442,968)	0
Interest on Long-term Debt	167,213	0	0	0	(167,213)	0	(167,213)	0
Total Governmental Activities	\$ 15,323,666	\$ 3,286,682	\$ 200,560	\$ 3,680,859	\$ (8,155,565)	\$ 0	\$ (8,155,565)	\$ 0
Business-type Activities:								
Nursing Home	\$ 3,688,640	\$ 3,650,202	\$ 0	\$ 0	\$ 0	\$ (38,438)	\$ (38,438)	\$ 0
Total Primary Government	\$ 19,012,306	\$ 6,936,884	\$ 200,560	\$ 3,680,859	\$ (8,155,565)	\$ (38,438)	\$ (8,194,003)	\$ 0
Component Unit:								
Obion County School Department	\$ 31,862,280	\$ 635,170	\$ 4,714,960	\$ 104,924	\$ 0	\$ 0	\$ 0	\$ (26,407,226)
Total Component Unit	\$ 31,862,280	\$ 635,170	\$ 4,714,960	\$ 104,924	\$ 0	\$ 0	\$ 0	\$ (26,407,226)

(Continued)

Exhibit B

Obion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Obion County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business- type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,004,158	\$ 0	\$ 3,004,158	\$ 4,500,186
Property Taxes Levied for Debt Service					1,611,095	0	1,611,095	0
Local Option Sales Taxes					473,972	0	473,972	3,331,108
Wheel Tax					1,204,212	0	1,204,212	0
Litigation Tax					204,224	0	204,224	0
Business Tax					310,448	0	310,448	79,046
Other Local Taxes					105,358	0	105,358	1,703
Grants and Contributions Not Restricted to Specific Programs					3,667,624	0	3,667,624	18,118,209
Unrestricted Investment Income					362,001	8,540	370,541	0
Miscellaneous					2,800	0	2,800	44,805
Total General Revenues					<u>\$ 10,945,892</u>	<u>\$ 8,540</u>	<u>\$ 10,954,432</u>	<u>\$ 26,075,057</u>
Change in Net Position								
Change in Net Position					\$ 2,790,327	\$ (29,898)	\$ 2,760,429	\$ (332,169)
Net Position, July 1, 2017					29,062,303	1,981,577	31,043,880	27,316,323
Restatements - See Note I.D.9					(266,235)	0	(266,235)	(1,681,314)
Restatement - See Note VI.A.3.h.					0	(24,200)	(24,200)	0
Prior-period Adjustment - See Note VI.C.4.					0	(45,784)	(45,784)	0
Net Position, June 30, 2018					<u>\$ 31,586,395</u>	<u>\$ 1,881,695</u>	<u>\$ 33,468,090</u>	<u>\$ 25,302,840</u>

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, 2018

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,865	\$ 1,865
Equity in Pooled Cash and Investments	6,398,674	3,352,672	2,982,310	629,030	13,362,686
Accounts Receivable	21,225	0	0	20,454	41,679
Due from Other Governments	348,091	478,975	1,754	2,456	831,276
Due from Other Funds	1,913	233	943	0	3,089
Property Taxes Receivable	2,759,905	368,148	2,062,681	0	5,190,734
Allowance for Uncollectible Property Taxes	(39,498)	(7,043)	(33,101)	0	(79,642)
Advances to Other Funds	5,534,000	0	0	0	5,534,000
Notes Receivable - Long-term	1,506,666	0	69,194	0	1,575,860
Total Assets	\$ 16,530,976	\$ 4,192,985	\$ 5,083,781	\$ 653,805	\$ 26,461,547
<u>LIABILITIES</u>					
Accounts Payable	\$ 38,347	\$ 255	\$ 0	\$ 2,599	\$ 41,201
Payroll Deductions Payable	0	4,304	0	0	4,304
Due to Other Funds	1,176	0	0	1,913	3,089
Due to Component Units	23,021	0	0	0	23,021
Due to Other Taxing Units	916	0	0	0	916
Advances Payable to Other Funds	0	0	5,534,000	0	5,534,000
Total Liabilities	\$ 63,460	\$ 4,559	\$ 5,534,000	\$ 4,512	\$ 5,606,531
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,651,692	\$ 344,955	\$ 1,964,129	\$ 0	\$ 4,960,776
Deferred Delinquent Property Taxes	52,810	12,412	56,573	0	121,795
Other Deferred/Unavailable Revenue	40,692	248,916	1,033	0	290,641
Total Deferred Inflows of Resources	\$ 2,745,194	\$ 606,283	\$ 2,021,735	\$ 0	\$ 5,373,212

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Nonspendable:					
Long-term Notes Receivable	\$ 1,506,666	\$ 0	\$ 0	\$ 0	\$ 1,506,666
Advances to Other Funds	5,534,000	0	0	0	5,534,000
Restricted:					
Restricted for General Government	110,341	0	0	0	110,341
Restricted for Finance	1,135	0	0	0	1,135
Restricted for Administration of Justice	66,963	0	0	0	66,963
Restricted for Public Safety	21,068	0	0	455,193	476,261
Restricted for Public Health and Welfare	508,914	0	0	0	508,914
Committed:					
Committed for General Government	1,000,742	0	0	0	1,000,742
Committed for Public Health and Welfare	0	0	0	194,100	194,100
Committed for Highways/Public Works	0	3,582,143	0	0	3,582,143
Unassigned	4,972,493	0	(2,471,954)	0	2,500,539
Total Fund Balances	<u>\$ 13,722,322</u>	<u>\$ 3,582,143</u>	<u>\$ (2,471,954)</u>	<u>\$ 649,293</u>	<u>\$ 15,481,804</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,530,976</u>	<u>\$ 4,192,985</u>	<u>\$ 5,083,781</u>	<u>\$ 653,805</u>	<u>\$ 26,461,547</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, 2018

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)		\$ 15,481,804
(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: construction in progress	1,259,750	
Add: buildings and improvements net of accumulated depreciation	4,648,339	
Add: infrastructure net of accumulated depreciation	7,166,230	
Add: other capital assets net of accumulated depreciation	<u>1,742,820</u>	18,768,109
(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	\$ (69,194)	
Less: other loan payable	(2,780,000)	
Less: net OPEB liability	(289,890)	
Less: net pension liability - agent plan	(331,501)	
Less: compensated absences payable	<u>(275,230)</u>	(3,745,815)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 774,717	
Less: deferred inflows of resources related to pensions	(101,145)	
Add: deferred outflows of resources related to OPEB	10,162	
Less: deferred inflows of resources related to OPEB	<u>(13,873)</u>	669,861
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>412,436</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 31,586,395</u></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, 2018

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,434,006	\$ 1,830,412	\$ 1,702,750	\$ 0	\$ 6,967,168
Licenses and Permits	26,173	0	0	0	26,173
Fines, Forfeitures, and Penalties	88,738	0	0	35,967	124,705
Charges for Current Services	165,019	409	0	51,365	216,793
Other Local Revenues	769,550	29,697	0	69,864	869,111
Fees Received From County Officials	1,407,376	0	0	0	1,407,376
State of Tennessee	1,318,271	2,843,428	0	30,691	4,192,390
Federal Government	133,512	124,766	0	0	258,278
Other Governments and Citizens Groups	722,923	0	0	166,677	889,600
Total Revenues	<u>\$ 8,065,568</u>	<u>\$ 4,828,712</u>	<u>\$ 1,702,750</u>	<u>\$ 354,564</u>	<u>\$ 14,951,594</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,145,425	\$ 0	\$ 0	\$ 0	\$ 1,145,425
Finance	654,988	0	0	0	654,988
Administration of Justice	1,052,966	0	0	7,875	1,060,841
Public Safety	3,013,892	0	0	224,384	3,238,276
Public Health and Welfare	197,829	0	0	227,909	425,738
Social, Cultural, and Recreational Services	397,788	0	0	0	397,788
Agriculture and Natural Resources	150,877	0	0	0	150,877
Other Operations	1,432,343	0	0	0	1,432,343
Highways	0	3,790,632	0	0	3,790,632
Instruction	78,557	0	0	0	78,557
Debt Service:					
Principal on Debt	0	0	8,582,984	0	8,582,984
Interest on Debt	0	0	191,493	0	191,493

(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	\$ 206,997	\$ 0	\$ 206,997
Capital Projects	20,315	0	0	0	20,315
Total Expenditures	<u>\$ 8,144,980</u>	<u>\$ 3,790,632</u>	<u>\$ 8,981,474</u>	<u>\$ 460,168</u>	<u>\$ 21,377,254</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (79,412)</u>	<u>\$ 1,038,080</u>	<u>\$ (7,278,724)</u>	<u>\$ (105,604)</u>	<u>\$ (6,425,660)</u>
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 20,373	\$ 717	\$ 0	\$ 0	\$ 21,090
Total Other Financing Sources (Uses)	<u>\$ 20,373</u>	<u>\$ 717</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,090</u>
Net Change in Fund Balances	\$ (59,039)	\$ 1,038,797	\$ (7,278,724)	\$ (105,604)	\$ (6,404,570)
Fund Balance, July 1, 2017	<u>13,781,361</u>	<u>2,543,346</u>	<u>4,806,770</u>	<u>754,897</u>	<u>21,886,374</u>
Fund Balance, June 30, 2018	<u>\$ 13,722,322</u>	<u>\$ 3,582,143</u>	<u>\$ (2,471,954)</u>	<u>\$ 649,293</u>	<u>\$ 15,481,804</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, 2018

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)		\$ (6,404,570)
<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	\$ 694,608	
Less: current-year depreciation expense	<u>(1,443,108)</u>	(748,500)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.</p>		
Add: assets donated and capitalized		1,032,665
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 412,436	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(323,930)</u>	88,506
<p>(4) The issuance of long-term debt (e.g., notes, other loans, and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Add: principal payments on bonds	\$ 7,930,000	
Add: principal payments on note	15,984	
Add: principal payments on other loan	637,000	
Less: change in discount on debt issuances	<u>(30,251)</u>	8,552,733
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences payable	\$ 73,675	
Change in accrued interest payable	54,531	
Change in net pension liability	187,151	
Change in deferred outflows related to pensions	(1,983)	
Change in deferred inflows related to pensions	(16,515)	
Change in net OPEB liability (net of restatement)	(14,890)	
Change in deferred outflows related to OPEB (net of restatement)	1,397	
Change in deferred inflows related to OPEB	<u>(13,873)</u>	269,493
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,790,327</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 and Budget
General Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,434,006	\$ 3,344,277	\$ 3,344,277	\$ 89,729
Licenses and Permits	26,173	24,500	24,500	1,673
Fines, Forfeitures, and Penalties	88,738	86,350	86,350	2,388
Charges for Current Services	165,019	154,300	154,300	10,719
Other Local Revenues	769,550	592,700	609,665	159,885
Fees Received From County Officials	1,407,376	1,375,000	1,375,000	32,376
State of Tennessee	1,318,271	1,346,900	1,246,900	71,371
Federal Government	133,512	54,500	579,500	(445,988)
Other Governments and Citizens Groups	722,923	825,001	825,001	(102,078)
Total Revenues	<u>\$ 8,065,568</u>	<u>\$ 7,803,528</u>	<u>\$ 8,245,493</u>	<u>\$ (179,925)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 82,164	\$ 92,700	\$ 92,700	\$ 10,536
Board of Equalization	1,230	3,500	3,500	2,270
Beer Board	0	1,200	1,200	1,200
Budget and Finance Committee	8,700	14,200	14,200	5,500
Other Boards and Committees	1,700	6,400	6,400	4,700
County Mayor/Executive	231,343	255,396	255,396	24,053
Election Commission	491,444	565,608	565,608	74,164
Register of Deeds	150,627	169,154	169,154	18,527
County Buildings	148,327	493,000	493,000	344,673
Preservation of Records	29,890	40,000	40,000	10,110
<u>Finance</u>				
Property Assessor's Office	229,847	281,580	281,580	51,733
County Trustee's Office	169,290	184,732	184,732	15,442
County Clerk's Office	255,851	259,332	269,307	13,456
<u>Administration of Justice</u>				
Circuit Court	210,606	216,844	233,809	23,203
General Sessions Court	275,479	281,912	281,912	6,433
Chancery Court	156,023	175,224	175,224	19,201
Juvenile Court	148,927	160,366	160,366	11,439
Juvenile Court Clerk	58,537	60,075	60,075	1,538
Courtroom Security	203,394	220,724	220,724	17,330
<u>Public Safety</u>				
Sheriff's Department	1,548,557	1,874,485	1,874,485	325,928
Jail	1,345,521	1,648,840	1,648,840	303,319
Rescue Squad	20,000	20,000	20,000	0
Other Emergency Management	63,637	69,698	69,698	6,061
County Coroner/Medical Examiner	27,285	41,783	41,783	14,498
Public Safety Grants Program	8,892	15,000	15,000	6,108
<u>Public Health and Welfare</u>				
Local Health Center	96,875	144,010	141,710	44,835
Alcohol and Drug Programs	18,571	35,000	35,000	16,429
Other Local Health Services	2,500	2,500	2,500	0
Appropriation to State	74,583	74,583	74,583	0
General Welfare Assistance	300	3,000	3,000	2,700
Other Public Health and Welfare	5,000	0	5,000	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	\$ 29,500	\$ 29,500	\$ 29,500	\$ 0
Libraries	363,634	363,634	363,634	0
Parks and Fair Boards	4,654	5,800	5,800	1,146
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	102,753	114,237	114,237	11,484
Soil Conservation	22,924	25,802	25,802	2,878
Flood Control	25,200	25,200	25,200	0
<u>Other Operations</u>				
Tourism	43,001	50,000	50,000	6,999
Industrial Development	26,106	80,107	80,107	54,001
Airport	20,000	20,000	20,000	0
Veterans' Services	16,928	16,532	17,032	104
Other Charges	191,629	257,926	257,926	66,297
Contributions to Other Agencies	51,674	51,674	51,674	0
Employee Benefits	999,096	1,075,400	1,075,400	76,304
Payments to Cities	23,333	23,333	23,333	0
Miscellaneous	60,576	127,600	127,600	67,024
<u>Instruction</u>				
Career and Technical Education Program	78,557	78,557	78,557	0
<u>Capital Projects</u>				
Public Health and Welfare Projects	8,000	11,000	8,000	0
Other General Government Projects	12,315	100,000	525,000	512,685
Total Expenditures	\$ 8,144,980	\$ 9,867,148	\$ 10,319,288	\$ 2,174,308
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (79,412)	\$ (2,063,620)	\$ (2,073,795)	\$ 1,994,383
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 686,090	\$ 686,090	\$ (686,090)
Insurance Recovery	20,373	10,000	10,000	10,373
Transfers Out	0	0	(5,960,000)	5,960,000
Total Other Financing Sources	\$ 20,373	\$ 696,090	\$ (5,263,910)	\$ 5,284,283
Net Change in Fund Balance	\$ (59,039)	\$ (1,367,530)	\$ (7,337,705)	\$ 7,278,666
Fund Balance, July 1, 2017	13,781,361	13,650,205	13,650,205	131,156
Fund Balance, June 30, 2018	\$ 13,722,322	\$ 12,282,675	\$ 6,312,500	\$ 7,409,822

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

Exhibit C-6

Obion County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,830,412	\$ 1,712,245	\$ 1,712,245	\$ 118,167
Charges for Current Services	409	500	500	(91)
Other Local Revenues	29,697	35,100	35,100	(5,403)
State of Tennessee	2,843,428	3,941,499	3,941,499	(1,098,071)
Federal Government	124,766	285,000	285,000	(160,234)
Total Revenues	<u>\$ 4,828,712</u>	<u>\$ 5,974,344</u>	<u>\$ 5,974,344</u>	<u>\$ (1,145,632)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 242,132	\$ 265,650	\$ 265,650	\$ 23,518
Highway and Bridge Maintenance	1,784,716	3,486,125	3,486,125	1,701,409
Operation and Maintenance of Equipment	414,071	690,850	674,850	260,779
Other Charges	200,946	214,525	227,113	26,167
Employee Benefits	309,624	327,000	343,000	33,376
Capital Outlay	839,143	2,210,534	2,210,534	1,371,391
Total Expenditures	<u>\$ 3,790,632</u>	<u>\$ 7,194,684</u>	<u>\$ 7,207,272</u>	<u>\$ 3,416,640</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,038,080</u>	<u>\$ (1,220,340)</u>	<u>\$ (1,232,928)</u>	<u>\$ 2,271,008</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 717	\$ 0	\$ 0	\$ 717
Total Other Financing Sources	<u>\$ 717</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 717</u>
Net Change in Fund Balance	\$ 1,038,797	\$ (1,220,340)	\$ (1,232,928)	\$ 2,271,725
Fund Balance, July 1, 2017	<u>2,543,346</u>	<u>1,922,369</u>	<u>1,922,369</u>	<u>620,977</u>
Fund Balance, June 30, 2018	<u>\$ 3,582,143</u>	<u>\$ 702,029</u>	<u>\$ 689,441</u>	<u>\$ 2,892,702</u>

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

Exhibit D-1

Obion County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2018

	Business-type Activities
	<u>Major Enterprise Fund</u>
	<u>Nursing Home</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,146,210
Inventories	28,007
Accounts Receivable	533,966
Total Current Assets	<u>\$ 1,708,183</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Construction in Progress	\$ 500
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	104,061
Other Capital Assets	143,937
Total Noncurrent Assets	<u>\$ 248,498</u>
Total Assets	<u>\$ 1,956,681</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 8,017
Pension Changes in Assumptions	113,371
Pension Changes in Proportion	46,642
Pension Contributions After Measurement Date	99,538
OPEB Contributions After Measurement Date	924
Total Deferred Outflows	<u>\$ 268,492</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accrued Payroll	\$ 70,686
Payroll Deductions Payable	13,217
Accrued Leave	76,535
Patients' Trust Fund	11,936
Long-term Liabilities:	
Net Pension Liability	97,042
Total OPEB Liability	26,351
Total Liabilities	<u>\$ 295,767</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 29,370
Pension Changes on Investment Earnings	239
Pension Other Deferrals	16,841
OPEB Changes in Assumptions	1,261
Total Deferred Inflows	<u>\$ 47,711</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 248,498
Unrestricted	<u>1,633,197</u>
Total Net Position	<u>\$ 1,881,695</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, 2018

	Business-type Activities
	Major Enterprise Fund
	Nursing Home
<u>Operating Revenues</u>	
Medicaid Patients	\$ 2,291,988
Medicare Patients	1,181,076
Less discounts and allowances	(122,149)
Private Patients	284,116
Hospice	13,366
Other Revenue	1,805
Total Operating Revenues	<u>\$ 3,650,202</u>
<u>Operating Expenses</u>	
General and Administrative Expenses:	
Salary - administrator	\$ 121,846
Salaries - administrative	127,508
Freight and postage	1,682
Office supplies and expense	27,792
Minor equipment	13,460
Conventions and seminars	1,221
Travel	6,307
Advisory board fees and expense	7,175
Employee insurance	152,157
Employee payroll taxes	141,421
Employee pension expense	72,909
Employee OPEB expense	3,412
Workers compensation insurance	57,762
Employee activities and awards	4,885
Extra labor	29,945
Liability insurance	42,824
Court reporter	1,200
Contract services	1,148
Taxes and licenses	243,153
Dues and subscriptions	7,764
Legal and audit fees	19,132
Advertising and promotion	9,952
Telephone	5,852
Total General and Administrative Expenses	<u>\$ 1,100,507</u>
Medical and Nursing:	
Salaries	\$ 1,125,755
Minor equipment	4,944
Training and seminars	1,815
Medical supplies	66,506
Medical director	21,600
Pharmacy consultant	1,344
Equipment rental	283
Total Medical and Nursing Expenses	<u>\$ 1,222,247</u>

(Continued)

