
ANNUAL FINANCIAL REPORT OBION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
OBION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

NORMAN R. NORMENT, CGFM
Audit Manager

NOLAN R. BRADFORD, CPA, CGFM
Auditor 4

MICHAEL C. HULME, CPA, CGFM
SHAREE BREWER, CPA, CGFM, CFE
MARVIN BOND, CGFM
CHARLES GROVE
ELISHA CROWELL, CFE
State Auditors

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

OBION COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		1-2
<u>INTRODUCTORY SECTION</u>		3
Obion County Officials		5-6
<u>FINANCIAL SECTION</u>		7
Independent Auditor's Report		9-11
BASIC FINANCIAL STATEMENTS:		13
Government-wide Financial Statements:		
Statement of Net Assets	A	15
Statement of Activities	B	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	23
Proprietary Fund:		
Statement of Revenues, Expenses, and Changes in Net Assets	D-1	24
Statement of Cash Flows	D-2	25
Fiduciary Funds:		
Statement of Fiduciary Net Assets	E-1	26
Statement of Changes in Fiduciary Net Assets	E-2	27
Notes to the Financial Statements		29-68
REQUIRED SUPPLEMENTARY INFORMATION:		69
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	71-73
Highway/Public Works Fund	F-2	74
Schedule of Funding Progress – Pension Plan	F-3	75
Notes to the Required Supplementary Information		77

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		79
Nonmajor Governmental Funds:		81-82
Combining Balance Sheet	G-1	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	84
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Urban Services Fund	G-3	85
Public Library Fund	G-4	86
Solid Waste/Sanitation Fund	G-5	87
Drug Control Fund	G-6	88
Major Governmental Fund:		89
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	91
Fiduciary Funds:		93
Combining Statement of Fiduciary Assets and Liabilities	I-1	95
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	96-97
Component Unit:		99
Discretely Presented Obion County School Department:		
Statement of Activities	J-1	101
Balance Sheet – Governmental Funds	J-2	102
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	103
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	104
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	105
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	107
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	108-109
School Federal Projects Fund	J-9	110
Central Cafeteria Fund	J-10	111

	Exhibit	Page(s)
Miscellaneous Schedules:		113
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	K-1	115
Schedule of Bond and Interest Requirements by Year	K-2	116
Schedule of Investments	K-3	117
Schedule of Notes Receivable	K-4	118
Schedule of Transfers	K-5	119
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Obion County School Department	K-6	120
Schedule of Detailed Revenues – All Governmental Fund Types	K-7	121-130
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Obion County School Department	K-8	131-132
Schedule of Detailed Expenditures – All Governmental Fund Types	K-9	133-151
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Obion County School Department	K-10	152-165
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-11	166
 <u>SINGLE AUDIT SECTION</u>		 167
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 <u>Government Auditing Standards</u>		169-171
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		173-175
Schedule of Expenditures of Federal Awards and State Grants		177-178
Schedule of Audit Findings Not Corrected		179
Schedule of Findings and Questioned Costs		181-186
Auditee Reporting Responsibilities		187

Audit Highlights
Annual Financial Report
Obion County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Obion County as of and for the year ended June 30, 2007.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ Compensation to an employee was not paid through the county's payroll system.
-

OFFICE OF HIGHWAY SUPERINTENDENT

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

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a deficit of \$50,517 in unreserved fund balance at June 30, 2007.
-

OFFICE OF TRUSTEE

- ◆ Computer system backups were not stored off-site, and a backup log was not maintained.
 - ◆ Unauthorized securities were pledged as collateral to secure county funds on deposit.
-

OTHER FINDINGS

- ◆ 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, 2007

Officials

Benny McGuire, County Mayor
Gary Lofton, Highway Superintendent
David Huss, 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
Paul Albright
Richard Arnold
Perry Barfield
Robert Barnes
Donnie Braswell
Kenneth Cheatham
Tim Doyle
Norma Fowler
Polk Glover
Steve Goodrich

Jerry Grady
Dwayne Hensley
Danny Jowers
William Kane
Allen Nohsey
Steve Rice
Terry Roberts
Jimmy Seals
Cloney Taylor
Trena Taylor

Budget Committee

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

Finance Committee

Tim Doyle, Chairman
Lori Seals, Trustee
Donnie Braswell
Benny McGuire
Jimmy Seals

Highway Commission

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

Board of Education

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

Obion County Officials (Cont.)

Indigent Care Board

Steve Vaughn, Chairman
Mary Carpenter
Jim Glasgow, Jr.
Steve Goodrich
Gary Houston
Jim Thorpe
Tom Wade

Public Library Board

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

Nursing Home Board

Terry Council, Chairman
Tracey Batey
Earnest Daniels
Timmy Gantt
Janis Lacewell
Bobby Williams
Bobby Wyatt

FINANCIAL 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**

INDEPENDENT AUDITOR'S REPORT

March 6, 2008

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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2007, 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 which represent 4.2 percent and 27.5 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 Nursing Home, a major fund and the entire business-type activities, and we did not audit the financial statements of the discretely presented Obion County Emergency Communications District, which represent 2.3 percent and 1.5 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 Obion County Nursing Home, 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.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, 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 March 6, 2008, 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.

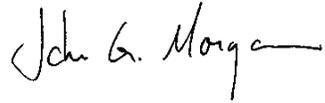
The management of Obion County did not prepare a management's discussion and analysis. The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison and pension information on pages 71 through 77 are not required parts of the basic financial statements but they do provide 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Obion County School Department (a discretely presented component unit), and 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 has 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 it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/rd

BASIC FINANCIAL STATEMENTS

Exhibit A

Obion County, Tennessee
Statement of Net Assets
June 30, 2007

	Primary Government			Component Units	
	Governmental	Business-type	Total	Obion	Emergency
	Activities	Activities		School	Communications
			Department	District	
ASSETS					
Cash	\$ 368,749	\$ 358,115	\$ 726,864	\$ 0	\$ 481,341
Equity in Pooled Cash and Investments	18,652,716	0	18,652,716	5,194,770	0
Inventories	744	3,044	3,788	0	0
Accounts Receivable	13,588	125,780	139,368	46,827	29,107
Due from Other Governments	718,036	0	718,036	887,348	0
Property Taxes Receivable	3,764,562	0	3,764,562	4,240,705	0
Allowance for Uncollectible Property Taxes	(103,274)	0	(103,274)	(111,687)	0
Prepaid Items	0	0	0	0	77,786
Accrued Interest Receivable	72,832	0	72,832	0	0
Deferred Charges - Debt Issuance Costs	120,720	0	120,720	0	0
Notes Receivable - Long-term	1,900,267	0	1,900,267	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	3,457,099	0	3,457,099	640,281	0
Construction in Progress	0	0	0	18,343,021	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	7,543,686	238,839	7,782,525	13,684,152	330,555
Infrastructure	8,793,400	0	8,793,400	93,829	0
Other Capital Assets	1,466,083	60,021	1,526,104	2,541,088	133,420
Total Assets	\$ 46,769,208	\$ 785,799	\$ 47,555,007	\$ 45,560,334	\$ 1,052,209
LIABILITIES					
Accounts Payable	\$ 14,966	\$ 36,797	\$ 51,763	\$ 239,214	\$ 38,667
Accrued Payroll	0	49,225	49,225	0	0
Payroll Deductions Payable	267	0	267	0	0
Accrued Leave	0	30,848	30,848	0	0
Contracts Payable	0	0	0	105,015	0
Retainage Payable	0	0	0	50,369	0
Accrued Interest Payable	80,206	0	80,206	0	0
Other Current Liabilities	0	90,609	90,609	0	0
Deferred Revenue - Current Property Taxes	3,542,538	0	3,542,538	4,006,780	0
Noncurrent Liabilities:					
Due Within One Year	2,077,496	0	2,077,496	3,512	0
Due in More Than One Year (net of unamortized premium on debt)	18,789,765	0	18,789,765	66,720	0
Total Liabilities	\$ 24,505,238	\$ 207,479	\$ 24,712,717	\$ 4,471,610	\$ 38,667
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 19,385,268	\$ 0	\$ 19,385,268	\$ 0	\$ 0
Invested in Capital Assets	0	298,860	298,860	35,302,371	463,975
Restricted for:					
Capital Projects	1,417	0	1,417	58,657	0
Debt Service	2,662,996	0	2,662,996	0	0
Public Library	341,408	0	341,408	0	0
Other Special Revenue	1,900,267	0	1,900,267	0	0
Highway/Public Works	2,447,857	0	2,447,857	0	0
Central Cafeteria	0	0	0	546,738	0
Reserved for Capital Outlay	1,000,000	0	1,000,000	0	0
Other Purposes	395,647	0	395,647	12,999	0
Unrestricted	(5,870,890)	279,460	(5,591,430)	5,167,959	549,567
Total Net Assets	\$ 22,263,970	\$ 578,320	\$ 22,842,290	\$ 41,088,724	\$ 1,013,542

