

ANNUAL FINANCIAL REPORT
OBION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
OBION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

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This financial report is available at www.comptroller.state.tn.us

OBION COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Obion County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Obion County as of and for the year ended June 30, 2005.

Results

Our report on the business-type activities and the Obion County Nursing Home major proprietary fund expresses an adverse opinion because the financial statements did not include the Obion County Nursing Home. The Obion County Nursing Home is audited by a certified public accounting firm; however, nursing home records are being reviewed by the Tennessee Bureau of Investigation and were not available for audit. Our report on the governmental activities, the aggregate discretely presented component units, the major governmental funds, and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF MAYOR

- ◆ The mechanical warrant-signing machine's counter could be reset; therefore, we could not ensure that the office had accounted for all warrants.

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The Highway Department did not have a system to account for materials used on certain types of road projects.
-

OTHER FINDINGS

- ◆ The county's indigent care trust fund had investments totaling \$495,000 in an investment type that is not permitted by state statute.
- ◆ An employee of the Obion County Board of Education was also a member of the county's Board of Equalization, violating state statute.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

INTRODUCTORY SECTION

Obion County Officials

June 30, 2005

Officials:

Gaylon Long, County Mayor
Gary Lofton, Highway Superintendent
Lonnie Grady, Director of Schools
Lori Seals, Trustee
Kathy Robertson, Assessor of Property
Vollie Jean Boehms, County Clerk
Harry Johnson, Circuit, General Sessions, and Juvenile Courts Clerk
Paula Rice, Clerk and Master
Vicky Long, Register
Jerry Vastbinder, Sheriff

Board of County Commissioners:

Ralph Puckett, Chairman	Mike Hampton
Richard Arnold	Larry Henderson
Robert Barnes	Harold Dwayne Hensley
Ned Bigelow	Danny Jowers
Donnie Braswell	Larry McGuire
Kenneth Cheatham	Wes Miller
Tim Doyle	Henry Allen Nohsey
Norma Fowler	Steve Rice
Polk Glover	Jimmy Seals
Steve Goodrich	Trena Taylor
Jerry Grady	

Budget Committee:

Danny Jowers, Chairman
Robert Barnes
Polk Glover
Jerry Grady
Harold Dwayne Hensley
Ralph Puckett
Steve Rice

Finance Committee:

Tim Doyle, Chairman
Lori Seals, Trustee
Polk Glover
Gaylon Long
Jimmy Seals

Highway Commission:

Benny McQuire, Chairman
Malcolm Cook, Vice-Chairman
Larry Gray
David Jacobs
Jerry Kendall
W. B. Netherland
Baxter Sanders

Board of Education:

Roger Williams, Chairman
Rodney Taylor, Vice-Chairman
Allen Edmaiston
Greg Ferguson
Glynn Giffin
David Hart
Diane Sanderson

Indigent Care Board:

Steve Vaughn, Chairman
Jim Glasgow, Jr.
Steve Goodrich
Gary Houston
Buddy Roberson
Jim Thorpe
Tom Wade

Public Library Board:

Brenda Baker, Chairman
Susan Harris, Vice-Chairman
Wayne Bailey
Dr. Robert Gibson
Mary Ann Hime
Nina Pierce
David Searcy
Dr. Joel Shore

Nursing Home Board:

Gaylon Caldwell, Chairman
Eugene Coleman
Jimmy Greer
Jimmy Gwaltney
Phyllis Jones
Kay Wilkes

Airport Board:

Chris Gooch, Chairman
Robert Barnes
Rick Boyd
Kenneth Cheatham
Bill Dean
Mike Holman
David James
Ralph Nichols
Tim Smith

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

January 25, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major governmental fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Obion County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Obion County's management. 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 Public Library Special Revenue Fund, a nonmajor special revenue fund, which represent 3.2 percent and 28.9 percent, respectively, of the assets and revenues of the aggregate remaining fund information or the Everett-Stewart Airport, a nonmajor special revenue fund, which represent 1.5 percent and 20.5 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Also, we did not audit the financial statements of the Obion County Public Library Capital Projects Fund, a nonmajor capital projects fund, which represent .62 percent and 1.5 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Furthermore, we did not audit the financial statements of the discretely presented Obion County Emergency Communications District, which represent 1.5 percent and .87 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Obion County Public Library, the Everett-Stewart Airport, and the Obion County Emergency Communications District are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The financial statements of the Obion County Nursing Home (a major proprietary fund and the entire business-type activities) were not available for inclusion. Accounting principles generally accepted in the United States of America require the financial statements of the business-type activities and the Obion County Nursing Home major enterprise fund to be included with the financial statements of the county. The amounts that would be reported in the financial statements for the business-type activities and the Obion County Nursing Home major enterprise fund are not reasonably determinable.

In our opinion, because of the effects of the matters described above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the business-type activities and the Obion County Nursing Home major enterprise fund of Obion County, Tennessee, as of June 30, 2005, or the changes in financial position and cash flows, where applicable, thereof for the year then ended.

In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, the major governmental funds, and the aggregate remaining fund information of Obion County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2006, on our consideration of Obion County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

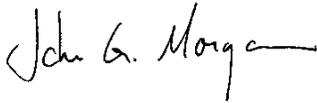
As described in Note V.B. Obion County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

Management did not prepare a management's discussion and analysis. The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 63 through 67 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Obion County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Obion County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Obion County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Obion County, Tennessee
Statement of Net Assets
June 30, 2005

	Primary		Component Units	
	Government		Obion County School Department	Emergency Communications District
	Governmental Activities			
<u>ASSETS</u>				
Cash	\$ 407,644	\$ 0	\$ 470,052	
Equity in Pooled Cash and Investments	17,106,405	5,714,260	0	
Inventories	3,142	0	0	
Accounts Receivable	89,426	53,066	36,153	
Due from Other Governments	664,049	852,275	0	
Property Taxes Receivable	3,882,386	4,044,894	0	
Allowance for Uncollectible Property Taxes	(106,244)	(110,691)	0	
Accrued Interest Receivable	68,708	0	0	
Deferred Charges - Debt Issuance Costs	161,052	0	0	
Notes Receivable - Long-term	2,231,675	0	0	
Capital Assets:				
Assets Not Depreciated:				
Land	3,469,951	630,281	0	
Construction in Progress	387,790	4,071,568	0	
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	7,668,577	16,429,762	0	
Infrastructure	9,472,135	103,025	0	
Other Capital Assets	1,278,223	2,667,988	16,070	
Total Assets	\$ 46,784,919	\$ 34,456,428	\$ 522,275	
<u>LIABILITIES</u>				
Accounts Payable	\$ 23,354	\$ 400,461	\$ 3,284	
Payroll Deductions Payable	408	0	0	
Contracts Payable	35,409	743,726	0	
Retainage Payable	0	145,657	0	
Accrued Interest Payable	19,734	0	0	
Deferred Revenue - Current Property Taxes	3,655,016	3,808,006	0	
Noncurrent Liabilities:				
Due Within One Year	1,414,337	3,450	0	
Due In More Than One Year (net of unamortized premium on debt)	8,200,997	65,534	0	
Total Liabilities	\$ 13,349,255	\$ 5,166,834	\$ 3,284	
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 19,771,676	\$ 0	\$ 0	
Invested in Capital Assets	0	23,902,624	16,070	
Restricted for:				
Capital Projects	51,133	955,005	0	
Debt Service	3,704,071	0	0	
Other Purposes	5,098,229	860,551	0	
Unrestricted	4,810,555	3,571,414	486,851	
Total Net Assets	\$ 33,435,664	\$ 29,289,594	\$ 502,921	

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, 2005

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Total Governmental Activities	Obion County School Department	Emergency Communications District	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,044,598	\$ 173,010	\$ 21,380	\$ 0	\$ (850,208)	\$ 0	\$ 0	
Finance	580,865	710,784	11,624	0	141,543	0	0	
Administration of Justice	821,685	572,170	9,000	0	(240,515)	0	0	
Public Safety	2,854,154	783,154	131,448	97,350	(1,842,202)	0	0	
Public Health and Welfare	271,785	210,438	87,642	0	26,295	0	0	
Social, Cultural and Rec Services	662,729	18,741	179,262	10,525	(454,201)	0	0	
Agriculture & Natural Resources	119,347	0	0	0	(119,347)	0	0	
Other Operations	676,787	89,890	12,500	44,553	(529,844)	0	0	
Highways/Public Works	4,635,973	2,186	1,715,442	244,680	(2,673,665)	0	0	
Instruction	3,359,587	0	0	0	(3,359,587)	0	0	
Interest on Long-term Debt	218,487	0	23,995	0	(194,492)	0	0	
Other Debt Service	78,175	0	0	0	(78,175)	0	0	
Total Primary Government	\$ 15,324,172	\$ 2,560,373	\$ 2,192,293	\$ 397,108	\$ (10,174,398)	\$ 0	\$ 0	
Component Units:								
Obion County School Department	\$ 26,269,154	\$ 839,851	\$ 3,041,674	\$ 3,300,000	\$ 0	\$ (19,087,629)	\$ 0	
Emergency Communications District	226,277	245,429	0	0	0	0	19,152	
Total Component Units	\$ 26,269,154	\$ 839,851	\$ 3,062,847	\$ 3,300,000	\$ 0	\$ (19,087,629)	\$ 19,152	

(Continued)

Exhibit B

Obion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Obion County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property taxes levied for general purposes					\$ 1,642,994	\$ 4,137,879	\$ 0
Property taxes levied for debt service					1,560,010	0	0
Local option sales tax					428,387	3,304,135	0
Other local taxes					1,189,556	262,203	0
Grants & Contributions not restricted for specific programs					316,333	13,787,884	0
Unrestricted Investment Earnings					917,912	0	6,559
Miscellaneous					28,242	74,811	0
Sale of Land/Equipment					27,542	0	0
Total General Revenues					<u>\$ 6,110,976</u>	<u>\$ 21,566,912</u>	<u>\$ 6,559</u>
Change in net assets					\$ (4,063,422)	\$ 2,479,283	\$ 25,711
Net assets, July 1, 2004					<u>37,499,086</u>	<u>26,810,311</u>	<u>493,280</u>
Net assets, June 30, 2005					<u>\$ 33,435,664</u>	<u>\$ 29,289,594</u>	<u>\$ 518,991</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, 2005

	Major Funds				Nonmajor	Total
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 407,644	\$ 407,644
Equity in Pooled Cash and Investments	1,852,435	9,768,325	1,614,158	3,635,874	235,613	17,106,405
Inventories	3,142	0	0	0	0	3,142
Accounts Receivable	2,379	0	53	7,240	79,754	89,426
Due from Other Governments	225,126	0	375,806	9,595	53,522	664,049
Due from Other Funds	23,484	0	0	0	0	23,484
Property Taxes Receivable	1,060,666	0	542,928	2,278,792	0	3,882,386
Allowance for Uncollectible Property Taxes	(30,591)	0	(13,292)	(62,361)	0	(106,244)
Accrued Interest Receivable	67,277	0	0	0	1,431	68,708
Notes Receivable - Long-term	0	2,231,675	0	0	0	2,231,675
Total Assets	\$ 3,203,918	\$ 12,000,000	\$ 2,519,653	\$ 5,869,140	\$ 777,964	\$ 24,370,675
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 10,473	\$ 0	\$ 5,287	\$ 0	\$ 7,594	\$ 23,354
Payroll Deductions Payable	0	0	297	0	111	408
Contracts Payable	35,409	0	0	0	0	35,409
Due to Other Funds	0	0	0	0	23,484	23,484
Deferred Revenue - Current Property Taxes	993,211	0	516,470	2,145,335	0	3,655,016
Deferred Revenue - Delinquent Property Taxes	34,881	0	12,458	67,271	0	114,610
Other Deferred Revenues	81,453	0	160,777	0	0	242,230
Total Liabilities	\$ 1,155,427	\$ 0	\$ 695,289	\$ 2,212,606	\$ 31,189	\$ 4,094,511
Fund Balances						
Reserved for Encumbrances	\$ 18,386	\$ 0	\$ 0	\$ 0	\$ 11,128	\$ 29,514
Reserved for Alcohol and Drug Treatment	32,360	0	0	0	0	32,360
Reserved for Drug Court	5,768	0	0	0	0	5,768
Reserved for Computer System - Register	110,326	0	0	0	0	110,326
Reserved for Automation Purposes - Circuit Court	1,131	0	0	0	0	1,131
Reserved for Automation Purposes - General Sessions Court	24,740	0	0	0	0	24,740

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
LIABILITIES AND FUND BALANCES (Cont.)						
Fund Balances (Cont.)						
Reserved for Automation Purposes - Chancery Court	\$ 3,784	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,784
Reserved for Automation Purposes - Sheriff	6,596	0	0	0	0	6,596
Reserved for Endowments	0	0	0	0	205,000	205,000
Reserved for Long-Term Notes Receivable	0	2,231,675	0	0	0	2,231,675
Reserved for Capital Outlay	71,687	0	0	0	0	71,687
Unreserved, Reported In:						
General Fund	1,773,713	0	0	0	0	1,773,713
Special Revenue Funds	0	9,768,325	1,824,364	0	479,514	12,072,203
Debt Service Funds	0	0	0	3,656,534	0	3,656,534
Capital Projects Funds	0	0	0	0	51,133	51,133
Total Fund Balances	\$ 2,048,491	\$ 12,000,000	\$ 1,824,364	\$ 3,656,534	\$ 746,775	\$ 20,276,164
Total Liabilities and Fund Balances	\$ 3,203,918	\$ 12,000,000	\$ 2,519,653	\$ 5,869,140	\$ 777,964	\$ 24,370,675

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 Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$ 20,276,164
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,276,676
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(9,474,016)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>356,840</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 33,435,664</u>

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

Exhibit D-1

Obion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Other Special Revenue	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
Revenues							
Local Taxes	\$ 2,186,368	\$ 0	\$ 1,064,138	\$ 1,726,562	\$ 0	\$ 0	\$ 4,977,068
Licenses and Permits	11,819	0	0	0	0	0	11,819
Fines, Forfeitures, and Penalties	133,579	0	0	0	0	19,686	153,265
Charges for Current Services	39,612	0	445	0	0	209,989	250,046
Other Local Revenues	986,408	0	17,845	19,190	0	129,923	1,153,366
Fees Received from County Officials	1,293,910	0	0	0	0	0	1,293,910
State of Tennessee	938,461	0	1,958,334	0	0	38,102	2,934,897
Federal Government	211,190	0	0	0	0	44,553	255,743
Other Governments and Citizens Groups	17,773	0	0	0	0	175,427	193,200
Total Revenues	\$ 5,819,120	\$ 0	\$ 3,040,762	\$ 1,745,752	\$ 0	\$ 617,680	\$ 11,223,314
Expenditures							
Current:							
General Government	\$ 627,959	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 627,959
Finance	486,841	0	0	0	0	0	486,841
Administration of Justice	690,855	0	0	0	0	0	690,855
Public Safety	2,288,242	0	0	0	0	12,844	2,301,086
Public Health and Welfare	186,996	0	0	0	0	67,135	254,131
Social, Cultural, and Recreational Services	26,500	0	0	0	0	527,885	554,385
Agricultural and Natural Resources	114,069	0	0	0	0	0	114,069
Other Operations	869,234	0	0	0	0	116,849	986,083
Highways	0	0	4,160,000	0	0	0	4,160,000
Instruction	59,587	0	0	0	0	0	59,587
Debt Service:							
Principal	0	0	0	1,435,529	0	0	1,435,529
Interest	0	0	0	212,134	0	0	212,134
Other Debt Service	0	0	0	58,897	0	0	58,897
Capital Projects	387,790	0	0	0	3,419,000	0	3,806,790
Total Expenditures	\$ 5,738,073	\$ 0	\$ 4,160,000	\$ 1,706,560	\$ 3,419,000	\$ 724,713	\$ 15,748,346
Excess (Deficiency) of Revenues Over Expenditures	\$ 81,047	\$ 0	\$ (1,119,238)	\$ 39,192	\$ (3,419,000)	\$ (107,033)	\$ (4,525,032)

(Continued)

Exhibit D-1

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

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Other Special Revenue	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 70,529	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,529
Other Loans Issued	0	0	0	0	3,419,000	0	3,419,000
Transfers In	0	0	0	0	0	293,583	293,583
Transfers Out	(288,583)	0	0	0	0	(5,000)	(293,583)
Total Other Financing Sources (Uses)	\$ (218,054)	\$ 0	\$ 0	\$ 0	\$ 3,419,000	\$ 288,583	\$ 3,489,529
Net Change in Fund Balances	\$ (137,007)	\$ 0	\$ (1,119,238)	\$ 39,192	\$ 0	\$ 181,550	\$ (1,035,503)
Fund Balance, July 1, 2004	2,185,498	12,000,000	2,943,602	3,617,342	0	565,225	21,311,667
Fund Balance, June 30, 2005	\$ 2,048,491	\$ 12,000,000	\$ 1,824,364	\$ 3,656,534	\$ 0	\$ 746,775	\$ 20,276,164

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

Exhibit D-2

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, 2005

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

Net change in fund balances - total governmental funds (Exhibit D-1)	\$ (1,035,503)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was less than depreciation in the current period.	(811,695)
(2) The net effect of various miscellaneous transactions involving the sale of capital assets is to decrease net assets.	(304,849)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	26,608
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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.	(1,930,283)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(7,700)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (4,063,422)</u>

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

Exhibit E-1

Obion County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Other Trust Fund	
	Indigent Care Trust	Agency Funds
<u>ASSETS</u>		
Equity in Pooled Cash and Investments	\$ 0	\$ 39,296
Cash	0	1,452,321
Investments	3,509,652	21,216
Accounts Receivable	0	6,803
Due from Other Governments	0	926,104
Property Taxes Receivable	0	1,356,688
Allowance for Uncollectible Property Taxes	0	(37,127)
Notes Receivable - Long-term	0	196,430
Total Assets	<u>\$ 3,509,652</u>	<u>\$ 3,961,731</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,290,484
Due to Litigants, Heirs, and Others	0	1,671,247
Total Liabilities	<u>\$ 0</u>	<u>\$ 3,961,731</u>
<u>NET ASSETS</u>		
Held in Trust for Indigent Patient's Medical Claims	<u>\$ 3,509,652</u>	

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

Obion County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2005

	Other Trust Fund
	<u>Indigent Care Trust</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 62,592
Contributions and Gifts	45,070
Total Additions	<u>\$ 107,662</u>
<u>DEDUCTIONS</u>	
<u>Employee Benefits</u>	
Fiscal Agent Charges	\$ 5,402
Medical Claims	65,213
Total Deductions	<u>\$ 70,615</u>
Change in Net Assets	\$ 37,047
Net Assets, July 1, 2004	<u>3,472,605</u>
Net Assets, June 30, 2005	<u><u>\$ 3,509,652</u></u>

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

OBION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Obion County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Obion County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county. Although required by GAAP, the financial statements of the Obion County Nursing Home were not available for inclusion in this report. The omission of this entity is considered to have a material effect on the financial statements of Obion County. Complete financial statements of the Obion County Nursing Home can be obtained from its administrative office at the following address:

Administrative Office:

Obion County Nursing Home
1084 East County Home Road
Union City, TN 38261

Blended Component Units – There are no legally separate component units of Obion County that meet the criteria for being reported as part of the primary government by the blending method.