Exhibit D-2

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

	Business-type Activities
	Major Enterprise Fund
	Nursing Home
<u>Operating Expenses (Cont.)</u>	
Patient Activities:	
Salaries	\$ 41,299
Special events	7,790
Training and seminars	165
Supplies	14,504
Total Patient Activities	<u>\$ 63,758</u>
Social Services:	
Salaries	<u>\$ 70,787</u>
Dietary:	
Salaries	\$ 200,248
Raw food	157,853
Training	75
Minor equipment	210
Supplies	18,231
Consultant	6,720
Total Dietary Expenses	<u>\$ 383,337</u>
Housekeeping:	
Salaries	\$ 114,718
Minor equipment	430
Supplies	8,304
Total Housekeeping Expenses	<u>\$ 123,452</u>
Laundry:	
Salaries	\$ 86,673
Supplies	8,062
Linen and bedding	7,258
Total Laundry Expenses	<u>\$ 101,993</u>
Maintenance:	
Salaries	\$ 27,600
Repair and maintenance	51,578
Training and seminars	109
Travel	162
Supplies	643
Contract services	4,788
Pest control	1,760
Fuel and gas	34,294
Electricity	35,676
Waste disposal service	2,385
Water and sewage	3,713
Total Maintenance Expenses	<u>\$ 162,708</u>

(Continued)

Exhibit D-2

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

	Business-type Activities
	Major Enterprise Fund
	Nursing Home
<u>Operating Expenses (Cont.)</u>	
Other Operating Expenses:	
Skilled - pharmacy	\$ 75,649
Skilled - x-ray	7,085
Skilled - lab	3,221
Skilled - medical	1,661
Physical therapy	134,047
Occupational therapy	116,512
Speech therapy	75,600
Total Other Operating Expenses	<u>\$ 413,775</u>
Depreciation	<u>\$ 46,076</u>
Total Operating Expenses	<u>\$ 3,688,640</u>
Operating Income (Loss)	<u>\$ (38,438)</u>
<u>Nonoperating Revenues</u>	
Investment Income	<u>\$ 8,540</u>
Total Nonoperating Revenues	<u>\$ 8,540</u>
Change in Net Position	\$ (29,898)
Net Position, July 1, 2017	1,981,577
Restatement - See Note VI.A.3.h.	(24,200)
Prior-period Adjustment - See Note VI.C.4.	<u>(45,784)</u>
Net Position, June 30, 2018	<u><u>\$ 1,881,695</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, 2018

	Business-type Activities
	Major Enterprise Fund
	Nursing Home
<u>Cash Flows from Operating Activities</u>	
Cash Received from Patients	\$ 3,627,677
Cash Paid to Suppliers	(1,656,567)
Cash Paid to Employees	(1,908,271)
Cash Paid for Employees Pensions	(100,457)
Other Operating Revenue	1,805
Net Cash Provided By (Used In) Operating Activities	<u>\$ (35,813)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	\$ (12,033)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (12,033)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 8,540
Net Cash Provided By (Used In) Investing Activities	<u>\$ 8,540</u>
Increase (Decrease) in Cash	\$ (39,306)
Cash, July 1, 2017	<u>1,185,516</u>
Cash, June 30, 2018	<u><u>\$ 1,146,210</u></u>
<u>Reconciliation of Operating Income</u>	
to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	\$ (38,438)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	46,076
Deferred Outflows	22,857
Deferred Inflows	6,742
Allowance for bad debts	28,104
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventories	42
(Increase) Decrease in Accounts Receivable	416
Increase (Decrease) in Payroll Deductions Payable	752
Increase (Decrease) in Accounts Payable	(7,552)
Increase (Decrease) in Payable to Medicaid	(45,784)
Increase (Decrease) in Accrued Payroll	2,685
Increase (Decrease) in Accrued Leave	5,478
Increase (Decrease) in Net Pension Liability	(55,886)
Increase (Decrease) in OPEB Liability	2,151
Increase (Decrease) in Patients' Trust Fund	(3,456)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (35,813)</u></u>

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

Exhibit E-1

Obion County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Other Trust Fund</u>	
	<u>Indigent Care Trust</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 3,210,384	\$ 1,771,653
Equity in Pooled Cash and Investments	0	252,537
Investments	707,567	0
Accounts Receivable	0	14,684
Due from Other Governments	0	1,062,094
Property Taxes Receivable	0	2,159,863
Allowance for Uncollectible Property Taxes	0	(33,527)
Notes Receivable - Long-term	0	218,183
Total Assets	<u>\$ 3,917,951</u>	<u>\$ 5,445,487</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 3,224,826
Due to Litigants, Heirs, and Others	0	2,004,520
Due to Joint Ventures	0	216,141
Total Liabilities	<u>\$ 0</u>	<u>\$ 5,445,487</u>
<u>NET POSITION</u>		
Held in Trust for Indigent Patients' Medical Claims	<u>\$ 3,917,951</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, 2018

	Other Trust Fund
	<u>Indigent Care Trust</u>
<u>ADDITIONS</u>	
Investment Income	\$ 47,658
Contributions and Gifts	74,656
Total Additions	<u>\$ 122,314</u>
<u>DEDUCTIONS</u>	
Fiscal Agent Charges	\$ 8,058
Medical Claims	452,093
Total Deductions	<u>\$ 460,151</u>
Change in Net Position	\$ (337,837)
Net Position, July 1, 2017	<u>4,255,788</u>
Net Position, June 30, 2018	<u><u>\$ 3,917,951</u></u>

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

OBION COUNTY, TENNESSEE
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OBION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 financial statements of the Obion County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. 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 financial statements of the Obion County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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, 2018.

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 as an enterprise fund.

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 type:

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.

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 amortized cost using a stable net asset value. 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 0.8 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 acquisition 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 and investment earnings, pension changes in proportion of net pension liability (asset), as well as employer contributions made to the pension and OPEB plans 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 proportion of net pension liability (asset), OPEB changes in assumptions, 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 are 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, other postemployment benefits, and pension liabilities 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, 2018, Obion County had \$2,780,000 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, 2018. As discussed in Note IV.B., \$7,040,660 of this amount has been loaned for various purposes and is presented in the General Fund as notes receivable (\$1,506,666) and advances to other funds (\$5,534,000), which is offset with 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. Restatements

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Obion County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the Primary Government and Discretely Presented Obion School Department by \$266,235 and \$1,681,314, respectively, have been recognized to account for the transitional requirements.

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.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Obion County. For this purpose, Obion County recognizes benefit payments when due and payable in accordance with benefit terms. Obion County's OPEB plan is not administered through a trust.

Discretely Presented Obion County School System

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Obion County School System. For this purpose, the School System recognizes benefit payments when due and payable in accordance with benefit terms. The School System's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Obion County School Department

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

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

Primary Government

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

Discretely Presented Obion County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and

any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2018, the Obion County School Department had outstanding encumbrances in the General Purpose School Fund totaling \$155,334.

B. Fund Deficit

The General Debt Service Fund had a deficit in unrestricted net position of \$2,471,954 at June 30, 2018. This deficit resulted from an advance payable to the General Fund in the amount of \$5,534,000. For more information, see Note IV.D.

C. Cash Overdraft

The discretely presented School Department's School Federal Projects Fund had a cash overdraft of \$79,173 at June 30, 2018. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2018.

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, 2018, Obion County had the following investments carried at fair value within the fair value hierarchy established by generally accepted accounting principles:

Investments	Maturities	Fair Value
Indigent Care Trust Fund:		
Federal Home Loan Mortgage Corporation	3-27-19	\$ 707,567
		Fair Value Measurement Using
		Quoted Prices in Active Markets for Identical Assets (Level 1)
Investment by fair value level	Fair Value 6-30-18	
Federal Home Loan Mortgage Corporation	\$ 707,567	\$ 707,567

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

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 investment with the Federal Home Loan Mortgage Corporation is a government sponsored enterprise that is an independent organization not backed by the full faith and credit of the federal government, and therefore the county could lose its investments if this enterprise failed. The investment was rated Aaa by Moody's Investor's Service and AA+ by Standard and Poors.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Obion County places no limit on the amount the county may invest in one issuer. One hundred percent of the county's investments are in the Federal Home Loan Mortgage Corporation.

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 ten 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, 2018, the Obion County School Department's General Purpose School Fund had borrowed \$2.5 million from the county under this agreement.

During the 2013-14 fiscal 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 2013-14 fiscal 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 \$1,506,666 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-Obion Regional Airport with construction of a runway extension project. The Everett-Obion 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 \$69,194 at June 30, 2018, 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 \$218,183 in the Office of Clerk and Master.

C. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government - Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 3,950,970	\$ 0	\$ 0	\$ 3,950,970
Construction in Progress	2,041,228	1,259,750	(2,041,228)	1,259,750
Total Capital Assets Not Depreciated	<u>\$ 5,992,198</u>	<u>\$ 1,259,750</u>	<u>\$ (2,041,228)</u>	<u>\$ 5,210,720</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 13,723,800	\$ 0	\$ 0	\$ 13,723,800
Infrastructure	31,739,994	1,806,516	0	33,546,510
Other Capital Assets	9,442,281	702,235	(213,666)	9,930,850
Total Capital Assets Depreciated	<u>\$ 54,906,075</u>	<u>\$ 2,508,751</u>	<u>\$ (213,666)</u>	<u>\$ 57,201,160</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,580,921	\$ 494,540	\$ 0	\$ 9,075,461
Infrastructure	25,891,770	488,510	0	26,380,280
Other Capital Assets	7,941,638	460,058	(213,666)	8,188,030
Total Accumulated Depreciation	<u>\$ 42,414,329</u>	<u>\$ 1,443,108</u>	<u>\$ (213,666)</u>	<u>\$ 43,643,771</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,491,746</u>	<u>\$ 1,065,643</u>	<u>\$ 0</u>	<u>\$ 13,557,389</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,483,944</u>	<u>\$ 2,325,393</u>	<u>\$ (2,041,228)</u>	<u>\$ 18,768,109</u>

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

General Administration	\$ 48,526
Finance	3,386
Administration of Justice	12,803
Public Safety	379,883
Public Health and Welfare	47,376
Social, Cultural, and Recreational Services	112,621
Other Operations - Airport	247,794
Highway/Public Works	<u>590,719</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,443,108</u>

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

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 696,031	\$ 0	\$ 0	\$ 696,031
Construction in Progress	<u>256,794</u>	<u>98,676</u>	<u>0</u>	<u>355,470</u>
Total Capital Assets Not Depreciated	<u>\$ 952,825</u>	<u>\$ 98,676</u>	<u>\$ 0</u>	<u>\$ 1,051,501</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 62,132,143	\$ 89,752	\$ 0	\$ 62,221,895
Infrastructure	1,233,242	141,640	0	1,374,882
Other Capital Assets	<u>5,889,984</u>	<u>219,109</u>	<u>(194,610)</u>	<u>5,914,483</u>
Total Capital Assets Depreciated	<u>\$ 69,255,369</u>	<u>\$ 450,501</u>	<u>\$ (194,610)</u>	<u>\$ 69,511,260</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 40,586,125	\$ 1,793,611	\$ 0	\$ 42,379,736
Infrastructure	832,961	60,231	0	893,192
Other Capital Assets	<u>3,933,272</u>	<u>327,534</u>	<u>(194,610)</u>	<u>4,066,196</u>
Total Accumulated Depreciation	<u>\$ 45,352,358</u>	<u>\$ 2,181,376</u>	<u>\$ (194,610)</u>	<u>\$ 47,339,124</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,903,011</u>	<u>\$ (1,730,875)</u>	<u>\$ 0</u>	<u>\$ 22,172,136</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,855,836</u>	<u>\$ (1,632,199)</u>	<u>\$ 0</u>	<u>\$ 23,223,637</u>

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

Governmental Activities:

Instruction	\$ 1,433,050
Support Services	662,960
Operation of Non-instructional Services	<u>85,366</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,181,376</u></u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,913
Highway/Public Works	General	233
General Debt Service	General	943
Discretely Presented Obion County School Department:		
General Purpose School	Nonmajor governmental	27,904
Nonmajor governmental	General Purpose School	15,858

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	\$ 23,021

Advances to/from Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Debt Service	\$ 5,534,000

The balance of \$5,534,000 due to the General Fund from the General Debt Service Fund resulted from an advance to the General Debt Service Fund to retire Rural School Refunding Bonds, Series 2007.

Discretely Presented Obion County School Department

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental funds	\$ 10,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

E. Long-term Obligations

Primary Government

Notes and Other Loans

Obion County issues other loans to provide funds for the acquisition and construction of major capital facilities for the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. The capital outlay note and the other loan outstanding were issued for original terms ten years for the note and 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 note and other loan included in long-term debt as of June 30, 2018, will be retired from the General Debt Service Fund.

The capital outlay note and the other loan outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
Capital Outlay Note	0	9-13-22	143,786	69,194
Other Loan	variable	5-25-22	17,000,000	2,780,000

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, 2018, the variable interest rate was 1.51 percent and other fees totaled .65 percent plus \$1,020 in annual administrative fees of the outstanding loan principal.

The annual requirements to amortize the note and the other loan outstanding as of June 30, 2018, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Note	
	Principal	Total
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	\$ 69,194	\$ 69,194

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2019	\$ 660,000	\$ 41,274	\$ 19,124	\$ 720,398
2020	683,000	31,211	14,804	729,015
2021	706,000	20,852	10,335	737,187
2022	731,000	10,161	5,360	746,521
Total	\$ 2,780,000	\$ 103,498	\$ 49,623	\$ 2,933,121

Total debt per capita, including the note, the other loan, and unamortized debt discounts, totaled \$90, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

	Bond	Notes	Other Loan
Balance, July 1, 2017	\$ 7,930,000	\$ 85,178	\$ 3,417,000
Reductions	(7,930,000)	(15,984)	(637,000)
Balance, June 30, 2018	\$ 0	\$ 69,194	\$ 2,780,000
Balance Due Within One Year	\$ 0	\$ 15,984	\$ 660,000

	Compensated Absences	Other Postemployment Benefits*	Net Pension Liability - Agent Plan
Balance, July 1, 2017	\$ 348,905	\$ 275,000	\$ 518,652
Additions	255,918	39,105	1,841,720
Reductions	(329,593)	(24,215)	(2,028,871)
Balance, June 30, 2018	\$ 275,230	\$ 289,890	\$ 331,501
Balance Due Within One Year	\$ 13,762	\$ 0	\$ 0

*Restated Balance - See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 3,745,815
Less: Balance Due Within One Year	(689,746)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,056,069</u>

Compensated absences, other postemployment benefits, and the pension liability 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, 2018, will be retired from the General Purpose School Fund.

The note outstanding as of June 30, 2018, for governmental activities is as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
Note	variable	6-1-20	\$ 2,500,000	\$ 291,666

The annual requirements to amortize the note outstanding as of June 30, 2018, including interest payments, are presented in the following table:

Year Ending June 30	Note		
	Principal	Interest	Total
2019	\$ 250,000	\$ 2,625	\$ 252,625
2020	41,666	375	42,041
Total	\$ 291,666	\$ 3,000	\$ 294,666

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Obion County School Department for the year ended June 30, 2018, was as follows:

	Note	Compensated Absences	Other Postemployment Benefits*
Balance, July 1, 2017	\$ 541,666	\$ 38,673	\$ 2,753,391
Additions	0	27,747	239,012
Reductions	(250,000)	(28,328)	(298,078)
Balance, June 30, 2018	\$ 291,666	\$ 38,092	\$ 2,694,325
Balance Due Within One Year	\$ 250,000	\$ 1,905	\$ 0

	Net Pension Liability - Agent Plan
Balance, July 1, 2017	\$ 446,538
Additions	1,635,599
Reductions	(1,789,713)
Balance, June 30, 2018	\$ 292,424
Balance Due Within One Year	\$ 0

*Restated Balance - See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 3,316,507
Less: Balance Due Within One Year	(251,905)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 3,064,602

Compensated absences, other postemployment benefits, and the pension liability 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. The plan is 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 for the year ended June 30, 2018, were

\$99,080. 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 participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

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, *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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

The county and School Department are involved in several pending lawsuits. Management estimates that any potential claims not covered by insurance resulting from such litigation should not materially affect the financial statements.

D. Change in Administration

On May 4, 2018, Russell Davis left the Office of Director of Schools and was succeeded by Nancy Hamilton and Dale Hollowell on May 17, 2018, as co-interim directors of school.

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, 2018, and does not have any equity interest in this joint venture.

Obion County is a participant with Dyer and Lake 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 the joint venture only to the extent of representation by the two board members appointed. 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-Obion 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-Obion 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-Obion 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 \$363,634 to the operations of the library during the year ended June 30, 2018.

Complete financial statements for the Twenty-seventh Judicial District Drug Task Force, Everett-Obion 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-Obion 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

1. 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), 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 comprised 45.98 percent, the nursing home employees comprised 13.46 percent, and the non-certified employees of the discretely presented School Department comprised 40.56 percent of the plan based on contribution 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.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	276
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	292
Active Employees	<u>371</u>
 Total	 <u><u>939</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, 2018, the employer contributions for Obion County was \$759,254 based on a rate of 7.24 percent of covered 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 contributions (ADC) 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, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 (Asset) (a)-(b)
Balance, July 1, 2016	\$ 27,538,924	\$ 26,394,249	\$ 1,144,675
Changes for the Year:			
Service Cost	\$ 838,246	\$ 0	\$ 838,246
Interest	2,066,532	0	2,066,532
Differences Between Expected and Actual Experience	(145,456)	0	(145,456)
Changes in Assumptions	1,052,859		1,052,859
Contributions-Employer	0	764,612	(764,612)
Contributions-Employees	0	530,998	(530,998)
Net Investment Income	0	2,971,442	(2,971,442)
Benefit Payments, Including Refunds of Employee Contributions	(1,646,830)	(1,646,830)	0
Administrative Expense	0	(31,163)	31,163
Other Changes	0	0	0
Net Changes	\$ 2,165,351	\$ 2,589,059	\$ (423,708)
Balance, June 30, 2017	\$ 29,704,275	\$ 28,983,308	\$ 720,967

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	45.98%	\$ 13,658,026	\$ 13,326,525	\$ 331,501
Nursing Home (enterprise)	13.46	3,998,195	3,901,153	97,042
School Department	40.56	12,048,054	11,755,630	292,424
Total		\$ 29,704,275	\$ 28,983,308	\$ 720,967

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 7.25 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Obion County			
Net Pension Liability (Asset)	\$ 3,983,205	\$ 720,967	\$ (2,025,572)

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

Pension Expense. For the year ended June 30, 2018, Obion County recognized pension expense of \$431,806.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, 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
Difference Between Expected and Actual Experience	\$ 59,553	\$ 218,204
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,773
Changes in Assumptions	842,287	
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	759,254	0
	759,254	N/A
Total	\$ 1,661,094	\$ 219,977

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 774,717	\$ 101,145
Nursing Home (enterprise)	220,925	29,609
School Department	665,452	89,223
Total	<u>\$ 1,661,094</u>	<u>\$ 219,977</u>

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

Year Ending June 30	Amount
2019	\$ (7,908)
2020	458,612
2021	250,923
2022	(19,764)
2023	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, 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 comprised 45.98 percent, nursing home employees comprised 13.46

percent, and the non-certified employees of the discretely presented School Department comprised 40.56 percent of the plan based on contribution 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 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. Members are eligible to retire with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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 for 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, 2018, to the Teacher Retirement Plan were \$66,190, which is four percent of covered 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 (Assets). At June 30, 2018, the Obion County School Department reported a liability (asset) of (\$53,810) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (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 share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the Obion County School Department's proportion was .203948 percent. The proportion measured at June 30, 2016, was .21542 percent.