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, 2007

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		
					Governmental Activities	Business- type Activities	Total	Obion County School Department	Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 762,438	\$ 158,557	\$ 36,174	\$ 0	\$ (567,707)	\$ 0	\$ (567,707)	\$ 0	\$ 0	\$ 0
Finance	622,620	735,869	12,031	0	125,280	0	125,280	0	0	0
Administration of Justice	909,800	770,865	36,207	0	(102,728)	0	(102,728)	0	0	0
Public Safety	3,121,422	996,914	133,167	15,000	(1,976,341)	0	(1,976,341)	0	0	0
Public Health and Welfare	350,138	279,754	99,480	0	29,096	0	29,096	0	0	0
Social, Cultural, and Recreational Services	752,403	23,994	268,310	0	(460,099)	0	(460,099)	0	0	0
Agriculture and Natural Resources	151,806	0	0	0	(151,806)	0	(151,806)	0	0	0
Other Operations	146,726	0	0	8,927	(137,799)	0	(137,799)	0	0	0
Highways/Public Works	3,779,898	1,738	1,912,542	52,642	(1,812,976)	0	(1,812,976)	0	0	0
Education	2,651,893	0	0	0	(2,651,893)	0	(2,651,893)	0	0	0
Interest on Long-term Debt	811,974	0	0	0	(811,974)	0	(811,974)	0	0	0
Other Debt Service	103,026	0	23,995	0	(79,031)	0	(79,031)	0	0	0
Total Governmental Activities	\$ 14,164,144	\$ 2,967,691	\$ 2,521,906	\$ 76,569	\$ (8,597,978)	\$ 0	\$ (8,597,978)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Nursing Home Fund	\$ 2,069,635	\$ 1,912,260	\$ 0	\$ 0	\$ 0	\$ (157,375)	\$ (157,375)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 16,233,779	\$ 4,879,951	\$ 2,521,906	\$ 76,569	\$ (8,597,978)	\$ (157,375)	\$ (8,755,353)	\$ 0	\$ 0	\$ 0
Component Units:										
Obion County School Department	\$ 28,033,001	\$ 880,740	\$ 3,140,890	\$ 2,647,478	\$ 0	\$ 0	\$ 0	\$ (21,363,893)	\$ 0	\$ 0
Emergency Communications District	271,179	349,954	40,000	0	0	0	0	0	118,775	0
Total Component Units	\$ 28,304,180	\$ 1,230,694	\$ 3,180,890	\$ 2,647,478	\$ 0	\$ 0	\$ 0	\$ (21,363,893)	\$ 118,775	\$ 0

(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						
					Governmental Activities	Business- type Activities	Total	Obion County School Department	Emergency Communications District					
General Revenues:														
Taxes:														
Property Taxes Levied for General Purposes					\$	1,829,302	\$	0	\$	1,829,302	\$	4,228,198	\$	0
Property taxes Levied for Debt Service						1,476,092		0		1,476,092		0		0
Local Option Sales Taxes						471,382		0		471,382		3,191,240		0
Other Local Taxes						1,280,451		0		1,280,451		256,499		0
Grants and Contributions Not Restricted to Specific Programs						401,425		0		401,425		15,281,067		34,770
Unrestricted Investment Income						1,455,567		10,525		1,466,092		0		20,408
Miscellaneous						40,124		0		40,124		0		0
Total General Revenues					\$	6,954,343	\$	10,525	\$	6,964,868	\$	22,957,004	\$	55,178
Transfers					\$	100,000	\$	(100,000)	\$	0	\$	0	\$	0
Change in Net Assets					\$	(1,543,635)	\$	(246,850)	\$	(1,790,485)	\$	1,593,111	\$	173,953
Net Assets, July 1, 2006						23,807,605		825,170		24,632,775		39,495,613		839,589
Net Assets, June 30, 2007					\$	22,263,970	\$	578,320	\$	22,842,290	\$	41,088,724	\$	1,013,542

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, 2007

	Major Funds				Nonmajor	Total
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 368,749	\$ 368,749
Equity in Pooled Cash and Investments	3,523,199	10,099,733	2,168,421	2,668,739	192,624	18,652,716
Inventories	744	0	0	0	0	744
Accounts Receivable	1,951	0	7,463	3,837	337	13,588
Due from Other Governments	358,291	0	338,462	4,798	16,485	718,036
Due from Other Funds	31,110	0	0	0	0	31,110
Property Taxes Receivable	1,079,130	0	401,354	2,284,078	0	3,764,562
Allowance for Uncollectible Property Taxes	(28,890)	0	(14,232)	(60,152)	0	(103,274)
Accrued Interest Receivable	70,092	0	0	0	2,740	72,832
Notes Receivable - Long-Term	0	1,900,267	0	0	0	1,900,267
Total Assets	\$ 5,035,627	\$ 12,000,000	\$ 2,901,468	\$ 4,901,300	\$ 580,935	\$ 25,419,330
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 2,805	\$ 0	\$ 0	\$ 0	\$ 12,161	\$ 14,966
Payroll Deductions Payable	0	0	188	0	79	267
Due to Other Funds	0	0	0	0	31,110	31,110
Deferred Revenue - Current Property Taxes	1,017,971	0	366,469	2,158,098	0	3,542,538
Deferred Revenue - Delinquent Property Taxes	30,255	0	19,364	61,719	0	111,338
Other Deferred Revenues	142,814	0	176,234	0	25,656	344,704
Total Liabilities	\$ 1,193,845	\$ 0	\$ 562,255	\$ 2,219,817	\$ 69,006	\$ 4,044,923
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 9,669	\$ 0	\$ 378,885	\$ 0	\$ 0	\$ 388,554
Reserved for Alcohol and Drug Treatment	16,903	0	0	0	0	16,903
Reserved for Drug Court	19,136	0	0	0	0	19,136
Reserved for Computer System - Register	131,370	0	0	0	0	131,370
Reserved for Automation Purposes - Circuit Court	2,081	0	0	0	0	2,081
Reserved for Automation Purposes - General Sessions Court	19,015	0	0	0	0	19,015
Reserved for Automation Purposes - Chancery Court	6,170	0	0	0	0	6,170

(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	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Automation Purposes - Sheriff	\$ 6,212	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,212
Reserved for Endowments	0	0	0	0	205,000	205,000
Reserved for Long-Term Notes Receivable	0	1,900,267	0	0	0	1,900,267
Reserved for Capital Outlay	1,000,000	0	0	0	0	1,000,000
Unreserved, Reported In:						
General Fund	2,631,226	0	0	0	0	2,631,226
Special Revenue Funds	0	10,099,733	1,960,328	0	305,512	12,365,573
Debt Service Funds	0	0	0	2,681,483	0	2,681,483
Capital Projects Funds	0	0	0	0	1,417	1,417
Total Fund Balances	<u>\$ 3,841,782</u>	<u>\$ 12,000,000</u>	<u>\$ 2,339,213</u>	<u>\$ 2,681,483</u>	<u>\$ 511,929</u>	<u>\$ 21,374,407</u>
Total Liabilities and Fund Balances	<u>\$ 5,035,627</u>	<u>\$ 12,000,000</u>	<u>\$ 2,901,468</u>	<u>\$ 4,901,300</u>	<u>\$ 580,935</u>	<u>\$ 25,419,330</u>

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

Exhibit C-2

Obion County, Tennessee

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

June 30, 2007

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)		\$ 21,374,407
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,457,099	
Add: buildings and improvements net of accumulated depreciation	7,543,686	
Add: infrastructure net of accumulated depreciation	8,793,400	
Add: other capital assets net of accumulated depreciation	<u>1,466,083</u>	21,260,268
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		456,042
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,000,000)	
Less: other loans payable	(18,439,000)	
Less: bonds payable	(1,190,000)	
Add: deferred charges - debt issuance costs	120,720	
Less: compensated absences payable	(216,665)	
Less: accrued interest on notes, other loans, and bonds	(80,206)	
Less: other deferred revenue - premium on debt	<u>(21,596)</u>	<u>(20,826,747)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 22,263,970</u>

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

Exhibit C-3

Obion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	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>Revenues</u>							
Local Taxes	\$ 1,964,608	\$ 0	\$ 1,607,605	\$ 1,657,000	\$ 0	\$ 0	\$ 5,229,213
Licenses and Permits	12,111	0	0	0	0	0	12,111
Fines, Forfeitures, and Penalties	155,800	0	0	0	0	6,546	162,346
Charges for Current Services	29,788	0	470	0	0	28,340	58,598
Other Local Revenues	1,555,864	0	7,968	57,570	0	392,506	2,013,908
Fees Received from County Officials State of Tennessee	1,482,604	0	0	0	0	0	1,482,604
	1,040,656	0	1,949,324	0	0	121,072	3,111,052
Federal Government	111,249	0	7,108	185,540	0	8,927	312,824
Other Governments and Citizens Groups	418,207	0	0	0	0	214,574	632,781
Total Revenues	\$ 6,770,887	\$ 0	\$ 3,572,475	\$ 1,900,110	\$ 0	\$ 771,965	\$ 13,015,437
<u>Expenditures</u>							
Current:							
General Government	\$ 666,473	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 666,473
Finance	521,102	0	0	0	0	0	521,102
Administration of Justice	759,912	0	0	0	0	0	759,912
Public Safety	2,503,177	0	0	0	0	10,607	2,513,784
Public Health and Welfare	238,851	0	0	0	0	93,543	332,394
Social, Cultural, and Recreational Services	38,500	0	0	0	0	579,293	617,793
Agriculture and Natural Resources	145,867	0	0	0	0	0	145,867
Other Operations	1,026,485	0	0	0	0	8,927	1,035,412
Highways	0	0	3,124,084	0	0	0	3,124,084
Instruction	70,893	0	0	0	0	0	70,893
Debt Service:							
Principal on Debt	0	0	0	1,906,000	0	0	1,906,000
Interest on Debt	0	0	0	791,590	0	0	791,590
Other Debt Service	0	0	0	82,860	0	0	82,860
Capital Projects	0	0	0	0	2,581,000	0	2,581,000
Total Expenditures	\$ 5,971,260	\$ 0	\$ 3,124,084	\$ 2,780,450	\$ 2,581,000	\$ 692,370	\$ 15,149,164
Excess (Deficiency) of Revenues Over Expenditures	\$ 799,627	\$ 0	\$ 448,391	\$ (880,340)	\$ (2,581,000)	\$ 79,595	\$ (2,133,727)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ 0	\$ 1,000,000