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 without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Obion County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Obion County, and the Obion County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Obion County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Obion County 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 38261-0866

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Obion County did not report any business-type activities because the financial statements of the Obion County Nursing Home were not available in time for inclusion in this report. 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.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, as previously noted, the proprietary fund was not available for inclusion in this report. An emphasis is placed on major funds within the governmental category. Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. 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.

Fiduciary fund financial statements are reported using the economic resources 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.

Other Special Revenue Fund – This fund is used to account for the major portion of the proceeds received by the county from the sale of the county’s hospital. These proceeds are held in trust and are not to be expended except by a three-fourths majority vote of the County Commission. Interest earnings on these proceeds are to be used at the direction of the County Commission.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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.

General Capital Projects Fund – This fund accounts for debt issued by Obion County that is subsequently contributed to the discretely presented Obion County School Department for construction and renovation projects.

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, and the city school system’s share of educational revenues, and assets held in a custodial capacity for a watershed and special school district. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Obion County School Department reports the following major governmental funds:

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.

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

Additionally, the Obion County School Department reports the following fund type:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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.

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

D. Assets, Liabilities, and Net Assets or Equity

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; bonds of any state or political subdivision rated A or higher by any

nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds 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 assets 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 two of the county's funds. Obion County and the Obion County 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 and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.4 percent of the total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 deferred revenue 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 with offsetting deferred revenue 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. Inventories

Inventories of the General Fund consist of expendable supplies held for consumption and are valued at cost based on the first-in, first out method.

4. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5-15
Infrastructure:	
Roads	5-10
Bridges	15-30
Runways	25

Obion County has recognized infrastructure assets acquired after July 1, 2002, in the financial statements of this report, and plans to retroactively report infrastructure assets acquired between July 1, 1980, and June 30, 2002, by the fiscal year ending June 30, 2007.

5. Compensated Absences

It is the policy of Obion County 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. In addition, it is the policy of the Highway Department to permit employees to also accumulate earned but unused vacation leave, which will be paid to employees upon separation of service. 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 Obion County 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, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

At June 30, 2005, Obion County had \$6,854,000 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 assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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 assets

Primary Government

Exhibit C-2 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$9,474,016 difference are as follows:

Bonds payable	\$ (3,435,000)
Deferred charges - debt issuance costs	161,052
Unamortized premium on debt	(69,586)
Accrued interest payable	(19,734)
Compensated absences payable	(186,748)
Other loans payable	<u>(5,924,000)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (9,474,016)</u></u>

Discretely Presented Obion County School Department

The discretely presented Obion County School Department Exhibit J-3 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and

therefore are not reported in the funds. The details of the \$68,984 difference are as follows:

Compensated absences payable	\$ (68,984)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (68,984)</u>

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 D-2 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$811,695 difference are as follows:

Capital outlay	\$ 1,219,116
Depreciation expense	<u>(2,030,811)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (811,695)</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, notes, and other loans) 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$1,930,283 difference are as follows:

Capital outlay	\$ 4,330,590
Depreciation expense	<u>(1,681,459)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,649,131</u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$4,062 difference are as follows:

Net change in compensated absences	<u>\$ (4,062)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (4,062)</u>

III. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. **Fund Deficit**

The Education Capital Projects Fund of the discretely presented Obion County School Department had a fund deficit of \$11,437,716 at June 30, 2005. This fund deficit resulted from the unperformed portions of construction contracts of \$12,392,721 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

B. **The County Had Unauthorized Investments**

The county had investments totaling \$495,000 in Federal Home Loan Mortgage Corporation (Freddie Mac) securities at June 30, 2005. These investments are not an investment type permitted by Section 5-8-301, Tennessee Code Annotated.

IV. **DETAILED NOTES ON ALL FUNDS**

A. **Deposits and Investments**

Obion County 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 assets as Equity in Pooled Cash and Investments. Cash and Investments reflected on the balance sheets or statement of net assets 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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity of 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 director of Local Finance 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 market value of the securities on the day of purchase. The county's investment in Federal Home Loan Mortgage Corporation (Freddie Mac) of \$495,000 is not authorized by state statute.

Investment Balances. As of June 30, 2005, Obion County had the following investments carried at fair value or cost:

Investment	Maturities	Fair Value Or Cost
Other Trust - Indigent Care Trust:		
U.S. Treasury Money Market Fund	On Demand	\$ 37,950
Federal Home Loan Bank	7-19-05	474,553
Federal Home Loan Bank	3-23-07	540,546
Federal Home Loan Bank	12-10-07	502,671
Federal Home Loan Bank	5-20-08	344,096
Federal Home Loan Bank	3-30-10	130,610
Federal National Mortgage Association	4-19-06	468,915
Federal National Mortgage Association	4-28-06	118,687
Federal Farm Credit Bank	4-23-08	396,624
Federal Home Loan Mortgage Corporation	3-3-08	495,000
Constitutional Officers - Agency Fund:		
U.S. Savings Bonds - Series EE	On Demand	<u>21,216</u>
Total		<u><u>\$ 3,530,868</u></u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Obion County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Obion County has no investment policy that would further limit its investment choices. Obion County's investments with the Federal Home Loan Bank, Federal National Mortgage Association, and Federal Farm Credit Bank are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and AAA by Standard & Poors.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Obion County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Bank (57 percent), the Federal National Mortgage Association (17 percent), the Federal Farm Credit Bank (11 percent), and the Federal Home Loan Mortgage Corporation (14 percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Obion County does not have a formal policy that limits custodial credit risk for investments. Of the county's \$3,530,868 in investments, the underlying securities for \$3,471,702 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

The notes receivable in the Constitutional Officers - Agency Fund (Fiduciary Fund) consist of scholarship loan notes of \$196,430 in the Clerk and Master's Office.

During the 1996-97 fiscal year, the Obion County Commission authorized a \$3.5 million loan to the Union City Industrial Development Board for the construction of a project for Tyson Foods, Inc., to build a hatchery, chicken processor, waste water treatment plant, and other facilities. This loan was made from the Other Special Revenue Fund, which is used to account for the major portion of the proceeds received by the county from the sale of the Obion County Hospital. The Union City Industrial Development Board signed a promissory note to repay Obion County the loan plus interest at 9.395 percent per annum over a period of 18 years. The note receivable of \$2,231,675 in the Other Special Revenue Fund represents the outstanding balance on this loan at June 30, 2005.

C. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 3,660,685	\$ 2,466	\$ (193,200)	\$ 3,469,951
Construction in Progress	602,159	387,790	(602,159)	387,790
Total Capital Assets Not Depreciated	\$ 4,262,844	\$ 390,256	\$ (795,359)	\$ 3,857,741
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,631,145	\$ 34,734	\$ (114,300)	\$ 10,551,579
Infrastructure	26,713,487	1,015,155	0	27,728,642
Other Capital Assets	5,099,789	381,129	(16,725)	5,464,193
Total Capital Assets Depreciated	\$ 42,444,421	\$ 1,431,018	\$ (131,025)	\$ 43,744,414

Governmental Activities: (Cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,473,566	\$ 412,086	\$ (2,650)	\$ 2,883,002
Infrastructure	17,050,409	1,206,098	0	18,256,507
Other Capital Assets	3,790,068	412,627	(16,725)	4,185,970
Total Accumulated Depreciation	<u>\$ 23,314,043</u>	<u>\$ 2,030,811</u>	<u>\$ (19,375)</u>	<u>\$ 25,325,479</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,130,378</u>	<u>\$ (599,793)</u>	<u>\$ (111,650)</u>	<u>\$ 18,418,935</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,393,222</u>	<u>\$ (209,537)</u>	<u>\$ (907,009)</u>	<u>\$ 22,276,676</u>

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

Governmental Activities:

General Administration	\$ 53,383
Finance	3,386
Administration of Justice	12,458
Public Safety	323,214
Public Health and Welfare	13,345
Social, Cultural, and Recreational Services	130,178
Other Operations	358,135
Highways/Public Works	<u>1,136,712</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,030,811</u>

Discretely Presented Obion County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Balance 6-30-05
Capital Assets Not Depreciated:			
Land	\$ 630,281	\$ 0	\$ 630,281
Construction in Progress	273,513	3,798,055	4,071,568
Total Capital Assets Not Depreciated	\$ 903,794	\$ 3,798,055	\$ 4,701,849
Capital Assets Depreciated:			
Buildings and Improvements	\$ 35,105,391	\$ 104,526	\$ 35,209,917
Infrastructure	651,533	67,565	719,098
Other Capital Assets	4,407,115	360,444	4,767,559
Total Capital Assets Depreciated	\$ 40,164,039	\$ 532,535	\$ 40,696,574
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 17,410,137	\$ 1,370,018	\$ 18,780,155
Infrastructure	607,033	9,040	616,073
Other Capital Assets	1,797,170	302,401	2,099,571
Total Accumulated Depreciation	\$ 19,814,340	\$ 1,681,459	\$ 21,495,799
Total Capital Assets Depreciated, Net	\$ 20,349,699	\$ (1,148,924)	\$ 19,200,775
Governmental Activities Capital Assets, Net	\$ 21,253,493	\$ 2,649,131	\$ 23,902,624

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

Governmental Activities:

Instruction	\$ 1,229,443
Support Services	372,082
Operation of Non-Instructional Services	79,934
Total Depreciation Expense - Governmental Activities	\$ 1,681,459

D. Construction Commitments

At June 30, 2005, the county had uncompleted construction contracts of \$12,392,721 in the Education Capital Projects Fund for the school building program in the discretely presented Obion County School Department. Funding is expected to be received for these future expenditures from the issuance of debt.

E. Operating Leases

The Special Purpose Fund (Everett-Stewart Airport) leases 614 acres of farmland to six area farmers. The airport charges a flat rental fee. The rental income for the year ended June 30, 2005, was \$58,447. The farm land is leased on a year to year basis; therefore, no long-term lease commitments are presented.

The airport entered into an agreement on May 18, 1999, to lease land to Vaughn Electric Company, Inc., for the construction of a private hangar. The term of the lease is 20 years, with an option to renew the lease for an additional term of ten years. At the expiration of the lease agreement or the option period, the building will become the property of the Obion County Airport Commission. Lease income for the year ended June 30, 2005, was \$300. The future minimum lease payments to be received for the remaining term of the lease are \$300 per fiscal year.

On September 14, 1992, Obion County, acting through the Obion County Airport Commission, entered into a general fixed base operator's lease agreement and contract with West Tennessee Aviation, Inc. This agreement was modified in May of 2002, in order to terminate West Tennessee Aviation's right to operate as a general fixed base operator and the right to dispense fuel. The modified agreement allows the corporation to lease space in the maintenance hangar with lean-to until December 31, 2007, with the option to renew the lease for two terms of five years each. On January 1 of each year for the remainder of the lease term and option periods, the monthly payments shall increase by four percent of the amount paid the preceding year. The monthly rent effective January 1, 2005, was \$1,361.

The airport entered into a lease agreement with Jo-Aire, LLC. This agreement allows the company (1) the use of the fuel dispensing equipment and the right to dispense fuel and (2) the right to operate as a general fixed based operator for a period of ten years with a ten-year option for renewal at that time. Jo-Aire, LLC also began leasing a portion of one of the airport's north hangars. The rent has been waived for the first year. Jo-Aire, LLC began paying \$200 per month beginning July 2004. The rental amount will be renegotiated at the end of the third year and again at the end of the ten years.

A lease was executed with Larry Russell of Russell's Flying Service to lease a portion of the north hangar for \$350 per month. The lease is in effect from January 1, 2004, to January 31, 2009, with an option to renew for an additional five years.

Lease income from these buildings for the year ended June 30, 2005, was \$23,217. The future minimum lease payments to be received under the operating leases described above for the next five fiscal years are:

Year Ending June 30	Amount
2006	\$ 23,247
2007	23,913
2008	24,606
2009	25,326
2010	21,875

Jo-Aire, LLC paid to the airport a fuel levy of ten cents per gallon of fuel dispensed for the term of the building lease. Fuel revenue of \$8,226 was recorded for the year ended June 30, 2005, under this agreement. The tanks used by Jo-Aire, LLC, are owned by the airport.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 23,484
Discretely Presented Obion County School Department:		
General Purpose School	Education Capital Projects	33,608
General Purpose School	Nonmajor governmental	48,717
Nonmajor governmental	General Purpose School	125

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In Nonmajor Governmental Funds
General Fund	\$ 288,583
Nonmajor governmental funds	5,000
Total	\$ 293,583

Discretely Presented Obion County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Education Capital Projects Fund
General Purpose School Fund	\$ 0	\$ 1,000,000
Nonmajor governmental funds	7,082	0
Total	\$ 7,082	\$ 1,000,000

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General

obligation bonds and other loans outstanding were issued for original terms of up to five years for bonds and up to 27 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All general obligation bonds and other loans included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds -			
Refunding	2 to 3.5%	\$ 5,195,000	\$ 3,435,000
Other Loans	variable	7,919,000	5,924,000

In prior years, Obion County entered into loan agreements with the Public Building Authority of Sevier County and the Montgomery County Building Authority. These loan agreements provided for the authorities to make \$4,500,000 and \$17,000,000 available for loan to Obion County on an as-needed basis for various renovation and construction projects. Obion County has borrowed the entire amount of the \$4,500,000 loan and has borrowed \$3,419,000 of the \$17,000,000 loan. These loans are repayable at interest rates that are tax-exempt variable rates 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 these loans. At June 30, 2005, the variable interest rates were 2.30 and 2.03 percent, respectively, and other fees amounted to approximately .49 percent and .36 percent, respectively, of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2006	\$ 1,100,000	\$ 105,688
2007	1,145,000	67,188
2008	1,190,000	35,700
Total	\$ 3,435,000	\$ 208,576

Year Ending June 30	Other Loans (\$4,500,000)			
	Principal	Interest	Other Fees	Total
2006	\$ 305,000	\$ 57,615	\$ 12,275	\$ 374,890
2007	325,000	50,600	10,780	386,380
2008	340,000	43,125	9,187	392,312
2009	355,000	35,305	7,522	397,827
2010	375,000	27,140	5,782	407,922
2011-2012	805,000	27,945	5,953	838,898
Total	\$ 2,505,000	\$ 241,730	\$ 51,499	\$ 2,798,229

Year Ending June 30	Other Loans (\$3,419,000)			
	Principal	Interest	Other Fees	Total
2006	\$ 0	\$ 69,406	\$ 12,308	\$ 81,714
2007	436,000	69,406	10,739	516,145
2008	452,000	60,555	9,112	521,667
2009	468,000	51,379	7,427	526,806
2010	484,000	41,879	5,684	531,563
2011-2014	1,579,000	65,792	5,983	1,650,775
Total	\$ 3,419,000	\$ 358,417	\$ 51,253	\$ 3,828,670

There is \$3,656,534 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$106, based on the 2000 federal census. Total debt per capita, including bonds and other loans, amounted to \$288, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2004	\$ 4,505,000	\$ 0
Additions	0	70,529
Deductions	(1,070,000)	(70,529)
Balance, June 30, 2005	\$ 3,435,000	\$ 0
Balance Due Within One Year	\$ 1,100,000	\$ 0

Governmental Activities: (Cont.)

	Other Loans	Compensated Absences
Balance, July 1, 2004	\$ 2,800,000	\$ 185,401
Additions	3,419,000	253,574
Deductions	(295,000)	(252,227)
Balance, June 30, 2005	<u>\$ 5,924,000</u>	<u>\$ 186,748</u>
Balance Due Within One Year	<u>\$ 305,000</u>	<u>\$ 9,337</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 9,545,748
Less: Balance Due Within One Year	(1,414,337)
Add: Unamortized debt premium	<u>69,586</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 8,200,997</u>

Compensated absences payable will be retired from the employing fund, primarily the General Fund and the Highway/Public Works Fund.

Discretely Presented Obion County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Obion County School Department for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Compensated Absences
Balance, July 1, 2004	\$ 64,922
Additions	93,371
Deductions	<u>(89,309)</u>
Balance, June 30, 2005	<u>\$ 68,984</u>
Balance Due Within One Year	<u>\$ 3,450</u>

Compensated absences will be paid from the employing funds, primarily 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, except for the airport and library, and the discretely presented School Department 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 discretely presented School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by an association of member school boards. Obion County and the discretely presented School Department pay an annual premium to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. Obion County and its discretely presented School Department also participate in the Tennessee State Insurance System public entity risk pools as opposed to purchasing commercial health insurance for these risks. Obion County and the discretely presented School Department pay monthly or annual premiums for its insurance coverage. This pool is to be self-sustaining through member premiums.

The airport carries commercial insurance to limit its risks from liability. Settled claims have not exceeded this commercial coverage in any of the past three years.

Significant losses of the Obion County Public Library are covered by commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

B. Accounting Change

During the year, Obion County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Event

As described in Note IV.G., Obion County entered into a loan agreement with the Public Building Authority of Montgomery County providing for the authority to make \$17,000,000 available for loan to Obion County on an as-needed basis for various school renovation and construction projects. Subsequent to June 30, 2005, Obion County borrowed \$8,500,000 of this loan.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county's attorney estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Joint Venture

Obion County is a participant with Lake and Dyer counties in a multi-county entity known as the Northwest Tennessee Regional Port Authority. This entity was created to operate and maintain a port to be located in Lake County on the Mississippi River. A board is appointed by the participating counties with the mayors of each county serving as ex-officio members. The board comprises eight members, four of whom are appointed by the Lake County Commission, two by the Obion County Commission, and two by the Dyer County Commission. Obion County has control over budgeting and financing the joint venture only to the extent of representation by the two board members appointed. In May 2004, the port authority approved borrowing \$2.2 million for the construction of the port. The Obion County Commission has approved paying the interest payments on one quarter of this debt until such time as the port authority has revenue to make the payments, estimated to be at least three years. This entity has yet to begin operations or issue this debt; therefore, there is no financial activity to report.

F. Retirement Commitments

Plan Description

Employees of Obion County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members

joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Obion County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Obion County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 3.89 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Obion County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Obion County's annual pension cost of \$317,225 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Obion County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$317,225	100%	\$0
6-30-04	198,419	100	0
6-30-03	186,858	100	0

Required Supplementary Information
Schedule of Funding Progress for Obion County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$13,357	\$13,903	\$546	96.07%	\$7,602	7.18%
6-30-01	12,272	12,920	648	94.98	7,103	9.12
6-30-99	10,768	11,128	360	96.76	6,114	5.89

SCHOOL TEACHERS

Plan Description

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

Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were \$684,026, \$398,819, and \$398,189, respectively, equal to the required contributions for each year.

G. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the provisions of the County Purchasing Law of 1983, Section 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for all purchases exceeding \$5,000 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 to be solicited through newspaper advertisement on all purchases exceeding \$5,000.

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

A. Significant Accounting Policies

1. Reporting Entity

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

In evaluating how to define the Obion County Emergency Communications District for financial reporting purposes, management has considered whether the district is a primary government or a component unit of another primary government. The decision to be included as a component unit of another reporting entity is made by applying the criteria set forth in Governmental Accounting Standards Board Statement 14, The Financial Reporting Entity. The district must obtain the approval of the Obion County Commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the district, and has, therefore, included the district as a component unit of Obion County.