Pension Expense. For the year ended June 30, 2018, the Obion County School Department recognized pension expense of \$24,421.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, 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
Difference Between Expected and Actual Experience	\$ 1,886	\$ 4,047
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,895
Changes in Assumptions	4,727	0
Changes in Proportion of Net Pension Liability (Asset)	1,270	633
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	66,190	N/A
Total	<u>\$ 74,073</u>	<u>\$ 7,575</u>

The Obion County School Department's employer contributions of \$66,190, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2019. 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
2019	\$ (242)
2020	(242)
2021	(408)
2022	(1,153)
2023	212
Thereafter	2,141

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 the Obion County School Department's proportionate share of the net pension liability

(asset) calculated using the discount rate of 7.25 percent, as well as what the 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 10,735	\$ (53,810)	\$ (101,153)

Net Pension Liability (Asset) \$ 10,735 \$ (53,810) \$ (101,153)

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

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 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. 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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. 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, 2018, to the Teacher Legacy Pension Plan were \$1,135,342, which is 9.08 percent of covered 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 Liability (Assets). At June 30, 2018, the Obion County School Department reported a liability (asset) of (\$119,425) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Obion County

School Department's proportion of the net pension liability (asset) was based on the Obion County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the Obion County School Department's proportion was .365009 percent. The proportion measured at June 30, 2016, was .355805 percent.

Pension Expense. For the year ended June 30, 2018, the Obion County School Department recognized pension expense of \$9,321.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, 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
Difference Between Expected and Actual Experience	\$ 71,998	\$ 2,465,564
Changes in Assumptions	1,011,460	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	18,128	0
Changes in Proportion of Net Pension Liability (Asset)	64,485	60,891
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	<u>1,135,342</u>	<u>N/A</u>
Total	<u>\$ 2,301,413</u>	<u>\$ 2,526,455</u>

The Obion County School Department's employer contributions of \$1,135,342 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, 2019. 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
2019	\$ (846,607)
2020	375,133
2021	(299,834)
2022	(589,076)
2023	0
Thereafter	0

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 the Obion County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate 7.25%	1% Increase 8.25%
	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 10,715,822 \$ (119,425) \$ (9,075,471)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the School Department contributed \$79,561 and teachers contributed \$1,524 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Obion County and the discretely presented Obion County School Department provide OPEB benefits to its retirees under the state administered public entity risk pools. For reporting purposes, the plans are considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of Obion County are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. Likewise, the School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Obion County School Department may then join the Tennessee Plan – Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The county and School Department's total OPEB liability for each plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2017, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LGP and LEP - Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing over a 33-year period to an ultimate trend rate of 3.53% with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.56 percent, based on the daily rate of Fidelity's 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

Closed Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Obion County who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. Obion County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Obion County does not provide a direct subsidy and is only subject to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	166
Total	<u><u>167</u></u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, the county paid \$10,162 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2016	<u>\$ 275,000</u>
Changes for the Year:	
Service Cost	\$ 30,318
Interest	8,787
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	(15,450)
Benefit Payments	<u>(8,765)</u>
Net Changes	<u>\$ 14,890</u>
Balance June 30, 2017	<u><u>\$ 289,890</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the county recognized OPEB expense of \$37,528. At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	13,873
Net Difference Between Projected and Benefits Paid After the Measurement Date	<u>10,162</u>	<u>0</u>
Total	<u>\$ 10,162</u>	<u>\$ 13,873</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total Amount
2019	\$ (1,577)
2020	(1,577)
2021	(1,577)
2022	(1,577)
2023	(1,577)
Thereafter	(5,988)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Discount Rate</u>	Current		
	1%	Discount	1%
	Decrease	Rate	Increase
	2.56%	3.56%	4.56%

Total OPEB Liability \$ 314,353 \$ 289,890 \$ 266,859

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Healthcare Cost Trend Rate</u>	Current		
	1%	Rates	1%
	Decrease		Increase
	6 to 3.77%	7 to 4.77%	8 to 5.77%

Total OPEB Liability \$ 253,120 \$ 289,890 \$ 334,080

Closed Local Education (LEP) OPEB Plan - Discretely Presented Obion County School Department

Plan Description. Employees of the Obion County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Obion County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Obion County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity,

provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	27
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	505
Total	<u><u>532</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$182,618 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Obion County	State of	Total OPEB
	School Department	TN	
	65.506%	34.494%	Liability
Balance July 1, 2016	\$ 2,753,391	\$ 1,449,861	\$ 4,203,252
Changes for the Year:			
Service Cost	\$ 156,591	\$ 82,457	\$ 239,048
Interest	82,421	43,401	125,822
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and			
Actuarial Experience	0	0	0
Changes in Assumption			
and Other Inputs	(123,417)	(64,988)	(188,405)
Benefit Payments	(174,661)	(91,972)	(266,633)
Net Changes	<u>\$ (59,066)</u>	<u>\$ (31,102)</u>	<u>\$ (90,168)</u>
Balance June 30, 2017	<u>\$ 2,694,325</u>	<u>\$ 1,418,759</u>	<u>\$ 4,113,084</u>

The Obion County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Obion County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$119,486 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Obion County School Department's proportionate share of the collective OPEB liability was 65.506% and the State of Tennessee's share was 34.494%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$346,399, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	111,318
Benefits Paid After the Measurement Date	182,618	0
Total	<u>\$ 182,618</u>	<u>\$ 111,318</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (12,100)
2020	(12,100)
2021	(12,100)
2022	(12,100)
2023	(12,100)
Thereafter	(50,818)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Proportionate Share of the Collective Total OPEB Liability	\$ 2,888,724	\$ 2,694,325	\$ 2,508,912

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 6.5 to 2.71%	Current Rates 7.5 to 3.71%	1% Increase 8.5 to 4.71%
Proportionate Share of the Collective Total OPEB Liability	\$ 2,387,817	\$ 2,694,325	\$ 3,060,839

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.

J. Subsequent Events

On June 30, 2018, Nancy Hamilton and Dale Hollowell (co-interim directors) left the Office of Director of Schools and were succeeded by Dr. Leah Watkins on July 1, 2018.

On August 31, 2018, Vicky Long left the Office of Register of Deeds and was succeeded by Cheryl Reddin on September 1, 2018.

On August 31, 2018, Jerry Vastbinder left the Office as Sheriff and was succeeded by Karl Jackson on September 1, 2018.

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 inflows, outflows, and balances affecting or reflecting an entity's net position. Proprietary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned, and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time.

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

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

3. **Assets, Liabilities, 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 been recorded to properly reflect accounts receivable at its estimated realizable value. Revenue has been reported net of the current year allowance of \$28,103. Accounts receivable in the Statement of Net Position is reported net of the balance in the allowance account as of June 30, 2018, which was \$28,103.

c. **Inventory**

At June 30, 2018, 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. 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 the end of year fiscal year. As of June 30, 2018, annual leave and sick leave totaled \$18,369 and \$58,166, respectively, for a total accrual of \$76,535. 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 items related to pensions and other postemployment benefits that qualify for reporting in this category as of June 30, 2018. See the related disclosures in Note VI.C.3 for the details concerning these balances.

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 items related to pensions and other postemployment benefits that qualify for reporting in this category. See the related disclosures in Note VI.C. 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. **Other Postemployment Benefits (OPEB)**

Management adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the current year, including the amendments in

GASB Statement No. 85. The primary objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB) and replaces the requirements of Statements No. 45 and No. 57. The new pronouncements establish standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, GASB identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed. The adoption of these new standards resulted in an increase in beginning postemployment benefits liability of \$24,997 and in deferred outflows of \$797, with a net decrease in beginning net position of \$24,200.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Local Government OPEB Plan administered by the Tennessee Department of Finance and Administration, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the state. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the Local Government OPEB Plan.

i. 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, 2018, 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 – In the case of deposits, this is the risk that in the event of a bank failure, the nursing home’s deposits may not be returned to it. The nursing home’s policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note VI.A.3.a. As of June 30, 2018, all bank deposits were fully insured and collateralized.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets not being Depreciated:			
Construction in Progress	\$ 0	\$ 500	\$ 500
Capital Assets Depreciated:			
Land Improvements	\$ 31,270	\$ 0	\$ 31,270
Buildings and Improvements	1,088,344	11,533	1,099,877
Furniture and Equipment	209,928	0	209,928
Departmental Equipment	233,523	0	233,523
Other Capital Assets	109,115	0	109,115
Total Capital Assets Depreciated	\$ 1,672,180	\$ 11,533	\$ 1,683,713
Less Accumulated Depreciation For:			
Land Improvements	\$ 14,315	\$ 926	\$ 15,241
Buildings and Improvements	985,080	10,736	995,816
Furniture and Equipment	145,464	15,406	160,870
Departmental Equipment	186,607	10,459	197,066
Other Capital Assets	58,173	8,549	66,722
Total Accumulated Depreciation	\$ 1,389,639	\$ 46,076	\$ 1,435,715
Total Capital Assets Depreciated, Net	\$ 282,541	\$ (35,043)	\$ 248,498

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 comprised 13.46 percent of the plan based on

contribution 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 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 at age 55 and vested. 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, 2018, employer contributions for Obion County Nursing Home were \$99,538 based on a rate of 7.24 percent of covered 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 (ADC) 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.

Information about Collective Net Pension Liability

The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation

Mortality rates were based on actual experience including adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method, in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce 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 expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the three factors described above.

Changes in Assumptions. The above assumptions included changes from the prior year as follows: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 Nursing Home will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the nursing home's proportionate share of the net pension liability (asset) calculated using

the discount rate of 7.25 percent, as well as what the 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

Obion County Nursing Home's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 536,139 \$ 97,042 \$ (272,642)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability. The nursing home's proportion of the net pension liability as of June 30, 2017, was based on the nursing home's proportion of contributions relative to all contributions made under Obion County's plan. At the June 30, 2017, measurement date, the nursing home's proportion was 13.46 percent. The proportion as of June 30, 2016, was 13.36 percent.

Pension Expense. For the year ended June 30, 2018, the Obion County Nursing Home recognized pension expense of \$72,909.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the 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
Difference Between Expected and Actual Experience	\$ 8,017	\$ 29,370
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	239
Change in assumptions	113,371	0
Changes in Proportion of Net Pension Liability (Asset)	46,642	16,841
Contributions Subsequent to the Measurement Date of June 30, 2017	99,538	N/A
Total	<u>\$ 267,568</u>	<u>\$ 46,450</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 in the following measurement periods:

Year Ending June 30	Amount
2019	\$ 13,729
2020	76,520
2021	34,482
2024	(3,151)

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

Payable to the Pension Plan

At June 30, 2018, Obion County Nursing Home reported a payable of \$7,818 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2018.

2. Other Postemployment Benefits

Plan Description. Employees of Obion County Nursing Home who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through Obion County's participation in the closed Local Government OPEB Plan (LGP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). All eligible pre-65 retired employees and disability participants of local governments who choose coverage participate in the LGP. This plan is closed to employees that were hired on or after July 1, 2015.

The Tennessee Department of Finance and Administration issues a publicly available financial report that can be obtained by writing to Tennessee Department of Financial and Administration, 312 Rosa L. Parks Avenue, Nashville, Tennessee 37243, or it may be found at the Tennessee Department of Finance and Administration website at www.tn.gov.

Benefits provided. Obion County Nursing Home offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Obion County Nursing Home does not directly subsidize their pre-65 retiree insurance premiums and, therefore, are only subject to the implicit subsidy. The LGP is funded on a pay-as-you-go basis, and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

An insurance committee created in accordance with TCA 8-27-701 establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, Obion County Nursing Home paid \$924 to the LGP for OPEB benefits as they came due.

Total OPEB Liability OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, Obion County Nursing Home reported a liability of \$26,351 for its proportionate share of Obion County's total OPEB liability. The total OPEB liability was measured as of June 30, 2017, determined by an actuarial valuation as of that date. Obion County Nursing Home's proportion of the total OPEB liability was based on the number of employees in each entity compared to the total number of employees in Obion County's census data. At June 30, 2017, Obion County Nursing Home's proportion was 9.09 percent.

For the year ended June 30, 2018, Obion County Nursing Home recognized OPEB expense of \$3,411.

At June 30, 2018, Obion County Nursing Home reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Change in Assumptions	0	1,261
Changes in Proportion and Differences Between Actual Payments and Proportionate Share of Payments	0	0
Contributions Subsequent to the Measurement Date	924	0
Total	<u>\$ 924</u>	<u>\$ 1,261</u>

The amount reported above as deferred outflows of resources related to OPEB resulting from employer payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the following measurement year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the following measurement periods:

Year Ending June 30	Amount
2019	\$ 143
2020	143
2021	143
2022	143
2023	143
Thereafter	546

Actuarial Assumptions. The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 3.44% to 8.72% Based on Age, Including Inflation, Averaging 4%
Healthcare Cost Trend Rates	7.5%, decreasing annually over a 33-year period to rate of 3.71%
Retiree's share of benefit-related costs	Member's are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation, a weighted average has been used with weights derived from the current distribution of members amount plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuation were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a two percent load for males and a negative

three percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender-distinct table published in the IRS Ruling 96-7 for disabled lives with a ten percent load.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.56 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds prevailing on the measurement date with an average rating of AA/Aa, as shown on the Fidelity 20-year Municipal GO AA index.

Changes in Assumptions. The discount rate was changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of June 30, 2017. This change in assumption decreased the total OPEB liability.

Sensitivity of Obion County Nursing Home's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following presents Obion County Nursing Home's proportionate share of the total OPEB liability, as well as what the proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent) or one percentage point higher (4.56 percent) than the current discount rate:

	<u>Rates</u>		<u>Liability</u>
1% decrease	2.56%	\$	28,575
Current rates	3.56%		26,351
1% increase	4.56%		24,257

Sensitivity of Obion County Nursing Home's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents Obion County Nursing Home's proportionate share of the total OPEB liability, as well as what the proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>Rates</u>		<u>Liability</u>
1% decrease	6.5% decreasing to 2.71%	\$	23,009
Current rates	7.5% decreasing to 3.71%		26,351
1% increase	8.5% decreasing to 4.71%		30,368

3. 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.

4. Prior-period Adjustment

During the current year, management was notified that overpayments of revenue from Medicaid totaling \$45,784 for fiscal years 2016 and 2017 were required to be repaid. This amount was accrued as a payable to Medicaid and reported as a reduction in beginning net position as of July 1, 2017.

**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

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 740,405	\$ 767,064	\$ 754,101	\$ 838,246
Interest	1,814,383	1,882,009	1,966,027	2,066,532
Differences Between Actual and Expected Experience	(340,205)	(84,495)	99,255	(145,456)
Changes in Assumptions	0	0	0	1,052,859
Benefit Payments, Including Refunds of Employee Contributions	(1,296,482)	(1,382,645)	(1,480,106)	(1,646,830)
Net Change in Total Pension Liability	\$ 918,101	\$ 1,181,933	\$ 1,339,277	\$ 2,165,351
Total Pension Liability, Beginning	24,099,613	25,017,714	26,199,647	27,538,924
Total Pension Liability, Ending (a)	\$ 25,017,714	\$ 26,199,647	\$ 27,538,924	\$ 29,704,275
Plan Fiduciary Net Position				
Contributions - Employer	\$ 656,331	\$ 639,778	\$ 625,101	\$ 764,612
Contributions - Employee	509,826	514,367	506,143	530,998
Net Investment Income	3,640,606	783,557	687,794	2,971,442
Benefit Payments, Including Refunds of Employee Contributions	(1,296,482)	(1,382,645)	(1,480,106)	(1,646,830)
Administrative Expense	(14,773)	(19,957)	(28,631)	(31,163)
Other	0	0	4,670	0
Net Change in Plan Fiduciary Net Position	\$ 3,495,508	\$ 535,100	\$ 314,971	\$ 2,589,059
Plan Fiduciary Net Position, Beginning	22,048,670	25,544,178	26,079,278	26,394,249
Plan Fiduciary Net Position, Ending (b)	\$ 25,544,178	\$ 26,079,278	\$ 26,394,249	\$ 28,983,308
Net Pension Liability (Asset), Ending (a - b)	\$ (526,464)	\$ 120,369	\$ 1,144,675	\$ 720,967
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.10%	99.54%	95.84%	97.57%
Covered Payroll	\$ 10,223,211	\$ 10,252,583	\$ 10,018,715	\$ 10,281,227
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(5.15)%	1.17%	11.43%	7.01%

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

Note: data presented includes primary government, Obion County Nursing Home, and non-certified employees of the discretely presented Obion County School Department.

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

	2014	2015	2016	2017	2018
Actuarially Required Contribution	\$ 656,331	\$ 639,778	\$ 625,101	\$ 641,549	\$ 759,254
Less Contributions in Relation to the Actuarially Required Contribution	(656,331)	(639,778)	(625,101)	(764,612)	(759,254)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (123,063)</u>	<u>\$ 0</u>
Covered Payroll	\$ 10,223,211	\$ 10,252,583	\$ 10,018,715	\$ 10,281,227	\$ 10,486,934
Contributions as a Percentage of Covered Payroll	6.42%	6.24%	6.24%	7.44%	7.24%

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

Note: data presented includes primary government, Obion County Nursing Home, and non-certified employees of the discretely presented Obion County School Department.