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor	Total
	General	Other Special Revenue	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,581,000	\$ 0	\$ 1,581,000
Transfers In	100,000	0	0	0	0	304,677	404,677
Transfers Out	(304,677)	0	0	0	0	0	(304,677)
Total Other Financing Sources (Uses)	\$ (204,677)	\$ 0	\$ 0	\$ 0	\$ 2,581,000	\$ 304,677	\$ 2,681,000
Net Change in Fund Balances	\$ 594,950	\$ 0	\$ 448,391	\$ (880,340)	\$ 0	\$ 384,272	\$ 547,273
Fund Balance, July 1, 2006	3,246,832	12,000,000	1,890,822	3,561,823	0	127,657	20,827,134
Fund Balance, June 30, 2007	\$ 3,841,782	\$ 12,000,000	\$ 2,339,213	\$ 2,681,483	\$ 0	\$ 511,929	\$ 21,374,407

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

Exhibit C-4

Obion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 547,273
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,048,627	
Less: current year depreciation expense	<u>(1,907,721)</u>	(859,094)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: proceeds reflected for donation of assets capitalized	\$ 15,000	
Less: loss on disposal of capital assets	<u>(2,100)</u>	12,900
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 456,042	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(989,816)</u>	(533,774)
(4) The issuance of long-term debt (e.g. bonds, notes, capital 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.		
Less: note proceeds	\$ (1,000,000)	
Less: other loan proceeds	(1,581,000)	
Add: change in premium on debt issuances	23,995	
Less: change in deferred debt issuance costs	(20,166)	
Add: principal payments on other loans	761,000	
Add: principal payments on bonds	<u>1,145,000</u>	(671,171)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (20,384)	
Change in compensated absences payable	<u>(19,385)</u>	(39,769)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,543,635)</u>

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

Exhibit D-1

Obion County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2007

	1
<u>Operating Revenues</u>	
Medicaid Patients	\$
Private Patients	
Other Revenue	
Total Operating Revenues	\$
<u>Operating Expenses</u>	
Salaries	\$
Insurance	
Taxes and Licenses	
Payroll Taxes	
Food	
Utilities	
Legal and Audit Fees	
Medical Supplies	
Retirement Plan	
Miscellaneous Expense	
Repairs and Maintenance	
Medical Directors and Advisory Board Fees	
Dietary Supplies	
Travel and Seminars	
Minor Equipment	
Linen and Laundry Supplies	
Contract Services	
Housekeeping Supplies	
Administrative Supplies and Expenses	
Other Departmental Supplies and Expense	
Dues and Subscriptions	
Extra Labor	
Maintenance Supplies	
Advertising and Promotion	
Depreciation	
Total Operating Expenses	\$
Operating Income (Loss)	\$
<u>Nonoperating Revenues</u>	
Investment Income	\$
Total Nonoperating Revenues	\$
Income (Loss) Before Transfers	\$
Transfers Out	
Change in Net Assets	\$
Net Assets, July 1, 2006	
Net Assets, June 30, 2007	\$

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

Exhibit D-2

Obion County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2007

	<u>Business-type Activities Major Fund Nursing Home</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Patients	\$ 2,013,929
Cash Paid to Suppliers	(710,138)
Cash Paid to Employees	(1,266,515)
Other Operating Revenue	2,246
Net Cash Provided By (Used In) Operating Activities	<u>\$ 39,522</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	\$ (18,563)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (18,563)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (100,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (100,000)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 10,525
Principal Liquidations	100,000
Net Cash Provided By (Used In) Investing Activities	<u>\$ 110,525</u>
Increase (Decrease) in Cash	\$ 31,484
Cash, July 1, 2006	<u>326,631</u>
Cash, June 30, 2007	<u><u>\$ 358,115</u></u>
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (157,375)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	54,858
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	101,005
(Increase) Decrease in Inventory	1,397
Increase (Decrease) in Accounts Payable	19,026
Increase (Decrease) in Patients' Trust Fund	1,921
Increase (Decrease) in Salaries Payable	5,480
Increase (Decrease) in Accrued Annual and Sick Leave	12,221
Increase (Decrease) in Advances from Medicaid	989
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 39,522</u></u>

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

Exhibit E-1

Obion County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Other Trust Fund	
	Indigent Care Trust	Agency Funds
<u>ASSETS</u>		
Equity in Pooled Cash and Investments	\$ 0	\$ 43,497
Cash	0	1,611,697
Investments	3,666,755	23,088
Accounts Receivable	0	5,240
Due from Other Governments	0	891,069
Property Taxes Receivable	0	1,491,075
Allowance for Uncollectible Property Taxes	0	(39,271)
Notes Receivable - Long-term	0	200,725
Total Assets	<u>\$ 3,666,755</u>	<u>\$ 4,227,120</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,391,376
Due to Litigants, Heirs, and Others	0	1,835,744
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,227,120</u>
<u>NET ASSETS</u>		
Held in Trust for Indigent Patients' Medical Claims	<u>\$ 3,666,755</u>	

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

Exhibit E-2

Obion County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2007

	Other Trust Fund
	Indigent Care Trust
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 202,890
Contributions and Gifts	61,809
Total Additions	<u>\$ 264,699</u>
<u>DEDUCTIONS</u>	
<u>Employee Benefits</u>	
Fiscal Agent Charges	\$ 7,490
Medical Claims	115,756
Total Deductions	<u>\$ 123,246</u>
Change in Net Assets	\$ 141,453
Net Assets, July 1, 2006	<u>3,525,302</u>
Net Assets, June 30, 2007	<u><u>\$ 3,666,755</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, 2007

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.

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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Obion County School Department component unit only reports governmental activities in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Obion County issues all debt for the discretely presented Obion County School Department. Net debt issues (\$2,581,000) were contributed by the county to the School Department during the year ended June 30, 2007.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Obion County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Obion County only reports one proprietary fund, an enterprise fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds are reported in total in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Obion County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period.

Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Obion County reports the following major governmental funds:

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

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. The principal may only be expended by a three-fourths majority vote of the County Commission. Interest earnings 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.

Obion County reports the following major proprietary fund:

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

Additionally, Obion County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Obion County, 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 fund:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 (excluding the Public Library Funds, the Special Purpose Fund, and the Nursing Home Fund) and the discretely presented Obion County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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 (Indigent Care Trust Fund and Constitutional Officers - Agency Fund). 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 1.47 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.

Retainage payable in the discretely presented Obion County School Department's Education Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

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. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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 and business-type columns 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 (excluding the Public Library Fund) and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

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

5. **Compensated Absences**

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

It is the policy of the discretely presented Obion County School Department to permit the unlimited accumulation of unused sick leave for professional personnel (teachers). There is no liability for unpaid accumulated sick leave since the 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, and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, 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 and the proprietary fund in the fund 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, 2007, Obion County had \$18,754,000 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 Obion County 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 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to the government-wide statement of net assets.

Discretely Presented Obion County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

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

Discretely Presented Obion County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Obion 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, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the Obion County

Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficit

The discretely presented School Federal Projects Fund had a deficit in unreserved fund balance of \$50,517 at June 30, 2007. This deficit occurred because School Department personnel had not requested reimbursements for grant funds on a timely basis.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Obion County (excluding the Obion County Public Library, the Everett-Stewart Airport, and the Obion County Nursing Home) and the Obion County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements 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. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with

collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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.

Investment Balances. As of June 30, 2007, Obion County had the following investments carried at fair value or cost:

Investment	Maturities	Fair Value Or Cost
Indigent Care Trust Fund:		
U.S. Treasury Money Market	On Demand	\$ 324,529
Federal Home Loan Bank	12-10-07	505,221
Federal Farm Credit Bank	4-23-08	394,624
Federal Home Loan Bank	5-20-08	344,204
Federal Home Loan Mortgage Corporation	3-3-09	488,280
Federal Home Loan Bank	2-16-10	44,705
Federal Home Loan Bank	3-30-10	127,887
Federal Home Loan Bank	4-16-10	472,478
Federal National Mortgage Association	1-28-11	484,027
Federal Home Loan Bank	3-21-12	397,500
Federal Home Loan Bank	3-28-12	83,300
Constitutional Officers - Agency Fund:		
U.S. Savings Bonds - Series EE	On Demand	<u>23,088</u>
Total		<u><u>\$ 3,689,843</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, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and 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 (54%), the Federal National Mortgage Association (13%), the Federal Farm Credit Bank (11%), and the Federal Home Loan Mortgage Corporation (13%).