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

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

The Obion County Emergency Communications District accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the Statements of Governmental Accounting Standards Board (GASB). Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. 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. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 gives governments the option of applying all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary funds, unless they conflict with or contradict GASB pronouncements. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

The district's Board of Directors approves an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as capital assets and expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

3. Assets, Liabilities, and Net Assets

a. Deposits and Investments

The district's cash and cash equivalents are 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 system 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 director of Local Finance; and the state's local government investment pool.

b. Accounts Receivable

Accounts receivable represent amounts due from various phone companies.

c. Capital Assets

All capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to 15 years. Interest

costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

d. Compensated Absences

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

e. Net Assets

Equity is classified as net assets and displayed in the following components:

- Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.
- Unrestricted – All other net assets that do not meet the description of the above category.

B. Detailed Notes on Accounts

1. Deposits

Legal Provisions. 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 deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the district.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-04	Additions	Balance 6-30-05
Capital assets depreciated:			
Furniture and fixtures	\$ 2,159	\$ 0	\$ 2,159
Office equipment	36,229	5,858	42,087
Vehicles	14,617	0	14,617
Communications equipment	185,153	0	185,153
Leasehold improvements	21,208	0	21,208
Total capital assets depreciated	<u>\$ 259,366</u>	<u>\$ 5,858</u>	<u>\$ 265,224</u>
Less: accumulated depreciation			
Furniture and fixtures	\$ 1,995	\$ 155	\$ 2,150
Office equipment	32,646	1,460	34,106
Vehicles	13,775	842	14,617
Communications equipment	178,155	3,673	181,828
Leasehold improvements	14,560	1,893	16,453
Total accumulated depreciation	<u>\$ 241,131</u>	<u>\$ 8,023</u>	<u>\$ 249,154</u>
Total capital assets, net	<u>\$ 18,235</u>	<u>\$ (2,165)</u>	<u>\$ 16,070</u>

C. Stewardship, Compliance, and Accountability

Budgetary Information

The district's Board of Directors approved an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as fixed assets and expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds. During the current year, board meeting expenses exceeded its appropriations by \$24. A reconciliation of the differences between the budgetary basis of operating expenses and the GAAP basis is presented below:

Operating expenses - GAAP basis	\$ 226,277
Capital expenditures	5,858
Expenses to accrual basis	7,118
Operating expenses - budgetary basis	<u>\$ 239,253</u>

D. Other Information

1. Commitments

The Obion County Emergency Communications District signed a five-year prepaid lease agreement for communication equipment in January 2000 with BellSouth for \$62,639. The lease is being amortized using the straight-line method over the term of the lease, which is five years, for \$12,528. As of June 30, 2005, the full amount had been amortized.

2. Risk Management

The district is exposed to various risks related to general and public official's liability, officer's/director's omissions liability, automobile liability, property and casualty losses and workers' compensation. To cover these risks, the district joined the Tennessee Municipal League (TML), which is a public entity risk pool established to provide insurance coverage to local governments in Tennessee and is self-sustaining through member premiums. The pool is a cooperative risk sharing arrangement that works in many ways like a traditional insurer. The district pays annual premiums to the pool based on its prior claims history. The pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. In addition, the district has purchased commercial insurance to provide for employee health insurance. Settlements have not exceeded insurance coverage in any of the prior three years.

3. Unemployment Taxes

Effective for the quarter ended June 30, 1989, the Obion County Emergency Communications District agreed with the Tennessee Department of Labor and Workforce Development (formerly Employment Security) to be a reimbursing employer. Under this agreement, the district elected to reimburse the department for all disbursements made on valid claims for unemployment insurance charged to the district during the effective period of the election. Current claims are being paid from the operating account and charged to unemployment expense. Amounts calculated quarterly were deposited in a certificate of deposit account to meet future claims. As of June 30, 2005, the balance in the account was \$19,174, and the board determined that this account was fully funded and all quarterly deposits have been suspended.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Obion County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,186,368	\$ 0	\$ 0	\$ 2,186,368	\$ 2,063,627	\$ 2,078,677	\$ 107,691
Licenses and Permits	11,819	0	0	11,819	11,700	11,700	119
Fines, Forfeitures, and Penalties	133,579	0	0	133,579	90,200	90,200	43,379
Charges for Current Services	39,612	0	0	39,612	34,600	35,200	4,412
Other Local Revenues	986,408	0	0	986,408	632,585	651,335	335,073
Fees Received from County Officials	1,293,910	0	0	1,293,910	1,274,000	1,274,000	19,910
State of Tennessee	938,461	0	0	938,461	1,007,027	1,019,827	(81,366)
Federal Government	211,190	0	0	211,190	207,298	212,298	(1,108)
Other Governments and Citizens Groups	17,773	0	0	17,773	30,582	30,582	(12,809)
Total Revenues	\$ 5,819,120	\$ 0	\$ 0	\$ 5,819,120	\$ 5,351,619	\$ 5,403,819	\$ 415,301
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 52,573	\$ 0	\$ 0	\$ 52,573	\$ 57,750	\$ 57,750	\$ 5,177
Board of Equalization	2,479	0	0	2,479	3,000	3,000	521
Beer Board	660	0	0	660	1,400	1,400	740
Budget and Finance Committee	10,499	0	0	10,499	14,200	14,200	3,701
County Mayor	159,755	(791)	20	158,984	170,733	170,733	11,749
Election Commission	145,699	(7,959)	10,014	147,754	157,820	158,520	10,766
Register of Deeds	106,767	(450)	0	106,317	111,203	111,803	5,486
County Buildings	146,527	(27,696)	0	118,831	165,594	162,494	43,663
Preservation of Records	3,000	(3,000)	0	0	3,000	3,000	3,000
<u>Finance</u>							
Property Assessor's Office	163,250	0	0	163,250	167,305	168,205	4,955
Reappraisal Program	10,458	0	0	10,458	27,344	27,344	16,886
County Trustee's Office	112,270	0	0	112,270	120,890	120,890	8,620
County Clerk's Office	200,863	(650)	0	200,213	206,536	207,736	7,523

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 146,616	\$ 0	\$ 0	\$ 146,616	\$ 198,902	\$ 198,902	\$ 52,286
General Sessions Court	207,677	0	0	207,677	219,711	219,711	12,034
Drug Court	102,183	0	0	102,183	102,331	102,331	148
Chancery Court	125,421	(192)	0	125,229	147,303	147,723	22,494
Juvenile Court	108,958	0	0	108,958	115,121	115,946	6,988
<u>Public Safety</u>							
Sheriff's Department	1,280,713	(197)	895	1,281,411	1,413,555	1,408,555	127,144
Jail	897,179	(6)	229	897,402	1,011,081	1,014,981	117,579
Rescue Squad	4,000	0	0	4,000	4,000	4,000	0
Other Emergency Management	6,000	0	0	6,000	5,000	6,000	0
Public Safety Grant Programs	97,350	0	0	97,350	97,350	107,350	10,000
Other Public Safety	3,000	0	0	3,000	3,000	3,000	0
<u>Public Health and Welfare</u>							
Local Health Center	84,253	(1,545)	7,228	89,936	98,436	129,236	39,300
Other Local Health Services	5,500	0	0	5,500	5,500	5,500	0
Appropriation to State	57,553	0	0	57,553	75,553	75,553	18,000
General Welfare Assistance	3,153	0	0	3,153	3,350	3,350	197
Sanitation Education/Information	36,537	0	0	36,537	43,367	37,201	664
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	15,000	0	0	15,000	15,000	15,000	0
Parks and Fair Boards	4,000	0	0	4,000	4,000	4,000	0
Other Social, Cultural, and Recreational	7,500	0	0	7,500	7,500	7,500	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	77,292	(40)	0	77,252	91,895	91,895	14,643
Soil Conservation	21,777	0	0	21,777	21,777	21,777	0
Flood Control	15,000	0	0	15,000	15,000	15,000	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 33,068	\$ 0	\$ 0	\$ 33,068	\$ 18,900	\$ 33,900	\$ 832
Industrial Development	88,368	0	0	88,368	89,400	89,400	1,032
Veterans' Services	11,800	0	0	11,800	11,800	11,800	0
Other Charges	131,838	(1,500)	0	130,338	132,300	138,300	7,962
Contributions to Other Agencies	1,652	0	0	1,652	1,652	1,652	0
Employee Benefits	580,452	0	0	580,452	636,000	636,000	55,548
Miscellaneous	22,056	0	0	22,056	60,000	47,955	25,899
<u>Instruction</u>							
Vocational Education Program	59,587	0	0	59,587	50,797	59,587	0
<u>Capital Projects</u>							
Other General Government Projects	387,790	0	0	387,790	455,187	455,187	67,397
Total Expenditures	\$ 5,738,073	\$ (44,026)	\$ 18,386	\$ 5,712,433	\$ 6,361,543	\$ 6,415,367	\$ 702,934
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 81,047	\$ 44,026	\$ (18,386)	\$ 106,687	\$ (1,009,924)	\$ (1,011,548)	\$ 1,118,235
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 70,529	\$ 0	\$ 0	\$ 70,529	\$ 110,000	\$ 110,000	\$ (39,471)
Transfers Out	(288,583)	0	0	(288,583)	(288,583)	(288,583)	0
Total Other Financing Sources (Uses)	\$ (218,054)	\$ 0	\$ 0	\$ (218,054)	\$ (178,583)	\$ (178,583)	\$ (39,471)
Net Change in Fund Balance	\$ (137,007)	\$ 44,026	\$ (18,386)	\$ (111,367)	\$ (1,188,507)	\$ (1,190,131)	\$ 1,078,764
Fund Balance, July 1, 2004	2,185,498	(44,026)	0	2,141,472	1,672,265	1,672,265	469,207
Fund Balance, June 30, 2005	\$ 2,048,491	\$ 0	\$ (18,386)	\$ 2,030,105	\$ 483,758	\$ 482,134	\$ 1,547,971

Exhibit F-2

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,064,138	\$ 0	\$ 1,064,138	\$ 1,212,833	\$ 1,212,833	\$ (148,695)
Charges for Current Services	445	0	445	500	500	(55)
Other Local Revenues	17,845	0	17,845	1,200	1,200	16,645
State of Tennessee	1,958,334	0	1,958,334	2,835,731	2,885,731	(927,397)
Total Revenues	<u>\$ 3,040,762</u>	<u>\$ 0</u>	<u>\$ 3,040,762</u>	<u>\$ 4,050,264</u>	<u>\$ 4,100,264</u>	<u>\$ (1,059,502)</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 159,987	\$ 0	\$ 159,987	\$ 179,788	\$ 179,788	\$ 19,801
Highway and Bridge Maintenance	2,490,711	(1,000)	2,489,711	3,506,992	3,503,136	1,013,425
Operation and Maintenance of Equipment	398,543	0	398,543	547,892	547,892	149,349
Other Charges	204,543	0	204,543	270,850	324,706	120,163
Employee Benefits	222,736	0	222,736	269,500	269,500	46,764
Capital Outlay	683,480	(204,550)	478,930	1,414,649	1,414,649	935,719
Total Expenditures	<u>\$ 4,160,000</u>	<u>\$ (205,550)</u>	<u>\$ 3,954,450</u>	<u>\$ 6,189,671</u>	<u>\$ 6,239,671</u>	<u>\$ 2,285,221</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,119,238)</u>	<u>\$ 205,550</u>	<u>\$ (913,688)</u>	<u>\$ (2,139,407)</u>	<u>\$ (2,139,407)</u>	<u>\$ 1,225,719</u>
Net Change in Fund Balance	\$ (1,119,238)	\$ 205,550	\$ (913,688)	\$ (2,139,407)	\$ (2,139,407)	\$ 1,225,719
Fund Balance, July 1, 2004	2,943,602	(205,550)	2,738,052	2,898,824	2,898,824	(160,772)
Fund Balance, June 30, 2005	<u>\$ 1,824,364</u>	<u>\$ 0</u>	<u>\$ 1,824,364</u>	<u>\$ 759,417</u>	<u>\$ 759,417</u>	<u>\$ 1,064,947</u>

OBION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

BUDGETARY INFORMATION

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 State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Budget and Finance Committee, County Mayor, 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 generally accepted accounting principles (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 statement.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Urban Services Fund – The Urban Services Fund is used to account for Hazard Mitigation Grant revenues, which were used for the purchase and removal of eligible houses in a flood zone.

Public Library Fund – The Public Library Fund is used to account for transactions of the Obion County Public Library, which is jointly funded by Obion County and the City of Union City.

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

Special Purpose Fund – The Special Purpose Fund is used to account for transactions involving the Everett-Stewart Airport.

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

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

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Public Library Capital Projects Fund – The Public Library Capital Projects Fund is used to account for the contributions and gifts used to fund the construction of a new Obion County Public Library.

Exhibit G-1

Obion County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2005

	Special Revenue Funds							Capital Projects Fund	Total Nonmajor Governmental Funds
	Urban Services	Public Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional Officers - Fees	Total	Public Library Capital Projects	
ASSETS									
Cash	\$ 0	\$ 260,603	\$ 0	\$ 72,208	\$ 0	\$ 23,376	\$ 356,187	\$ 51,457	\$ 407,644
Equity in Pooled Cash and Investments	383	0	170,969	0	64,261	0	235,613	0	235,613
Accounts Receivable	0	0	78,756	890	0	108	79,754	0	79,754
Due from Other Governments	0	0	3,751	49,771	0	0	53,522	0	53,522
Accrued Interest Receivable	0	1,431	0	0	0	0	1,431	0	1,431
Total Assets	\$ 383	\$ 262,034	\$ 253,476	\$ 122,869	\$ 64,261	\$ 23,484	\$ 726,507	\$ 51,457	\$ 777,964
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts Payable	\$ 0	\$ 3,999	\$ 1,072	\$ 2,199	\$ 0	\$ 0	\$ 7,270	\$ 324	\$ 7,594
Payroll Deductions Payable	0	111	0	0	0	0	111	0	111
Due to Other Funds	0	0	0	0	0	23,484	23,484	0	23,484
Total Liabilities	\$ 0	\$ 4,110	\$ 1,072	\$ 2,199	\$ 0	\$ 23,484	\$ 30,865	\$ 324	\$ 31,189
Fund Balances									
Reserved for Encumbrances	\$ 0	\$ 0	\$ 11,128	\$ 0	\$ 0	\$ 0	\$ 11,128	\$ 0	\$ 11,128
Reserved for Endowments	0	205,000	0	0	0	0	205,000	0	205,000
Unreserved	383	52,924	241,276	120,670	64,261	0	479,514	51,133	530,647
Total Fund Balances	\$ 383	\$ 257,924	\$ 252,404	\$ 120,670	\$ 64,261	\$ 0	\$ 695,642	\$ 51,133	\$ 746,775
Total Liabilities and Fund Balances	\$ 383	\$ 262,034	\$ 253,476	\$ 122,869	\$ 64,261	\$ 23,484	\$ 726,507	\$ 51,457	\$ 777,964

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, 2005

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Urban Services	Public Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Total	Public Library Capital Projects	
<u>Revenues</u>								
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,686	\$ 19,686	\$ 0	\$ 19,686
Charges for Current Services	0	18,741	191,248	0	0	209,989	0	209,989
Other Local Revenues	0	11,168	0	91,796	26,300	129,264	659	129,923
State of Tennessee	0	14,360	11,242	12,500	0	38,102	0	38,102
Federal Government	0	0	0	44,553	0	44,553	0	44,553
Other Governments and Citizens Groups	0	164,902	0	0	0	164,902	10,525	175,427
Total Revenues	\$ 0	\$ 209,171	\$ 202,490	\$ 148,849	\$ 45,986	\$ 606,496	\$ 11,184	\$ 617,680
<u>Expenditures</u>								
Current:								
Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,844	\$ 12,844	\$ 0	\$ 12,844
Public Health and Welfare	0	0	67,135	0	0	67,135	0	67,135
Social, Cultural, and Recreational Services	0	468,357	0	0	0	468,357	59,528	527,885
Other Operations	0	0	0	116,849	0	116,849	0	116,849
Total Expenditures	\$ 0	\$ 468,357	\$ 67,135	\$ 116,849	\$ 12,844	\$ 665,185	\$ 59,528	\$ 724,713
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (259,186)	\$ 135,355	\$ 32,000	\$ 33,142	\$ (58,689)	\$ (48,344)	\$ (107,033)
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 0	\$ 293,583	\$ 0	\$ 0	\$ 0	\$ 293,583	\$ 0	\$ 293,583
Transfers Out	0	0	0	0	0	0	(5,000)	(5,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 293,583	\$ 0	\$ 0	\$ 0	\$ 293,583	\$ (5,000)	\$ 288,583
Net Change in Fund Balances	\$ 0	\$ 34,397	\$ 135,355	\$ 32,000	\$ 33,142	\$ 234,894	\$ (53,344)	\$ 181,550
Fund Balance, July 1, 2004	383	223,527	117,049	88,670	31,119	460,748	104,477	565,225
Fund Balance, June 30, 2005	\$ 383	\$ 257,924	\$ 252,404	\$ 120,670	\$ 64,261	\$ 695,642	\$ 51,133	\$ 746,775

Exhibit G-3

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Urban Services Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 0	\$ 0	\$ 116,601	\$ (116,601)
Total Revenues	\$ 0	\$ 0	\$ 116,601	\$ (116,601)
<u>Expenditures</u>				
<u>Other Operations</u>				
Housing and Urban Development	\$ 0	\$ 0	\$ 116,601	\$ 116,601
Total Expenditures	\$ 0	\$ 0	\$ 116,601	\$ 116,601
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2004	383	0	0	383
Fund Balance, June 30, 2005	\$ 383	\$ 0	\$ 0	\$ 383

Exhibit G-4

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 18,741	\$ 6,500	\$ 6,500	\$ 12,241
Other Local Revenues	11,168	18,200	18,200	(7,032)
State of Tennessee	14,360	0	0	14,360
Other Governments and Citizens Groups	164,902	144,292	144,292	20,610
Total Revenues	<u>\$ 209,171</u>	<u>\$ 168,992</u>	<u>\$ 168,992</u>	<u>\$ 40,179</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 468,357	\$ 432,875	\$ 580,579	\$ 112,222
Total Expenditures	<u>\$ 468,357</u>	<u>\$ 432,875</u>	<u>\$ 580,579</u>	<u>\$ 112,222</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (259,186)</u>	<u>\$ (263,883)</u>	<u>\$ (411,587)</u>	<u>\$ 152,401</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 293,583	\$ 288,583	\$ 288,583	\$ 5,000
Transfers Out	0	(147,704)	0	0
Total Other Financing Sources (Uses)	<u>\$ 293,583</u>	<u>\$ 140,879</u>	<u>\$ 288,583</u>	<u>\$ 5,000</u>
Net Change in Fund Balance	\$ 34,397	\$ (123,004)	\$ (123,004)	\$ 157,401
Fund Balance, July 1, 2004	223,527	123,004	123,004	100,523
Fund Balance, June 30, 2005	<u>\$ 257,924</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 257,924</u>

Exhibit G-5

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 191,248	\$ 0	\$ 191,248	\$ 189,000	\$ 189,000	\$ 2,248
State of Tennessee	11,242	0	11,242	24,805	24,805	(13,563)
Total Revenues	\$ 202,490	\$ 0	\$ 202,490	\$ 213,805	\$ 213,805	\$ (11,315)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 50,683	\$ 628	\$ 51,311	\$ 85,877	\$ 85,877	\$ 34,566
Problem Waste Centers	15,435	0	15,435	37,605	37,605	22,170
Recycling Center	1,017	10,500	11,517	74,700	74,700	63,183
Total Expenditures	\$ 67,135	\$ 11,128	\$ 78,263	\$ 198,182	\$ 198,182	\$ 119,919
Excess (Deficiency) of Revenues Over Expenditures	\$ 135,355	\$ (11,128)	\$ 124,227	\$ 15,623	\$ 15,623	\$ 108,604
Net Change in Fund Balance	\$ 135,355	\$ (11,128)	\$ 124,227	\$ 15,623	\$ 15,623	\$ 108,604
Fund Balance, July 1, 2004	117,049	0	117,049	102,830	102,830	14,219
Fund Balance, June 30, 2005	\$ 252,404	\$ (11,128)	\$ 241,276	\$ 118,453	\$ 118,453	\$ 122,823