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 16,192	\$ 37,914	\$ 53,544	\$ 66,190
Less Contributions in Relation to the Contractually Required Contribution	(16,192)	(37,914)	(53,544)	(66,190)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 404,806	\$ 947,869	\$ 1,328,869	\$ 1,654,746
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.03%	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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 1,238,767	\$ 1,211,251	\$ 1,161,083	\$ 1,166,422	\$ 1,135,342
Less Contributions in Relation to the Contractually Required Contribution	(1,238,767)	(1,211,251)	(1,161,083)	(1,166,422)	(1,135,342)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 13,950,084	\$ 13,398,880	\$ 12,843,839	\$ 12,912,635	\$ 12,503,789
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.03%	9.08%

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 Retirement Plan of TCRS
Discretely Presented Obion County School Department
For the Fiscal Year Ended June 30 *

	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.194831%	0.215420%	0.203948%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (7,838)	\$ (22,426)	\$ (53,810)
Covered Payroll	\$ 404,806	\$ 947,869	\$ 1,328,869
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

* 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 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 *

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.355417%	0.357921%	0.355805%	0.365009%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (57,754)	\$ 146,617	\$ 2,223,582	\$ (119,425)
Covered Payroll	\$ 13,950,084	\$ 13,398,880	\$ 12,843,839	\$ 12,912,635
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094247%	17.31%	(0.92)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

* 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-7

Obion County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plan
For the Fiscal Year Ended June 30 *

Obion County Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 30,318
Interest	8,787
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(15,450)
Benefit Payments	<u>(8,765)</u>
Net Change in Total OPEB Liability	\$ 14,890
Total OPEB Liability, Beginning	<u>275,000</u>
 Total OPEB Liability, Ending	 <u>\$ 289,890</u>
 Covered Employee Payroll	 \$ 4,973,086
Net OPEB Liability as a Percentage of Covered Employee Payroll	5.83%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-8

Obion County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Obion County School Department
For the Fiscal Year Ended June 30 *

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 239,048
Interest	125,822
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(188,405)
Benefit Payments	<u>(266,633)</u>
Net Change in Total OPEB Liability	\$ (90,168)
Total OPEB Liability, Beginning	<u>4,203,252</u>
 Total OPEB Liability, Ending	 <u>\$ 4,113,084</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 1,418,759
Employer Proportionate Share of the Total OPEB Liability	2,694,325
 Covered Employee Payroll	 \$ 18,297,549
Net OPEB Liability as a Percentage of Covered Employee Payroll	14.73%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OBION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
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,
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.5%

**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, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,865	\$ 1,865
Equity in Pooled Cash and Investments	173,814	455,216	0	629,030
Accounts Receivable	20,406	0	48	20,454
Due from Other Governments	2,456	0	0	2,456
Total Assets	<u>\$ 196,676</u>	<u>\$ 455,216</u>	<u>\$ 1,913</u>	<u>\$ 653,805</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,576	\$ 23	\$ 0	\$ 2,599
Due to Other Funds	0	0	1,913	1,913
Total Liabilities	<u>\$ 2,576</u>	<u>\$ 23</u>	<u>\$ 1,913</u>	<u>\$ 4,512</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 455,193	\$ 0	\$ 455,193
Committed:				
Committed for Public Health and Welfare	194,100	0	0	194,100
Total Fund Balances	<u>\$ 194,100</u>	<u>\$ 455,193</u>	<u>\$ 0</u>	<u>\$ 649,293</u>
Total Liabilities and Fund Balances	<u>\$ 196,676</u>	<u>\$ 455,216</u>	<u>\$ 1,913</u>	<u>\$ 653,805</u>

Exhibit G-2

Obion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 0	\$ 35,967	\$ 0	\$ 35,967
Charges for Current Services	43,490	0	7,875	51,365
Other Local Revenues	69,864	0	0	69,864
State of Tennessee	30,691	0	0	30,691
Other Governments and Citizens Groups	166,677	0	0	166,677
Total Revenues	<u>\$ 310,722</u>	<u>\$ 35,967</u>	<u>\$ 7,875</u>	<u>\$ 354,564</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 7,875	\$ 7,875
Public Safety	0	224,384	0	224,384
Public Health and Welfare	227,909	0	0	227,909
Total Expenditures	<u>\$ 227,909</u>	<u>\$ 224,384</u>	<u>\$ 7,875</u>	<u>\$ 460,168</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 82,813</u>	<u>\$ (188,417)</u>	<u>\$ 0</u>	<u>\$ (105,604)</u>
Net Change in Fund Balances	\$ 82,813	\$ (188,417)	\$ 0	\$ (105,604)
Fund Balance, July 1, 2017	<u>111,287</u>	<u>643,610</u>	<u>0</u>	<u>754,897</u>
Fund Balance, June 30, 2018	<u>\$ 194,100</u>	<u>\$ 455,193</u>	<u>\$ 0</u>	<u>\$ 649,293</u>

Exhibit G-3

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 43,490	\$ 49,000	\$ 49,000	\$ (5,510)
Other Local Revenues	69,864	76,550	76,550	(6,686)
State of Tennessee	30,691	99,800	99,800	(69,109)
Other Governments and Citizens Groups	166,677	150,000	150,000	16,677
Total Revenues	<u>\$ 310,722</u>	<u>\$ 375,350</u>	<u>\$ 375,350</u>	<u>\$ (64,628)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Education/Information	\$ 29,300	\$ 49,800	\$ 49,800	\$ 20,500
Recycling Center	198,609	221,536	221,536	22,927
Total Expenditures	<u>\$ 227,909</u>	<u>\$ 271,336</u>	<u>\$ 271,336</u>	<u>\$ 43,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 82,813</u>	<u>\$ 104,014</u>	<u>\$ 104,014</u>	<u>\$ (21,201)</u>
Net Change in Fund Balance	\$ 82,813	\$ 104,014	\$ 104,014	\$ (21,201)
Fund Balance, July 1, 2017	111,287	109,941	109,941	1,346
Fund Balance, June 30, 2018	<u>\$ 194,100</u>	<u>\$ 213,955</u>	<u>\$ 213,955</u>	<u>\$ (19,855)</u>

Exhibit G-4

Obion County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 Drug Control Fund
 For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 35,967	\$ 38,430	\$ 38,430	\$ (2,463)
Other Local Revenues	0	6,000	6,000	(6,000)
Total Revenues	<u>\$ 35,967</u>	<u>\$ 44,430</u>	<u>\$ 44,430</u>	<u>\$ (8,463)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 224,384	\$ 570,395	\$ 570,395	\$ 346,011
Total Expenditures	<u>\$ 224,384</u>	<u>\$ 570,395</u>	<u>\$ 570,395</u>	<u>\$ 346,011</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (188,417)</u>	<u>\$ (525,965)</u>	<u>\$ (525,965)</u>	<u>\$ 337,548</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 1	\$ 1	(1)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>(1)</u>
Net Change in Fund Balance	\$ (188,417)	\$ (525,964)	\$ (525,964)	337,547
Fund Balance, July 1, 2017	643,610	637,236	637,236	6,374
Fund Balance, June 30, 2018	<u>\$ 455,193</u>	<u>\$ 111,272</u>	<u>\$ 111,272</u>	<u>\$ 343,921</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,702,750	\$ 1,664,625	\$ 1,664,625	\$ 38,125
Total Revenues	\$ 1,702,750	\$ 1,664,625	\$ 1,664,625	\$ 38,125
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 15,984	\$ 686,090	\$ 686,090	\$ 670,106
Education	8,567,000	652,000	9,008,000	441,000
<u>Interest on Debt</u>				
General Government	0	100	100	100
Education	191,493	414,000	306,960	115,467
<u>Other Debt Service</u>				
General Government	32,831	61,084	61,084	28,253
Education	174,166	50,000	187,040	12,874
Total Expenditures	\$ 8,981,474	\$ 1,863,274	\$ 10,249,274	\$ 1,267,800
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,278,724)	\$ (198,649)	\$ (8,584,649)	\$ 1,305,958
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 0	\$ 0	\$ 5,960,000	\$ (5,960,000)
Transfers In	0	15,984	15,984	(15,984)
Payments to Refunded Debt Escrow Agent	0	0	(151,779)	151,779
Total Other Financing Sources	\$ 0	\$ 15,984	\$ 5,824,205	\$ (5,824,205)
Net Change in Fund Balance	\$ (7,278,724)	\$ (182,665)	\$ (2,760,444)	\$ (4,518,280)
Fund Balance, July 1, 2017	4,806,770	4,814,620	4,814,620	(7,850)
Fund Balance, June 30, 2018	\$ (2,471,954)	\$ 4,631,955	\$ 2,054,176	\$ (4,526,130)

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 collection 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, 2018

	Agency Funds						Total
	Cities - Sales Tax	Cities - Property Tax	Special School District	City School ADA - Union City	Constitu - tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,771,653	\$ 0	\$ 1,771,653
Equity in Pooled Cash and Investments	0	465	631	35,300	0	216,141	252,537
Accounts Receivable	0	0	0	0	14,684	0	14,684
Due from Other Governments	774,868	0	0	287,226	0	0	1,062,094
Property Taxes Receivable	0	0	0	2,159,863	0	0	2,159,863
Allowance for Uncollectible Property Taxes	0	0	0	(33,527)	0	0	(33,527)
Notes Receivable - Long-term	0	0	0	0	218,183	0	218,183
Total Assets	<u>\$ 774,868</u>	<u>\$ 465</u>	<u>\$ 631</u>	<u>\$ 2,448,862</u>	<u>\$ 2,004,520</u>	<u>\$ 216,141</u>	<u>\$ 5,445,487</u>
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 774,868	\$ 465	\$ 631	\$ 2,448,862	\$ 0	\$ 0	\$ 3,224,826
Due to Litigants, Heirs, and Others	0	0	0	0	2,004,520	0	2,004,520
Due to Joint Ventures	0	0	0	0	0	216,141	216,141
Total Liabilities	<u>\$ 774,868</u>	<u>\$ 465</u>	<u>\$ 631</u>	<u>\$ 2,448,862</u>	<u>\$ 2,004,520</u>	<u>\$ 216,141</u>	<u>\$ 5,445,487</u>

Exhibit I-2

Obion County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,529,081	\$ 4,529,081	\$ 0
Due from Other Governments	782,424	774,868	782,424	774,868
Total Assets	\$ 782,424	\$ 5,303,949	\$ 5,311,505	\$ 774,868
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 782,424	\$ 5,303,949	\$ 5,311,505	\$ 774,868
Total Liabilities	\$ 782,424	\$ 5,303,949	\$ 5,311,505	\$ 774,868
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 629	\$ 33,027	\$ 33,191	\$ 465
Total Assets	\$ 629	\$ 33,027	\$ 33,191	\$ 465
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 629	\$ 33,027	\$ 33,191	\$ 465
Total Liabilities	\$ 629	\$ 33,027	\$ 33,191	\$ 465
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 513	\$ 85,849	\$ 85,731	\$ 631
Total Assets	\$ 513	\$ 85,849	\$ 85,731	\$ 631
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 513	\$ 85,849	\$ 85,731	\$ 631
Total Liabilities	\$ 513	\$ 85,849	\$ 85,731	\$ 631
<u>City School ADA - Union City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 36,343	\$ 3,990,035	\$ 3,991,078	\$ 35,300
Due from Other Governments	269,807	287,226	269,807	287,226
Property Taxes Receivable	2,143,004	2,159,863	2,143,004	2,159,863
Allowance for Uncollectible Property Taxes	(60,094)	(33,527)	(60,094)	(33,527)
Total Assets	\$ 2,389,060	\$ 6,403,597	\$ 6,343,795	\$ 2,448,862

(Continued)

Exhibit I-2

Obion County, TennesseeCombining Statement of Changes in Assets and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>City School ADA - Union City Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,389,060	\$ 6,403,597	\$ 6,343,795	\$ 2,448,862
Total Liabilities	\$ 2,389,060	\$ 6,403,597	\$ 6,343,795	\$ 2,448,862
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,925,952	\$ 8,427,686	\$ 8,581,985	\$ 1,771,653
Accounts Receivable	16,902	14,684	16,902	14,684
Notes Receivable - Long-term	223,568	0	5,385	218,183
Total Assets	\$ 2,166,422	\$ 8,442,370	\$ 8,604,272	\$ 2,004,520
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,166,422	\$ 8,442,370	\$ 8,604,272	\$ 2,004,520
Total Liabilities	\$ 2,166,422	\$ 8,442,370	\$ 8,604,272	\$ 2,004,520
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 217,242	\$ 44,406	\$ 45,507	\$ 216,141
Total Assets	\$ 217,242	\$ 44,406	\$ 45,507	\$ 216,141
<u>Liabilities</u>				
Due to Joint Ventures	\$ 217,242	\$ 44,406	\$ 45,507	\$ 216,141
Total Liabilities	\$ 217,242	\$ 44,406	\$ 45,507	\$ 216,141
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,925,952	\$ 8,427,686	\$ 8,581,985	\$ 1,771,653
Equity in Pooled Cash and Investments	254,727	8,682,398	8,684,588	252,537
Accounts Receivable	16,902	14,684	16,902	14,684
Due from Other Governments	1,052,231	1,062,094	1,052,231	1,062,094
Property Taxes Receivable	2,143,004	2,159,863	2,143,004	2,159,863
Allowance for Uncollectible Property Taxes	(60,094)	(33,527)	(60,094)	(33,527)
Notes Receivable - Long-term	223,568	0	5,385	218,183
Total Assets	\$ 5,556,290	\$ 20,313,198	\$ 20,424,001	\$ 5,445,487
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,172,626	\$ 11,826,422	\$ 11,774,222	\$ 3,224,826
Due to Litigants, Heirs, and Others	2,166,422	8,442,370	8,604,272	2,004,520
Due to Joint Ventures	217,242	44,406	45,507	216,141
Total Liabilities	\$ 5,556,290	\$ 20,313,198	\$ 20,424,001	\$ 5,445,487

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.

Exhibit J-1

Obion County, Tennessee
Statement of Activities
Discretely Presented Obion County School Department
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 18,284,798	\$ 1,650	\$ 2,231,890	\$ 104,924	\$ (15,946,334)
Support Services	10,426,313	0	269,419	0	(10,156,894)
Operation of Non-instructional Services	3,146,481	633,520	2,213,651	0	(299,310)
Interest on Long-term Debt	4,688	0	0	0	(4,688)
Total Governmental Activities	\$ 31,862,280	\$ 635,170	\$ 4,714,960	\$ 104,924	\$ (26,407,226)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 4,500,186
Local Option Sales Taxes					3,331,108
Business Tax					79,046
Other Local Taxes					1,703
Grants and Contributions Not Restricted to Specific Programs					18,118,209
Miscellaneous					44,805
Total General Revenues					\$ 26,075,057
Change in Net Position					\$ (332,169)
Net Position, July 1, 2017					27,316,323
Restatement - See Note I.D.9.					(1,681,314)
Net Position, June 30, 2018					\$ 25,302,840

Exhibit J-2

Obion County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Obion County School Department
June 30, 2018

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,670,549	\$ 445,719	\$ 3,116,268
Accounts Receivable	124,000	145	124,145
Due from Other Governments	1,292,821	205,825	1,498,646
Due from Other Funds	27,904	15,858	43,762
Due from Primary Government	23,021	0	23,021
Property Taxes Receivable	4,334,742	0	4,334,742
Allowance for Uncollectible Property Taxes	(66,830)	0	(66,830)
Total Assets	<u>\$ 8,406,207</u>	<u>\$ 667,547</u>	<u>\$ 9,073,754</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 65,890	\$ 9,721	\$ 75,611
Cash Overdraft	0	79,173	79,173
Due to Other Funds	15,858	27,904	43,762
Due to State of Tennessee	0	382	382
Total Liabilities	<u>\$ 81,748</u>	<u>\$ 117,180</u>	<u>\$ 198,928</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,141,117	\$ 0	\$ 4,141,117
Deferred Delinquent Property Taxes	97,447	0	97,447
Other Deferred/Unavailable Revenue	683,525	53,558	737,083
Total Deferred Inflows of Resources	<u>\$ 4,922,089</u>	<u>\$ 53,558</u>	<u>\$ 4,975,647</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 445,864	\$ 445,864
Committed:			
Committed for Education	643,819	0	643,819
Committed for Support Services	36,795	0	36,795
Assigned:			
Assigned for Education	155,334	50,945	206,279
Unassigned	2,566,422	0	2,566,422
Total Fund Balances	<u>\$ 3,402,370</u>	<u>\$ 496,809</u>	<u>\$ 3,899,179</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,406,207</u>	<u>\$ 667,547</u>	<u>\$ 9,073,754</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, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	3,899,179
(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: construction in progress		355,470	
Add: buildings and improvements net of accumulated depreciation		19,842,159	
Add: infrastructure net of accumulated depreciation		481,690	
Add: other capital assets net of accumulated depreciation		<u>1,848,287</u>	23,223,637
(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	\$	(291,666)	
Less: net pension liability - agent plan		(292,424)	
Less: OPEB liability		(2,694,325)	
Less: compensated absences payable		(38,092)	
Less: accrued interest on note		<u>(219)</u>	(3,316,726)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:			
Add: deferred outflows of resources related to pensions	\$	3,040,938	
Less: deferred inflows of resources related to pensions		(2,623,253)	
Add: deferred outflows of resources related to OPEB'		182,618	
Less: deferred inflows of resources related to OPEB		<u>(111,318)</u>	488,985
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - teacher retirement plan	\$	53,810	
Add: net pension asset - teacher legacy pension plan		<u>119,425</u>	173,235
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>834,530</u>
Net position of governmental activities (Exhibit A)			<u>\$ 25,302,840</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, 2018

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Purpose</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>mental</u>	<u>Funds</u>
		<u>Funds</u>	
<u>Revenues</u>			
Local Taxes	\$ 7,952,722	\$ 0	\$ 7,952,722
Licenses and Permits	1,865	0	1,865
Charges for Current Services	49,594	462,779	512,373
Other Local Revenues	67,263	5,847	73,110
State of Tennessee	18,848,249	18,206	18,866,455
Federal Government	51,828	3,597,474	3,649,302
Total Revenues	\$ 26,971,521	\$ 4,084,306	\$ 31,055,827
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,869,378	\$ 1,339,215	\$ 17,208,593
Support Services	10,388,187	426,297	10,814,484
Operation of Non-Instructional Services	807,445	2,291,320	3,098,765
Capital Outlay	390,603	0	390,603
Debt Service:			
Principal on Debt	250,000	0	250,000
Interest on Debt	4,875	0	4,875
Total Expenditures	\$ 27,710,488	\$ 4,056,832	\$ 31,767,320
Excess (Deficiency) of Revenues			
Over Expenditures	\$ (738,967)	\$ 27,474	\$ (711,493)
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 41,507	\$ 0	\$ 41,507
Transfers In	10,000	0	10,000
Transfers Out	0	(10,000)	(10,000)
Total Other Financing Sources (Uses)	\$ 51,507	\$ (10,000)	\$ 41,507
Net Change in Fund Balances	\$ (687,460)	\$ 17,474	\$ (669,986)
Fund Balance, July 1, 2017	4,089,830	479,335	4,569,165
Fund Balance, June 30, 2018	\$ 3,402,370	\$ 496,809	\$ 3,899,179

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, 2018

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)		\$	(669,986)
(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		\$	549,177
Less: current-year depreciation expense			<u>(2,181,376)</u>
			(1,632,199)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2018		\$	834,530
Less: deferred delinquent property taxes and other deferred June 30, 2017			<u>(360,246)</u>
			474,284
(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.			
Add: principal payment on note			250,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable		\$	187
Change in net OPEB liability (net of restatement)			59,066
Change in deferred outflows related to OPEB (net of restatement)			7,957
Change in deferred inflows related to OPEB			(111,318)
Change in net pension liability - agent plan			154,114
Change in net pension asset - teacher retirement plan			31,384
Change in net pension asset - teacher legacy pension plan			2,343,007
Change in deferred outflows related to pensions			(1,464,270)
Change in deferred inflows related to pensions			225,024
Change in compensated absences payable			<u>581</u>
			<u>1,245,732</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>(332,169)</u></u>

Exhibit J-6

Obion County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Obion County School Department
June 30, 2018

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 0	\$ 445,719	\$ 445,719
Accounts Receivable	0	145	145
Due from Other Governments	205,825	0	205,825
Due from Other Funds	15,858	0	15,858
Total Assets	<u>\$ 221,683</u>	<u>\$ 445,864</u>	<u>\$ 667,547</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 9,721	\$ 0	\$ 9,721
Cash Overdraft	79,173	0	79,173
Due to Other Funds	27,904	0	27,904
Due to State of Tennessee	382	0	382
Total Liabilities	<u>\$ 117,180</u>	<u>\$ 0</u>	<u>\$ 117,180</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 53,558	\$ 0	\$ 53,558
Total Deferred Inflows of Resources	<u>\$ 53,558</u>	<u>\$ 0</u>	<u>\$ 53,558</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 445,864	\$ 445,864
Assigned:			
Assigned for Education	50,945	0	50,945
Total Fund Balances	<u>\$ 50,945</u>	<u>\$ 445,864</u>	<u>\$ 496,809</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 221,683</u>	<u>\$ 445,864</u>	<u>\$ 667,547</u>

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, 2018

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 462,779	\$ 462,779
Other Local Revenues	0	5,847	5,847
State of Tennessee	0	18,206	18,206
Federal Government	2,010,457	1,587,017	3,597,474
Total Revenues	<u>\$ 2,010,457</u>	<u>\$ 2,073,849</u>	<u>\$ 4,084,306</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,339,215	\$ 0	\$ 1,339,215
Support Services	426,297	0	426,297
Operation of Non-Instructional Services	294,799	1,996,521	2,291,320
Total Expenditures	<u>\$ 2,060,311</u>	<u>\$ 1,996,521</u>	<u>\$ 4,056,832</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (49,854)</u>	<u>\$ 77,328</u>	<u>\$ 27,474</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (10,000)	\$ 0	\$ (10,000)
Total Other Financing Sources (Uses)	<u>\$ (10,000)</u>	<u>\$ 0</u>	<u>\$ (10,000)</u>
Net Change in Fund Balances	\$ (59,854)	\$ 77,328	\$ 17,474
Fund Balance, July 1, 2017	110,799	368,536	479,335
Fund Balance, June 30, 2018	<u>\$ 50,945</u>	<u>\$ 445,864</u>	<u>\$ 496,809</u>