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 \$3,689,843 in investments, the underlying securities for \$3,342,226 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

Notes receivable in the Constitutional Officers - Agency Fund (fiduciary fund) consist of scholarship loans of \$200,725 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, wastewater 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 notes receivable of \$1,900,267 in the Other Special Revenue Fund represent the outstanding balance on this loan at June 30, 2007.

C. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 3,449,382	\$ 9,817	\$ (2,100)	\$ 3,457,099
Construction in Progress	810,282	0	(810,282)	0
Total Capital Assets Not Depreciated	<u>\$ 4,259,664</u>	<u>\$ 9,817</u>	<u>\$ (812,382)</u>	<u>\$ 3,457,099</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,251,611	\$ 0	\$ 0	\$ 11,251,611
Infrastructure	27,735,932	1,460,018	0	29,195,950
Other Capital Assets	6,141,925	404,074	(156,450)	6,389,549
Total Capital Assets Depreciated	<u>\$ 45,129,468</u>	<u>\$ 1,864,092</u>	<u>\$ (156,450)</u>	<u>\$ 46,837,110</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,298,646	\$ 409,461	\$ 0	\$ 3,707,925
Infrastructure	19,381,429	1,021,121	0	20,402,550
Other Capital Assets	4,602,777	477,139	(156,450)	4,923,466
Total Accumulated Depreciation	<u>\$ 27,282,670</u>	<u>\$ 1,907,721</u>	<u>\$ (156,450)</u>	<u>\$ 29,033,941</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,846,798</u>	<u>\$ (43,629)</u>	<u>\$ 0</u>	<u>\$ 17,803,169</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,106,462</u>	<u>\$ (33,812)</u>	<u>\$ (812,382)</u>	<u>\$ 21,260,268</u>

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

Governmental Activities:

General Administration	\$ 54,545
Finance	3,386
Administration of Justice	12,458
Public Safety	322,815

Governmental Activities (Cont.):

Public Health and Welfare	\$ 17,068
Social, Cultural and Recreational Services	137,489
Other Operations	401,584
Highways/Public Works	<u>958,376</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,907,721</u></u>

Discretely Presented Obion County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 630,281	\$ 10,000	\$ 640,281
Construction in Progress	<u>15,953,621</u>	<u>2,389,400</u>	<u>18,343,021</u>
Total Capital Assets Not Depreciated	<u>\$ 16,583,902</u>	<u>\$ 2,399,400</u>	<u>\$ 18,983,302</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 35,209,917	\$ 0	\$ 35,209,917
Infrastructure	732,798	0	732,798
Other Capital Assets	<u>5,025,779</u>	<u>225,638</u>	<u>5,251,417</u>
Total Capital Assets Depreciated	<u>\$ 40,968,494</u>	<u>\$ 225,638</u>	<u>\$ 41,194,132</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 20,152,959	\$ 1,372,806	\$ 21,525,765
Infrastructure	627,483	11,486	638,969
Other Capital Assets	<u>2,401,954</u>	<u>308,375</u>	<u>2,710,329</u>
Total Accumulated Depreciation	<u>\$ 23,182,396</u>	<u>\$ 1,692,667</u>	<u>\$ 24,875,063</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,786,098</u>	<u>\$ (1,467,029)</u>	<u>\$ 16,319,069</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,370,000</u>	<u>\$ 932,371</u>	<u>\$ 35,302,371</u>

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

Governmental Activities:

Instruction	\$ 1,233,142
Support Services	384,079
Operation of Non-Instructional Services	<u>75,446</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,692,667</u>

D. Construction Commitments

At June 30, 2007, the county had uncompleted construction contracts of \$378,885 in the Highway/Public Works Fund for bridge construction. Funding has been received for these future expenditures.

At June 30, 2007, the discretely presented Obion County School Department had uncompleted construction contracts of \$465,403 in the General Purpose School Fund for renovation projects. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government		
General	Nonmajor governmental	\$ 31,110
Discretely Presented Obion County School Department:		
General Purpose School	Nonmajor governmental	16,971
Nonmajor governmental	General Purpose School	3,305

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, 2007, consisted of the following amounts:

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 304,677
Nursing Home Fund	100,000	0
Total	<u>\$ 100,000</u>	<u>\$ 304,677</u>

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.

F. 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, capital outlay notes, and other loans outstanding were issued for original terms of up to five years for bonds, up to 12 years for notes, 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 bonds, notes, and other loans included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds -			
Refunding	2 to 3.5%	\$ 5,195,000	\$ 1,190,000
Capital Outlay Notes	4.04	1,000,000	1,000,000
Other Loans	variable	21,500,000	18,439,000

In prior years, Obion County entered into loan agreements with the Public Building Authority of Sevier County and the Montgomery County Public Building Authority. Under these loan agreements, the authorities loaned \$4,500,000 and \$17,000,000 to Obion County for various renovation and construction projects. 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, 2007, the variable interest rates were 3.76 and 3.95 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, 2007, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 1,190,000	\$ 35,700	\$ 83,333	\$ 40,961
2009	0	0	83,333	37,651
2010	0	0	83,333	34,134
2011	0	0	83,333	30,721
2012	0	0	83,333	27,307
2013-2017	0	0	416,665	85,429
2018-2019	0	0	166,670	10,241
Total	\$ 1,190,000	\$ 35,700	\$ 1,000,000	\$ 266,444

Year Ending June 30	Other Loan (\$4,500,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 340,000	\$ 70,500	\$ 9,188	\$ 419,688
2009	355,000	57,716	7,522	420,238
2010	375,000	44,368	5,782	425,150
2011	395,000	30,268	3,945	429,213
2012	410,000	15,416	2,009	427,425
Total	\$ 1,875,000	\$ 218,268	\$ 28,446	\$ 2,121,714

Year Ending June 30	Other Loan (\$17,000,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 452,000	\$ 654,278	\$ 59,630	\$ 1,165,908
2009	468,000	636,424	58,003	1,162,427
2010	484,000	617,938	56,318	1,158,256
2011	501,000	598,820	54,576	1,154,396
2012	518,000	579,031	52,772	1,149,803
2013-2017	2,877,000	2,573,466	234,544	5,685,010
2018-2022	3,417,000	1,963,941	178,991	5,559,932
2023-2027	4,058,000	1,240,183	113,029	5,411,212
2028-2031	3,789,000	380,623	34,689	4,204,312
Total	\$ 16,564,000	\$ 9,224,704	\$ 842,552	\$ 26,651,256

There is \$2,681,483 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$37, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans, totaled \$636, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2006	\$ 2,335,000	\$ 0
Additions	0	1,000,000
Additions	1,145,000	0
Balance, June 30, 2007	\$ 1,190,000	\$ 1,000,000
Balance Due Within One Year	\$ 1,190,000	\$ 83,333

Governmental Activities (Cont.):

	Other Loans	Compensated Absences
Balance, July 1, 2006	\$ 17,619,000	\$ 197,280
Additions	1,581,000	267,118
Deductions	761,000	247,733
	<hr/>	<hr/>
Balance, June 30, 2007	\$ 18,439,000	\$ 216,665
	<hr/>	<hr/>
Balance Due Within One Year	\$ 792,000	\$ 12,163
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 20,845,665
Less: Balance Due Within One Year	(2,077,496)
Add: Unamortized debt premium	21,596
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 18,789,765
	<hr/>

Compensated absences will be paid from the employing funds, 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, 2007, was as follows:

Governmental Activities:

	Compensated Absences
Balance, July 1, 2006	\$ 77,421
Additions	73,661
Deductions	80,850
	<hr/>
Balance, June 30, 2007	\$ 70,232
	<hr/>
Balance Due Within One Year	\$ 3,512
	<hr/>

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, library, and nursing home, 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 Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. Obion County and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums. Obion County and the School Department also participate in the Tennessee State Insurance System a public entity risk pool as opposed to purchasing commercial health insurance for these risks. This pool is to be self-sustaining through member premiums.

B. Subsequent Event

On December 20, 2007, Obion County issued rural school refunding bonds totaling \$8,050,000 to refund a portion of a variable interest rate loan that had been issued in August 2004 for school construction and renovation.

C. Contingent Liabilities

The county is involved in two 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.

As described in Note V.E., below, Obion County is a participant with Lake and Dyer counties in a joint venture known as the Northwest Tennessee Regional Port Authority. In March 2007, this authority borrowed \$2.2 million at 4.15 percent interest for the construction costs of the port. Interest payments are to begin in September 2007 and conclude with a lump-sum principal retirement in March 2012. In April 2007, the port authority borrowed an additional \$410,000 without interest for additional construction costs of the port with payments of \$4,271 due in 96 monthly installments beginning in April 2009. The county commissions of the participating counties have approved making payments on these debt issuances until such time as the port authority has revenue to make payments. Lake, Dyer, and Obion counties have agreed to pay 50, 25, and 25 percents, respectively, of the referenced payments.

D. Changes in Administration

On August 1, 2006, Vinson Thompson left the Office of Director of Schools and was succeeded by David Huss.

On August 31, 2006, Gaylon Long left the Office of County Mayor and was succeeded by Benny McGuire.

E. Joint Ventures

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 of the joint venture only to the extent of representation by the two board members appointed.