Exhibit G-6

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 91,796	\$ 93,665	\$ 93,665	\$ (1,869)
State of Tennessee	12,500	823,150	823,150	(810,650)
Federal Government	44,553	0	0	44,553
Total Revenues	<u>\$ 148,849</u>	<u>\$ 916,815</u>	<u>\$ 916,815</u>	<u>\$ (767,966)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Airport	\$ 116,849	\$ 974,881	\$ 974,881	\$ 858,032
Total Expenditures	<u>\$ 116,849</u>	<u>\$ 974,881</u>	<u>\$ 974,881</u>	<u>\$ 858,032</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 32,000</u>	<u>\$ (58,066)</u>	<u>\$ (58,066)</u>	<u>\$ 90,066</u>
Net Change in Fund Balance	\$ 32,000	\$ (58,066)	\$ (58,066)	\$ 90,066
Fund Balance, July 1, 2004	<u>88,670</u>	<u>90,252</u>	<u>90,252</u>	<u>(1,582)</u>
Fund Balance, June 30, 2005	<u>\$ 120,670</u>	<u>\$ 32,186</u>	<u>\$ 32,186</u>	<u>\$ 88,484</u>

Exhibit G-7

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 19,686	\$ 4,300	\$ 4,300	\$ 15,386
Other Local Revenues	26,300	115	26,565	(265)
Total Revenues	<u>\$ 45,986</u>	<u>\$ 4,415</u>	<u>\$ 30,865</u>	<u>\$ 15,121</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 12,844	\$ 23,100	\$ 27,600	\$ 14,756
Total Expenditures	<u>\$ 12,844</u>	<u>\$ 23,100</u>	<u>\$ 27,600</u>	<u>\$ 14,756</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 33,142</u>	<u>\$ (18,685)</u>	<u>\$ 3,265</u>	<u>\$ 29,877</u>
Net Change in Fund Balance	\$ 33,142	\$ (18,685)	\$ 3,265	\$ 29,877
Fund Balance, July 1, 2004	<u>31,119</u>	<u>29,385</u>	<u>29,385</u>	<u>1,734</u>
Fund Balance, June 30, 2005	<u>\$ 64,261</u>	<u>\$ 10,700</u>	<u>\$ 32,650</u>	<u>\$ 31,611</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

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, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,726,562	\$ 1,709,712	\$ 1,709,762	\$ 16,800
Other Local Revenues	19,190	28,800	28,800	(9,610)
Total Revenues	<u>\$ 1,745,752</u>	<u>\$ 1,738,512</u>	<u>\$ 1,738,562</u>	<u>\$ 7,190</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 365,529	\$ 405,000	\$ 405,000	\$ 39,471
Education	1,070,000	1,070,000	1,070,000	0
<u>Interest</u>				
General Government	46,956	101,000	91,000	44,044
Education	165,178	227,500	227,500	62,322
<u>Other Debt Service</u>				
General Government	46,064	63,000	63,000	16,936
Education	12,833	5,000	15,000	2,167
Total Expenditures	<u>\$ 1,706,560</u>	<u>\$ 1,871,500</u>	<u>\$ 1,871,500</u>	<u>\$ 164,940</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,192</u>	<u>\$ (132,988)</u>	<u>\$ (132,938)</u>	<u>\$ 172,130</u>
Net Change in Fund Balance	\$ 39,192	\$ (132,988)	\$ (132,938)	\$ 172,130
Fund Balance, July 1, 2004	<u>3,617,342</u>	<u>3,565,350</u>	<u>3,565,350</u>	<u>51,992</u>
Fund Balance, June 30, 2005	<u>\$ 3,656,534</u>	<u>\$ 3,432,362</u>	<u>\$ 3,432,412</u>	<u>\$ 224,122</u>

Fiduciary Funds

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

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

Watershed District Fund – The Watershed District Fund is used to account for acreage assessments collected on drainage district properties located in the county. These funds are held in trust for the watershed district.

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

City School ADA - Union City Fund – The City School ADA - Union City Fund is used to account for the city school system's share of education revenues collected by the county which must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

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

Exhibit I-1

Obion County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2005

	Agency Funds					
	Cities - Sales Tax	Watershed District	Special School District	City School ADA - Union City	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 0	\$ 1,630	\$ 484	\$ 37,182	\$ 0	\$ 39,296
Cash	0	0	0	0	1,452,321	1,452,321
Investments	0	0	0	0	21,216	21,216
Accounts Receivable	0	0	441	5,082	1,280	6,803
Due from Other Governments	722,087	0	0	204,017	0	926,104
Property Taxes Receivable	0	0	0	1,356,688	0	1,356,688
Allowance for Uncollectible Property Taxes	0	0	0	(37,127)	0	(37,127)
Notes Receivable - Long-term	0	0	0	0	196,430	196,430
Total Assets	<u>\$ 722,087</u>	<u>\$ 1,630</u>	<u>\$ 925</u>	<u>\$ 1,565,842</u>	<u>\$ 1,671,247</u>	<u>\$ 3,961,731</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 722,087	\$ 1,630	\$ 925	\$ 1,565,842	\$ 0	\$ 2,290,484
Due to Litigants, Heirs, and Others	0	0	0	0	1,671,247	1,671,247
Total Liabilities	<u>\$ 722,087</u>	<u>\$ 1,630</u>	<u>\$ 925</u>	<u>\$ 1,565,842</u>	<u>\$ 1,671,247</u>	<u>\$ 3,961,731</u>

Exhibit I-2

Obion County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,936,807	\$ 3,936,807	\$ 0
Due From Other Governments	681,667	722,087	681,667	722,087
Total Assets	\$ 681,667	\$ 4,658,894	\$ 4,618,474	\$ 722,087
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 681,667	\$ 4,658,894	\$ 4,618,474	\$ 722,087
Total Liabilities	\$ 681,667	\$ 4,658,894	\$ 4,618,474	\$ 722,087
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,663	\$ 33	\$ 1,630
Total Assets	\$ 0	\$ 1,663	\$ 33	\$ 1,630
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 0	\$ 1,663	\$ 33	\$ 1,630
Total Liabilities	\$ 0	\$ 1,663	\$ 33	\$ 1,630
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 64,574	\$ 64,090	\$ 484
Accounts Receivable	278	441	278	441
Total Assets	\$ 278	\$ 65,015	\$ 64,368	\$ 925
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 278	\$ 65,015	\$ 64,368	\$ 925
Total Liabilities	\$ 278	\$ 65,015	\$ 64,368	\$ 925
<u>City School ADA - Union City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 14,664	\$ 2,632,530	\$ 2,610,012	\$ 37,182
Accounts Receivable	10,722	5,082	10,722	5,082
Due From Other Governments	195,587	204,017	195,587	204,017
Property Taxes Receivable	1,368,646	1,356,688	1,368,646	1,356,688
Allowance for Uncollectible Property Taxes	(46,830)	(37,127)	(46,830)	(37,127)
Total Assets	\$ 1,542,789	\$ 4,161,190	\$ 4,138,137	\$ 1,565,842
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,542,789	\$ 4,161,190	\$ 4,138,137	\$ 1,565,842
Total Liabilities	\$ 1,542,789	\$ 4,161,190	\$ 4,138,137	\$ 1,565,842

(Continued)

Exhibit I-2

Obion County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,577,256	\$ 7,337,481	\$ 7,462,416	\$ 1,452,321
Investments	15,000	6,216	0	21,216
Accounts Receivable	1,890	1,280	1,890	1,280
Notes Receivable - Long-term	193,815	196,430	193,815	196,430
Total Assets	\$ 1,787,961	\$ 7,541,407	\$ 7,658,121	\$ 1,671,247
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,787,961	\$ 7,541,407	\$ 7,658,121	\$ 1,671,247
Total Liabilities	\$ 1,787,961	\$ 7,541,407	\$ 7,658,121	\$ 1,671,247
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 14,664	\$ 6,635,574	\$ 6,610,942	\$ 39,296
Cash	1,577,256	7,337,481	7,462,416	1,452,321
Investments	15,000	6,216	0	21,216
Accounts Receivable	12,890	6,803	12,890	6,803
Due From Other Governments	877,254	926,104	877,254	926,104
Property Taxes Receivable	1,368,646	1,356,688	1,368,646	1,356,688
Allowance for Uncollectible Property Taxes	(46,830)	(37,127)	(46,830)	(37,127)
Notes Receivable - Long-term	193,815	196,430	193,815	196,430
Total Assets	\$ 4,012,695	\$ 16,428,169	\$ 16,479,133	\$ 3,961,731
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,224,734	\$ 8,886,762	\$ 8,821,012	\$ 2,290,484
Due to Litigants, Heirs, and Others	1,787,961	7,541,407	7,658,121	1,671,247
Total Liabilities	\$ 4,012,695	\$ 16,428,169	\$ 16,479,133	\$ 3,961,731

Obion County School Department

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

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

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

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

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

Exhibit J-1

Obion County, Tennessee
Statement of Activities
Discretely Presented Obion County School Department
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Unit:					
Governmental Activities:					
Instruction	\$ 16,799,236	\$ 15,278	\$ 1,927,290	\$ 3,300,000	\$ (11,556,668)
Support Services	7,614,153	0	91,062	0	(7,523,091)
Operation of Non-Instructional Services	1,855,765	824,573	1,023,322	0	(7,870)
Total Governmental Activities	\$ 26,269,154	\$ 839,851	\$ 3,041,674	\$ 3,300,000	\$ (19,087,629)
General Revenues:					
Taxes:					
Property taxes levied for general purposes					\$ 4,137,879
Local option sales tax					3,304,135
Other local taxes					262,203
Grants & Contributions not restricted for specific programs					13,787,884
Miscellaneous					74,811
Total General Revenues					\$ 21,566,912
Change in net assets					\$ 2,479,283
Net assets, July 1, 2004					26,810,311
Net assets, June 30, 2005					\$ 29,289,594

Exhibit J-2

Obion County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Obion County School Department
 June 30, 2005

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Funds Other Govern- mental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,069,592	\$ 1,913,550	\$ 731,118	\$ 5,714,260
Accounts Receivable	53,066	0	0	53,066
Due from Other Governments	657,556	0	194,719	852,275
Due from Other Funds	82,325	0	125	82,450
Property Taxes Receivable	4,044,894	0	0	4,044,894
Allowance for Uncollectible Property Taxes	(110,691)	0	0	(110,691)
Total Assets	\$ 7,796,742	\$ 1,913,550	\$ 925,962	\$ 10,636,254
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 348,213	\$ 35,554	\$ 16,694	\$ 400,461
Contracts Payable	0	743,726	0	743,726
Retainage Payable	0	145,657	0	145,657
Due to Other Funds	125	33,608	48,717	82,450
Deferred Revenue - Current Property Taxes	3,808,006	0	0	3,808,006
Deferred Revenue - Delinquent Property Taxes	119,408	0	0	119,408
Other Deferred Revenues	358,557	0	94,719	453,276
Total Liabilities	\$ 4,634,309	\$ 958,545	\$ 160,130	\$ 5,752,984
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 114,846	\$ 12,392,721	\$ 31,508	\$ 12,539,075
Reserved for Title I Grants to Local Education Agencies	0	0	26,208	26,208
Reserved for Innovative Education Program Strategies	0	0	4,615	4,615
Reserved for Special Education - Grants to States	0	0	61,307	61,307
Other Federal Reserves	0	0	78,479	78,479
Unreserved, Reported In:				
General Fund	3,047,587	0	0	3,047,587
Special Revenue Funds	0	0	563,715	563,715
Capital Projects Funds (Deficit)	0	(11,437,716)	0	(11,437,716)
Total Fund Balances	\$ 3,162,433	\$ 955,005	\$ 765,832	\$ 4,883,270
Total Liabilities and Fund Balances	\$ 7,796,742	\$ 1,913,550	\$ 925,962	\$ 10,636,254

Exhibit J-3

Obion County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
Discretely Presented Obion County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)	\$	4,883,270
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		23,902,624
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.		(68,984)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>572,684</u>
Net assets of governmental activities (Exhibit A)	\$	<u><u>29,289,594</u></u>

Exhibit J-4

Obion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Obion County School Department
For the Year Ended June 30, 2005

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 7,838,402	\$ 0	\$ 0	\$ 7,838,402
Licenses and Permits	1,979	0	0	1,979
Charges for Current Services	102,595	0	743,356	845,951
Other Local Revenues	92,705	0	17,320	110,025
State of Tennessee	13,527,787	0	23,392	13,551,179
Federal Government	329,967	0	2,497,065	2,827,032
Other Governments and Citizens Groups	0	3,300,000	0	3,300,000
Total Revenues	\$ 21,893,435	\$ 3,300,000	\$ 3,281,133	\$ 28,474,568
<u>Expenditures</u>				
Current:				
Instruction	\$ 13,607,170	\$ 0	\$ 1,337,747	\$ 14,944,917
Support Services	7,526,301	0	237,991	7,764,292
Operation of Non-Instructional Services	151,189	0	1,536,400	1,687,589
Capital Outlay	377,942	0	0	377,942
Capital Projects	0	4,071,567	0	4,071,567
Total Expenditures	\$ 21,662,602	\$ 4,071,567	\$ 3,112,138	\$ 28,846,307
Excess (Deficiency) of Revenues Over Expenditures	\$ 230,833	\$ (771,567)	\$ 168,995	\$ (371,739)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 7,082	\$ 1,000,000	\$ 0	\$ 1,007,082
Transfers Out	(1,000,000)	0	(7,082)	(1,007,082)
Total Other Financing Sources (Uses)	\$ (992,918)	\$ 1,000,000	\$ (7,082)	\$ 0
Net Change in Fund Balances	\$ (762,085)	\$ 228,433	\$ 161,913	\$ (371,739)
Fund Balance, July 1, 2004	3,924,518	726,572	603,919	5,255,009
Fund Balance, June 30, 2005	\$ 3,162,433	\$ 955,005	\$ 765,832	\$ 4,883,270

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, 2005

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)	\$ (371,739)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,649,131
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	205,953
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(4,062)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 2,479,283</u>

Obion County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Obion County School Department
June 30, 2005

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 136,020	\$ 595,098	\$ 731,118
Due from Other Governments	194,719	0	194,719
Due from Other Funds	0	125	125
Total Assets	<u>\$ 330,739</u>	<u>\$ 595,223</u>	<u>\$ 925,962</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 16,694	\$ 0	\$ 16,694
Due to Other Funds	48,717	0	48,717
Other Deferred Revenues	94,719	0	94,719
Total Liabilities	<u>\$ 160,130</u>	<u>\$ 0</u>	<u>\$ 160,130</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 0	\$ 31,508	\$ 31,508
Reserved for Title I Grants to Local Education Agencies	26,208	0	26,208
Reserved for Innovative Education Program Strategies	4,615	0	4,615
Reserved for Special Education - Grants to States	61,307	0	61,307
Other Federal Reserves	78,479	0	78,479
Unreserved	0	563,715	563,715
Total Fund Balances	<u>\$ 170,609</u>	<u>\$ 595,223</u>	<u>\$ 765,832</u>
Total Liabilities and Fund Balances	<u>\$ 330,739</u>	<u>\$ 595,223</u>	<u>\$ 925,962</u>

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, 2005

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 743,356	\$ 743,356
Other Local Revenues	0	17,320	17,320
State of Tennessee	0	23,392	23,392
Federal Government	1,614,110	882,955	2,497,065
Total Revenues	<u>\$ 1,614,110</u>	<u>\$ 1,667,023</u>	<u>\$ 3,281,133</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,337,747	\$ 0	\$ 1,337,747
Support Services	237,991	0	237,991
Operation of Non-Instructional Services	0	1,536,400	1,536,400
Total Expenditures	<u>\$ 1,575,738</u>	<u>\$ 1,536,400</u>	<u>\$ 3,112,138</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,372</u>	<u>\$ 130,623</u>	<u>\$ 168,995</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (7,082)	\$ 0	\$ (7,082)
Total Other Financing Sources (Uses)	<u>\$ (7,082)</u>	<u>\$ 0</u>	<u>\$ (7,082)</u>
Net Change in Fund Balances	\$ 31,290	\$ 130,623	\$ 161,913
Fund Balance, July 1, 2004	<u>139,319</u>	<u>464,600</u>	<u>603,919</u>
Fund Balance, June 30, 2005	<u>\$ 170,609</u>	<u>\$ 595,223</u>	<u>\$ 765,832</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, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,838,402	\$ 0	\$ 0	\$ 7,838,402	\$ 7,756,381	\$ 7,756,381	\$ 82,021
Licenses and Permits	1,979	0	0	1,979	2,200	2,200	(221)
Charges for Current Services	102,595	0	0	102,595	87,987	87,987	14,608
Other Local Revenues	92,705	0	0	92,705	50,901	69,185	23,520
State of Tennessee	13,527,787	0	0	13,527,787	13,315,895	13,366,895	160,892
Federal Government	329,967	0	0	329,967	363,000	438,647	(108,680)
Total Revenues	\$ 21,893,435	\$ 0	\$ 0	\$ 21,893,435	\$ 21,576,364	\$ 21,721,295	\$ 172,140
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,114,028	\$ (24,147)	\$ 64,888	\$ 11,154,769	\$ 11,214,712	\$ 11,366,863	\$ 212,094
Alternative Instruction Program	54,966	0	0	54,966	55,845	56,230	1,264
Special Education Program	1,580,960	0	0	1,580,960	1,567,198	1,616,010	35,050
Vocational Education Program	814,877	0	859	815,736	869,345	884,413	68,677
Student Body Education Program	3,868	0	0	3,868	7,000	7,000	3,132
Adult Education Program	38,471	0	0	38,471	42,015	47,550	9,079
<u>Support Services</u>							
Attendance	91,422	0	0	91,422	96,525	97,054	5,632
Health Services	129,874	0	0	129,874	137,055	137,055	7,181
Other Student Support	468,480	0	0	468,480	484,190	489,269	20,789
Regular Instruction Program	811,628	0	279	811,907	917,000	924,139	112,232
Alternative Instruction Program	411	0	0	411	2,000	2,000	1,589
Special Education Program	101,666	0	0	101,666	97,173	108,086	6,420
Vocational Education Program	135,722	0	0	135,722	157,290	158,507	22,785
Adult Programs	92,053	0	0	92,053	92,802	93,491	1,438
Board of Education	468,866	0	0	468,866	500,475	500,475	31,609