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,952,722	\$ 0	\$ 0	\$ 7,952,722	\$ 8,201,300	\$ 8,201,300	\$ (248,578)
Licenses and Permits	1,865	0	0	1,865	1,800	1,800	65
Charges for Current Services	49,594	0	0	49,594	153,450	153,450	(103,856)
Other Local Revenues	67,263	0	0	67,263	63,700	63,700	3,563
State of Tennessee	18,848,249	0	0	18,848,249	18,845,086	19,066,565	(218,316)
Federal Government	51,828	0	0	51,828	0	0	51,828
Total Revenues	\$ 26,971,521	\$ 0	\$ 0	\$ 26,971,521	\$ 27,265,336	\$ 27,486,815	\$ (515,294)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,837,224	\$ (11,179)	\$ 0	\$ 12,826,045	\$ 12,974,900	\$ 12,974,900	\$ 148,855
Alternative Instruction Program	149,612	0	0	149,612	152,659	152,659	3,047
Special Education Program	1,646,702	0	0	1,646,702	1,647,490	1,647,490	788
Career and Technical Education Program	1,148,384	0	0	1,148,384	1,034,323	1,156,722	8,338
Student Body Education Program	87,456	0	0	87,456	98,176	98,176	10,720
<u>Support Services</u>							
Attendance	26,943	0	0	26,943	35,315	35,315	8,372
Health Services	386,543	0	0	386,543	411,024	411,030	24,487
Other Student Support	566,033	(11,687)	0	554,346	590,682	590,682	36,336
Regular Instruction Program	1,003,834	0	0	1,003,834	1,005,471	1,005,471	1,637
Alternative Instruction Program	50,150	0	0	50,150	51,718	51,718	1,568
Special Education Program	94,580	0	0	94,580	94,584	94,584	4
Career and Technical Education Program	50,988	0	0	50,988	55,871	55,871	4,883
Technology	397,950	0	0	397,950	357,846	420,646	22,696
Other Programs	99,080	0	0	99,080	0	99,080	0
Board of Education	538,710	0	0	538,710	574,468	574,468	35,758
Director of Schools	187,758	0	0	187,758	188,606	188,606	848
Office of the Principal	1,814,279	0	0	1,814,279	1,820,206	1,820,206	5,927
Fiscal Services	216,068	0	0	216,068	245,960	245,960	29,892

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 2,442,804	\$ (765)	\$ 0	\$ 2,442,039	\$ 2,481,624	\$ 2,481,624	\$ 39,585
Maintenance of Plant	853,392	(8,765)	40,581	885,208	918,018	918,558	33,350
Transportation	1,659,075	0	0	1,659,075	1,661,896	1,661,896	2,821
<u>Operation of Non-Instructional Services</u>							
Community Services	323,035	0	0	323,035	396,867	396,867	73,832
Early Childhood Education	484,410	(9,368)	0	475,042	475,086	475,085	43
<u>Capital Outlay</u>							
Regular Capital Outlay	390,603	(105,492)	114,753	399,864	512,100	549,054	149,190
<u>Principal on Debt</u>							
Education	250,000	0	0	250,000	250,000	250,000	0
<u>Interest on Debt</u>							
Education	4,875	0	0	4,875	4,875	4,875	0
Total Expenditures	\$ 27,710,488	\$ (147,256)	\$ 155,334	\$ 27,718,566	\$ 28,039,765	\$ 28,361,543	\$ 642,977
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (738,967)	\$ 147,256	\$ (155,334)	\$ (747,045)	\$ (774,429)	\$ (874,728)	\$ 127,683
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 41,507	\$ 0	\$ 0	\$ 41,507	\$ 0	\$ 36,954	\$ 4,553
Transfers In	10,000	0	0	10,000	20,000	20,000	(10,000)
Total Other Financing Sources	\$ 51,507	\$ 0	\$ 0	\$ 51,507	\$ 20,000	\$ 56,954	\$ (5,447)
Net Change in Fund Balance							
Fund Balance, July 1, 2017	\$ (687,460)	\$ 147,256	\$ (155,334)	\$ (695,538)	\$ (754,429)	\$ (817,774)	\$ 122,236
	4,089,830	(147,256)	0	3,942,574	3,870,780	3,870,780	71,794
Fund Balance, June 30, 2018	\$ 3,402,370	\$ 0	\$ (155,334)	\$ 3,247,036	\$ 3,116,351	\$ 3,053,006	\$ 194,030

Exhibit J-9

Obion County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Obion County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,010,457	\$ 0	\$ 2,010,457	\$ 2,037,317	\$ 2,202,275	\$ (191,818)
Total Revenues	\$ 2,010,457	\$ 0	\$ 2,010,457	\$ 2,037,317	\$ 2,202,275	\$ (191,818)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 692,600	\$ 0	\$ 692,600	\$ 679,927	\$ 754,370	\$ 61,770
Special Education Program	615,019	(2,314)	612,705	617,699	614,956	2,251
Career and Technical Education Program	31,596	0	31,596	39,294	39,295	7,699
<u>Support Services</u>						
Health Services	18,536	0	18,536	23,213	18,537	1
Other Student Support	32,346	0	32,346	24,112	48,179	15,833
Regular Instruction Program	156,276	0	156,276	136,966	200,246	43,970
Special Education Program	135,468	(4,489)	130,979	116,259	130,990	11
Career and Technical Education Program	1,336	0	1,336	378	2,283	947
Transportation	82,335	0	82,335	85,803	88,621	6,286
<u>Operation of Non-Instructional Services</u>						
Community Services	294,799	0	294,799	294,800	294,798	(1)
Total Expenditures	\$ 2,060,311	\$ (6,803)	\$ 2,053,508	\$ 2,018,451	\$ 2,192,275	\$ 138,767
Excess (Deficiency) of Revenues Over Expenditures	\$ (49,854)	\$ 6,803	\$ (43,051)	\$ 18,866	\$ 10,000	\$ (53,051)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (10,000)	\$ 0	\$ (10,000)	\$ (5,000)	\$ (10,000)	\$ 0
Total Other Financing Sources	\$ (10,000)	\$ 0	\$ (10,000)	\$ (5,000)	\$ (10,000)	\$ 0

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (59,854)	\$ 6,803	\$ (53,051)	\$ 13,866	\$ 0	\$ (53,051)
Fund Balance, July 1, 2017	110,799	(6,803)	103,996	0	0	103,996
Fund Balance, June 30, 2018	\$ 50,945	\$ 0	\$ 50,945	\$ 13,866	\$ 0	\$ 50,945

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 462,779	\$ 527,000	\$ 527,000	\$ (64,221)
Other Local Revenues	5,847	2,500	2,500	3,347
State of Tennessee	18,206	18,000	18,000	206
Federal Government	1,587,017	1,761,000	1,761,000	(173,983)
Total Revenues	<u>\$ 2,073,849</u>	<u>\$ 2,308,500</u>	<u>\$ 2,308,500</u>	<u>\$ (234,651)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,996,521	\$ 2,313,027	\$ 2,313,027	\$ 316,506
Total Expenditures	<u>\$ 1,996,521</u>	<u>\$ 2,313,027</u>	<u>\$ 2,313,027</u>	<u>\$ 316,506</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 77,328</u>	<u>\$ (4,527)</u>	<u>\$ (4,527)</u>	<u>\$ 81,855</u>
Net Change in Fund Balance	\$ 77,328	\$ (4,527)	\$ (4,527)	\$ 81,855
Fund Balance, July 1, 2017	<u>368,536</u>	<u>2,313,027</u>	<u>2,313,027</u>	<u>(1,944,491)</u>
Fund Balance, June 30, 2018	<u>\$ 445,864</u>	<u>\$ 2,308,500</u>	<u>\$ 2,308,500</u>	<u>\$ (1,862,636)</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Obion County, Tennessee
Schedule of Changes in Long-term Note, Other Loan, and Bond
Primary Government and Discretely Presented Obion
County School Department
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-18
<u>PRIMARY GOVERNMENT</u>								
<u>NOTE PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Airport Improvement	\$ 143,786	0 %	10-16-12	9-13-22	\$ 85,178	\$ 0	\$ 15,984	\$ 69,194
Total Note Payable					\$ 85,178	\$ 0	\$ 15,984	\$ 69,194
<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	\$ 3,417,000	\$ 0	\$ 637,000	\$ 2,780,000
Total Other Loan Payable					\$ 3,417,000	\$ 0	\$ 637,000	\$ 2,780,000
<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	10-18-17	\$ 7,930,000	\$ 0	\$ 7,930,000	\$ 0
Total Bond Payable					\$ 7,930,000	\$ 0	\$ 7,930,000	\$ 0
<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	\$ 541,666	\$ 0	\$ 250,000	\$ 291,666
Total Note Payable					\$ 541,666	\$ 0	\$ 250,000	\$ 291,666

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note	
	Principal	Total
2019	\$ 15,984.00	\$ 15,984
2020	15,984.00	15,984
2021	15,984.00	15,984
2022	15,984.00	15,984
2023	5,258.00	5,258
Total	\$ 69,194	\$ 69,194

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2019	\$ 660,000	\$ 41,274	\$ 19,124	\$ 720,398
2020	683,000	31,211	14,804	729,015
2021	706,000	20,852	10,335	737,187
2022	731,000	10,161	5,360	746,521
Total	\$ 2,780,000	\$ 103,498	\$ 49,623	\$ 2,933,121

DISCRETELY PRESENTED OBION
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note		
	Principal	Interest	Total
2019	\$ 250,000	\$ 2,625	\$ 252,625
2020	41,666	375	42,041
Total	\$ 291,666	\$ 3,000	\$ 294,666

Exhibit K-3

Obion County, Tennessee
Schedule of Investments
June 30, 2018

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Indigent Care Trust Fund</u>	
Federal Home Loan Mortgage Corporation	<u>\$ 707,567</u>
Total Investments	<u>\$ 707,567</u>

Exhibit K-4

Obion County, Tennessee
Schedule of Notes Receivable
June 30, 2018

Description	Debtor	Original Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-18
<u>General Fund</u>						
Career Technology Center	Obion County School Department	\$ 2,500,000	6-1-10	6-1-20	variable %	\$ 291,666
Industrial Facilities - MIA Seating Corp.	Industrial Development Board of Union City	1,625,000	12-30-13	12-1-23	1	975,000
"	"	400,000	12-30-13	12-1-23	1	240,000
Total General Fund						<u>\$ 1,506,666</u>
<u>General Debt Service Fund</u>						
Airport Improvements	Everett-Stewart Regional Airport	143,786	10-16-12	9-13-22	0	\$ 69,194
Total General Debt Service Fund						<u>\$ 69,194</u>
<u>Constitutional Officers - Agency Fund</u>						
<u>Clerk and Master</u>						
Ellen Wade Wiley Scholarship Loan Notes	Various Students	Various	Various	Various	0	\$ 218,183
Total Constitutional Officers - Agency Fund						<u>\$ 218,183</u>
Total Notes Receivable						<u>\$ 1,794,043</u>

Exhibit K-5

Obion County, Tennessee
Schedule of Transfers
Discretely Presented Obion County School Department
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED OBION COUNTY</u>			
<u>SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 10,000</u>
Total Transfers Discretely Presented Obion County School Department			<u>\$ 10,000</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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 83,946	\$ 100,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	79,950	100,000	"
Director of Schools Russell Davis (7-1-17 through 5-17-18)	State Board of Education and County Board of Education	107,973 (2)	100,000	"
Nancy Hamilton (5-17-18 through 6-30-18) (1)	State Board of Education and County Board of Education	1,826	100,000	"
Dale Hollowell (5-17-18 through 6-30-18) (1)	State Board of Education and County Board of Education	1,826	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	72,682	1,092,200	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,682	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	72,682	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	72,682	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	72,682 (3)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,682	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	79,950 (4)	100,000	"
Employee Bonds:				
General County Employees (including Highway Superintendent's Office)			400,000	Tennessee Risk Management Trust
Director of School's Office			400,000	"

- (1) Nancy Hamilton and Dale Hollowell served as co-interim directors of schools.
(2) 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.
(3) Does not include special commissioner fees of \$7,875.
(4) 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, 2018

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,321,128	\$ 0	\$ 0	\$ 0	\$ 545,472
Trustee's Collections - Prior Year	57,164	0	0	0	14,023
Circuit Clerk/Clerk and Master Collections - Prior Years	30,246	0	0	0	7,326
Interest and Penalty	16,599	0	0	0	4,416
Payments in-Lieu-of Taxes - T.V.A.	139	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	2,266	0	0	0	3,333
Payments in-Lieu-of Taxes - Other	19,459	0	0	0	1,773
<u>County Local Option Taxes</u>					
Local Option Sales Tax	473,203	0	0	0	0
Hotel/Motel Tax	43,001	0	0	0	0
Wheel Tax	0	0	0	0	1,204,212
Litigation Tax - General	89,002	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	77,237	0	0	0	0
Business Tax	255,269	0	0	0	10,070
Mixed Drink Tax	2,558	0	0	0	0
Mineral Severance Tax	0	0	0	0	37,214
<u>Statutory Local Taxes</u>					
Bank Excise Tax	10,946	0	0	0	2,573
Wholesale Beer Tax	29,220	0	0	0	0
Total Local Taxes	\$ 3,434,006	\$ 0	\$ 0	\$ 0	\$ 1,830,412

(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>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 25,413	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	760	0	0	0	0
Total Licenses and Permits	\$ 26,173	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 2,971	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,948	0	0	0	0
Drug Control Fines	2,333	0	2,337	0	0
Drug Court Fees	3,761	0	0	0	0
Jail Fees	2,978	0	0	0	0
DUI Treatment Fines	95	0	0	0	0
Data Entry Fee - Circuit Court	1,675	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	404	0	0	0	0
<u>General Sessions Court</u>					
Fines	13,083	0	0	0	0
Officers Costs	6,535	0	0	0	0
Drug Control Fines	1,240	0	1,240	0	0
Drug Court Fees	5,805	0	0	0	0
Jail Fees	14,784	0	0	0	0
DUI Treatment Fines	2,691	0	0	0	0
Data Entry Fee - General Sessions Court	10,406	0	0	0	0
Courtroom Security Fee	21	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	\$ 567	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,537	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	5,956	0	0	0	0
Data Entry Fee - Chancery Court	3,946	0	0	0	0
Courtroom Security Fee	2	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	200	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	32,190	0	0
Total Fines, Forfeitures, and Penalties	\$ 88,738	\$ 0	\$ 35,967	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fee	\$ 0	\$ 15,500	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	27,990	0	0	0
Other General Service Charges	76,700	0	0	0	0
<u>Fees</u>					
Copy Fees	450	0	0	0	0
Archives and Records Management Fee	24,152	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0
Telephone Commissions	47,807	0	0	0	0
Vending Machine Collections	113	0	0	0	409
Constitutional Officers' Fees and Commissions	0	0	0	7,875	0
Data Processing Fee - Register	7,929	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>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Data Processing Fee - Sheriff	\$ 1,518	\$ 0	\$ 0	\$ 0	\$ 0
Sexual Offender Registration Fee - Sheriff	2,600	0	0	0	0
Data Processing Fee - County Clerk	3,570	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	130	0	0	0	0
Total Charges for Current Services	\$ 165,019	\$ 43,490	\$ 0	\$ 7,875	\$ 409
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 362,001	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	221,682	0	0	0	0
Sale of Materials and Supplies	176	0	0	0	27,459
Commissary Sales	57,652	0	0	0	0
Sale of Maps	1,135	0	0	0	0
Sale of Recycled Materials	0	68,025	0	0	0
Miscellaneous Refunds	124,104	0	0	0	2,238
<u>Nonrecurring Items</u>					
Sale of Equipment	2,500	0	0	0	0
Sale of Property	300	0	0	0	0
Contributions and Gifts	0	1,839	0	0	0
Total Other Local Revenues	\$ 769,550	\$ 69,864	\$ 0	\$ 0	\$ 29,697
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 395,675	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	83,394	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>					
General Sessions Court Clerk	\$ 208,079	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	139,695	0	0	0	0
Juvenile Court Clerk	18,646	0	0	0	0
Register	108,012	0	0	0	0
Sheriff	14,853	0	0	0	0
Trustee	439,022	0	0	0	0
Total Fees Received From County Officials	\$ 1,407,376	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 18,000	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	6,750	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	57,710	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	445,768
Litter Program	0	30,691	0	0	0
<u>Other State Revenues</u>					
Income Tax	88,579	0	0	0	0
Beer Tax	17,839	0	0	0	0
Vehicle Certificate of Title Fees	9,499	0	0	0	0
Alcoholic Beverage Tax	78,459	0	0	0	0
State Revenue Sharing - T.V.A.	317,729	0	0	0	9,600
State Revenue Sharing - Telecommunications	16,209	0	0	0	0
Contracted Prisoner Boarding	669,308	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>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,365,110
Petroleum Special Tax	0	0	0	0	22,950
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	16,965	0	0	0	0
Other State Revenues	6,060	0	0	0	0
Total State of Tennessee	<u>\$ 1,318,271</u>	<u>\$ 30,691</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,843,428</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 18,037	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	44,717	0	0	0	124,766
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	70,758	0	0	0	0
Total Federal Government	<u>\$ 133,512</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 124,766</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 626,823	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	96,100	166,677	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 722,923</u>	<u>\$ 166,677</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 8,065,568</u>	<u>\$ 310,722</u>	<u>\$ 35,967</u>	<u>\$ 7,875</u>	<u>\$ 4,828,712</u>

(Continued)

Exhibit K-7

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

	<u>Debt Service</u>	
	Fund	
	General	Total
	Debt	
	Service	
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 1,525,941	\$ 4,392,541
Trustee's Collections - Prior Year	39,113	110,300
Circuit Clerk/Clerk and Master Collections - Prior Years	30,457	68,029
Interest and Penalty	8,806	29,821
Payments in-Lieu-of Taxes - T.V.A.	0	139
Payments in-Lieu-of Taxes - Local Utilities	1,414	7,013
Payments in-Lieu-of Taxes - Other	14,348	35,580
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	473,203
Hotel/Motel Tax	0	43,001
Wheel Tax	0	1,204,212
Litigation Tax - General	0	89,002
Litigation Tax - Special Purpose	0	6,569
Litigation Tax - Jail, Workhouse, or Courthouse	31,416	31,416
Litigation Tax - Courthouse Security	0	77,237
Business Tax	40,829	306,168
Mixed Drink Tax	0	2,558
Mineral Severance Tax	0	37,214
<u>Statutory Local Taxes</u>		
Bank Excise Tax	10,426	23,945
Wholesale Beer Tax	0	29,220
Total Local Taxes	<u>\$ 1,702,750</u>	<u>\$ 6,967,168</u>

(Continued)

Exhibit K-7

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 25,413
<u>Permits</u>		
Beer Permits	0	760
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 26,173</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 2,971
Officers Costs	0	5,948
Drug Control Fines	0	4,670
Drug Court Fees	0	3,761
Jail Fees	0	2,978
DUI Treatment Fines	0	95
Data Entry Fee - Circuit Court	0	1,675
<u>Criminal Court</u>		
DUI Treatment Fines	0	404
<u>General Sessions Court</u>		
Fines	0	13,083
Officers Costs	0	6,535
Drug Control Fines	0	2,480
Drug Court Fees	0	5,805
Jail Fees	0	14,784
DUI Treatment Fines	0	2,691
Data Entry Fee - General Sessions Court	0	10,406
Courtroom Security Fee	0	21

(Continued)