Previously the Everett-Stewart Airport (Special Purpose Fund) has been operated as part of the Obion County primary government. Pursuant to a formal agreement between Obion and Weakley counties, a joint venture for the creation and operation of the Everett-Stewart Regional Airport was established December 1, 2006. The agreement between Obion and Weakley counties states that the land and other capital assets, including improvements, will continue to be owned by Obion County; however, the funding of airport operations will be jointly funded and managed by both counties. Obion County appropriated \$35,000 to the Everett-Stewart Regional Airport during the year.

F. Retirement Commitments

Employees

Plan Description

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

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.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, 2007, was 5.41 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, 2007, Obion County's annual pension cost of \$463,457 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$463,457	100%	\$0
6-30-06	318,403	100	0
6-30-05	317,225	100	0

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 <http://www.treasury.state.tn.us>.

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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$768,988, \$680,661, and \$684,026, 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, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

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

Office of Director of Schools

Purchasing procedures for the discretely presented Obion County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES – OBION COUNTY PUBLIC LIBRARY (SPECIAL REVENUE FUND)

A. Summary of Significant Accounting Policies

The Obion County Public Library is jointly funded by Union City and Obion County, Tennessee, governments. The library is not considered a component unit of any other government, but is considered to be a fund of the primary county government of Obion County, Tennessee. There are no other governmental units that are considered component units of the library. The library operates under a Board of Trustees form of government and provides the services of a public library.

The library's financial statements have been prepared in conformity with accounting principles generally accepted for governmental entities as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies.

1. Reporting Entity

For financial reporting purposes, the library includes all of the funds relevant to the operation of the Obion County Public Library.

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, in accordance with generally accepted accounting principles (GAAP) as defined in the Statements of Governmental Accounting Standards Board (GASB). Revenues are recognized as soon as they are 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. The library has determined a period of availability of 60 days after the end of the current fiscal period. Grant funds, where expenditure is the prime factor for determining eligibility, are recognized as revenue when the expenditure is made. Grant proceeds received after the 60-day period of availability are recorded as deferred revenue. Expenditures under the modified accrual basis of accounting are recorded when the related liability is incurred.

The library reports the following governmental funds:

Public Library Fund - This fund accounts for all financial resources applicable to the general operation of the library, except those required to be accounted for in another fund. Revenues are derived primarily from appropriations from Union City, Tennessee, and Obion County, Tennessee.

Public Library Capital Projects Fund - This fund accounts for the acquisition or construction of capital projects. Revenues are derived primarily from public donations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

3. **Budgetary Information**

The library adopts an annual budget for the Public Library Fund prepared in accordance with the basis of accounting used by that fund. Any revisions that alter total expenditures must be approved by the Board of Trustees. The budget as originally approved and as amended is presented in the statement of budgetary comparison.

Major capital expenditures, which are accounted for within the Public Library Capital Projects Fund, are subject to budgetary control on a project basis. Appropriations for a specific project do not lapse until completion of the project. Due to the nature of these funds, budgetary comparison statements on an annual basis would not provide meaningful information and, therefore, are not presented in the accompanying financial statements.

4. **Assets, Liabilities, and Fund Equity/Net Assets**

a. **Deposits and Investments**

The library's cash and cash equivalents are considered to be cash on hand and demand deposits at various financial institutions. Investments consist of certificates of deposits with original maturities greater than three months. All interest earned is allocated to the source from which the cash originated.

b. **Capital Assets**

Capital assets are included in the government-wide financial statements. Capital assets are defined by the Board as assets with

an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Books are grouped by category, and depreciated by group. 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 expensed as incurred. Capital assets of the library are depreciated using the straight-line method over the estimated useful lives of each group of assets.

c. Compensated Absences

The library's obligation for employees' rights to receive compensation for future absences, such as vacation and sick days, was not material as of June 30, 2007, and thus, is not recognized in the accompanying financial statements. The library permits the accumulation of a maximum of 30 days sick leave for employees; however, unused sick days are not paid upon termination. Accordingly, sick pay is charged to expenditures when taken.

d. Fund Equity/Net Assets

In the fund financial statements, the 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. Designations of fund balance represent tentative management plans that are subject to change. Net assets in the government-wide statements are categorized as invested in capital assets, restricted, and unrestricted. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets represent net assets that have third party limitations on their use. The library elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

B. Detailed Notes on Accounts

Deposits – Custodial Credit Risk

The library's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VI.A.4.a. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the library's agent in the library's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the library

to invest in bonds, notes, or treasury bills of the United States, or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2007, all bank deposits were covered by insurance or collateral. However, we noted instances during the fiscal year where deposits were in excess of collateralized and insured amounts.

C. Pension Information

1. Plan Description

Employees of the Obion County Public Library are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit 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. 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 the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Obion County Public Library 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/tcrs/PS/.

2. Funding Policy

The Obion County Public Library requires employees to contribute five percent of earnable compensation. The library is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2007, was 5.41 percent of annual covered payroll. The contribution requirement for the Obion County Public Library is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ended June 30, 2007, the Obion County Public Library's annual pension cost of \$9,935 to TCRS was equal to the library's required and actual contribution. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen initial liability 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a five-year period. The library's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend information and the required supplementary schedule of funding progress are not available individually for the Obion County Public Library. This information for Obion County as a whole is available in the county's separately issued financial statements.

4. Salary Reduction Plan

A salary reduction 403(b)(7) retirement plan has been adopted by the Library Board. The library does not contribute to the plan, and participation in the plan is voluntary. As of June 30, 2007, one employee was participating in the plan.

D. Risk Management

The library purchases commercial insurance for all significant risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

VII. OTHER NOTES – OBION COUNTY NURSING HOME (ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

1. Reporting Entity

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

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

The Obion County Nursing Home accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. 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 Governmental Accounting Standards Board (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 county has elected not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

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

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

3. **Assets, Liabilities, and Net Assets**

a. **Deposits and Investments**

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

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

b. **Accounts Receivable**

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

c. **Inventory**

At June 30, 2007, inventory was counted and valued at current replacement cost by management. Although this method is not recognized by generally accepted accounting principles, it does not materially distort the presentation of the financial statements.

d. **Capital Assets**

Capital assets are stated at cost, with the exception of the original building, which is recorded at estimated cost. The original building had an estimated cost of \$93,392, which was fully depreciated at June 30, 2007. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets. A summary of capital assets appears on the statement of net assets.

e. **Compensated Absences**

Accumulated unpaid annual and sick leave are accrued at fiscal year end. At June 30, 2007, annual leave totaled \$11,074, and sick leave was \$19,774, all considered current.

f. **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 categories.

B. **Detailed Notes on Accounts**

Deposits and Investments

There were no investments as of June 30, 2007.

Custodial Credit Risk - The nursing home's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VII.A.3.a. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the nursing home's agent in the nursing home's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the nursing home to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2007, all bank deposits were fully collateralized or insured.

C. **Other Information**

1. **Pension Plan**

The Obion County Nursing Home is an enterprise fund of Obion County, Tennessee; therefore, the nursing home's pension information has been reported with the county's audit report. For the year ended June 30, 2007, the total covered payroll for the nursing home was \$720,111 and the pension contribution was \$38,958. An audit report of Obion County, Tennessee, 1 Bill Burnett Circle, Union City, TN 38261 can be requested for additional pension disclosures.

2. Risk Management

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

D. Litigation

The former administrator of the nursing home filed a lawsuit in March 2006 seeking damages of \$2,000,000. The suit names Obion County and the former county mayor. The suit was settled by the county for an undisclosed amount after June 30, 2007. Attorney fees and the nursing home's obligation under the net settlement have been accrued as of June 30, 2007.

E. Transfers

The nursing home was directed by a vote of the Obion County Commission to transfer all funds invested in certificates of deposit to the Obion County General Fund. To date, the nursing home has transferred \$1,000,000. The funds would be available for future nursing home expansion if needed. It requires a two-thirds vote of the Obion County Commission to transfer these funds back to the nursing home. The nursing home transferred \$100,000 during the June 30, 2007, fiscal year.

VIII. 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 No. 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 the 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. 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.

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 30 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 and Investments

Custodial Credit Risk - The district's policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note VIII.3.a. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the district to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2007, the district had uninsured cash balances of \$31,623.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance		Balance	
	7-1-06	Additions	6-30-07	
Capital assets depreciated:				
Office equipment	\$ 27,132	\$ 35,169	\$ 62,301	
Vehicles	14,617	0	14,617	
Communications equipment and furniture and fixtures	304,812	0	304,812	
Building and improvements	178,453	159,589	338,042	
Total capital assets depreciated	\$ 525,014	\$ 194,758	\$ 719,772	

	Balance 7-1-06	Additions	Balance 6-30-07
Less: accumulated depreciation			
Office equipment	\$ 20,916	\$ 2,677	\$ 23,593
Vehicles	14,617	0	14,617
Communications equipment and furniture and fixtures	189,700	20,400	210,100
Building and improvements	1,487	6,000	7,487
Total accumulated depreciation	<u>\$ 226,720</u>	<u>\$ 29,077</u>	<u>\$ 255,797</u>
Total capital assets, net	<u>\$ 298,294</u>	<u>\$ 165,681</u>	<u>\$ 463,975</u>

C. Stewardship, Compliance, and Accountability

Budgetary Information

The district's Board of Directors approve 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 capital assets, and expenses are on the cash basis rather than the accrual basis. The legal level of control is at each line-item of expense; therefore, each line-item must be amended prior to expending funds. A reconciliation of the differences between the budgetary basis of operating expenses and the GAAP basis is presented below:

Operating expenses - GAAP basis	\$ 271,179
Capital expenditures	154,225
Capitalized engineering services	<u>6,429</u>
Operating expenses - budgetary basis	<u>\$ 431,833</u>

D. Other Information

1. Commitments

The Obion County Communications District signed a three-year prepaid lease agreement for communication equipment in April 2006 with BellSouth for \$59,864. The lease is being amortized using the straight-line method over the term of the lease, which is three years. Amortization expense for the year ended June 30, 2007, is \$19,955.