(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 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 257,783	\$ 0	\$ 0	\$ 257,783	\$ 269,722	\$ 269,882	\$ 12,099
Office of the Principal	1,331,883	0	55	1,331,938	1,354,955	1,364,812	32,874
Fiscal Services	118,382	0	260	118,642	132,570	132,570	13,928
Operation of Plant	1,637,892	(3,483)	8,083	1,642,492	1,747,525	1,747,525	105,033
Maintenance of Plant	457,314	0	4,060	461,374	480,435	480,435	19,061
Transportation	1,422,925	0	0	1,422,925	1,427,900	1,499,184	76,259
<u>Operation of Non-Instructional Services</u>							
Food Service	40,773	0	0	40,773	45,415	45,944	5,171
Community Services	110,416	(2,000)	0	108,416	110,761	110,761	2,345
<u>Capital Outlay</u>							
Regular Capital Outlay	377,942	(42,379)	36,362	371,925	410,500	438,604	66,679
Total Expenditures	\$ 21,662,602	\$ (72,009)	\$ 114,846	\$ 21,705,439	\$ 22,220,408	\$ 22,577,859	\$ 872,420
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 230,833	\$ 72,009	\$ (114,846)	\$ 187,996	\$ (644,044)	\$ (856,564)	\$ 1,044,560
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 7,082	\$ 0	\$ 0	\$ 7,082	\$ 7,423	\$ 7,423	\$ (341)
Transfers Out	(1,000,000)	0	0	(1,000,000)	0	(1,000,000)	0
Total Other Financing Sources (Uses)	\$ (992,918)	\$ 0	\$ 0	\$ (992,918)	\$ 7,423	\$ (992,577)	\$ (341)
Net Change in Fund Balance							
Fund Balance, July 1, 2004	\$ (762,085)	\$ 72,009	\$ (114,846)	\$ (804,922)	\$ (636,621)	\$ (1,849,141)	\$ 1,044,219
	3,924,518	(72,009)	0	3,852,509	3,643,740	3,643,740	208,769
Fund Balance, June 30, 2005	\$ 3,162,433	\$ 0	\$ (114,846)	\$ 3,047,587	\$ 3,007,119	\$ 1,794,599	\$ 1,252,988

Exhibit J-9

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Obion County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,614,110	\$ 1,639,895	\$ 1,708,829	\$ (94,719)
Total Revenues	\$ 1,614,110	\$ 1,639,895	\$ 1,708,829	\$ (94,719)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 603,974	\$ 538,192	\$ 688,348	\$ 84,374
Special Education Program	677,399	729,032	740,258	62,859
Vocational Education Program	56,374	52,250	57,345	971
<u>Support Services</u>				
Health Services	14,161	14,123	14,173	12
Other Student Support	7,787	7,000	8,400	613
Regular Instruction Program	120,083	190,687	205,471	85,388
Special Education Program	94,923	98,190	102,786	7,863
Vocational Education Program	1,037	2,998	1,039	2
Total Expenditures	\$ 1,575,738	\$ 1,632,472	\$ 1,817,820	\$ 242,082
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,372	\$ 7,423	\$ (108,991)	\$ 147,363
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (7,082)	\$ (7,423)	\$ (7,423)	\$ 341
Total Other Financing Sources (Uses)	\$ (7,082)	\$ (7,423)	\$ (7,423)	\$ 341
Net Change in Fund Balance	\$ 31,290	\$ 0	\$ (116,414)	\$ 147,704
Fund Balance, July 1, 2004	139,319	0	116,414	22,905
Fund Balance, June 30, 2005	\$ 170,609	\$ 0	\$ 0	\$ 170,609

Exhibit J-10

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Obion County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 743,356	\$ 0	\$ 743,356	\$ 805,000	\$ 805,000	\$ (61,644)
Other Local Revenues	17,320	0	17,320	10,000	10,000	7,320
State of Tennessee	23,392	0	23,392	25,000	25,000	(1,608)
Federal Government	882,955	0	882,955	757,732	757,732	125,223
Total Revenues	<u>\$ 1,667,023</u>	<u>\$ 0</u>	<u>\$ 1,667,023</u>	<u>\$ 1,597,732</u>	<u>\$ 1,597,732</u>	<u>\$ 69,291</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,536,400	\$ 31,508	\$ 1,567,908	\$ 1,597,732	\$ 1,597,732	\$ 29,824
Total Expenditures	<u>\$ 1,536,400</u>	<u>\$ 31,508</u>	<u>\$ 1,567,908</u>	<u>\$ 1,597,732</u>	<u>\$ 1,597,732</u>	<u>\$ 29,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 130,623</u>	<u>\$ (31,508)</u>	<u>\$ 99,115</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,115</u>
Net Change in Fund Balance	\$ 130,623	\$ (31,508)	\$ 99,115	\$ 0	\$ 0	\$ 99,115
Fund Balance, July 1, 2004	464,600	0	464,600	377,047	377,047	87,553
Fund Balance, June 30, 2005	<u>\$ 595,223</u>	<u>\$ (31,508)</u>	<u>\$ 563,715</u>	<u>\$ 377,047</u>	<u>\$ 377,047</u>	<u>\$ 186,668</u>

Exhibit J-11

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Obion County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Governments and Citizens Groups	\$ 3,300,000	\$ 0	\$ 0	\$ 3,300,000	\$ 0	\$ 16,200,000	\$ (12,900,000)
Total Revenues	\$ 3,300,000	\$ 0	\$ 0	\$ 3,300,000	\$ 0	\$ 16,200,000	\$ (12,900,000)
<u>Expenditures</u>							
<u>Capital Projects</u>							
Education Capital Projects	\$ 4,071,567	\$ (1,130,460)	\$ 12,392,721	\$ 15,333,828	\$ 16,832,737	\$ 17,832,737	\$ 2,498,909
Total Expenditures	\$ 4,071,567	\$ (1,130,460)	\$ 12,392,721	\$ 15,333,828	\$ 16,832,737	\$ 17,832,737	\$ 2,498,909
Excess (Deficiency) of Revenues Over Expenditures	\$ (771,567)	\$ 1,130,460	\$ (12,392,721)	\$ (12,033,828)	\$ (16,832,737)	\$ (1,632,737)	\$ (10,401,091)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,200,000	\$ 0	\$ 0
Transfers In	1,000,000	0	0	1,000,000	0	1,000,000	0
Total Other Financing Sources (Uses)	\$ 1,000,000	\$ 0	\$ 0	\$ 1,000,000	\$ 16,200,000	\$ 1,000,000	\$ 0
Net Change in Fund Balance	\$ 228,433	\$ 1,130,460	\$ (12,392,721)	\$ (11,033,828)	\$ (632,737)	\$ (632,737)	\$ (10,401,091)
Fund Balance, July 1, 2004	726,572	(1,130,460)	0	(403,888)	632,737	632,737	(1,036,625)
Fund Balance, June 30, 2005	\$ 955,005	\$ 0	\$ (12,392,721)	\$ (11,437,716)	\$ 0	\$ 0	\$ (11,437,716)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Obion County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Sheriff Department Vehicles	\$ 70,529	6 %	6-14-05	6-15-05	\$ 0	\$ 70,529	\$ 70,529	\$ 0
Total Notes Payable					\$ 0	\$ 70,529	\$ 70,529	\$ 0
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction	4,500,000	Variable	4-24-1997	6-1-12	\$ 2,800,000	\$ 0	\$ 295,000	\$ 2,505,000
School Construction/Renovation	(1)	Variable	8-25-04	5-25-31	0	3,419,000	0	3,419,000
Total Other Loans Payable					\$ 2,800,000	\$ 3,419,000	\$ 295,000	\$ 5,924,000
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Rural School Refunding Bonds	5,195,000	2 to 3.5	12-1-03	6-1-08	\$ 4,505,000	\$ 0	\$ 1,070,000	\$ 3,435,000
Total Bonds Payable					\$ 4,505,000	\$ 0	\$ 1,070,000	\$ 3,435,000

(1) Total amount available under the loan agreement is \$17,000,000. The county has drawn \$3,419,000 of this amount.

Exhibit K-2

Obion County, Tennessee
Schedule of Principal and Interest Requirements By Year

Year Ending June 30	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2006	\$ 1,100,000	\$ 105,688	\$ 1,205,688
2007	1,145,000	67,188	1,212,188
2008	1,190,000	35,700	1,225,700
Total	<u>\$ 3,435,000</u>	<u>\$ 208,576</u>	<u>\$ 3,643,576</u>

Exhibit K-3

Obion County, Tennessee
Schedule of Investments - All Funds
June 30, 2005

Fund and Type	Amount
<u>Indigent Care Trust Fund</u>	
U.S. Treasury Money Market Fund	\$ 37,950
Federal Home Loan Bank	1,992,476
Federal National Mortgage Association	587,602
Federal Farm Credit Bank	396,624
Federal Home Loan Mortgage Corporation	495,000
Total Indigent Care Trust Fund	<u>\$ 3,509,652</u>
<u>Constitutional Officers - Agency Fund</u>	
<u>Juvenile Court Clerk</u>	
U. S. Savings Bonds - Series EE	\$ 21,216
Total Constitutional Officers - Agency Fund	<u>\$ 21,216</u>
Total Investments	<u><u>\$ 3,530,868</u></u>

Exhibit K-4

Obion County, Tennessee
Schedule of Notes Receivable - All Funds
June 30, 2005

Description	Debtor	Original Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-05
<u>Other Special Revenue Fund</u>						
Industrial Facilities - Tyson Foods, Inc.	Industrial Development Board of Union City	\$ 3,500,000	4-15-1997	1-1-15	9.395%	\$ 2,231,675
Total Other Special Revenue Fund						<u>\$ 2,231,675</u>
<u>Constitutional Officers - Agency Fund</u>						
<u>Clerk and Master</u>						
Ellen Wade Wiley Scholarship Loan Notes	Various Students	---	Various	Various	0	\$ 196,430
Total Constitutional Officers - Agency Fund						<u>\$ 196,430</u>
Total Notes Receivable						<u><u>\$ 2,428,105</u></u>

Exhibit K-5

Obion County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Obion County School Department
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Public Library	To provide funds for operations	\$ 288,583
Public Library Capital Projects	Public Library	To provide funds for furniture purchases	<u>5,000</u>
Total Transfers Primary Government			<u>\$ 293,583</u>
<u>Discretely Presented Obion County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 7,082
General Purpose School	Education Capital Projects	To provide funds for capital projects	<u>1,000,000</u>
Total Transfers Discretely Presented Obion County School Department			<u>\$ 1,007,082</u>

Exhibit K-6

Obion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 60,023	\$ 50,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	57,165	100,000	United States Fidelity and Guaranty Company
Director of Schools	State Board of Education and County Board of Education	86,668 (1)	1,000,000	Tennessee School Boards Risk Management Trust
Trustee	Section 8-24-102, <u>TCA</u>	51,969	746,800	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	51,969	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	51,969	60,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	51,969	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	52,669 (2)	70,000	United States Fidelity and Guaranty Company
Register	Section 8-24-102, <u>TCA</u>	51,969	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	57,705 (3)	25,000	"
Employee Bonds:				
County Mayor's Office - All employees excluding the Highway and Sheriff's Departments			25,000	RLI Surety Division
Director of School's Office			150,000	Tennessee School Boards Risk Management Trust
Highway Superintendent's Office			25,000	RLI Surety Division
Sheriff's Office			10,000	State Automobile Mutual Insurance Company

- (1) Does not include contract buy out payments of \$93,939 for former Director of Schools and vehicle allowance of \$7,200.
Includes chief executive officer training supplement of \$1,000, fringe benefits of \$356 and longevity pay of \$300.
- (2) Includes special commissioner/special master fees of \$700.
- (3) Includes law enforcement training supplement of \$540.

Exhibit K-7

Obion County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Public Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Highway / Public Works	General Debt Service	Public Library Capital Projects	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 1,150,061	\$ 0	\$ 0	\$ 0	\$ 0	\$ 410,741	\$ 1,469,555	\$ 0	\$ 3,030,357
Trustee's Collections - Prior Year	30,832	0	0	0	0	11,271	39,867	0	81,970
Trustee's Collections - Bankruptcy	5	0	0	0	0	0	1	0	6
Circuit/Clerk & Master Collections - Prior Years	11,951	0	0	0	0	4,793	23,818	0	40,562
Interest and Penalty	6,135	0	0	0	0	2,230	8,042	0	16,407
Payments in-Lieu-of Taxes - T.V.A.	139	0	0	0	0	0	0	0	139
Payments in-Lieu-of Taxes - Local Utilities	1,993	0	0	0	0	712	3,843	0	6,548
Payments in-Lieu-of Taxes - Other	50,626	0	0	0	0	18,086	96,951	0	165,663
<u>County Local Option Taxes</u>									
Local Option Sales Tax	423,838	0	0	0	0	0	0	0	423,838
Hotel/Motel Tax	32,168	0	0	0	0	0	0	0	32,168
Wheel Tax	171,937	0	0	0	0	579,163	0	0	751,100
Litigation Tax - General	132,759	0	0	0	0	0	0	0	132,759
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	41,667	0	41,667
Business Tax	137,219	0	0	0	0	5,535	29,892	0	172,646
Mineral Severance Tax	0	0	0	0	0	29,213	0	0	29,213
<u>Statutory Local Taxes</u>									
Bank Excise Tax	6,702	0	0	0	0	2,394	12,926	0	22,022
Wholesale Beer Tax	27,550	0	0	0	0	0	0	0	27,550
Interstate Telecommunications Tax	2,453	0	0	0	0	0	0	0	2,453
Total Local Taxes	\$ 2,186,368	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,064,138	\$ 1,726,562	\$ 0	\$ 4,977,068
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 10,592	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,592
<u>Permits</u>									
Beer Permits	1,227	0	0	0	0	0	0	0	1,227
Total Licenses and Permits	\$ 11,819	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,819
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 3,178	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,178

(Continued)

Exhibit K-7

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Public Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Highway / Public Works	General Debt Service	Public Library Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Officers Costs	\$ 4,514	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,514
Drug Control Fines	3,831	0	0	0	3,775	0	0	0	7,606
Drug Court Fees	798	0	0	0	0	0	0	0	798
Jail Fees	2,700	0	0	0	0	0	0	0	2,700
DUI Treatment Fines	475	0	0	0	0	0	0	0	475
Data Entry Fee - Circuit Court	643	0	0	0	0	0	0	0	643
<u>General Sessions Court</u>									
Fines	22,377	0	0	0	0	0	0	0	22,377
Officers Costs	26,022	0	0	0	0	0	0	0	26,022
Game and Fish Fines	434	0	0	0	0	0	0	0	434
Drug Control Fines	2,584	0	0	0	2,584	0	0	0	5,168
Drug Court Fees	3,393	0	0	0	0	0	0	0	3,393
Jail Fees	30,045	0	0	0	0	0	0	0	30,045
DUI Treatment Fines	7,208	0	0	0	0	0	0	0	7,208
Data Entry Fee - General Sessions Court	9,119	0	0	0	0	0	0	0	9,119
<u>Juvenile Court</u>									
Fines	888	0	0	0	0	0	0	0	888
Officers Costs	1,320	0	0	0	0	0	0	0	1,320
<u>Chancery Court</u>									
Officers Costs	12,516	0	0	0	0	0	0	0	12,516
Data Entry Fee - Chancery Court	1,534	0	0	0	0	0	0	0	1,534
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures, and Seizures	0	0	0	0	4,000	0	0	0	4,000
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	9,327	0	0	0	9,327
Total Fines, Forfeitures, and Penalties	\$ 133,579	\$ 0	\$ 0	\$ 0	\$ 19,686	\$ 0	\$ 0	\$ 0	\$ 153,265
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Surcharge - General	\$ 0	\$ 0	\$ 187,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 187,298
Solid Waste Disposal Fee	0	0	3,950	0	0	0	0	0	3,950
Work Release Charges for Board	5,540	0	0	0	0	0	0	0	5,540

(Continued)

Exhibit K-7

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Public Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Highway / Public Works	General Debt Service	Public Library Capital Projects	
<u>Charges for Current Services (Cont.)</u>									
<u>Fees</u>									
Copy Fees	\$ 307	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 307
Library Fees	0	18,741	0	0	0	0	0	0	18,741
Telephone Commissions	18,636	0	0	0	0	0	0	0	18,636
Vending Machine Collections	521	0	0	0	0	445	0	0	966
Data Processing Fee - Register	11,538	0	0	0	0	0	0	0	11,538
Data Processing Fee - Sheriff	1,168	0	0	0	0	0	0	0	1,168
Sexual Offender Registration Fee	1,880	0	0	0	0	0	0	0	1,880
<u>Other Charges for Services</u>									
Other Charges for Services	22	0	0	0	0	0	0	0	22
Total Charges for Current Services	\$ 39,612	\$ 18,741	\$ 191,248	\$ 0	\$ 0	\$ 445	\$ 0	\$ 0	\$ 250,046
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 907,236	\$ 9,562	\$ 0	\$ 460	\$ 0	\$ 0	\$ 0	\$ 654	\$ 917,912
Lease/Rentals	2,700	0	0	81,664	0	0	19,190	0	103,554
Sale of Materials and Supplies	6	0	0	0	0	1,741	0	0	1,747
Commissary Sales	35,192	0	0	0	0	0	0	0	35,192
Sale of Gasoline	0	0	0	8,226	0	0	0	0	8,226
Miscellaneous Refunds	8,023	1,606	0	1,446	450	16,104	0	5	27,634
<u>Nonrecurring Items</u>									
Sale of Equipment	1,650	0	0	0	25,850	0	0	0	27,500
Sale of Property	13,211	0	0	0	0	0	0	0	13,211
Damages Recovered from Individuals	608	0	0	0	0	0	0	0	608
<u>Other Local Revenues</u>									
Other Local Revenues	17,782	0	0	0	0	0	0	0	17,782
Total Other Local Revenues	\$ 986,408	\$ 11,168	\$ 0	\$ 91,796	\$ 26,300	\$ 17,845	\$ 19,190	\$ 659	\$ 1,153,366
<u>Fees Received from County Officials</u>									
<u>Fees In-Lieu-of Salary</u>									
County Clerk	\$ 348,820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 348,820
Circuit Court Clerk	82,260	0	0	0	0	0	0	0	82,260
General Sessions Court Clerk	159,805	0	0	0	0	0	0	0	159,805

(Continued)

Exhibit K-7

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Public Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Highway / Public Works	General Debt Service	Public Library Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees In-Lieu-of Salary (Cont.)</u>									
Clerk and Master	\$ 151,530	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 151,530
Juvenile Court Clerk	25,310	0	0	0	0	0	0	0	25,310
Register	146,097	0	0	0	0	0	0	0	146,097
Sheriff	18,124	0	0	0	0	0	0	0	18,124
Trustee	361,964	0	0	0	0	0	0	0	361,964
Total Fees Received from County Officials	\$ 1,293,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,293,910
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	0	0	0	12,500	0	0	0	0	12,500
State Reappraisal Grant	11,624	0	0	0	0	0	0	0	11,624
Solid Waste Grants	0	0	11,242	0	0	0	0	0	11,242
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	9,855	0	0	0	0	0	0	0	9,855
Other Public Safety Grants	0	0	0	0	0	50,000	0	0	50,000
<u>Health and Welfare Grants</u>									
Health Department Programs	38,623	0	0	0	0	0	0	0	38,623
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	0	194,680	0	0	194,680
Litter Program	39,751	0	0	0	0	0	0	0	39,751
<u>Other State Revenues</u>									
Income Tax	69,170	0	0	0	0	0	0	0	69,170
Beer Tax	16,778	0	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	41,788	0	0	0	0	0	0	0	41,788
Mixed Drink Tax	660	0	0	0	0	0	0	0	660
Contracted Prisoner Boarding	684,832	0	0	0	0	0	0	0	684,832
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,687,550	0	0	1,687,550
Petroleum Special Tax	0	0	0	0	0	26,104	0	0	26,104
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	0	14,360	0	0	0	0	0	0	14,360
Total State of Tennessee	\$ 938,461	\$ 14,360	\$ 11,242	\$ 12,500	\$ 0	\$ 1,958,334	\$ 0	\$ 0	\$ 2,934,897