Exhibit K-7

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

	<u>Debt Service</u> <u>Fund</u>		
	General	Debt	Total
	Service	Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Juvenile Court</u>			
Fines	\$ 0		\$ 567
Officers Costs	0		3,537
<u>Chancery Court</u>			
Officers Costs	0		5,956
Data Entry Fee - Chancery Court	0		3,946
Courtroom Security Fee	0		2
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	0		200
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0		32,190
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>		<u>\$ 124,705</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Solid Waste Disposal Fee	\$ 0		\$ 15,500
Surcharge - Waste Tire Disposal	0		27,990
Other General Service Charges	0		76,700
<u>Fees</u>			
Copy Fees	0		450
Archives and Records Management Fee	0		24,152
Greenbelt Late Application Fee	0		50
Telephone Commissions	0		47,807
Vending Machine Collections	0		522
Constitutional Officers' Fees and Commissions	0		7,875
Data Processing Fee - Register	0		7,929

(Continued)

Exhibit K-7

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Data Processing Fee - Sheriff	\$ 0	\$ 1,518
Sexual Offender Registration Fee - Sheriff	0	2,600
Data Processing Fee - County Clerk	0	3,570
Vehicle Insurance Coverage and Reinstatement Fees	0	130
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 216,793</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 362,001
Lease/Rentals	0	221,682
Sale of Materials and Supplies	0	27,635
Commissary Sales	0	57,652
Sale of Maps	0	1,135
Sale of Recycled Materials	0	68,025
Miscellaneous Refunds	0	126,342
<u>Nonrecurring Items</u>		
Sale of Equipment	0	2,500
Sale of Property	0	300
Contributions and Gifts	0	1,839
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 869,111</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 395,675
Circuit Court Clerk	0	83,394

(Continued)

Exhibit K-7

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

	<u>Debt Service</u>	
	Fund	
	General	Total
	Debt	
	Service	
<u>Fees Received From County Officials (Cont.)</u>		
<u>Fees In-Lieu-of Salary (Cont.)</u>		
General Sessions Court Clerk	\$ 0	\$ 208,079
Clerk and Master	0	139,695
Juvenile Court Clerk	0	18,646
Register	0	108,012
Sheriff	0	14,853
Trustee	0	439,022
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 1,407,376</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 18,000
Other General Government Grants	0	6,750
<u>Health and Welfare Grants</u>		
Health Department Programs	0	57,710
<u>Public Works Grants</u>		
State Aid Program	0	445,768
Litter Program	0	30,691
<u>Other State Revenues</u>		
Income Tax	0	88,579
Beer Tax	0	17,839
Vehicle Certificate of Title Fees	0	9,499
Alcoholic Beverage Tax	0	78,459
State Revenue Sharing - T.V.A.	0	327,329
State Revenue Sharing - Telecommunications	0	16,209
Contracted Prisoner Boarding	0	669,308

(Continued)

Exhibit K-7

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Gasoline and Motor Fuel Tax	\$ 0	\$ 2,365,110
Petroleum Special Tax	0	22,950
Registrar's Salary Supplement	0	15,164
Other State Grants	0	16,965
Other State Revenues	0	6,060
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 4,192,390</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Homeland Security Grants	\$ 0	\$ 18,037
Other Federal through State	0	169,483
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	70,758
Total Federal Government	<u>\$ 0</u>	<u>\$ 258,278</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 626,823
Contracted Services	0	262,777
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 889,600</u>
Total	<u>\$ 1,702,750</u>	<u>\$ 14,951,594</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, 2018

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,271,204	\$ 0	\$ 0	\$ 0	\$ 4,271,204
Trustee's Collections - Prior Year	107,266	0	0	0	107,266
Circuit Clerk/Clerk and Master Collections - Prior Years	63,135	0	0	0	63,135
Interest and Penalty	49,380	0	0	0	49,380
Payments in-Lieu-of Taxes - Local Utilities	4,181	0	0	0	4,181
Payments in-Lieu-of Taxes - Other	35,906	0	0	0	35,906
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,320,704	0	0	0	3,320,704
Business Tax	79,046	0	0	0	79,046
Mixed Drink Tax	1,703	0	0	0	1,703
<u>Statutory Local Taxes</u>					
Bank Excise Tax	20,197	0	0	0	20,197
Total Local Taxes	<u>\$ 7,952,722</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,952,722</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,865	\$ 0	\$ 0	\$ 0	\$ 1,865
Total Licenses and Permits	<u>\$ 1,865</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,865</u>
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 1,203	\$ 0	\$ 0	\$ 0	\$ 1,203
<u>Education Charges</u>					
Lunch Payments - Children	0	0	292,268	0	292,268

(Continued)

Exhibit K-8

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 87,317	\$	87,317
A la Carte Sales	0	0	73,172		73,172
Receipts from Individual Schools	46,741	0	10,022		56,763
Other Charges for Services	1,650	0	0		1,650
Total Charges for Current Services	<u>\$ 49,594</u>	<u>\$ 0</u>	<u>\$ 462,779</u>	<u>\$</u>	<u>512,373</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 5,715	\$	5,715
Lease/Rentals	3	0	0		3
Sale of Materials and Supplies	1,536	0	0		1,536
Miscellaneous Refunds	27,990	0	132		28,122
<u>Nonrecurring Items</u>					
Sale of Equipment	13,660	0	0		13,660
Damages Recovered from Individuals	281	0	0		281
Contributions and Gifts	23,793	0	0		23,793
Total Other Local Revenues	<u>\$ 67,263</u>	<u>\$ 0</u>	<u>\$ 5,847</u>	<u>\$</u>	<u>73,110</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 99,080	\$ 0	\$ 0	\$	99,080
<u>State Education Funds</u>					
Basic Education Program	17,585,432	0	0		17,585,432
Early Childhood Education	319,423	0	0		319,423

(Continued)

Exhibit K-8

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 0	\$ 0	\$ 18,206	\$ 18,206
Driver Education	8,342	0	0	8,342
Other State Education Funds	8,727	0	0	8,727
Coordinated School Health	65,568	0	0	65,568
Career Ladder Program	82,291	0	0	82,291
Vocational Equipment	104,924	0	0	104,924
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	430,000	0	0	430,000
State Revenue Sharing - Telecommunications	16,835	0	0	16,835
Other State Grants	127,627	0	0	127,627
Total State of Tennessee	<u>\$ 18,848,249</u>	<u>\$ 0</u>	<u>\$ 18,206</u>	<u>\$ 18,866,455</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 922,439	\$ 922,439
USDA - Commodities	0	0	149,795	149,795
Breakfast	0	0	454,389	454,389
USDA - Other	0	0	60,394	60,394
Vocational Education - Basic Grants to States	0	12,462	0	12,462
Other Vocational	0	13,359	0	13,359
Title I Grants to Local Education Agencies	0	640,950	0	640,950
Special Education - Grants to States	0	805,850	0	805,850
Special Education Preschool Grants	0	32,965	0	32,965
English Language Acquisition Grants	0	5,722	0	5,722

(Continued)

Exhibit K-8

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Safe and Drug-free Schools - State Grants	\$ 0	\$ 278,591	\$ 0	\$ 278,591
Rural Education	0	78,740	0	78,740
Eisenhower Professional Development State Grants	0	141,818	0	141,818
Other Federal through State	51,828	0	0	51,828
Total Federal Government	\$ 51,828	\$ 2,010,457	\$ 1,587,017	\$ 3,649,302
Total	\$ 26,971,521	\$ 2,010,457	\$ 2,073,849	\$ 31,055,827

Exhibit K-9

Obion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Other Salaries and Wages	\$	1,500	
Board and Committee Members Fees		32,800	
Audit Services		11,769	
Dues and Memberships		1,700	
Legal Services		14,975	
Legal Notices, Recording, and Court Costs		1,049	
Printing, Stationery, and Forms		357	
Travel		17,837	
Office Supplies		177	
Total County Commission			\$ 82,164

Board of Equalization

Board and Committee Members Fees	\$	990	
Legal Notices, Recording, and Court Costs		70	
Travel		170	
Total Board of Equalization			1,230

Budget and Finance Committee

Board and Committee Members Fees	\$	8,700	
Total Budget and Finance Committee			8,700

Other Boards and Committees

Board and Committee Members Fees	\$	1,700	
Total Other Boards and Committees			1,700

County Mayor/Executive

County Official/Administrative Officer	\$	83,946	
Assistant(s)		115,748	
Dues and Memberships		1,700	
Freight Expenses		79	
Legal Notices, Recording, and Court Costs		521	
Maintenance Agreements		14,357	
Postal Charges		1,300	
Printing, Stationery, and Forms		1,166	
Travel		6,895	
Data Processing Supplies		1,471	
Duplicating Supplies		220	
Office Supplies		1,132	
Premiums on Corporate Surety Bonds		197	
Data Processing Equipment		2,362	
Furniture and Fixtures		249	
Total County Mayor/Executive			231,343

Election Commission

County Official/Administrative Officer	\$	65,414	
Deputy(ies)		58,843	
Election Commission		1,400	

(Continued)

Exhibit K-9

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Communication	\$	956	
Data Processing Services		539	
Dues and Memberships		250	
Janitorial Services		2,400	
Legal Notices, Recording, and Court Costs		568	
Maintenance Agreements		3,785	
Maintenance and Repair Services - Office Equipment		150	
Pest Control		235	
Postal Charges		90	
Printing, Stationery, and Forms		588	
Rentals		812	
Travel		5,746	
Other Contracted Services		480	
Custodial Supplies		350	
Data Processing Supplies		5,105	
Duplicating Supplies		122	
Office Supplies		122	
Utilities		4,211	
Vehicle and Equipment Insurance		600	
Data Processing Equipment		1,950	
Voting Machines		336,728	
Total Election Commission			\$ 491,444

Register of Deeds

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		61,500	
Dues and Memberships		688	
Freight Expenses		161	
Maintenance Agreements		7,627	
Postal Charges		132	
Printing, Stationery, and Forms		1,727	
Rentals		476	
Travel		80	
Data Processing Supplies		350	
Duplicating Supplies		177	
Office Supplies		107	
Premiums on Corporate Surety Bonds		247	
Data Processing Equipment		274	
Office Equipment		4,399	
Total Register of Deeds			150,627

County Buildings

Custodial Personnel	\$	33,755	
Communication		14,164	
Data Processing Services		1,519	
Janitorial Services		2,400	
Licenses		175	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Buildings	\$	18,967	
Maintenance and Repair Services - Equipment		894	
Pest Control		1,132	
Other Contracted Services		17,109	
Custodial Supplies		5,485	
Drugs and Medical Supplies		2,045	
Food Supplies		169	
Utilities		37,381	
Premiums on Corporate Surety Bonds		746	
Building Improvements		2,448	
Furniture and Fixtures		4,229	
Heating and Air Conditioning Equipment		3,640	
Other Capital Outlay		2,069	
Total County Buildings			\$ 148,327

Preservation of Records

Maintenance and Repair Services - Records	\$	29,890	
Total Preservation of Records			29,890

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		82,929	
Other Salaries and Wages		9,965	
Audit Services		25,930	
Communication		96	
Contracts with Government Agencies		768	
Data Processing Services		17,380	
Dues and Memberships		1,700	
Maintenance Agreements		504	
Postal Charges		8,407	
Printing, Stationery, and Forms		1,060	
Travel		5,616	
Data Processing Supplies		1,612	
Duplicating Supplies		126	
Office Supplies		173	
Data Processing Equipment		77	
Other Equipment		822	
Total Property Assessor's Office			229,847

County Trustee's Office

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		63,432	
Part-time Personnel		1,860	
Dues and Memberships		903	
Legal Notices, Recording, and Court Costs		388	
Maintenance Agreements		9,321	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Postal Charges	\$	9,684	
Printing, Stationery, and Forms		2,531	
Travel		3,698	
Data Processing Supplies		626	
Duplicating Supplies		351	
Office Supplies		249	
Premiums on Corporate Surety Bonds		1,946	
Data Processing Equipment		1,583	
Office Equipment		36	
Total County Trustee's Office			\$ 169,290

County Clerk's Office

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		134,604	
Bank Charges		30	
Data Processing Services		1,200	
Dues and Memberships		450	
Freight Expenses		145	
Maintenance Agreements		20,261	
Postal Charges		5,460	
Printing, Stationery, and Forms		1,938	
Travel		3,139	
Data Processing Supplies		2,841	
Duplicating Supplies		1,152	
Office Supplies		860	
Other Charges		9,975	
Data Processing Equipment		934	
Office Equipment		180	
Total County Clerk's Office			255,851

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		89,883	
Board and Committee Members Fees		200	
Jury and Witness Expense		6,567	
Bank Charges		35	
Freight Expenses		131	
Legal Notices, Recording, and Court Costs		295	
Maintenance Agreements		9,384	
Postal Charges		1,533	
Printing, Stationery, and Forms		1,987	
Travel		1,827	
Data Processing Supplies		1,187	
Duplicating Supplies		1,093	
Library Books/Media		60	
Office Supplies		1,054	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Premiums on Corporate Surety Bonds	\$	197	
Other Charges		2,851	
Furniture and Fixtures		790	
Other Equipment		18,850	
Total Circuit Court			\$ 210,606

General Sessions Court

Judge(s)	\$	108,703	
Deputy(ies)		139,602	
Other Per Diem and Fees		9,600	
Dues and Memberships		1,095	
Freight Expenses		248	
Maintenance Agreements		6,696	
Postal Charges		1,785	
Printing, Stationery, and Forms		2,150	
Travel		2,310	
Data Processing Supplies		345	
Office Supplies		1,189	
Data Processing Equipment		186	
Furniture and Fixtures		1,570	
Total General Sessions Court			275,479

Chancery Court

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		63,433	
Bank Charges		50	
Dues and Memberships		773	
Freight Expenses		221	
Maintenance Agreements		9,568	
Postal Charges		1,783	
Printing, Stationery, and Forms		2,402	
Travel		479	
Other Contracted Services		1,500	
Data Processing Supplies		75	
Duplicating Supplies		315	
Library Books/Media		574	
Office Supplies		753	
Premiums on Corporate Surety Bonds		297	
Furniture and Fixtures		1,118	
Total Chancery Court			156,023

Juvenile Court

Judge(s)	\$	55,087	
Youth Service Officer(s)		85,745	
Part-time Personnel		320	
Communication		239	
Contracts with Private Agencies		2,991	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Dues and Memberships	\$	560	
Freight Expenses		40	
Postal Charges		292	
Printing, Stationery, and Forms		258	
Travel		2,458	
Data Processing Supplies		432	
Duplicating Supplies		94	
Library Books/Media		167	
Office Supplies		154	
Furniture and Fixtures		90	
Total Juvenile Court			\$ 148,927

Juvenile Court Clerk

Deputy(ies)	\$	57,461	
Freight Expenses		29	
Postal Charges		200	
Printing, Stationery, and Forms		718	
Office Supplies		129	
Total Juvenile Court Clerk			58,537

Courtroom Security

Guards	\$	60,633	
Attendants		132,018	
Overtime Pay		4,898	
In-service Training		1,800	
Maintenance and Repair Services - Equipment		563	
Uniforms		1,980	
Furniture and Fixtures		283	
Law Enforcement Equipment		1,219	
Total Courtroom Security			203,394

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,950	
Dispatchers/Radio Operators		243,101	
Clerical Personnel		88,557	
Part-time Personnel		850	
School Resource Officer		89,595	
Overtime Pay		40,309	
Other Salaries and Wages		717,225	
In-service Training		17,625	
Communication		5,893	
Contracts with Government Agencies		3,370	
Contracts with Private Agencies		1,788	
Data Processing Services		4,591	
Dues and Memberships		39	
Evaluation and Testing		800	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Freight Expenses	\$	82	
Maintenance Agreements		390	
Maintenance and Repair Services - Buildings		248	
Maintenance and Repair Services - Equipment		7,855	
Maintenance and Repair Services - Vehicles		42,126	
Postal Charges		3,291	
Printing, Stationery, and Forms		908	
Rentals		47,504	
Travel		4,233	
Other Contracted Services		7,500	
Custodial Supplies		139	
Data Processing Supplies		4,541	
Duplicating Supplies		1,890	
Gasoline		68,395	
Law Enforcement Supplies		1,356	
Office Supplies		1,017	
Tires and Tubes		8,339	
Uniforms		5,919	
Premiums on Corporate Surety Bonds		748	
Vehicle and Equipment Insurance		29,226	
Communication Equipment		11,219	
Data Processing Equipment		1,500	
Furniture and Fixtures		344	
Law Enforcement Equipment		6,094	
Total Sheriff's Department			\$ 1,548,557

Jail

Guards	\$	680,621
Cafeteria Personnel		37,266
Maintenance Personnel		35,707
Overtime Pay		7,331
Contracts with Government Agencies		2,010
Contracts with Other Public Agencies		14,412
Evaluation and Testing		219
Freight Expenses		153
Maintenance and Repair Services - Buildings		26,287
Maintenance and Repair Services - Equipment		10,178
Maintenance and Repair Services - Office Equipment		65
Medical and Dental Services		151,195
Pest Control		600
Printing, Stationery, and Forms		985
Transportation - Other than Students		2,738
Travel		1,365
Custodial Supplies		34,214
Data Processing Supplies		6,044
Duplicating Supplies		1,312
Fertilizer, Lime, and Seed		138

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Food Supplies	\$	152,529	
Gasoline		387	
Office Supplies		1,025	
Prisoners Clothing		13,552	
Uniforms		6,450	
Utilities		101,855	
Testing		495	
Other Supplies and Materials		16,890	
Building and Contents Insurance		22,300	
Communication Equipment		85	
Data Processing Equipment		3,818	
Food Service Equipment		334	
Furniture and Fixtures		9,342	
Law Enforcement Equipment		3,619	
Total Jail			\$ 1,345,521

Rescue Squad

Contributions	\$	20,000	
Total Rescue Squad			20,000

Other Emergency Management

Supervisor/Director	\$	54,557	
Communication		2,137	
Dues and Memberships		135	
Maintenance and Repair Services - Buildings		47	
Maintenance and Repair Services - Vehicles		629	
Travel		1,945	
Data Processing Supplies		124	
Food Supplies		104	
Gasoline		3,030	
Office Supplies		47	
Other Equipment		882	
Total Other Emergency Management			63,637

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	4,875	
Contracts with Government Agencies		17,160	
Transportation - Other than Students		5,250	
Total County Coroner/Medical Examiner			27,285

Public Safety Grants Program

Other Equipment	\$	8,892	
Total Public Safety Grants Program			8,892

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	44,646	
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(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Social Security	\$	3,381	
Pensions		2,899	
Life Insurance		60	
Medical Insurance		2,556	
Unemployment Compensation		179	
Communication		1,415	
Contracts with Private Agencies		393	
Dues and Memberships		200	
Janitorial Services		11,940	
Maintenance and Repair Services - Buildings		2,089	
Maintenance and Repair Services - Equipment		876	
Pest Control		312	
Postal Charges		236	
Printing, Stationery, and Forms		110	
Travel		408	
Other Contracted Services		2,560	
Custodial Supplies		1,396	
Data Processing Supplies		8	
Drugs and Medical Supplies		82	
Food Supplies		104	
Office Supplies		358	
Utilities		16,343	
Workers' Compensation Insurance		1,300	
Other Charges		2,170	
Building Improvements		854	
Total Local Health Center			\$ 96,875

Alcohol and Drug Programs

Drug Treatment	\$	18,571	
Total Alcohol and Drug Programs			18,571

Other Local Health Services

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

Appropriation to State

Contracts with Government Agencies	\$	74,583	
Total Appropriation to State			74,583

General Welfare Assistance

Pauper Burials	\$	300	
Total General Welfare Assistance			300

Other Public Health and Welfare

Other Charges	\$	5,000	
Total Other Public Health and Welfare			5,000

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 29,500	
Total Senior Citizens Assistance		\$ 29,500

Libraries

Contributions	\$ 363,634	
Total Libraries		363,634

Parks and Fair Boards

Contributions	\$ 4,000	
Building Improvements	654	
Total Parks and Fair Boards		4,654