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, 2007, the balance in the account was \$19,198. The board has determined that this account is 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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,964,608	\$ 0	\$ 0	\$ 1,964,608	\$ 1,904,844	\$ 1,904,844	\$ 59,764
Licenses and Permits	12,111	0	0	12,111	11,900	11,900	211
Fines, Forfeitures, and Penalties	155,800	0	0	155,800	126,900	126,900	28,900
Charges for Current Services	29,788	0	0	29,788	32,105	32,105	(2,317)
Other Local Revenues	1,555,864	0	0	1,555,864	1,448,000	1,448,000	107,864
Fees Received from County Officials	1,482,604	0	0	1,482,604	1,277,000	1,277,000	205,604
State of Tennessee	1,040,656	0	0	1,040,656	1,097,141	1,136,141	(95,485)
Federal Government	111,249	0	0	111,249	121,100	121,100	(9,851)
Other Governments and Citizens Groups	418,207	0	0	418,207	298,892	298,892	119,315
Total Revenues	\$ 6,770,887	\$ 0	\$ 0	\$ 6,770,887	\$ 6,317,882	\$ 6,356,882	\$ 414,005
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 69,819	\$ 0	\$ 0	\$ 69,819	\$ 75,450	\$ 75,450	\$ 5,631
Board of Equalization	819	0	0	819	3,200	3,200	2,381
Beer Board	586	0	0	586	1,400	1,400	814
Budget and Finance Committee	11,002	0	0	11,002	14,200	14,200	3,198
Other Boards and Committees	1,905	0	0	1,905	17,400	17,400	15,495
County Mayor/Executive	177,565	0	0	177,565	181,614	182,964	5,399
Election Commission	168,040	0	0	168,040	191,817	191,817	23,777
Register of Deeds	115,612	0	0	115,612	118,434	118,434	2,822
County Buildings	121,125	(355)	565	121,335	171,206	171,206	49,871
Preservation of Records	0	0	0	0	3,000	3,000	3,000
<u>Finance</u>							
Property Assessor's Office	170,059	0	0	170,059	176,224	176,224	6,165
Reappraisal Program	11,035	0	0	11,035	27,162	27,162	16,127
County Trustee's Office	131,674	0	0	131,674	136,019	138,083	6,409

(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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 208,334	\$ 0	\$ 252	\$ 208,586	\$ 220,008	\$ 220,008	\$ 11,422
<u>Administration of Justice</u>							
Circuit Court	150,062	0	4,667	154,729	177,484	177,484	22,755
General Sessions Court	228,060	0	0	228,060	236,060	236,060	8,000
Drug Court	134,650	0	0	134,650	137,783	137,783	3,133
Chancery Court	121,480	(532)	0	120,948	146,776	146,776	25,828
Juvenile Court	124,572	(300)	0	124,272	134,517	134,517	10,245
Other Administration of Justice	1,088	0	0	1,088	1,500	1,500	412
<u>Public Safety</u>							
Sheriff's Department	1,516,679	(2,602)	50	1,514,127	1,669,591	1,678,591	164,464
Jail	934,314	(3,489)	1,842	932,667	1,139,665	1,139,665	206,998
Rescue Squad	16,000	0	0	16,000	16,000	16,000	0
Other Emergency Management	9,834	0	0	9,834	6,000	10,084	250
County Coroner/Medical Examiner	21,350	0	0	21,350	15,500	30,500	9,150
Public Safety Grant Programs	0	0	0	0	20,000	20,000	20,000
Other Public Safety	5,000	0	0	5,000	10,000	10,000	5,000
<u>Public Health and Welfare</u>							
Local Health Center	110,596	(2,025)	2,293	110,864	124,601	132,101	21,237
Alcohol and Drug Programs	27,207	0	0	27,207	0	30,000	2,793
Other Local Health Services	10,500	0	0	10,500	10,500	10,500	0
Appropriation to State	68,053	0	0	68,053	75,553	68,053	0
General Welfare Assistance	1,129	0	0	1,129	3,850	3,850	2,721
Sanitation Education/Information	21,366	0	0	21,366	34,701	34,701	13,335
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	26,000	0	0	26,000	26,000	26,000	0
Parks and Fair Boards	4,000	0	0	4,000	4,000	4,000	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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Other Social, Cultural, and Recreational	\$ 8,500	\$ 0	\$ 0	\$ 8,500	\$ 8,500	\$ 8,500	\$ 0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	97,924	0	0	97,924	100,232	100,282	2,358
Soil Conservation	22,830	0	0	22,830	22,830	22,830	0
Flood Control	25,113	0	0	25,113	25,113	25,113	0
<u>Other Operations</u>							
Tourism	24,192	0	0	24,192	30,500	30,500	6,308
Industrial Development	131,261	0	0	131,261	132,293	132,293	1,032
Airport	35,000	0	0	35,000	0	35,000	0
Veterans' Services	12,397	0	0	12,397	12,397	12,397	0
Other Charges	133,441	0	0	133,441	129,600	137,750	4,309
Contributions to Other Agencies	1,674	0	0	1,674	1,674	1,674	0
Employee Benefits	661,725	0	0	661,725	706,100	701,600	39,875
Miscellaneous	26,795	0	0	26,795	46,000	41,000	14,205
<u>Instruction</u>							
Vocational Education Program	70,893	0	0	70,893	70,893	70,893	0
Total Expenditures	\$ 5,971,260	\$ (9,303)	\$ 9,669	\$ 5,971,626	\$ 6,613,347	\$ 6,708,545	\$ 736,919
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 799,627	\$ 9,303	\$ (9,669)	\$ 799,261	\$ (295,465)	\$ (351,663)	\$ 1,150,924
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 100,000	\$ 0	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Transfers Out	(304,677)	0	0	(304,677)	(304,677)	(304,677)	0
Total Other Financing Sources (Uses)	\$ (204,677)	\$ 0	\$ 0	\$ (204,677)	\$ (204,677)	\$ (204,677)	\$ 0
Net Change in Fund Balance							
	\$ 594,950	\$ 9,303	\$ (9,669)	\$ 594,584	\$ (500,142)	\$ (556,340)	\$ 1,150,924
Fund Balance, July 1, 2006	3,246,832	(9,303)	0	3,237,529	2,957,403	2,957,403	280,126
Fund Balance, June 30, 2007	\$ 3,841,782	\$ 0	\$ (9,669)	\$ 3,832,113	\$ 2,457,261	\$ 2,401,063	\$ 1,431,050

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, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,607,605	\$ 0	\$ 1,607,605	\$ 1,609,804	\$ 1,609,804	\$ (2,199)
Charges for Current Services	470	0	470	500	500	(30)
Other Local Revenues	7,968	0	7,968	1,200	1,200	6,768
State of Tennessee	1,949,324	0	1,949,324	3,034,343	3,034,343	(1,085,019)
Federal Government	7,108	0	7,108	0	0	7,108
Total Revenues	\$ 3,572,475	\$ 0	\$ 3,572,475	\$ 4,645,847	\$ 4,645,847	\$ (1,073,372)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 161,761	\$ 0	\$ 161,761	\$ 183,742	\$ 183,742	\$ 21,981
Highway and Bridge Maintenance	1,673,675	0	1,673,675	2,616,367	2,616,367	942,692
Operation and Maintenance of Equipment	410,564	0	410,564	601,275	601,275	190,711
Other Charges	155,994	0	155,994	229,850	229,850	73,856
Employee Benefits	244,117	0	244,117	298,500	298,500	54,383
Capital Outlay	477,973	378,885	856,858	1,783,000	1,783,000	926,142
Total Expenditures	\$ 3,124,084	\$ 378,885	\$ 3,502,969	\$ 5,712,734	\$ 5,712,734	\$ 2,209,765
Excess (Deficiency) of Revenues Over Expenditures	\$ 448,391	\$ (378,885)	\$ 69,506	\$ (1,066,887)	\$ (1,066,887)	\$ 1,136,393
Net Change in Fund Balance	\$ 448,391	\$ (378,885)	\$ 69,506	\$ (1,066,887)	\$ (1,066,887)	\$ 1,136,393
Fund Balance, July 1, 2006	1,890,822	0	1,890,822	1,677,026	1,677,026	213,796
Fund Balance, June 30, 2007	\$ 2,339,213	\$ (378,885)	\$ 1,960,328	\$ 610,139	\$ 610,139	\$ 1,350,189

Exhibit F-3

Obion County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

(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)
6-30-05	\$ 14,565	\$ 15,050	485	96.78 %	\$ 8,103	5.98 %
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

OBION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

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 Obion 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 Obion 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 schedule.