(Continued)

Exhibit K-7

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Public Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Highway / Public Works	General Debt Service	Public Library Capital Projects	
<u>Federal Government</u>									
<u>Federal Through State</u>									
Homeland Security Grants	\$ 97,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,350
Other Federal through State	76,637	0	0	44,553	0	0	0	0	121,190
<u>Direct Federal Revenue</u>									
Medicare	4,000	0	0	0	0	0	0	0	4,000
Public Safety Partnership and Community Policing - COPS	33,203	0	0	0	0	0	0	0	33,203
Total Federal Government	\$ 211,190	\$ 0	\$ 0	\$ 44,553	\$ 0	\$ 0	\$ 0	\$ 0	\$ 255,743
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 5,000	\$ 144,293	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 149,293
<u>Citizens Groups</u>									
Donations	0	20,609	0	0	0	0	0	10,525	31,134
<u>Other</u>									
Other	12,773	0	0	0	0	0	0	0	12,773
Total Other Governments and Citizens Groups	\$ 17,773	\$ 164,902	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,525	\$ 193,200
Total	\$ 5,819,120	\$ 209,171	\$ 202,490	\$ 148,849	\$ 45,986	\$ 3,040,762	\$ 1,745,752	\$ 11,184	\$ 11,223,314

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, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,930,640	\$ 0	\$ 0	\$ 0	\$ 3,930,640
Trustee's Collections - Prior Year	109,639	0	0	0	109,639
Trustee's Collections - Bankruptcy	19	0	0	0	19
Circuit/Clerk & Master Collections - Prior Years	42,464	0	0	0	42,464
Interest and Penalty	22,470	0	0	0	22,470
Payments in-Lieu-of Taxes - Local Utilities	6,821	0	0	0	6,821
Payments in-Lieu-of Taxes - Other	173,365	0	0	0	173,365
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,267,895	0	0	0	3,267,895
Wheel Tax	205,141	0	0	0	205,141
Business Tax	53,302	0	0	0	53,302
<u>Statutory Local Taxes</u>					
Bank Excise Tax	22,943	0	0	0	22,943
Interstate Telecommunications Tax	3,703	0	0	0	3,703
Total Local Taxes	\$ 7,838,402	\$ 0	\$ 0	\$ 0	\$ 7,838,402
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,979	\$ 0	\$ 0	\$ 0	\$ 1,979
Total Licenses and Permits	\$ 1,979	\$ 0	\$ 0	\$ 0	\$ 1,979
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	\$ 299	\$ 0	\$ 0	\$ 0	\$ 299
<u>Education Charges</u>					
Tuition - Out-of-State Systems	15,278	0	0	0	15,278
Lunch Payments - Children	0	0	394,128	0	394,128
Lunch Payments - Adults	0	0	60,554	0	60,554
Income from Breakfast	0	0	70,157	0	70,157
A la carte Sales	0	0	212,536	0	212,536
Receipts from Individual Schools	25,903	0	1	0	25,904
Community Service Fees - Children	57,600	0	0	0	57,600
Community Service Fees - Adults	3,395	0	0	0	3,395
<u>Other Charges for Services</u>					
Other Charges for Services	120	0	5,980	0	6,100
Total Charges for Current Services	\$ 102,595	\$ 0	\$ 743,356	\$ 0	\$ 845,951
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	17,018	\$ 0	\$ 17,018
Lease/Rentals	1	0	0	0	1
Sale of Materials and Supplies	8,975	0	0	0	8,975
Miscellaneous Refunds	39,632	0	302	0	39,934
<u>Nonrecurring Items</u>					
Insurance Recovery	19,801	0	0	0	19,801
Damages Recovered from Individuals	3,831	0	0	0	3,831
Contributions & Gifts	20,465	0	0	0	20,465
Total Other Local Revenues	\$ 92,705	\$ 0	\$ 17,320	\$ 0	\$ 110,025

(Continued)

Exhibit K-8

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 12,528,295	\$ 0	\$ 0	\$ 0	\$ 12,528,295
School Food Service	0	0	23,392	0	23,392
Driver Education	15,845	0	0	0	15,845
Other State Education Funds	159,266	0	0	0	159,266
Career Ladder Program	277,799	0	0	0	277,799
Career Ladder - Extended Contract	106,834	0	0	0	106,834
<u>Other State Revenues</u>					
Mixed Drink Tax	495	0	0	0	495
State Revenue Sharing - T.V.A.	439,253	0	0	0	439,253
Total State of Tennessee	\$ 13,527,787	\$ 0	\$ 23,392	\$ 0	\$ 13,551,179
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 640,237	\$ 0	\$ 640,237
Breakfast	0	0	239,118	0	239,118
USDA - Other	0	0	3,600	0	3,600
Adult Education State Grant Program	104,933	0	0	0	104,933
Vocational Education - Basic Grants to States	0	61,248	0	0	61,248
Title I Grants to Local Education Agencies	0	520,713	0	0	520,713
Innovative Education Program Strategies	0	17,544	0	0	17,544
Special Education - Grants to States	174,474	808,736	0	0	983,210
Special Education Preschool Grants	0	42,809	0	0	42,809
Eisenhower Professional Development State Grants	0	144,560	0	0	144,560
Other Federal through State	50,560	18,500	0	0	69,060
Total Federal Government	\$ 329,967	\$ 1,614,110	\$ 882,955	\$ 0	\$ 2,827,032
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 3,300,000	\$ 3,300,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 3,300,000	\$ 3,300,000
Total	\$ 21,893,435	\$ 1,614,110	\$ 1,667,023	\$ 3,300,000	\$ 28,474,568

Exhibit K-9

Obion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	28,200	
Audit Services		7,501	
Dues and Memberships		1,500	
Legal Services		9,000	
Legal Notices, Recording and Court Costs		302	
Travel		6,070	
Total County Commission			\$ 52,573

Board of Equalization

Board and Committee Members Fees	\$	2,020	
Travel		459	
Total Board of Equalization			2,479

Beer Board

Board and Committee Members Fees	\$	600	
Legal Notices, Recording, and Court Costs		60	
Total Beer Board			660

Budget and Finance Committee

Board and Committee Members Fees	\$	8,600	
Accounting Services		1,250	
Travel		649	
Total Budget and Finance Committee			10,499

County Mayor

County Official/Administrative Officer	\$	60,023	
Assistant(s)		79,185	
Other Salaries & Wages		1,500	
Handling Charges & Administrative Costs		12	
Dues and Memberships		1,730	
Freight Expenses		129	
Legal Notices, Recording, and Court Costs		1,066	
Maintenance Agreements		5,553	
Maintenance & Repair Services- Office Equipment		402	
Postal Charges		1,382	
Printing, Stationery and Forms		732	
Travel		2,842	
Data Processing Supplies		2,507	
Duplicating Supplies		420	
Library Books/Media		228	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Mayor (Cont.)

Office Supplies	\$	1,111	
Premiums on Corporate Surety Bonds		225	
Furniture and Fixtures		708	
Total County Mayor			\$ 159,755

Election Commission

County Official/Administrative Officer	\$	41,575	
Secretary to Board		20,000	
Part-time Personnel		15,075	
Election Commission		2,915	
Election Workers		22,632	
Communication		2,488	
Dues and Memberships		200	
Freight Expenses		150	
Janitorial Services		1,800	
Legal Notices, Recording and Court Costs		4,174	
Maintenance Agreements		7,600	
Maintenance & Repair Services- Buildings		1,650	
Maintenance & Repair Services- Equipment		21	
Maintenance & Repair Services- Office Equipment		283	
Pest Control		132	
Postal Charges		2,366	
Printing, Stationery, and Forms		8,058	
Rentals		25	
Travel		2,982	
Other Contracted Services		3,803	
Custodial Supplies		87	
Data Processing Supplies		1,823	
Duplicating Supplies		131	
Office Supplies		341	
Utilities		3,344	
Premiums on Corporate Surety Bonds		50	
Vehicle and Equipment Insurance		213	
Building Improvements		863	
Office Equipment		918	
Total Election Commission			145,699

Register of Deeds

County Official/Administrative Officer	\$	51,969
Deputy(ies)		43,534

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Dues and Memberships	\$	508	
Freight Expenses		61	
Maintenance & Repair Services- Office Equipment		851	
Postal Charges		1,906	
Printing, Stationery and Forms		6,782	
Duplicating Supplies		449	
Office Supplies		582	
Premiums on Corporate Surety Bonds		125	
Total Register of Deeds			\$ 106,767

County Buildings

Custodial Personnel	\$	35,160	
Communication		17,165	
Data Processing Services		963	
Freight Expenses		346	
Licenses		210	
Maintenance & Repair Services- Buildings		7,070	
Maintenance & Repair Services- Equipment		1,378	
Pest Control		345	
Other Contracted Services		10,420	
Custodial Supplies		7,996	
Drugs and Medical Supplies		893	
Duplicating Supplies		831	
Office Supplies		887	
Utilities		33,026	
Premiums on Corporate Surety Bonds		746	
Building Improvements		1,436	
Other Capital Outlay		27,655	
Total County Buildings			146,527

Preservation of Records

Maintenance and Repair Services - Records	\$	3,000	
Total Preservation of Records			3,000

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	51,969	
Deputy(ies)		63,811	
Audit Services		20,210	
Data Processing Services		10,397	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Dues and Memberships	\$	1,330	
Postal Charges		1,536	
Printing, Stationery, and Forms		273	
Travel		2,605	
Other Contracted Services		9,372	
Data Processing Supplies		106	
Duplicating Supplies		281	
Office Supplies		897	
Other Supplies and Materials		147	
Premiums on Corporate Surety Bonds		316	
Total Property Assessor's Office			\$ 163,250

Reappraisal Program

Other Salaries & Wages	\$	4,176	
In-Service Training		265	
Data Processing Services		3,280	
Postal Charges		544	
Travel		2,193	
Total Reappraisal Program			10,458

County Trustee's Office

County Official/Administrative Officer	\$	51,969	
Deputy(ies)		45,771	
Part-time Personnel		1,348	
Dues and Memberships		225	
Freight Expenses		106	
Legal Notices, Recording, and Court Costs		61	
Maintenance Agreements		3,095	
Maintenance & Repair Services- Office Equipment		38	
Postal Charges		5,911	
Printing, Stationery and Forms		270	
Travel		94	
Data Processing Supplies		1,390	
Office Supplies		452	
Data Processing Equipment		1,490	
Office Equipment		50	
Total County Trustee's Office			112,270

County Clerk's Office

County Official/Administrative Officer	\$	51,969	
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(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Deputy(ies)	\$	115,349	
Dues and Memberships		458	
Legal Notices, Recording, and Court Costs		78	
Maintenance Agreements		11,137	
Maintenance & Repair Services- Office Equipment		49	
Postal Charges		4,767	
Printing, Stationery and Forms		1,401	
Travel		1,878	
Data Processing Supplies		1,927	
Duplicating Supplies		436	
Office Supplies		1,016	
Premiums on Corporate Surety Bonds		484	
Data Processing Equipment		9,725	
Office Equipment		189	
Total County Clerk's Office			\$ 200,863

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	51,969	
Deputy(ies)		64,341	
Board and Committee Members Fees		700	
Jury and Witness Fees		12,689	
Dues and Memberships		383	
Freight Expenses		39	
Legal Notices, Recording, and Court Costs		352	
Maintenance Agreements		4,846	
Maintenance & Repair Services- Office Equipment		519	
Postal Charges		2,564	
Printing, Stationery, and Forms		3,290	
Travel		612	
Data Processing Supplies		1,306	
Duplicating Supplies		802	
Library Books/Media		28	
Office Supplies		498	
Premiums on Corporate Surety Bonds		250	
Other Charges		1,428	
Total Circuit Court			146,616

General Sessions Court

Judge(s)	\$	73,592	
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(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Deputy(ies)	\$	114,982	
Other Per Diem & Fees		9,600	
Communication		81	
Dues and Memberships		145	
Freight Expenses		40	
Maintenance Agreements		2,941	
Postal Charges		1,763	
Printing, Stationery, and Forms		607	
Travel		67	
Data Processing Supplies		2,081	
Library Books/Media		195	
Office Supplies		604	
Furniture and Fixtures		870	
Office Equipment		109	
Total General Sessions Court			\$ 207,677

Drug Court

Other Salaries & Wages	\$	18,000	
In-Service Training		980	
Social Security		1,377	
Unemployment Compensation		216	
Travel		6,911	
Drug Treatment		72,000	
Other Supplies and Materials		2,127	
Workers' Compensation Insurance		572	
Total Drug Court			102,183

Chancery Court

County Official/Administrative Officer	\$	51,969	
Deputy(ies)		58,144	
Part-time Personnel		450	
Dues and Memberships		478	
Freight Expenses		253	
Maintenance & Repair Services- Office Equipment		98	
Postal Charges		3,120	
Printing, Stationery, and Forms		6,602	
Travel		136	
Other Contracted Services		20	
Duplicating Supplies		458	
Library Books/Media		161	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Office Supplies	\$	1,507	
Premiums on Corporate Surety Bonds		350	
Office Equipment		<u>1,675</u>	
Total Chancery Court	\$		125,421

Juvenile Court

Judge(s)	\$	31,480	
Youth Service Officer(s)		66,491	
Part-time Personnel		150	
Other Per Diem & Fees		250	
Communication		215	
Contracts with Private Agencies		1,294	
Dues and Memberships		245	
Laundry Service		17	
Maintenance & Repair Services- Equipment		75	
Maintenance & Repair Services- Office Equipment		236	
Postal Charges		1,036	
Printing, Stationery, and Forms		912	
Travel		5,079	
Data Processing Supplies		58	
Drugs and Medical Supplies		544	
Duplicating Supplies		310	
Library Books/Media		138	
Office Supplies		250	
Data Processing Equipment		<u>178</u>	
Total Juvenile Court			108,958

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,165	
Deputy(ies)		31,511	
Dispatchers/Radio Operators		163,946	
Clerical Personnel		48,276	
Attendants		113,321	
Custodial Personnel		6,781	
Overtime Pay		19,056	
Other Salaries & Wages		568,788	
In-Service Training		9,850	
Other Per Diem & Fees		2,000	
Communication		13,067	

(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.)

Contracts with Government Agencies	\$	1,150	
Data Processing Services		1,533	
Dues and Memberships		1,800	
Evaluation and Testing		180	
Freight Expenses		260	
Maintenance Agreements		1,500	
Maintenance & Repair Services- Equipment		2,301	
Maintenance & Repair Services- Vehicles		14,173	
Medical and Dental Services		52	
Postal Charges		3,548	
Printing, Stationery, and Forms		756	
Rentals		7,762	
Travel		4,024	
Other Contracted Services		6,200	
Custodial Supplies		3,419	
Data Processing Supplies		3,338	
Duplicating Supplies		1,548	
Gasoline		54,877	
Law Enforcement Supplies		1,082	
Office Supplies		1,772	
Uniforms		6,241	
Premiums on Corporate Surety Bonds		577	
Vehicle and Equipment Insurance		39,969	
Other Charges		208	
Communication Equipment		5,833	
Data Processing Equipment		1,872	
Furniture and Fixtures		52	
Law Enforcement Equipment		10,396	
Motor Vehicles		70,529	
Total Sheriff's Department			\$ 1,280,713

Jail

Guards	\$	504,671
Cafeteria Personnel		26,995
Maintenance Personnel		29,828
Part-time Personnel		8,170
Overtime Pay		1,639
In-Service Training		205
Contracts with Government Agencies		11,537
Freight Expenses		1,540

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance & Repair Services- Buildings	\$	7,086	
Maintenance & Repair Services- Equipment		8,990	
Maintenance & Repair Services- Office Equipment		93	
Medical and Dental Services		76,196	
Pest Control		465	
Printing, Stationery, and Forms		1,432	
Transportation - Other than Students		153	
Travel		2,638	
Custodial Supplies		24,020	
Data Processing Supplies		1,873	
Duplicating Supplies		120	
Fertilizer, Lime and Seed		675	
Food Supplies		73,746	
Gasoline		210	
Office Supplies		717	
Prisoners Clothing		4,225	
Uniforms		4,024	
Utilities		78,393	
Testing		300	
Other Supplies and Materials		9,377	
Building and Contents Insurance		10,868	
Communication Equipment		5,031	
Data Processing Equipment		610	
Food Service Equipment		275	
Furniture and Fixtures		1,007	
Office Equipment		70	
Total Jail		<u>70</u>	\$ 897,179
<u>Rescue Squad</u>			
Contributions	\$	<u>4,000</u>	
Total Rescue Squad			4,000
<u>Other Emergency Management</u>			
Contributions	\$	<u>6,000</u>	
Total Other Emergency Management			6,000
<u>Public Safety Grant Programs</u>			
Communication Equipment	\$	<u>97,350</u>	
Total Public Safety Grant Programs			97,350

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Contributions	\$ 3,000	
Total Other Public Safety		\$ 3,000

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 30,023	
Social Security	2,250	
State Retirement	168	
Life Insurance	24	
Medical Insurance	1,750	
Unemployment Compensation	259	
Communication	3,268	
Contracts with Private Agencies	386	
Dues and Memberships	100	
Freight Expenses	137	
Janitorial Services	11,593	
Legal Notices, Recording, and Court Costs	119	
Maintenance & Repair Services- Buildings	4,783	
Maintenance & Repair Services- Equipment	1,139	
Pest Control	180	
Postal Charges	2,725	
Printing, Stationery, and Forms	42	
Travel	1,145	
Other Contracted Services	833	
Custodial Supplies	1,255	
Data Processing Supplies	626	
Drugs and Medical Supplies	26	
Duplicating Supplies	144	
Office Supplies	631	
Periodicals	83	
Utilities	9,200	
Workers' Compensation Insurance	360	
Building Improvements	10,638	
Furniture and Fixtures	366	
Total Local Health Center		84,253

Other Local Health Services

Other Contracted Services	\$ 5,500	
Total Other Local Health Services		5,500

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contracts with Government Agencies	\$ 57,553	
Total Appropriation to State		\$ 57,553

General Welfare Assistance

Pauper Burials	\$ 1,350	
Other Charges	1,803	
Total General Welfare Assistance		3,153

Sanitation Education/Information

Foremen	\$ 23,992	
Advertising	9,300	
Maintenance & Repair Services- Vehicles	474	
Food Supplies	668	
Gasoline	920	
Other Supplies and Materials	1,183	
Total Sanitation Education/Information		36,537

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 15,000	
Total Senior Citizens Assistance		15,000

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Contributions	\$ 5,000	
Matching Share	2,500	
Total Other Social, Cultural, and Recreational		7,500

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 51,688
Temporary Personnel	672
Social Security	3,954
State Retirement	7,060
Communication	3,841
Data Processing Services	906
Janitorial Services	1,800

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Maintenance & Repair Services- Buildings	\$	1,072	
Maintenance & Repair Services- Vehicles		65	
Custodial Supplies		78	
Utilities		3,656	
Data Processing Equipment		2,500	
Total Agriculture Extension Service			\$ 77,292