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 65,352	
Social Security	4,687	
Pensions	9,300	
Employee and Dependent Insurance	6,952	
Unemployment Compensation	9	
Communication	1,909	
Data Processing Services	1,175	
Janitorial Services	2,400	
Maintenance and Repair Services - Buildings	519	
Maintenance and Repair Services - Equipment	200	
Maintenance and Repair Services - Vehicles	94	
Pest Control	430	
Other Contracted Services	5,000	
Custodial Supplies	339	
Office Supplies	178	
Utilities	4,158	
Workers' Compensation Insurance	51	
Total Agricultural Extension Service		102,753

Soil Conservation

Secretary(ies)	\$ 22,924	
Total Soil Conservation		22,924

Flood Control

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

Other Operations

Tourism

Remittance of Revenue Collected	\$ 43,001	
Total Tourism		43,001

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$	11,000	
Dues and Memberships		9,106	
Contracts for Development Costs		6,000	
Total Industrial Development			\$ 26,106

Airport

Contributions	\$	20,000	
Total Airport			20,000

Veterans' Services

Contributions	\$	16,034	
Matching Share		399	
Data Processing Equipment		495	
Total Veterans' Services			16,928

Other Charges

Dues and Memberships	\$	626	
Legal Services		2,550	
Legal Notices, Recording, and Court Costs		836	
Maintenance Agreements		1,680	
Boiler Insurance		5,000	
Building and Contents Insurance		7,630	
Liability Insurance		93,710	
Trustee's Commission		72,481	
Data Processing Equipment		7,116	
Total Other Charges			191,629

Contributions to Other Agencies

Contributions	\$	50,000	
Dues and Memberships		1,674	
Total Contributions to Other Agencies			51,674

Employee Benefits

Social Security	\$	308,616	
Pensions		272,757	
Employee and Dependent Insurance		353,771	
Life Insurance		3,082	
Unemployment Compensation		3,208	
Workers' Compensation Insurance		57,662	
Total Employee Benefits			999,096

Payments to Cities

Refunds	\$	23,333	
Total Payments to Cities			23,333

Miscellaneous

Longevity Pay	\$	32,150	
Other Salaries and Wages		28,426	
Total Miscellaneous			60,576

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Instruction

Career and Technical Education Program

Contracts with Government Agencies	\$ 78,557	
Total Career and Technical Education Program		\$ 78,557

Capital Projects

Public Health and Welfare Projects

Other Charges	\$ 8,000	
Total Public Health and Welfare Projects		8,000

Other General Government Projects

Building Improvements	\$ 12,315	
Total Other General Government Projects		<u>12,315</u>

Total General Fund		\$ 8,144,980
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Foremen	\$ 9,417	
Social Security	720	
Unemployment Compensation	38	
Advertising	11,265	
Maintenance and Repair Services - Vehicles	564	
Food Supplies	1,098	
Gasoline	623	
Uniforms	734	
Other Supplies and Materials	4,138	
Workers' Compensation Insurance	<u>703</u>	
Total Sanitation Education/Information		\$ 29,300

Recycling Center

Supervisor/Director	\$ 40,800
Attendants	51,652
Board and Committee Members Fees	2,700
Social Security	7,186
Pensions	4,716
Employee and Dependent Insurance	5,238
Life Insurance	65
Unemployment Compensation	142
Advertising	90
Communication	833
Contracts with Private Agencies	36,951
Dues and Memberships	175
Freight Expenses	357
Maintenance and Repair Services - Buildings	3,381
Maintenance and Repair Services - Equipment	2,574
Maintenance and Repair Services - Vehicles	6,324
Postal Charges	49

(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.)

Printing, Stationery, and Forms	\$	197	
Travel		496	
Other Contracted Services		4,616	
Custodial Supplies		520	
Data Processing Supplies		58	
Equipment and Machinery Parts		1,542	
Fuel Oil		10,318	
Office Supplies		32	
Uniforms		353	
Utilities		3,964	
Other Supplies and Materials		774	
Building and Contents Insurance		800	
Trustee's Commission		432	
Vehicle and Equipment Insurance		700	
Workers' Compensation Insurance		4,742	
Building Improvements		4,506	
Maintenance Equipment		1,326	
Total Recycling Center			\$ 198,609

Total Solid Waste/Sanitation Fund \$ 227,909

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$	7,700	
Communication		2,713	
Contracts with Private Agencies		6,854	
Data Processing Services		11,053	
Confidential Drug Enforcement Payments		18,353	
Dues and Memberships		490	
Freight Expenses		148	
Maintenance and Repair Services - Equipment		44	
Travel		5,461	
Veterinary Services		487	
Animal Food and Supplies		679	
Law Enforcement Supplies		4,398	
Other Supplies and Materials		742	
Trustee's Commission		423	
Communication Equipment		25,583	
Data Processing Equipment		3,025	
Law Enforcement Equipment		37,837	
Motor Vehicles		98,394	
Total Drug Enforcement			\$ 224,384

Total Drug Control Fund 224,384

(Continued)

Exhibit K-9

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 7,875	
Total Chancery Court		\$ 7,875

Total Constitutional Officers - Fees Fund \$ 7,875

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 79,950	
Secretary to Board	900	
Secretary(ies)	106,253	
Board and Committee Members Fees	9,550	
Communication	3,600	
Data Processing Services	6,332	
Dues and Memberships	3,023	
Maintenance and Repair Services - Office Equipment	2,652	
Postal Charges	500	
Printing, Stationery, and Forms	1,529	
Travel	1,688	
Electricity	17,435	
Natural Gas	3,215	
Office Supplies	2,992	
Water and Sewer	2,513	
Total Administration		\$ 242,132

Highway and Bridge Maintenance

Foremen	\$ 189,969	
Equipment Operators	239,980	
Truck Drivers	145,085	
Laborers	369,271	
Asphalt	502,828	
Asphalt - Cold Mix	21,018	
Concrete	59,538	
Crushed Stone	209,064	
General Construction Materials	3,927	
Pipe - Metal	40,444	
Road Signs	3,592	
Total Highway and Bridge Maintenance		1,784,716

Operation and Maintenance of Equipment

Mechanic(s)	\$ 66,033	
Truck Drivers	1,150	
Janitorial Services	1,173	
Diesel Fuel	140,990	
Equipment and Machinery Parts	119,008	
Garage Supplies	16,157	
Gasoline	17,352	

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	11,856	
Small Tools		480	
Tires and Tubes		39,872	
Total Operation and Maintenance of Equipment			\$ 414,071

Other Charges

Building and Contents Insurance	\$	9,200	
Liability Insurance		17,500	
Premiums on Corporate Surety Bonds		197	
Trustee's Commission		46,360	
Vehicle and Equipment Insurance		37,819	
Workers' Compensation Insurance		66,736	
Other Charges		23,134	
Total Other Charges			200,946

Employee Benefits

Social Security	\$	89,260	
Pensions		81,644	
Employee and Dependent Insurance		137,876	
Unemployment Compensation		844	
Total Employee Benefits			309,624

Capital Outlay

Engineering Services	\$	90,514	
Other Contracted Services		152,893	
Communication Equipment		3,995	
Highway Equipment		223,530	
Office Equipment		7,248	
State Aid Projects		360,963	
Total Capital Outlay			839,143

Total Highway/Public Works Fund \$ 3,790,632

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	15,984	
Total General Government			\$ 15,984

Education

Principal on Bonds	\$	7,930,000	
Principal on Other Loans		637,000	
Total Education			8,567,000

Interest on Debt

Education

Interest on Bonds	\$	151,779	
Interest on Other Loans		39,714	
Total Education			191,493

(Continued)

Exhibit K-9

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$ 32,831		
Total General Government		\$ 32,831	
 <u>Education</u>			
Other Debt Service	\$ 174,166		
Total Education			<u>174,166</u>
 Total General Debt Service Fund			 <u>\$ 8,981,474</u>
Total Governmental Funds - Primary Government			<u>\$ 21,377,254</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, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,986,150	
Career Ladder Program	43,539	
Homebound Teachers	19,927	
Educational Assistants	170,631	
Bonus Payments	55,900	
Other Salaries and Wages	7,500	
Certified Substitute Teachers	43,082	
Non-certified Substitute Teachers	113,496	
Social Security	536,240	
Pensions	818,095	
Life Insurance	8,738	
Medical Insurance	1,171,307	
Unemployment Compensation	7,929	
Employer Medicare	125,797	
Operating Lease Payments	23,686	
Maintenance and Repair Services - Equipment	10,889	
Travel	13,623	
Instructional Supplies and Materials	373,488	
Textbooks - Bound	264,498	
Other Supplies and Materials	1,904	
Regular Instruction Equipment	40,805	
Total Regular Instruction Program		\$ 12,837,224

Alternative Instruction Program

Teachers	\$ 103,982	
Career Ladder Program	1,000	
Educational Assistants	17,248	
Social Security	7,005	
Pensions	10,770	
Life Insurance	130	
Medical Insurance	6,894	
Unemployment Compensation	53	
Employer Medicare	1,638	
Drugs and Medical Supplies	231	
Instructional Supplies and Materials	661	
Total Alternative Instruction Program		149,612

Special Education Program

Teachers	\$ 783,324
Career Ladder Program	6,530
Homebound Teachers	29,250
Educational Assistants	194,631
Speech Pathologist	158,490
Other Salaries and Wages	49,091
Certified Substitute Teachers	1,760
Non-certified Substitute Teachers	12,075

(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	\$	71,001	
Pensions		98,873	
Life Insurance		1,388	
Medical Insurance		161,009	
Unemployment Compensation		929	
Employer Medicare		16,605	
Contracts with Private Agencies		57,746	
Instructional Supplies and Materials		2,000	
Special Education Equipment		2,000	
Total Special Education Program	\$		1,646,702

Career and Technical Education Program

Teachers	\$	729,053	
Career Ladder Program		2,000	
Certified Substitute Teachers		3,000	
Non-certified Substitute Teachers		8,988	
Social Security		42,077	
Pensions		66,060	
Life Insurance		677	
Medical Insurance		84,773	
Unemployment Compensation		627	
Employer Medicare		9,841	
Maintenance and Repair Services - Equipment		289	
Instructional Supplies and Materials		39,738	
Textbooks - Bound		40,829	
Other Charges		318	
Vocational Instruction Equipment		120,114	
Total Career and Technical Education Program			1,148,384

Student Body Education Program

Paraprofessionals	\$	33,183	
Social Security		2,057	
Unemployment Compensation		79	
Employer Medicare		481	
Travel		7,100	
Drugs and Medical Supplies		5,240	
Instructional Supplies and Materials		27,028	
Regular Instruction Equipment		6,268	
Other Equipment		6,020	
Total Student Body Education Program			87,456

Support Services

Attendance

Supervisor/Director	\$	10,750	
Social Security		609	
Pensions		976	

(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.)

Life Insurance	\$	5	
Medical Insurance		1,116	
Unemployment Compensation		3	
Employer Medicare		142	
Communication		3,518	
Licenses		6,433	
Travel		24	
Office Supplies		917	
In Service/Staff Development		2,450	
Total Attendance			\$ 26,943

Health Services

Supervisor/Director	\$	54,255	
Medical Personnel		194,174	
Social Security		13,503	
Pensions		13,920	
Life Insurance		304	
Medical Insurance		42,992	
Unemployment Compensation		213	
Employer Medicare		3,158	
Communication		574	
Other Contracted Services		1,055	
Drugs and Medical Supplies		10,748	
Food Supplies		8,861	
Office Supplies		135	
Other Supplies and Materials		23,370	
Medical Claims		6,034	
In Service/Staff Development		871	
Other Charges		7,258	
Other Equipment		5,118	
Total Health Services			386,543

Other Student Support

Career Ladder Program	\$	2,910	
Guidance Personnel		357,501	
Social Security		21,818	
Pensions		29,842	
Life Insurance		306	
Medical Insurance		16,437	
Unemployment Compensation		164	
Employer Medicare		5,103	
Contracts with Government Agencies		90,837	
Evaluation and Testing		35,103	
Postal Charges		441	
Instructional Supplies and Materials		2,188	
Office Supplies		205	

(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.)

Other Supplies and Materials	\$	974	
In Service/Staff Development		2,204	
Total Other Student Support			\$ 566,033

Regular Instruction Program

Supervisor/Director	\$	324,371	
Career Ladder Program		8,000	
Librarians		352,379	
Secretary(ies)		27,132	
Educational Assistants		15,239	
Social Security		41,192	
Pensions		65,243	
Life Insurance		541	
Medical Insurance		86,764	
Unemployment Compensation		258	
Employer Medicare		9,634	
Printing, Stationery, and Forms		4,636	
Travel		4,790	
Library Books/Media		40,528	
Office Supplies		398	
Periodicals		1,797	
Other Supplies and Materials In Service/Staff Development		20,185	
Total Regular Instruction Program			1,003,834

Alternative Instruction Program

Supervisor/Director	\$	36,501	
Social Security		2,155	
Pensions		3,314	
Life Insurance		22	
Medical Insurance		7,642	
Unemployment Compensation		12	
Employer Medicare		504	
Total Alternative Instruction Program			50,150

Special Education Program

Supervisor/Director	\$	66,199	
Career Ladder Program		1,000	
Social Security		3,876	
Pensions		6,166	
Life Insurance		40	
Medical Insurance		6,223	
Unemployment Compensation		18	
Employer Medicare		906	
Travel		8,504	
In Service/Staff Development		1,648	
Total Special Education Program			94,580

(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.)

Career and Technical Education Program

Supervisor/Director	\$	36,501	
Social Security		2,155	
Pensions		3,314	
Life Insurance		22	
Medical Insurance		7,642	
Unemployment Compensation		9	
Employer Medicare		504	
Travel		571	
In Service/Staff Development		270	
Total Career and Technical Education Program			\$ 50,988

Technology

Supervisor/Director	\$	54,475	
Data Processing Personnel		33,544	
Instructional Computer Personnel		25,000	
Other Salaries and Wages		26,925	
Social Security		8,295	
Pensions		8,999	
Life Insurance		146	
Medical Insurance		13,933	
Unemployment Compensation		117	
Employer Medicare		1,940	
Communication		480	
Maintenance and Repair Services - Equipment		2,691	
Internet Connectivity		51,348	
Software		143,608	
Other Supplies and Materials		6,874	
In Service/Staff Development		5,499	
Other Equipment		14,076	
Total Technology			397,950

Other Programs

On-behalf Payments to OPEB	\$	99,080	
Total Other Programs			99,080

Board of Education

Board and Committee Members Fees	\$	6,900	
Social Security		428	
Life Insurance		259	
Unemployment Compensation		17	
Employer Medicare		100	
Accounting Services		2,450	
Advertising		17,088	
Audit Services		14,500	
Dues and Memberships		8,043	
Legal Services		4,458	

(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.)

Travel	\$	1,729	
Maintenance and Repair Services - Records		2,500	
Liability Insurance		42,998	
Premiums on Corporate Surety Bonds		10,461	
Trustee's Commission		176,220	
Workers' Compensation Insurance		228,013	
In Service/Staff Development		4,207	
Refund to Applicant for Criminal Investigation		1,484	
Other Charges		16,855	
Total Board of Education			\$ 538,710

Director of Schools

County Official/Administrative Officer	\$	110,625	
Career Ladder Program		1,000	
Secretary(ies)		23,013	
Social Security		8,516	
Pensions		10,854	
Life Insurance		88	
Medical Insurance		5,189	
Unemployment Compensation		57	
Employer Medicare		1,992	
Communication		5,826	
Dues and Memberships		20	
Operating Lease Payments		6,034	
Postal Charges		2,800	
Travel		5,524	
Office Supplies		1,710	
Other Supplies and Materials		125	
In Service/Staff Development		4,160	
Other Charges		225	
Total Director of Schools			187,758

Office of the Principal

Principals	\$	490,355	
Career Ladder Program		10,083	
Accountants/Bookkeepers		136,276	
Assistant Principals		513,264	
Secretary(ies)		192,330	
Other Salaries and Wages		26,675	
Social Security		79,130	
Pensions		118,188	
Life Insurance		1,274	
Medical Insurance		176,555	
Unemployment Compensation		578	
Employer Medicare		18,506	
Communication		38,720	

(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.)

Maintenance Agreements	\$	7,084	
Travel		918	
Office Supplies		527	
In Service/Staff Development		3,816	
Total Office of the Principal			\$ 1,814,279

Fiscal Services

Supervisor/Director	\$	59,489	
Accountants/Bookkeepers		97,563	
Social Security		9,368	
Pensions		11,370	
Life Insurance		173	
Medical Insurance		10,505	
Unemployment Compensation		84	
Employer Medicare		2,191	
Maintenance Agreements		18,147	
Maintenance and Repair Services - Equipment		565	
Travel		56	
Office Supplies		6,367	
In Service/Staff Development		190	
Total Fiscal Services			216,068

Operation of Plant

Custodial Personnel	\$	762,291	
Social Security		43,999	
Pensions		51,298	
Life Insurance		1,644	
Medical Insurance		118,725	
Unemployment Compensation		757	
Employer Medicare		10,290	
Laundry Service		355	
Maintenance and Repair Services - Buildings		416	
Maintenance and Repair Services - Equipment		3,264	
Pest Control		7,138	
Custodial Supplies		82,585	
Electricity		868,718	
Natural Gas		224,436	
Small Tools		3,311	
Water and Sewer		92,380	
Boiler Insurance		8,353	
Building and Contents Insurance		152,216	
Plant Operation Equipment		10,628	
Total Operation of Plant			2,442,804

Maintenance of Plant

Supervisor/Director	\$	62,068	
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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.)

Maintenance of Plant (Cont.)

Secretary(ies)	\$	28,719	
Maintenance Personnel		387,602	
Social Security		27,855	
Pensions		33,527	
Life Insurance		528	
Medical Insurance		66,079	
Unemployment Compensation		264	
Employer Medicare		6,721	
Communication		1,261	
Maintenance Agreements		7,120	
Maintenance and Repair Services - Buildings		184,317	
Maintenance and Repair Services - Equipment		11,354	
Postal Charges		20	
Rentals		875	
Permits		175	
Fertilizer, Lime, and Seed		4,664	
Office Supplies		5,747	
Propane Gas		90	
Small Tools		6,812	
Gravel and Chert		2,402	
Other Supplies and Materials		877	
In Service/Staff Development		200	
Other Charges		150	
Maintenance Equipment		13,965	
Total Maintenance of Plant			\$ 853,392

Transportation

Supervisor/Director	\$	60,011
Mechanic(s)		141,108
Bus Drivers		540,636
Secretary(ies)		22,720
Social Security		43,180
Pensions		51,444
Life Insurance		1,629
Medical Insurance		105,139
Unemployment Compensation		602
Employer Medicare		10,488
Communication		1,691
Laundry Service		1,797
Licenses		78
Maintenance and Repair Services - Equipment		1,109
Maintenance and Repair Services - Vehicles		28,753
Medical and Dental Services		5,997
Postal Charges		85
Rentals		3,039
Travel		754

(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	\$	8,183	
Diesel Fuel		189,165	
Drugs and Medical Supplies		40	
Garage Supplies		794	
Gasoline		37,581	
Lubricants		10,012	
Office Supplies		1,326	
Small Tools		4,729	
Tires and Tubes		36,067	
Vehicle Parts		88,931	
Other Supplies and Materials		2,164	
Vehicle and Equipment Insurance		46,981	
In Service/Staff Development		6,545	
Other Charges		530	
Transportation Equipment		205,767	
Total Transportation			\$ 1,659,075

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	5,439	
Teachers		128,423	
Educational Assistants		46,610	
Other Salaries and Wages		75,087	
Social Security		13,431	
Pensions		11,389	
Unemployment Compensation		360	
Employer Medicare		3,146	
Communication		587	
Travel		3,779	
Other Contracted Services		2,037	
Food Supplies		1,265	
Instructional Supplies and Materials		9,875	
Other Supplies and Materials		12,676	
In Service/Staff Development		3,389	
Other Charges		3,187	
Other Equipment		2,355	
Total Community Services			323,035

Early Childhood Education

Teachers	\$	235,663	
Educational Assistants		83,406	
Certified Substitute Teachers		712	
Non-certified Substitute Teachers		3,600	
Social Security		18,726	
Pensions		26,691	
Life Insurance		421	

(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 (Cont.)