**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 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. This fund was closed during the year because Obion and Weakley counties entered into a joint venture agreement for the formation and operation of the Everett-Stewart Regional 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, 2007

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Public Library Capital Projects	
<u>ASSETS</u>							
Cash	\$ 335,574	\$ 0	\$ 0	\$ 30,954	\$ 366,528	\$ 2,221	\$ 368,749
Equity in Pooled Cash and Investments	0	139,544	53,080	0	192,624	0	192,624
Accounts Receivable	0	0	181	156	337	0	337
Due from Other Governments	14,000	2,485	0	0	16,485	0	16,485
Accrued Interest Receivable	2,740	0	0	0	2,740	0	2,740
Total Assets	\$ 352,314	\$ 142,029	\$ 53,261	\$ 31,110	\$ 578,714	\$ 2,221	\$ 580,935
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 10,827	\$ 524	\$ 6	\$ 0	\$ 11,357	\$ 804	\$ 12,161
Payroll Deductions Payable	79	0	0	0	79	0	79
Due to Other Funds	0	0	0	31,110	31,110	0	31,110
Other Deferred Revenues	25,656	0	0	0	25,656	0	25,656
Total Liabilities	\$ 36,562	\$ 524	\$ 6	\$ 31,110	\$ 68,202	\$ 804	\$ 69,006
<u>Fund Balances</u>							
Reserved for Endowments	\$ 205,000	\$ 0	\$ 0	\$ 0	\$ 205,000	\$ 0	\$ 205,000
Unreserved	110,752	141,505	53,255	0	305,512	1,417	306,929
Total Fund Balances	\$ 315,752	\$ 141,505	\$ 53,255	\$ 0	\$ 510,512	\$ 1,417	\$ 511,929
Total Liabilities and Fund Balances	\$ 352,314	\$ 142,029	\$ 53,261	\$ 31,110	\$ 578,714	\$ 2,221	\$ 580,935

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, 2007

	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	\$ 6,546	\$ 6,546	\$ 0	\$ 6,546
Charges for Current Services	0	23,994	4,346	0	0	28,340	0	28,340
Other Local Revenues	0	30,922	4,586	355,779	1,125	392,412	94	392,506
State of Tennessee	0	15,007	106,065	0	0	121,072	0	121,072
Federal Government	8,927	0	0	0	0	8,927	0	8,927
Other Governments and Citizens Groups	0	214,574	0	0	0	214,574	0	214,574
Total Revenues	\$ 8,927	\$ 284,497	\$ 114,997	\$ 355,779	\$ 7,671	\$ 771,871	\$ 94	\$ 771,965
<u>Expenditures</u>								
Current:								
Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,607	\$ 10,607	\$ 0	\$ 10,607
Public Health and Welfare	0	0	93,543	0	0	93,543	0	93,543
Social, Cultural, and Recreational Services	0	556,809	0	0	0	556,809	22,484	579,293
Other Operations	8,927	0	0	0	0	8,927	0	8,927
Total Expenditures	\$ 8,927	\$ 556,809	\$ 93,543	\$ 0	\$ 10,607	\$ 669,886	\$ 22,484	\$ 692,370
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$(272,312)	\$ 21,454	\$ 355,779	\$(2,936)	\$ 101,985	\$(22,390)	\$ 79,595
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 0	\$ 304,677	\$ 0	\$ 0	\$ 0	\$ 304,677	\$ 0	\$ 304,677
Total Other Financing Sources (Uses)	\$ 0	\$ 304,677	\$ 0	\$ 0	\$ 0	\$ 304,677	\$ 0	\$ 304,677
Net Change in Fund Balances	\$ 0	\$ 32,365	\$ 21,454	\$ 355,779	\$(2,936)	\$ 406,662	\$(22,390)	\$ 384,272
Fund Balance, July 1, 2006	0	283,387	120,051	(355,779)	56,191	103,850	23,807	127,657
Fund Balance, June 30, 2007	\$ 0	\$ 315,752	\$ 141,505	\$ 0	\$ 53,255	\$ 510,512	\$ 1,417	\$ 511,929

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 0	\$ 0	\$ 597	\$ (597)
Federal Government	8,927	10,000	10,000	(1,073)
Total Revenues	<u>\$ 8,927</u>	<u>\$ 10,000</u>	<u>\$ 10,597</u>	<u>\$ (1,670)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Housing and Urban Development	\$ 8,927	\$ 10,000	\$ 10,597	\$ 1,670
Total Expenditures	<u>\$ 8,927</u>	<u>\$ 10,000</u>	<u>\$ 10,597</u>	<u>\$ 1,670</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2006	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2007	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 23,994	\$ 21,625	\$ 21,625	\$ 2,369
Other Local Revenues	30,922	10,500	10,500	20,422
State of Tennessee	15,007	5,000	5,000	10,007
Other Governments and Citizens Groups	214,574	216,546	216,546	(1,972)
Total Revenues	<u>\$ 284,497</u>	<u>\$ 253,671</u>	<u>\$ 253,671</u>	<u>\$ 30,826</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 556,809	\$ 558,348	\$ 558,348	\$ 1,539
Total Expenditures	<u>\$ 556,809</u>	<u>\$ 558,348</u>	<u>\$ 558,348</u>	<u>\$ 1,539</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (272,312)</u>	<u>\$ (304,677)</u>	<u>\$ (304,677)</u>	<u>\$ 32,365</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 304,677	\$ 304,677	\$ 304,677	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 304,677</u>	<u>\$ 304,677</u>	<u>\$ 304,677</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 32,365	\$ 0	\$ 0	\$ 32,365
Fund Balance, July 1, 2006	<u>283,387</u>	<u>295,743</u>	<u>295,743</u>	<u>(12,356)</u>
Fund Balance, June 30, 2007	<u>\$ 315,752</u>	<u>\$ 295,743</u>	<u>\$ 295,743</u>	<u>\$ 20,009</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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 4,346	\$ 0	\$ 4,346	\$ 5,000	\$ 5,000	\$ (654)
Other Local Revenues	4,586	0	4,586	3,600	3,600	986
State of Tennessee	106,065	0	106,065	37,900	37,900	68,165
Total Revenues	<u>\$ 114,997</u>	<u>\$ 0</u>	<u>\$ 114,997</u>	<u>\$ 46,500</u>	<u>\$ 46,500</u>	<u>\$ 68,497</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 51,939	\$ (1,600)	\$ 50,339	\$ 64,688	\$ 64,688	\$ 14,349
Problem Waste Centers	19,645	0	19,645	20,200	20,200	555
Recycling Center	21,959	(277)	21,682	46,400	46,400	24,718
<u>Capital Projects</u>						
Public Health and Welfare Projects	0	0	0	36,500	36,500	36,500
Total Expenditures	<u>\$ 93,543</u>	<u>\$ (1,877)</u>	<u>\$ 91,666</u>	<u>\$ 167,788</u>	<u>\$ 167,788</u>	<u>\$ 76,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 21,454</u>	<u>\$ 1,877</u>	<u>\$ 23,331</u>	<u>\$ (121,288)</u>	<u>\$ (121,288)</u>	<u>\$ 144,619</u>
Net Change in Fund Balance	\$ 21,454	\$ 1,877	\$ 23,331	\$ (121,288)	\$ (121,288)	\$ 144,619
Fund Balance, July 1, 2006	120,051	(1,877)	118,174	206,030	206,030	(87,856)
Fund Balance, June 30, 2007	<u>\$ 141,505</u>	<u>\$ 0</u>	<u>\$ 141,505</u>	<u>\$ 84,742</u>	<u>\$ 84,742</u>	<u>\$ 56,763</u>

Exhibit G-6

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 6,546	\$ 13,500	\$ 13,500	\$ (6,954)
Other Local Revenues	1,125	600	600	525
Total Revenues	<u>\$ 7,671</u>	<u>\$ 14,100</u>	<u>\$ 14,100</u>	<u>\$ (6,429)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 10,607	\$ 49,100	\$ 49,100	\$ 38,493
Total Expenditures	<u>\$ 10,607</u>	<u>\$ 49,100</u>	<u>\$ 49,100</u>	<u>\$ 38,493</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,936)</u>	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ 32,064</u>
Net Change in Fund Balance	\$ (2,936)	\$ (35,000)	\$ (35,000)	\$ 32,064
Fund Balance, July 1, 2006	<u>56,191</u>	<u>53,759</u>	<u>53,759</u>	<u>2,432</u>
Fund Balance, June 30, 2007	<u>\$ 53,255</u>	<u>\$ 18,759</u>	<u>\$ 18,759</u>	<u>\$ 34,496</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, long-term 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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,657,000	\$ 1,630,267	\$ 1,630,267	\$ 26,733
Other Local Revenues	57,570	244,540	59,000	(1,430)
Federal Government	185,540	0	185,540	0
Total Revenues	<u>\$ 1,900,110</u>	<u>\$ 1,874,807</u>	<u>\$ 1,874,807</u>	<u>\$ 25,303</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 325,000	\$ 325,000	\$ 325,000	\$ 0
Education	1,581,000	1,706,000	1,706,000	125,000
<u>Interest on Debt</u>				
General Government	79,913	110,000	110,000	30,087
Education	711,677	923,000	918,000	206,323
<u>Other Debt Service</u>				
General Government	42,136	61,000	61,000	18,864
Education	40,724	40,000	45,000	4,276
Total Expenditures	<u>\$ 2,780,450</u>	<u>\$ 3,165,000</u>	<u>\$ 3,165,000</u>	<u>\$ 384,550</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (880,340)</u>	<u>\$ (1,290,193)</u>	<u>\$ (1,290,193)</u>	<u>\$ 409,853</u>
Net Change in Fund Balance	\$ (880,340)	\$ (1,290,193)	\$ (1,290,193)	\$ 409,853
Fund Balance, July 1, 2006	<u>3,561,823</u>	<u>3,523,412</u>	<u>3,523,412</u>	<u>38,411</u>
Fund Balance, June 30, 2007	<u>\$ 2,681,483</u>	<u>\$ 2,233,219</u>	<u>\$ 2,233,219</u>	<u>\$ 448,264</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, 2007