Soil Conservation

Secretary(s)	\$	20,777	
Contributions		1,000	
Total Soil Conservation			21,777

Flood Control

Contributions	\$	15,000	
Total Flood Control			15,000

Other Operations

Tourism

Dues and Memberships	\$	900	
Remittance of Revenue Collected		32,168	
Total Tourism			33,068

Industrial Development

Contributions	\$	80,968	
Dues and Memberships		6,000	
Matching Share		1,400	
Total Industrial Development			88,368

Veterans' Services

Contributions	\$	11,800	
Total Veterans' Services			11,800

Other Charges

Contracts with Government Agencies	\$	14,745	
Legal Services		5,395	
Maintenance Agreements		810	
Transportation - Other than Students		2,145	
Boiler Insurance		2,008	
Building and Contents Insurance		1,292	
Judgments		2,170	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Liability Insurance	\$ 57,387	
Refunds	519	
Trustee's Commission	43,867	
Other Charges	1,500	
Total Other Charges		\$ 131,838

Contributions to Other Agencies

Dues and Memberships	\$ 1,652	
Total Contributions to Other Agencies		1,652

Employee Benefits

Social Security	\$ 217,331	
State Retirement	106,422	
Employee and Dependent Insurance	196,308	
Life Insurance	1,568	
Unemployment Compensation	10,195	
Workers' Compensation Insurance	48,628	
Total Employee Benefits		580,452

Miscellaneous

Other Salaries & Wages	\$ 22,056	
Total Miscellaneous		22,056

Instruction

Vocational Education Program

Contracts with Government Agencies	\$ 59,587	
Total Vocational Education Program		59,587

Capital Projects

Other General Government Projects

Architects	\$ 5,493	
Building Construction	367,297	
Furniture and Fixtures	15,000	
Total Other General Government Projects		387,790

Total General Fund \$ 5,738,073

(Continued)

Exhibit K-9

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

Public Library Fund

Social, Cultural and Recreational Services

Libraries

County Official/Administrative Officer	\$	51,636	
Assistant(s)		95,744	
Supervisor/Director		30,550	
Educational Assistants		60,252	
Social Security		17,682	
State Retirement		6,697	
Employee and Dependent Insurance		18,125	
Unemployment Compensation		408	
Accounting Services		1,563	
Advertising		1,237	
Audit Services		5,000	
Dues and Memberships		1,115	
Janitorial Services		23,335	
Operating Lease Payments		1,003	
Maintenance & Repair Services- Buildings		3,036	
Maintenance & Repair Services- Equipment		1,220	
Postal Charges		1,552	
Printing, Stationery, and Forms		2,679	
Travel		925	
Other Contracted Services		4,731	
Custodial Supplies		992	
Data Processing Supplies		2,000	
Instructional Supplies and Materials		8,640	
Library Books/Media		47,614	
Office Supplies		3,313	
Periodicals		4,510	
Utilities		38,249	
Other Supplies and Materials		8,766	
Building and Contents Insurance		2,687	
Workers' Compensation Insurance		243	
Other Charges		6,124	
Other Equipment		16,729	
Total Libraries		<u>468,357</u>	\$ 468,357
Total Public Library Fund			\$ 468,357

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	31,827
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(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.)
Sanitation Management (Cont.)

Social Security	\$	2,435	
State Retirement		1,238	
Life Insurance		18	
Unemployment Compensation		98	
Advertising		177	
Communication		1,640	
Contributions		6,200	
Data Processing Services		679	
Freight Expenses		14	
Maintenance & Repair Services- Office Equipment		300	
Postal Charges		236	
Printing, Stationery, and Forms		313	
Travel		2,204	
Data Processing Supplies		302	
Instructional Supplies and Materials		322	
Office Supplies		126	
Trustee's Commission		1,096	
Workers' Compensation Insurance		999	
Data Processing Equipment		430	
Office Equipment		29	
Total Sanitation Management			\$ 50,683

Problem Waste Centers

Advertising	\$	18	
Other Contracted Services		15,278	
General Construction Materials		119	
Other Supplies and Materials		20	
Total Problem Waste Centers			15,435

Recycling Center

Maintenance & Repair Services- Buildings	\$	77	
Rentals		720	
Custodial Supplies		24	
Food Supplies		52	
Uniforms		13	
Other Supplies and Materials		126	
Other Charges		5	
Total Recycling Center			1,017

Total Solid Waste/Sanitation Fund \$ 67,135

(Continued)

Exhibit K-9

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

Special Purpose Fund

Other Operations

Airport

Other Salaries & Wages	\$	33,679	
Social Security		2,576	
Audit Services		2,990	
Communication		2,646	
Janitorial Services		806	
Maintenance & Repair Services- Buildings		31,844	
Office Supplies		2,079	
Utilities		13,048	
Other Supplies and Materials		2,786	
Building and Contents Insurance		5,340	
Airport Improvement		19,055	
Total Airport			\$ 116,849

Total Special Purpose Fund \$ 116,849

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,837	
Evaluation and Testing		825	
Freight Expenses		126	
Maintenance & Repair Services- Equipment		104	
Maintenance & Repair Services- Vehicles		641	
Printing, Stationery, and Forms		267	
Travel		1,997	
Gasoline		228	
Law Enforcement Supplies		1,645	
Refunds		250	
Trustee's Commission		67	
Other Charges		1,646	
Communication Equipment		3,211	
Total Drug Enforcement			\$ 12,844

Total Drug Control Fund 12,844

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,165	
Secretary to Board		900	

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Secretary(s)	\$	66,198	
Board and Committee Members Fees		10,675	
Communication		3,946	
Data Processing Services		3,492	
Dues and Memberships		2,403	
Maintenance & Repair Services- Office Equipment		128	
Postal Charges		600	
Printing, Stationery, and Forms		1,133	
Travel		1,131	
Electricity		6,802	
Natural Gas		3,316	
Office Supplies		1,117	
Water and Sewer		981	
Total Administration			\$ 159,987

Highway and Bridge Maintenance

Foremen	\$	160,371	
Equipment Operators		156,494	
Truck Drivers		178,840	
Laborers		327,722	
Asphalt		1,411,792	
Concrete		20,149	
Crushed Stone		127,795	
General Construction Materials		49,100	
Pipe - Metal		44,790	
Road Signs		7,030	
Wood Products		6,628	
Total Highway and Bridge Maintenance			2,490,711

Operation and Maintenance of Equipment

Mechanic(s)	\$	87,247	
Janitorial Services		2,415	
Diesel Fuel		131,919	
Equipment and Machinery Parts		110,498	
Garage Supplies		10,885	
Gasoline		20,206	
Lubricants		8,317	
Small Tools		300	
Tires and Tubes		26,756	
Total Operation and Maintenance of Equipment			398,543

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Building and Contents Insurance	\$	1,194	
Liability Insurance		11,802	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		31,989	
Vehicle and Equipment Insurance		33,460	
Workers' Compensation Insurance		69,526	
Other Charges		<u>56,222</u>	
Total Other Charges	\$		204,543

Employee Benefits

Social Security	\$	76,934	
State Retirement		39,084	
Employee and Dependent Insurance		105,857	
Unemployment Compensation		<u>861</u>	
Total Employee Benefits			222,736

Capital Outlay

Engineering Services	\$	8,766	
Other Contracted Services		67,392	
Bridge Construction		347,766	
Building Construction		9,776	
Communication Equipment		4,964	
Data Processing Equipment		1,500	
Highway Equipment		239,192	
Office Equipment		<u>4,124</u>	
Total Capital Outlay			<u>683,480</u>

Total Highway/Public Works Fund \$ 4,160,000

General Debt Service Fund

Principal

General Government

Principal on Notes	\$	70,529	
Principal on Other Loans Payable		<u>295,000</u>	
Total General Government	\$		365,529

Education

Principal on Bonds	\$	<u>1,070,000</u>	
Total Education			1,070,000

(Continued)

Exhibit K-9

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

General Debt Service Fund (Cont.)

Interest

General Government

Interest on Notes	\$	12	
Interest on Other Loans Payable		46,944	
Total General Government			\$ 46,956

Education

Interest on Bonds	\$	129,763	
Interest on Other Loans Payable		35,415	
Total Education			165,178

Other Debt Service

General Government

Trustee's Commission	\$	32,491	
Other Debt Service		13,573	
Total General Government			46,064

Education

Other Debt Service	\$	12,833	
Total Education			12,833

Total General Debt Service Fund \$ 1,706,560

General Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$	3,300,000	
Other Debt Issuance Charges		119,000	
Total Education Capital Projects			\$ 3,419,000

Total General Capital Projects Fund 3,419,000

Public Library Capital Projects Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	110	
Other Supplies and Materials		2,187	
Other Charges		4,402	
Building Construction		52,829	
Total Libraries			\$ 59,528

Total Public Library Capital Projects Fund 59,528

Total Governmental Funds - Primary Government \$ 15,748,346

Obion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Obion County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,824,920	
Career Ladder Program	169,915	
Career Ladder Extended Contracts	56,863	
Homebound Teachers	17,336	
Educational Assistants	178,077	
Certified Substitute Teachers	143,623	
Social Security	492,299	
State Retirement	448,937	
Life Insurance	9,417	
Medical Insurance	871,123	
Unemployment Compensation	7,671	
Employer Medicare	115,467	
Maintenance & Repair Services- Equipment	7,100	
Other Contracted Services	32,185	
Instructional Supplies and Materials	260,263	
Textbooks	247,678	
Other Supplies and Materials	81,140	
Other Charges	1,550	
Regular Instruction Equipment	148,464	
Total Regular Instruction Program		\$ 11,114,028

Alternative Instruction Program

Teachers	\$ 39,805	
Career Ladder Program	1,000	
Certified Substitute Teachers	226	
Social Security	2,535	
State Retirement	2,244	
Life Insurance	53	
Medical Insurance	8,129	
Unemployment Compensation	28	
Employer Medicare	595	
Instructional Supplies and Materials	351	
Total Alternative Instruction Program		54,966

Special Education Program

Teachers	\$ 1,012,450
Career Ladder Program	20,040
Career Ladder Extended Contracts	5,000
Homebound Teachers	16,643

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Educational Assistants	\$	64,864	
Certified Substitute Teachers		6,478	
Social Security		66,000	
State Retirement		59,584	
Life Insurance		2,393	
Medical Insurance		139,606	
Unemployment Compensation		2,105	
Employer Medicare		15,448	
Contracts with Other School Systems		169,159	
Contracts with Private Agencies		75	
Maintenance & Repair Services- Equipment		879	
Instructional Supplies and Materials		195	
Other Charges		41	
Total Special Education Program			\$ 1,580,960

Vocational Education Program

Teachers	\$	616,504	
Career Ladder Program		7,000	
Certified Substitute Teachers		4,978	
Social Security		36,228	
State Retirement		33,131	
Life Insurance		651	
Medical Insurance		66,355	
Unemployment Compensation		543	
Employer Medicare		8,787	
Maintenance & Repair Services- Equipment		916	
Instructional Supplies and Materials		29,286	
Other Supplies and Materials		110	
Other Charges		459	
Vocational Instruction Equipment		9,929	
Total Vocational Education Program			814,877

Student Body Education Program

Other Charges	\$	3,868	
Total Student Body Education Program			3,868

Adult Education Program

Teachers	\$	34,472	
Social Security		1,544	

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

State Retirement	\$	321	
Unemployment Compensation		117	
Employer Medicare		481	
Instructional Supplies and Materials		1,536	
Total Adult Education Program			\$ 38,471

Support Services

Attendance

Supervisor/Director	\$	58,086	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		2,000	
Clerical Personnel		13,650	
Social Security		4,566	
State Retirement		3,891	
Life Insurance		76	
Medical Insurance		3,982	
Unemployment Compensation		29	
Employer Medicare		1,068	
Travel		230	
Other Supplies and Materials		940	
In Service/Staff Development		1,139	
Attendance Equipment		765	
Total Attendance			91,422

Health Services

Medical Personnel	\$	113,050	
Other Salaries & Wages		300	
Social Security		6,987	
State Retirement		3,774	
Life Insurance		195	
Medical Insurance		1,760	
Unemployment Compensation		115	
Employer Medicare		1,634	
Drugs and Medical Supplies		1,873	
Other Supplies and Materials		186	
Total Health Services			129,874

Other Student Support

Career Ladder Program	\$	10,000	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Guidance Personnel	\$	343,898	
Career Ladder Extended Contracts		10,000	
Social Security		21,705	
State Retirement		20,014	
Life Insurance		326	
Medical Insurance		34,041	
Unemployment Compensation		252	
Employer Medicare		5,076	
Evaluation and Testing		17,972	
Travel		306	
Other Supplies and Materials		3,708	
In Service/Staff Development		1,182	
Total Other Student Support			\$ 468,480

Regular Instruction Program

Supervisor/Director	\$	129,094	
Career Ladder Program		13,000	
Career Ladder Extended Contracts		12,000	
Librarians		283,427	
Materials Supervisor		44,788	
Instructional Computer Personnel		79,560	
Secretary(s)		22,304	
Educational Assistants		28,839	
Social Security		36,867	
State Retirement		31,426	
Life Insurance		603	
Medical Insurance		43,229	
Unemployment Compensation		656	
Employer Medicare		8,701	
Consultants		5,897	
Travel		5,472	
Other Contracted Services		1,500	
Library Books/Media		27,831	
Other Supplies and Materials		17,040	
In Service/Staff Development		19,301	
Other Charges		93	
Total Regular Instruction Program			811,628

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program

In Service/Staff Development	\$ 411	
Total Alternative Instruction Program		\$ 411

Special Education Program

Supervisor/Director	\$ 53,737	
Career Ladder Program	917	
Social Security	3,142	
State Retirement	3,006	
Life Insurance	119	
Unemployment Compensation	28	
Employer Medicare	735	
Travel	39,307	
In Service/Staff Development	675	
Total Special Education Program		101,666

Vocational Education Program

Supervisor/Director	\$ 63,366	
Career Ladder Program	3,000	
Career Ladder Extended Contracts	600	
Secretary(s)	13,650	
Other Salaries & Wages	30,375	
Social Security	6,802	
State Retirement	5,885	
Life Insurance	82	
Medical Insurance	4,018	
Unemployment Compensation	71	
Employer Medicare	1,591	
Travel	1,195	
Other Supplies and Materials	65	
In Service/Staff Development	5,022	
Total Vocational Education Program		135,722

Adult Programs

Supervisor/Director	\$ 49,373
Clerical Personnel	24,332
Social Security	4,395
State Retirement	3,662
Life Insurance	79
Medical Insurance	5,615

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Unemployment Compensation	\$	57	
Employer Medicare		1,028	
Travel		56	
In Service/Staff Development		3,019	
Other Charges		437	
Total Adult Programs			\$ 92,053

Board of Education

Board and Committee Members Fees	\$	10,105	
Social Security		627	
State Retirement		30	
Life Insurance		281	
Employer Medicare		147	
Audit Services		5,995	
Dues and Memberships		7,379	
Legal Services		637	
Travel		1,628	
Liability Insurance		83,719	
Trustee's Commission		170,662	
Workers' Compensation Insurance		165,816	
In Service/Staff Development		1,645	
Criminal Investigation of Applicants - TBI		3,648	
Refund to Applicant for Criminal Investigation		1,036	
Other Charges		15,511	
Total Board of Education			468,866

Director of Schools

County Official/Administrative Officer	\$	179,607	
Career Ladder Program		1,000	
Secretary(s)		24,332	
Social Security		12,011	
State Retirement		10,827	
Life Insurance		119	
Medical Insurance		6,740	
Unemployment Compensation		86	
Employer Medicare		3,000	
Other Fringe Benefits		7,200	
Communication		5,191	
Postal Charges		4,025	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Travel	\$	43	
Office Supplies		2,058	
In Service/Staff Development		1,544	
Total Director of Schools			\$ 257,783

Office of the Principal

Principals	\$	399,727	
Career Ladder Program		17,000	
Career Ladder Extended Contracts		10,900	
Assistant Principals		382,952	
Secretary(s)		252,756	
Social Security		63,677	
State Retirement		53,959	
Life Insurance		1,146	
Medical Insurance		77,639	
Unemployment Compensation		650	
Employer Medicare		14,892	
Communication		46,210	
Dues and Memberships		2,500	
Travel		3,977	
In Service/Staff Development		3,898	
Total Office of the Principal			1,331,883

Fiscal Services

Supervisor/Director	\$	24,458	
Accountants/Bookkeepers		24,767	
Secretary(s)		69	
Other Salaries & Wages		30,235	
Social Security		4,321	
State Retirement		3,091	
Life Insurance		109	
Medical Insurance		4,783	
Unemployment Compensation		85	
Employer Medicare		1,010	
Travel		68	
Other Contracted Services		11,559	
Office Supplies		11,833	
In Service/Staff Development		1,994	
Total Fiscal Services			118,382

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	574,447	
Social Security		33,769	
State Retirement		19,212	
Life Insurance		1,241	
Medical Insurance		13,260	
Unemployment Compensation		1,147	
Employer Medicare		7,898	
Other Contracted Services		26,746	
Custodial Supplies		56,490	
Electricity		559,295	
Natural Gas		171,321	
Water and Sewer		92,918	
Other Supplies and Materials		2,148	
Boiler Insurance		6,623	
Building and Contents Insurance		21,704	
Other Charges		7,178	
Plant Operation Equipment		42,495	
Total Operation of Plant			\$ 1,637,892

Maintenance of Plant

Supervisor/Director	\$	45,690	
Maintenance Personnel		268,671	
Other Salaries & Wages		3,600	
Social Security		18,746	
State Retirement		12,229	
Life Insurance		436	
Medical Insurance		8,950	
Unemployment Compensation		342	
Employer Medicare		4,384	
Maintenance & Repair Services- Buildings		39,223	
Maintenance & Repair Services- Equipment		19,617	
Other Contracted Services		10,304	
Gasoline		3,373	
Other Supplies and Materials		3,780	
In Service/Staff Development		456	
Other Charges		1,313	
Maintenance Equipment		16,200	
Total Maintenance of Plant			457,314

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	53,201	
Mechanic(s)		124,093	
Bus Drivers		474,402	
Other Salaries & Wages		26,775	
Social Security		39,495	
State Retirement		24,999	
Life Insurance		1,747	
Medical Insurance		19,020	
Unemployment Compensation		1,348	
Employer Medicare		9,237	
Maintenance & Repair Services- Vehicles		4,194	
Medical and Dental Services		6,700	
Diesel Fuel		129,870	
Equipment and Machinery Parts		4,359	
Gasoline		27,775	
Lubricants		5,192	
Tires and Tubes		17,023	
Vehicle Parts		58,260	
Other Supplies and Materials		3,745	
Vehicle and Equipment Insurance		45,000	
In Service/Staff Development		2,514	
Other Charges		3,019	
Transportation Equipment		340,957	
Total Transportation			\$ 1,422,925

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	766	
Career Ladder Program		917	
Social Security		104	
State Retirement		21,551	
Life Insurance		1,690	
Medical Insurance		14,315	
Unemployment Compensation		1,406	
Employer Medicare		24	
Total Food Service			40,773

Community Services

Other Salaries & Wages	\$	88,713	
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(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Social Security	\$	5,396	
State Retirement		3,572	
Employer Medicare		1,262	
Other Supplies and Materials		11,059	
In Service/Staff Development		414	
Total Community Services			\$ 110,416

Capital Outlay

Regular Capital Outlay

Building Construction	\$	5,129	
Building Improvements		196,749	
Site Development		154,383	
Other Capital Outlay		21,681	
Total Regular Capital Outlay			<u>377,942</u>