Medical Insurance	\$	40,907	
Unemployment Compensation		275	
Employer Medicare		4,379	
Other Contracted Services		3,000	
Food Supplies		2,694	
Instructional Supplies and Materials		28,868	
Other Supplies and Materials		4,600	
In Service/Staff Development		7,940	
Other Charges		2,250	
Other Equipment		20,278	
Total Early Childhood Education			\$ 484,410

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	224,532	
Site Development		166,071	
Total Regular Capital Outlay			390,603

Principal on Debt

Education

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

Interest on Debt

Education

Interest on Notes	\$	4,875	
Total Education			4,875

Total General Purpose School Fund \$ 27,710,488

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	414,728	
Educational Assistants		57,000	
Certified Substitute Teachers		1,295	
Non-certified Substitute Teachers		4,095	
Social Security		26,302	
Pensions		41,358	
Life Insurance		558	
Medical Insurance		64,113	
Unemployment Compensation		360	
Employer Medicare		6,152	
Instructional Supplies and Materials		44,695	
Regular Instruction Equipment		31,944	
Total Regular Instruction Program			\$ 692,600

(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.)

Special Education Program

Teachers	\$	82,941	
Educational Assistants		332,151	
Social Security		23,772	
Pensions		29,705	
Life Insurance		1,028	
Medical Insurance		77,052	
Unemployment Compensation		48	
Employer Medicare		5,525	
Contracts with Other Public Agencies		38,212	
Maintenance and Repair Services - Equipment		681	
Instructional Supplies and Materials		23,810	
Other Supplies and Materials		94	
Total Special Education Program			\$ 615,019

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$	1,100	
Other Supplies and Materials		4,061	
Vocational Instruction Equipment		26,435	
Total Career and Technical Education Program			31,596

Support Services

Health Services

Medical Personnel	\$	13,918	
Social Security		863	
Pensions		672	
Life Insurance		22	
Medical Insurance		2,859	
Employer Medicare		202	
Total Health Services			18,536

Other Student Support

Other Salaries and Wages	\$	6,565	
Social Security		407	
Pensions		574	
Employer Medicare		95	
Travel		9,650	
Other Contracted Services		6,800	
Other Supplies and Materials		5,975	
In Service/Staff Development		2,280	
Total Other Student Support			32,346

Regular Instruction Program

Other Salaries and Wages	\$	51,235	
Certified Substitute Teachers		1,800	
Non-certified Substitute Teachers		4,305	
Social Security		3,556	

(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.)

Regular Instruction Program (Cont.)

Pensions	\$	3,521	
Unemployment Compensation		12	
Employer Medicare		832	
Travel		857	
Other Supplies and Materials		1,087	
In Service/Staff Development		89,071	
Total Regular Instruction Program			\$ 156,276

Special Education Program

Psychological Personnel	\$	54,060	
Other Salaries and Wages		43,662	
Social Security		5,757	
Pensions		8,830	
Life Insurance		68	
Medical Insurance		9,642	
Employer Medicare		1,346	
Travel		2,177	
Other Contracted Services		537	
In Service/Staff Development		9,389	
Total Special Education Program			135,468

Career and Technical Education Program

Travel	\$	1,336	
Total Career and Technical Education Program			1,336

Transportation

Bus Drivers	\$	67,999	
Other Salaries and Wages		6,541	
Social Security		3,230	
Pensions		3,315	
Life Insurance		163	
Unemployment Compensation		36	
Employer Medicare		1,051	
Total Transportation			82,335

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	10,342	
Teachers		230,503	
Other Salaries and Wages		9,388	
Social Security		14,073	
Pensions		8,920	
Unemployment Compensation		346	
Employer Medicare		3,291	
Travel		230	
Other Contracted Services		1,984	

(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.)

Instructional Supplies and Materials	\$	6,251	
In Service/Staff Development		3,256	
Other Charges		6,215	
Total Community Services			\$ 294,799

Total School Federal Projects Fund \$ 2,060,311

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	60,908	
Clerical Personnel		9,145	
Cafeteria Personnel		698,194	
Social Security		44,879	
Pensions		43,790	
Life Insurance		2,178	
Medical Insurance		90,058	
Unemployment Compensation		715	
Employer Medicare		10,496	
Audit Services		3,000	
Dues and Memberships		623	
Maintenance Agreements		4,120	
Maintenance and Repair Services - Equipment		25,144	
Pest Control		1,680	
Postal Charges		500	
Transportation - Other than Students		12,769	
Travel		110	
Disposal Fees		19,586	
Permits		560	
Other Contracted Services		503	
Custodial Supplies		19,484	
Food Preparation Supplies		47,451	
Food Supplies		736,212	
Office Supplies		6,686	
USDA - Commodities		149,795	
Other Supplies and Materials		1,072	
Trustee's Commission		1	
Surcharge		2,877	
In Service/Staff Development		524	
Food Service Equipment		3,461	
Total Food Service			\$ 1,996,521

Total Central Cafeteria Fund 1,996,521

Total Governmental Funds - Obion County School Department \$ 31,767,320

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, 2018

	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	\$ 29,886	\$ 0	\$ 2,134,884	\$ 2,164,770
Trustee's Collections - Prior Year	0	2,350	0	64,675	67,025
Clerk and Master Collections - Prior Years	0	0	1,175	31,865	33,040
Interest and Penalty	0	791	0	18,426	19,217
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	2,098	2,098
Payments in-Lieu-of Taxes - Other	0	0	0	17,096	17,096
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,529,081	0	0	1,660,810	6,189,891
Business Tax	0	0	0	39,818	39,818
Mixed Drink Tax	0	0	0	848	848
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	10,132	10,132
<u>School District Property Taxes</u>					
Current Property Tax	0	0	82,137	0	82,137
Prior Year's Property Tax	0	0	2,246	0	2,246
Interest and Penalty	0	0	291	0	291
<u>Licenses and Permits</u>					
Marriage Licenses	0	0	0	937	937
<u>Other State Revenues</u>					
State Revenue Sharing - Telecommunications	0	0	0	8,446	8,446
Total Cash Receipts	\$ 4,529,081	\$ 33,027	\$ 85,849	\$ 3,990,035	\$ 8,637,992
<u>Cash Disbursements</u>					
Remittance of Revenues Collected	\$ 4,483,790	\$ 32,530	\$ 84,026	\$ 3,928,904	\$ 8,529,250
Trustee's Commission	45,291	661	1,705	62,174	109,831
Total Cash Disbursements	\$ 4,529,081	\$ 33,191	\$ 85,731	\$ 3,991,078	\$ 8,639,081
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (164)	\$ 118	\$ (1,043)	\$ (1,089)
Cash Balance, July 1, 2017	0	629	513	36,343	37,485
Cash Balance, June 30, 2018	\$ 0	\$ 465	\$ 631	\$ 35,300	\$ 36,396

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**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, 2018, 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 7, 2018. Our report includes a reference to other auditors who audited the financial statements of the Obion County Nursing Home, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2018-001.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2018-002, 2018-003(B), and 2018-004(C,D).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Obion County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2018-003(A) and 2018-004(A,B).

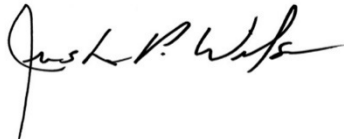
Obion County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 7, 2018

JPW/kp



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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 the Uniform Guidance

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 the Uniform Guidance, 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.

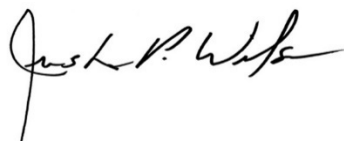
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2018, and the related notes to the financial statements, which collectively comprise Obion County's basic financial statements. We issued our report thereon dated December 7, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 7, 2018

JPW/kp

Obion County, Tennessee, and the Obion County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2018

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: (3)			
School Breakfast Program	10.553	N/A	\$ 454,389
National School Lunch Program	10.555	N/A	982,833 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	149,795 (5)
Total U.S. Department of Agriculture			<u>\$ 1,587,017</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 35,027 (6)
Total U.S. Department of Defense			<u>\$ 35,027</u>
U.S. Department of Housing and Urban Development:			
Passed-through State of Department Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	34817	\$ 12,717
Total U.S. Department of Housing and Urban Development			<u>\$ 12,717</u>
U.S. Department of Interior:			
Passed-through State Department of Environment and Conservation			
Historic Preservation Fund Grants-In-Aid	15.904	32701-02877	\$ 6,750
Total U.S. Department of Interior			<u>\$ 6,750</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	\$ 18,000
Total U.S. Department of Justice			<u>\$ 18,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	HPP-5743(11)	\$ 124,766
Total U.S. Department of Transportation			<u>\$ 124,766</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 641,728
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	812,735
Special Education - Preschool Grants	84.173	N/A	38,623
Career and Technical Education - Basic Grants to State	84.048	N/A	13,849
Twenty-first Century Community Learning Centers	84.287	N/A	294,800
Rural Education	84.358	N/A	120,957
English Language Acquisition State Grants	84.365	N/A	5,722
Improving Teacher Quality State Grants	84.367	N/A	141,898
Total U.S. Department of Education			<u>\$ 2,070,312</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Cooperative Agreements to Promote Adolescent Health through			
School-Based HIV/STD Prevention and School-Based Surveillance	93.079	(4)	\$ 1,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(4)	50,831
Total U.S. Department of Health and Human Services			<u>\$ 51,831</u>

(Continued)

Obion County, Tennessee, and the Obion County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (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	34101-03917	\$ 32,000
Homeland Security Grant Program	97.067	34101-24315	18,037
Total U.S. Department of Homeland Security			\$ 50,037
Total Federal Awards			\$ 3,956,457
State Grants:		<u>Contract Number</u>	
<u>State Grants</u>			
Courtroom Security Grant - Administrative Office of the Courts	N/A	(4)	\$ 16,965
Local Health Services - State Department of Health	N/A	(4)	57,710
Litter Program - State Department of Transportation	N/A	(4)	30,691
Early Childhood Education - State Department of Education	N/A	(4)	319,423
ConnecTenn - State Department of Education	N/A	(4)	8,727
CTE Equipment Grant - State Department of Education	N/A	(4)	104,924
Coordinated School Health - State Department of Education	N/A	(4)	65,568
Lottery for Education: After School Programs - State Department of Education	N/A	(4)	127,627
Total State Grants			\$ 731,635

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) Obion County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$1,587,017; Special Education Cluster total \$851,358.
- (4) Information not available.
- (5) Total for CFDA No. 10.555 is \$1,132,628.
- (6) During the year ended June 30, 2018, Obion County received excess military equipment from the U.S. Department of Defense valued at \$35,027.

Obion County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Obion County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF COUNTY MAYOR

2017	192	2017-001	The Office had Deficiencies in Budget Operations	N/A	Corrected
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Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

OBION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Obion County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **YES**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Child Nutrition Cluster: School Breakfast Program and National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2018-001

THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2018, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$395,911 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT

Every precaution will be taken during the preparation of receivables, deferred revenues, and payables at year-end; however, we strongly believe that this should have been discussed with office personnel before a finding was finalized.

AUDITOR'S COMMENT

Auditors advised the bookkeeper prior to year-end concerning accrual adjustments. It is the responsibility of management to ensure the financial statements are materially correct.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2018-002

THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$79,173 AT JUNE 30, 2018

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

The School Federal Projects Fund had a cash overdraft of \$79,173 at June 30, 2018. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. Sound business practices dictate that expenditures be held within available funds. The cash overdraft was liquidated subsequent to June 30, 2018.

RECOMMENDATION

The School Department should not issue warrants exceeding cash on deposit with the county trustee.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We concur.

OFFICE OF SHERIFF

FINDING 2018-003

THE OFFICE HAD DEFICIENCIES IN COMPILING AND FILING ITS ANNUAL FINANCIAL REPORT

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

The following deficiencies were noted during our examination of the office’s annual financial report. These deficiencies can be attributed to a lack of management oversight and a lack of understanding of internal controls, generally accepted accounting principles, and sound business practices.

- A. The annual financial report for the Sheriff’s Department was not filed with the county mayor and was not filed with the county clerk until September 2018. Section 5-8-505, *Tennessee Code Annotated*, states, “All appointive or elective county public officials, official county boards, committees and commissions in the state having in their charge and custody public funds or moneys are required to file with the county mayor and with the county clerk, who shall provide a copy of this report to each member of the county legislative body on or before the next meeting of the county legislative body an annual financial report for the year ended June 30, in a form prescribed by the Comptroller of the Treasury.” The next meeting of the County Commission after June 30, 2018, was July 13, 2018.

- B. The annual financial report did not accurately reflect the operations of the office because receipts and disbursements for operations were overstated in

the report by \$390,816 and \$396,241, respectively. These overstated amounts were determined by substantive testing and alternative auditing procedures. After correcting the overstated amounts, the operations of the office have been properly included in the financial statements of this report.

RECOMMENDATION

The annual financial report should be filed with the county clerk and county mayor in a timely manner as required by state statute and should accurately reflect the operations of the Sheriff's Department.

MANAGEMENT'S RESPONSE – SHERIFF

We will ensure the annual financial report is filed with the county mayor and county clerk in a timely fashion with no further deficiencies with receipts and disbursements.

FINDING 2018-004

THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF CONFIDENTIAL DRUG FUNDS

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

Our examination of the administration of confidential drug funds revealed the following deficiencies that exist because management failed to provide proper oversight, which resulted in increased risks of fraud and abuse.

- A. Several forms and reports required by the Comptroller of the Treasury documenting payments to confidential informants were not completed or properly prepared. These forms and reports are necessary to document the administration of confidential funds and to account for cash transactions related to undercover investigative operations.
- B. The office did not issue official receipts to document the use of confidential drug funds as required by Section 9-2-104, *Tennessee Code Annotated*. Instead, the office used generic receipts that did not display the official name of the office. The use of generic receipts exposes the office to risks that collections may not be accounted for properly.
- C. Comptroller of the Treasury procedures for disbursing confidential drug funds require the receipts to have the signatures of the informant and two officers. The signature of the informant is necessary to document he received the payment, the signature of the first officer is necessary to document he made the payment, and the signature of the second officer is necessary to document that he witnessed the payment. We noted eight instances where the receipts did not include the signature of a witnessing officer and nine instances where the receipts did not include the signature of the informant.

- D. The office had questionable expenditures of confidential funds totaling \$3,115. The office recorded \$445 in narcotic buys without supporting documentation; an informant received an advance of \$300 without documentation that funds were subsequently used for a drug buy; and an informant was paid \$2,370 for undocumented moving, housing, and vehicle expenses.

RECOMMENDATION

The sheriff should ensure that the officers complete all forms and reports required by the Comptroller of the Treasury to document undercover investigative operations. The office should issue official prenumbered receipts that clearly reflect the name of the county and the office. Payments to informants should be documented by the signatures of the informant and two officers. Management should investigate the questionable expenditures for propriety and provide proper oversight of agent confidential funds.

MANAGEMENT'S RESPONSE – SHERIFF

We will utilize the proper forms required by the Comptroller of the Treasury, and we will seek documentation for the questionable expenditures.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2018.

Obion County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF HIGHWAY SUPERINTENDENT

2018-001	The Highway/Public Works Fund Required Material Audit Adjustments for Proper Financial Statement Presentation	210
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OFFICE OF DIRECTOR OF SCHOOLS

2018-002	The School Federal Projects Fund had a Cash Overdraft of \$79,173 at June 30, 2018	211
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OFFICE OF SHERIFF

2018-003	The Office had Deficiencies in Compiling and Filing its Annual Financial Report	212
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2018-004	The Office had Deficiencies in the Administration of Confidential Drug Funds	212
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ROBERT NICHOLS
Chairman



GARY LOFTON
Superintendent

OBION COUNTY HIGHWAY COMMISSION

2388 Phebus Lane • Union City, TN 38261 • Phone (731) 885-5960

Corrective Action Plan

FINDING: THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

Response and Corrective Action Plan Prepared by:
Gary Lofton, Highway Superintendent

Person Responsible for Implementing the Corrective Action:
Gary Lofton, Highway Superintendent

Completion Date of Corrective Action:
December 4, 2018 (JE #70015 - Audit Adjustments Completed)

Repeat Finding:
No

Planned Corrective Action:

A Corrective Action Plan has been established after the discussion with an auditor on December 4, 2018. All of the findings have been reviewed by our office personnel. While every precaution will be taken during the preparation of receivables, deferred revenues, and payables for the year-end procedures in the future, we strongly believe that the items should have been discussed with our office personnel before a finding was finalized. Also, we believe that the past audits should reflect the responsibility of the Highway Department and the sound business practices that have always been followed.

Signature: _____


Gary Lofton, Superintendent

OBION COUNTY
BOARD OF EDUCATION

1700 N. Fifth St.
Union City, Tennessee 38261
(731)885-9743 FAX (731)885-4902

Members of the Board of Education:
FRITZ FUSSELL, Chairman
BRIAN RAINEY, Vice Chairman
KEISHA HOOPER, Chair Pro Tem

DR. LEAH WATKINS
DIRECTOR OF SCHOOLS

BARRY ADAMS
KYLE BAGGETT
TIM BRITT
JARED POORE

Corrective Action Plan

FINDING: THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH
OVERDRAFT OF \$79,173 AT JUNE 30, 2018

Response and Corrective Action Plan Prepared by:
Dr. Leah Watkins, Director of Schools

Person Responsible for Implementing the Corrective Action:
Linda Carney, Finance Director

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
No

Planned Corrective Action:

All Federal Projects grant monies will be spent in time to complete reimbursement requests by June 14, 2019. Reimbursement requests will be made in time to receive funds before June 30, 2019.

Signature:





Obion County Sheriff's Department

1 LAW LANE • UNION CITY, TENNESSEE 38261 • 731-885-5832

KARL JACKSON
SHERIFF

Corrective Action Plan

FINDING: THE OFFICE HAD DEFICIENCIES IN COMPILING AND FILING ITS ANNUAL FINANCIAL REPORT

Response and Corrective Action Plan Prepared by:
Karl Jackson, Sheriff

Person Responsible for Implementing the Corrective Action:
Dana McDonald

Anticipated Completion Date of Corrective Action:
12/4/18

Repeat Finding:
No

Planned Corrective Action:

Dana will ensure the annual financial report is filed with the county mayor and county clerk in a timely fashion. Dana will ensure the financial report will be done at year-end. This will allow the Offices of County Mayor and County Clerk to have plenty of time to ensure the county legislative body has the information at the first scheduled meeting of the new fiscal year. We will have Dana McDonald and the Finance Director to make sure their budget figures are correct and there are no further deficiencies with receipts and disbursements.

FINDING: THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF CONFIDENTIAL DRUG FUNDS

Response and Corrective Action Plan Prepared by:
Karl Jackson, Sheriff

Person Responsible for Implementing the Corrective Action:
Lt. Scott Watkins

Anticipated Completion Date of Corrective Action:

12/5/18

Repeat Finding:

No

Planned Corrective Action:

Confidential cash transactions do not produce typical documentation. The integrity of the entire confidential funds process is dependent on documentation prepared by the drug officer. The Comptroller of the Treasury has developed several forms to document the various types of confidential transactions. We will utilize the proper forms and reports required by the Comptroller. This will ensure the proper paperwork is on hand for an audit.

The questionable expenditures totaling \$3115 will be itemized and documented. The documents and receipts will be checked and signed by two different officers. The confidential funds will be properly documented from this day forward, which should prevent any improprieties.

Signature:

A handwritten signature in cursive script, appearing to read "Karl Johnson", is written over a horizontal line.

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.