Total General Purpose School Fund \$ 21,662,602

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	351,460	
Educational Assistants		85,695	
Other Salaries & Wages		18,438	
Certified Substitute Teachers		5,911	
Social Security		26,513	
State Retirement		22,887	
Medical Insurance		50,137	
Unemployment Compensation		622	
Employer Medicare		6,347	
Maintenance & Repair Services- Equipment		590	
Other Contracted Services		475	
Instructional Supplies and Materials		21,895	
Regular Instruction Equipment		13,004	
Total Regular Instruction Program			\$ 603,974

Special Education Program

Teachers	\$	36,610
Educational Assistants		351,463
Other Salaries & Wages		41,540

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	23,232	
State Retirement		16,399	
Medical Insurance		28,093	
Employer Medicare		5,437	
Contracts with Other Public Agencies		54,022	
Contracts with Private Agencies		72,832	
Maintenance & Repair Services- Equipment		2,000	
Instructional Supplies and Materials		29,974	
Textbooks		5,947	
Special Education Equipment		9,850	
Total Special Education Program			\$ 677,399

Vocational Education Program

Travel	\$	2,530	
Instructional Supplies and Materials		10,974	
Vocational Instruction Equipment		42,870	
Total Vocational Education Program			56,374

Support Services

Health Services

Medical Personnel	\$	12,706	
Social Security		780	
State Retirement		492	
Employer Medicare		183	
Total Health Services			14,161

Other Student Support

Evaluation and Testing	\$	815	
In Service/Staff Development		4,900	
Other Charges		2,072	
Total Other Student Support			7,787

Regular Instruction Program

Supervisor/Director	\$	20,934	
Clerical Personnel		1,304	
Other Salaries & Wages		60,117	
In-Service Training		5,125	
Social Security		3,790	
State Retirement		3,091	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	3,829	
Employer Medicare		1,181	
Travel		569	
Other Contracted Services		1,880	
Other Supplies and Materials		206	
In Service/Staff Development		17,892	
Other Charges		165	
Total Regular Instruction Program			\$ 120,083

Special Education Program

Supervisor/Director	\$	4,843	
Secretary(s)		19,000	
Other Salaries & Wages		51,746	
Social Security		4,502	
State Retirement		2,960	
Employer Medicare		1,053	
Travel		3,667	
In Service/Staff Development		6,059	
Other Charges		1,093	
Total Special Education Program			94,923

Vocational Education Program

Travel	\$	888	
In Service/Staff Development		149	
Total Vocational Education Program			<u>1,037</u>

Total School Federal Projects Fund \$ 1,575,738

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	56,457
Clerical Personnel		22,305
Cafeteria Personnel		553,151
In-Service Training		3,966
Social Security		37,840
Employer Medicare		8,850
Communication		3,410
Maintenance & Repair Services- Equipment		14,989

(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Transportation - Other than Students	\$ 9,993	
Travel	855	
Other Contracted Services	65,452	
Food Supplies	670,918	
Other Supplies and Materials	79,145	
Food Service Equipment	9,069	
Total Food Service	<u>1,536,400</u>	\$ 1,536,400

Total Central Cafeteria Fund \$ 1,536,400

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Other Salaries & Wages	\$ 177,579	
Architects	751,928	
Other Contracted Services	333,363	
Building Construction	2,808,697	
Total Education Capital Projects	<u>4,071,567</u>	\$ 4,071,567

Total Education Capital Projects Fund 4,071,567

Total Governmental Funds - Obion County School Department \$ 28,846,307

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, 2005

	Cities - Sales 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	\$ 0	\$ 1,316,338	\$ 1,316,338
Trustee's Collections - Prior Year	0	0	39,784	39,784
Trustee's Collections - Bankruptcy	0	0	6	6
Clerk and Master Collections - Prior Years	0	0	19,064	19,064
Interest and Penalty	0	0	7,368	7,368
Payments in Lieu of Taxes - Local Utilities	0	0	2,288	2,288
Payments in Lieu of Taxes - Other	0	0	58,159	58,159
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,936,807	0	1,093,461	5,030,268
Wheel Tax	0	0	68,602	68,602
Business Tax	0	0	17,613	17,613
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	7,697	7,697
Interstate Telecommunications Tax	0	0	1,337	1,337
<u>School District Property Taxes</u>				
Current Property Tax	0	62,720	0	62,720
Prior Year's Property Tax	0	1,623	0	1,623
Interest and Penalty	0	231	0	231
<u>Licenses and Permits</u>				
Marriage Licenses	0	0	662	662
<u>State of Tennessee</u>				
Mixed Drink Tax	0	0	151	151
Total Cash Receipts	\$ 3,936,807	\$ 64,574	\$ 2,632,530	\$ 6,633,911
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,897,439	\$ 62,800	\$ 2,568,910	\$ 6,529,149
Trustee's Commission	39,368	1,290	41,102	81,760
Total Cash Disbursements	\$ 3,936,807	\$ 64,090	\$ 2,610,012	\$ 6,610,909
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 484	\$ 22,518	\$ 23,002
Cash Balance, July 1, 2004	0	0	14,664	14,664
Cash Balance, June 30, 2005	\$ 0	\$ 484	\$ 37,182	\$ 37,666

STATISTICAL SECTION

Table 1

Obion County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

<u>Year</u>	<u>Amount</u>
1995	\$ 3,869
1996	4,163
1997	12,827
1998	15,134
1999	21,236
2000	27,297
2001	40,399
2002	36,802
2003	101,779
2004	<u>11,953</u>
Total	<u>\$ 275,459</u>

Table 2

Obion County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.27	\$ 0.27	\$ 0.24	\$ 0.24	\$ 0.26	\$ 0.30	\$ 0.30	\$ 0.26	\$ 0.26	0.28
Highway/Public Works	0.22	0.22	0.12	0.12	0.12	0.12	0.12	0.10	0.10	0.10
General Debt Service:										
Outside Tax Rate	0.91	0.91	0.71	0.71	0.69	0.65	0.65	0.54	0.54	0.54
General Purpose School	1.91	1.91	1.51	1.51	1.51	1.51	1.51	1.30	1.30	1.28
Total Tax Rates	\$ 3.31	\$ 3.31	\$ 2.58	\$ 2.58	\$ 2.58	\$ 2.58	\$ 2.58	\$ 2.20	\$ 2.20	2.20
General Debt Service:										
Inside Tax Rate - Union City	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.02	\$ 0.00	\$ 0.07	\$ 0.07	\$ 0.05	\$ 0.05	0.05
<u>Assessed Valuation</u>										
Real and Personal	\$ 224,939,324	\$ 230,155,129	\$ 302,292,190	\$ 311,594,808	\$ 308,834,198	\$ 317,576,679	\$ 325,648,724	\$ 384,517,528	\$ 390,329,681	\$ 393,966,192
Public Utilities	28,533,874	26,730,475	34,498,579	36,302,277	31,290,376	32,727,991	29,621,325	29,614,686	41,129,618	36,108,997
Total Assessed Valuation	\$ 253,473,198	\$ 256,885,604	\$ 336,790,769	\$ 347,897,085	\$ 340,124,574	\$ 350,304,670	\$ 355,270,049	\$ 414,132,214	\$ 431,459,299	\$ 430,075,189

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

January 25, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major governmental fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Obion County's basic financial statements and have issued our report thereon dated January 25, 2006. Our report on the business-type activities and the Obion County Nursing Home major proprietary fund expressed adverse opinions because of the omission of the financial statements of the Obion County Nursing Home (a major proprietary fund and the entire business-type activities), as required by accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Obion County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the

internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Obion County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.02, 05.05, and 05.06.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Obion County's statements are free of 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 which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.03 and 05.04.

We have also noted certain other matters that we reported to the management of Obion County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 25, 2006

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Obion County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Obion County's management. Our responsibility is to express an opinion on Obion County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a

test basis, evidence about Obion County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Obion County's compliance with those requirements.

In our opinion, Obion County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Obion County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Obion County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major governmental fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated January 25, 2006. Our report on the business-type activities and the Obion County Nursing Home major proprietary fund expressed adverse opinions because of the omission of the financial statements of the Obion County Nursing Home (a major proprietary fund and the entire business-type activities), as required by accounting principles generally accepted in the United States of America. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/sb

OTHER AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

For the Obion County Public Library

Board of Directors
Obion County Public Library
Union City, Tennessee

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Obion County Public Library, as of and for the year ended June 30, 2005, which collectively comprise the Obion County Public Library's basic financial statements and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether the Obion County Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under Government Auditing Standards. However, one instance of noncompliance was noted and is reported as Item 2005-01 in the accompanying Schedule of Findings and Questioned Costs and Disposition of Prior Year's Findings.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Obion County Public Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, governing board, Tennessee Comptroller of the Treasury, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

OBION COUNTY PUBLIC LIBRARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND DISPOSITION OF PRIOR-YEAR'S FINDINGS
For the Year Ended June 30, 2005

I. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2005-01 The library's expenditures exceeded budgeted appropriations in the Special Revenue Fund by \$17,832.

RECOMMENDATION: We recommend that the library regularly monitor budget vs. actual comparisons and approve budget amendments when necessary.

MANAGEMENT'S RESPONSE: The Obion County Public Library was fortunate in the preceding year, 2004-05, to receive more in fines, gifts, grants, and honorariums than was anticipated.

Our intention in the future is to have any exceeding amount approved by the appropriate bodies by fiscal year end.

II. DISPOSITION OF PRIOR-YEAR FINDINGS

No Findings in Prior Year

OTHER AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

For Everett-Stewart Airport

To the Board of Directors
Everett-Stewart Airport
Union City, Tennessee

We have audited the financial statements of Everett-Stewart Airport, a special revenue fund of Obion County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Everett-Stewart Airport's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Everett-Stewart Airport's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 97-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Everett-Stewart Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements,

noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings as item 05-1.

This report is intended for the information of the board of directors, management, the Obion County Commission, and the State of Tennessee Comptroller's Office, Division of County Audit and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

EVERETT-STEWART AIRPORT
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2005

FINDINGS RELATIVE TO THE AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Reportable Conditions

97-1 Segregation of Duties

<u>Condition:</u>	Due to the size of the staff, the airport was unable to fully segregate the record-keeping, custodial, and authorization functions of its internal accounting controls.
<u>Criteria:</u>	Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.
<u>Effect:</u>	The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.
<u>Recommendation:</u>	Management should implement as many compensating controls as possible.
<u>Response:</u>	Management concurs. Due to limited funding and the small number of transactions, it is not feasible for the airport to employ additional employees in order to segregate duties.

05-1 Collateralization

- Condition: During the course of our audit, we noted one instance where Everett-Stewart Airport's deposits were under-collateralized.
- Criteria: Tennessee Code Annotated, Title 9, Chapter 4 requires public deposits to be secured by collateral whose market value is equal to 105 percent of the value of deposits.
- Effect: In the event that the bank was to have difficulties, the system might not receive all of its deposits if not fully insured by FDIC insurance and pledged securities.
- Recommendation: We recommend that the airport closely monitor the market value of pledged securities in order to ensure that they have sufficient collateral to cover 105 percent of deposited funds.
- Response: We will monitor more closely to make sure we have sufficient collateral.

OTHER AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

For the Obion County Emergency Communications District

Board of Directors
Obion County Emergency Communications District
Union City, Tennessee

We have audited the financial statements of the Obion County Emergency Communications District as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Obion County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Obion County Emergency Communications District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as item 97-1. We also noted other issues involving the internal control over financial reporting that we have reported to management in a separate letter.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Obion County Emergency Communications District's financial statements are free of 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 which are described in the accompanying Schedule of Findings as items 04-1, 04-2, and 05-1.

This report is intended solely for the information and use of the board of directors, management, and the State of Tennessee Comptroller's Office and is not intended to be and should not be used by anyone other than these specified parties.

OBION COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS
June 30, 2005

FINDINGS RELATIVE TO THE AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

97-1 Segregation of Duties

<u>Condition:</u>	Due to the size of the staff, the Obion County Emergency Communications District could not fully segregate the record-keeping, custodial, and authorization functions of its internal accounting controls for the year ended June 30, 2005.
<u>Criteria:</u>	Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.
<u>Effect:</u>	The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.
<u>Recommendation:</u>	While auditors recognize that staff size, due to funding limitations, is not adequate to fully segregate the functions mentioned above, management needs to be aware that this limitation does exist in the district's internal accounting controls.
<u>Response:</u>	The Obion County Emergency Communications District has segregated the internal control functions as much as possible to ascertain the integrity of all the financial records. We have a small staff employed, and it is financially infeasible for us to increase its size. We have, however, put into place

additional controls regarding the handling of funds which are received in our office.

04-1 Untimely Deposits

Condition: During our testing, we noted some receipts that were not deposited within three banking days.

Criteria: Tennessee Code Annotated (TCA) requires that all monies collected by the municipality be deposited within three banking days of receipt (TCA 6-56-111).

Effect: Untimely deposits could result in lost interest income and the unauthorized use of funds.

Recommendation: All monies collected should be deposited within three banking days of being received.

Response: All funds received by the Obion County Emergency Communications District are now deposited within three business days of receipt, with most deposited on the day they are received. A ledger is being kept which shows the date of receipt and deposit. In addition, the director is currently contacting phone companies to set up direct deposit with those who offer it.

04-2 Budget Amendments

Condition: The budgetary financial statement reflected that one expenditure line item exceeded appropriations.

Criteria: The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts requires that expenses be presented at the legal level of control, which is defined to be at the line-item level.

Effect: The district has made expenses not legally appropriated by the board.

Recommendation: Although this condition has improved since the prior year, we recommend the district continue to carefully monitor its budget each month and make amendments as appropriated in order to include all expenditures. Also included would be depreciation and amortization expenses. All final budget amendments for a current fiscal year must be approved prior to June 30.

Response: The Obion County Emergency Communications District attempts to monitor closely actual to budgeted expenditures. The one expenditure line item which exceeded appropriations

was a simple oversight as the necessary budget amendments were being made.

05-1 Inadequate Documentation

Condition: The former director paid three expenses using check-by-phone services or having the bank account drafted electronically.

Criteria: The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts requires that internal control be adequate for accounting and financial procedures.

Effect: Transactions for expenses have not gone through the proper approval process.

Recommendation: We recommend that no expenses be paid by phone. All invoices should be approved and a check signed by two authorized parties.

Response: As a matter of board policy, expenditures for the Obion County Emergency Communications District are paid from an approved invoice with a check signed by two authorized parties. The instances noted were performed by the former director in violation of board policy. The current director has been instructed and understands that she is to follow accepted procedures. Additional internal controls are being established to prevent further violations, including the presentation of original bank statements for review by all members of the board of directors at each monthly meeting.

Obion County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

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 Agriculture: Food Donation (Noncash Assistance)	10.550	N/A	\$ 67,916
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	239,118
National School Lunch Program	10.555	N/A	640,237
Child and Adult Care Food Program	10.558	(2)	3,600
Total U.S. Department of Agriculture			<u>\$ 950,871</u>
U.S. Department of Justice:			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 33,203
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-05-020415-00	9,000
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	Z-99-088427-00	76,637
Total U.S. Department of Justice			<u>\$ 118,840</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
Work Incentives Grants	17.266	(2)	\$ 34,947
Passed-through State Department of Labor and Workforce Development:			
WIA Incentive Grants - Section 503 Grants to States	17.267	Z-04-025649-01	5,535
Total U.S. Department of Labor			<u>\$ 40,482</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-05-024280-00	\$ 37,271
Total U.S. Department of Transportation			<u>\$ 37,271</u>
U. S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-04-016697-00	\$ 1,127 (3)
Adult Education - State Grant Program	84.002	Z-05-022251-00	78,287 (3)
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	521,987
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	925,179
Special Education - Preschool Grants	84.173	N/A	42,809
Vocational Education - Basic Grants to States	84.048	N/A	62,311
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	23,970
State Grants for Innovative Programs	84.298	N/A	46,476
Education Technology State Grants	84.318	(2)	11,171
English Language Acquisition Grants	84.365	N/A	3,354
Improving Teacher Quality State Grants	84.367	N/A	135,650
Total U. S. Department of Education			<u>\$ 1,852,321</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U. S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	Z-05-022343-00	\$ 19,984
Total U. S. Department of Health and Human Services			<u>\$ 19,984</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020132-00	\$ 97,350
Total U.S. Department of Homeland Security			<u>\$ 97,350</u>
Total Expenditures of Federal Awards			<u>\$ 3,117,119</u>
State Grants:			
Airport Maintenance Program - State Department of Transportation	N/A	99-555-1130-04	\$ 12,500
Library Services and Technology Act - State Library and Archives	N/A	(2)	14,360
Local Health Services - State Department of Health	N/A	Z-05-020560-00	38,623
Litter Grant - State Department of Transportation	N/A	Z-05-021535-00	39,751
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	11,624
Waste Tire Collection Grant - State Dept. of Environment & Conservation	N/A	Z-03-011345-00	<u>11,242</u>
Total State Grants			<u>\$ 128,100</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U.S. Department of Education \$79,414.

Obion County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Obion County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	178	The office had deficiencies involving its warrant-signing machine

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	178	The highway department did not maintain a system to account for some road materials

OTHER FINDINGS AND RECOMMENDATIONS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	180	One member of the county Board of Equalization was ineligible for board membership
04.06	180	A central system of accounting, budgeting, and purchasing had not been adopted
04.07	181	Duties were not segregated adequately in the Offices of Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

OBION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 05.01 **THE MECHANICAL WARRANT-SIGNING MACHINE'S COUNTER COULD BE RESET**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The office used a mechanical warrant-signing machine to affix the signature of the county mayor. The mechanical counter on the machine could be reset; therefore, we could not ensure that the office accounted for all warrants.

RECOMMENDATION

The mechanical warrant-signing machine should have a counter that cannot be reset to ensure that the total number of warrants processed are accounted for accurately.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 05.02 **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR SOME ROAD MATERIALS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Highway Department had a system to determine the use of road materials, such as bridge lumber, culvert tiles, and rock for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.03 SOME COUNTY FUNDS WERE NOT INVESTED IN ACCORDANCE WITH STATE STATUTE
(Noncompliance Under Government Auditing Standards)

The county's indigent trust fund had investments totaling \$495,000 in Federal Home Loan Mortgage Corporation (Freddie Mac) securities at June 30, 2005. These investments are not an investment type permitted by Section 5-8-301, Tennessee Code Annotated. This statute provides specific types of instruments to invest county funds. Freddie Mac is a government sponsored enterprise but is not listed in the state statute.

RECOMMENDATION

Officials should ensure all county funds are invested in accordance with state statute.

FINDING 05.04 ONE MEMBER OF THE COUNTY BOARD OF EQUALIZATION WAS INELIGIBLE FOR BOARD MEMBERSHIP
(Noncompliance Under Government Auditing Standards)

Monitoring reports prepared by the Division of Property Assessments disclosed that an employee of the Obion County Board of Education was also a member of the county's Board of Equalization. Section 67-1-401(c), Tennessee Code Annotated, states that "county legislative or executive officials or employees shall all be ineligible for positions on a county board of equalization ..."

RECOMMENDATION

County officials should ensure that only eligible individuals are members of the Board of Equalization, as required by state statute.

FINDING 05.05 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Reportable Condition Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting either 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.

FINDING 05.06 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting and depositing funds, reconciling bank statements, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

OBION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

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