	Agency Funds					Total
	Cities - Sales Tax	Watershed District	Special School District	City School ADA - Union City	Constitu- tional Officers - Agency	
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 0	\$ 1,686	\$ 429	\$ 41,382	\$ 0	\$ 43,497
Cash	0	0	0	0	1,611,697	1,611,697
Investments	0	0	0	0	23,088	23,088
Accounts Receivable	0	0	307	4,699	234	5,240
Due from Other Governments	683,172	0	0	207,897	0	891,069
Property Taxes Receivable	0	0	0	1,491,075	0	1,491,075
Allowance for Uncollectible Property Taxes	0	0	0	(39,271)	0	(39,271)
Notes Receivable - Long-term	0	0	0	0	200,725	200,725
Total Assets	<u>\$ 683,172</u>	<u>\$ 1,686</u>	<u>\$ 736</u>	<u>\$ 1,705,782</u>	<u>\$ 1,835,744</u>	<u>\$ 4,227,120</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 683,172	\$ 1,686	\$ 736	\$ 1,705,782	\$ 0	\$ 2,391,376
Due to Litigants, Heirs, and Others	0	0	0	0	1,835,744	1,835,744
Total Liabilities	<u>\$ 683,172</u>	<u>\$ 1,686</u>	<u>\$ 736</u>	<u>\$ 1,705,782</u>	<u>\$ 1,835,744</u>	<u>\$ 4,227,120</u>

Exhibit I-2

Obion County, Tennessee

Combining Statement of Changes in Assets and Liabilities - All Agency Funds

For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,959,926	\$ 2,959,926	\$ 0
Due from Other Governments	690,201	683,172	690,201	683,172
Total Assets	\$ 690,201	\$ 3,643,098	\$ 3,650,127	\$ 683,172
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 690,201	\$ 3,643,098	\$ 3,650,127	\$ 683,172
Total Liabilities	\$ 690,201	\$ 3,643,098	\$ 3,650,127	\$ 683,172
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,655	\$ 31	\$ 0	\$ 1,686
Total Assets	\$ 1,655	\$ 31	\$ 0	\$ 1,686
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,655	\$ 31	\$ 0	\$ 1,686
Total Liabilities	\$ 1,655	\$ 31	\$ 0	\$ 1,686
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 553	\$ 63,793	\$ 63,917	\$ 429
Accounts Receivable	353	307	353	307
Total Assets	\$ 906	\$ 64,100	\$ 64,270	\$ 736
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 906	\$ 64,100	\$ 64,270	\$ 736
Total Liabilities	\$ 906	\$ 64,100	\$ 64,270	\$ 736
<u>City School ADA - Union City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 38,379	\$ 1,113,186	\$ 1,110,183	\$ 41,382
Accounts Receivable	6,428	4,699	6,428	4,699
Due from Other Governments	200,969	207,897	200,969	207,897
Property Taxes Receivable	1,292,247	1,491,075	1,292,247	1,491,075
Allowance for Uncollectible Property Taxes	(43,406)	(39,271)	(43,406)	(39,271)
Total Assets	\$ 1,494,617	\$ 2,777,586	\$ 2,566,421	\$ 1,705,782

(Continued)

Exhibit I-2

Obion County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>City School ADA - Union City Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,494,617	\$ 2,777,586	\$ 2,566,421	\$ 1,705,782
Total Liabilities	\$ 1,494,617	\$ 2,777,586	\$ 2,566,421	\$ 1,705,782
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,722,685	\$ 1,611,697	\$ 1,722,685	\$ 1,611,697
Investments	21,780	1,308	0	23,088
Accounts Receivable	786	0	552	234
Notes Receivable - Long-term	197,455	3,270	0	200,725
Total Assets	\$ 1,942,706	\$ 1,616,275	\$ 1,723,237	\$ 1,835,744
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,942,706	\$ 1,616,275	\$ 1,723,237	\$ 1,835,744
Total Liabilities	\$ 1,942,706	\$ 1,616,275	\$ 1,723,237	\$ 1,835,744
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 40,587	\$ 4,136,936	\$ 4,134,026	\$ 43,497
Cash	1,722,685	1,611,697	1,722,685	1,611,697
Investments	21,780	1,308	0	23,088
Accounts Receivable	7,567	5,006	7,333	5,240
Due from Other Governments	891,170	891,069	891,170	891,069
Property Taxes Receivable	1,292,247	1,491,075	1,292,247	1,491,075
Allowance for Uncollectible Property Taxes	(43,406)	(39,271)	(43,406)	(39,271)
Notes Receivable - Long-term	197,455	3,270	0	200,725
Total Assets	\$ 4,130,085	\$ 8,101,090	\$ 8,004,055	\$ 4,227,120
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,187,379	\$ 6,484,815	\$ 6,280,818	\$ 2,391,376
Due to Litigants, Heirs, and Others	1,942,706	1,616,275	1,723,237	1,835,744
Total Liabilities	\$ 4,130,085	\$ 8,101,090	\$ 8,004,055	\$ 4,227,120

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, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:					
Instruction	\$ 15,944,547	\$ 32,648	\$ 1,717,702	\$ 1,821,558	\$ (12,372,639)
Support Services	9,396,336	402	295,056	542,010	(8,558,868)
Operation of Non-Instructional Services	2,692,118	847,690	1,128,132	283,910	(432,386)
Total Governmental Activities	<u>\$ 28,033,001</u>	<u>\$ 880,740</u>	<u>\$ 3,140,890</u>	<u>\$ 2,647,478</u>	<u>\$ (21,363,893)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 4,228,198
Local Option Sales Taxes					3,191,240
Other Local Taxes					256,499
Grants and Contributions Not Restricted to Specific Programs					15,281,067
Total General Revenues					<u>\$ 22,957,004</u>
Change in Net Assets					\$ 1,593,111
Net Assets, July 1, 2006					<u>39,495,613</u>
Net Assets, June 30, 2007					<u>\$ 41,088,724</u>

Exhibit J-2

Obion County, Tennessee
 Balance Sheet - Governmental Funds
Discretely Presented Obion County School Department
 June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,393,630	\$ 801,140	\$ 5,194,770
Accounts Receivable	46,827	0	46,827
Due from Other Governments	829,117	58,231	887,348
Due from Other Funds	16,971	3,305	20,276
Property Taxes Receivable	4,240,705	0	4,240,705
Allowance for Uncollectible Property Taxes	(111,687)	0	(111,687)
	<hr/>		
Total Assets	<u>\$ 9,415,563</u>	<u>\$ 862,676</u>	<u>\$ 10,278,239</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 167,287	\$ 71,927	\$ 239,214
Contracts Payable	0	105,015	105,015
Retainage Payable	0	50,369	50,369
Due to Other Funds	3,305	16,971	20,276
Deferred Revenue - Current Property Taxes	4,006,780	0	4,006,780
Deferred Revenue - Delinquent Property Taxes	114,608	0	114,608
Other Deferred Revenues	300,871	0	300,871
	<hr/>		
Total Liabilities	<u>\$ 4,592,851</u>	<u>\$ 244,282</u>	<u>\$ 4,837,133</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 465,403	\$ 0	\$ 465,403
Reserved for Title I Grants to Local Education Agencies	0	21,446	21,446
Reserved for Innovative Education Program Strategies	0	19,571	19,571
Other Federal Reserves	0	22,499	22,499
Unreserved, Reported In:			
General Fund	4,357,309	0	4,357,309
Special Revenue Funds	0	496,221	496,221
Capital Projects Funds	0	58,657	58,657
	<hr/>		
Total Fund Balances	<u>\$ 4,822,712</u>	<u>\$ 618,394</u>	<u>\$ 5,441,106</u>
	<hr/>		
Total Liabilities and Fund Balances	<u>\$ 9,415,563</u>	<u>\$ 862,676</u>	<u>\$ 10,278,239</u>

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, 2007

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)		\$ 5,441,106
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 640,281	
Add: construction in progress	18,343,021	
Add: buildings and improvements net of accumulated depreciation	13,684,152	
Add: infrastructure net of accumulated depreciation	93,829	
Add: other capital assets net of accumulated depreciation	<u>2,541,088</u>	35,302,371
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		415,479
(3) Long-term compensated absences payable balance is not due and payable in the current period and therefore is not reported in the governmental funds.		<u>(70,232)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 41,088,724</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, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 7,912,705	\$ 0	\$ 7,912,705
Licenses and Permits	1,855	0	1,855
Charges for Current Services	147,797	732,541	880,338
Other Local Revenues	53,402	38,786	92,188
State of Tennessee	15,378,033	22,350	15,400,383
Federal Government	165,452	2,560,333	2,725,785
Other Governments and Citizens Groups	0	2,581,000	2,581,000
Total Revenues	<u>\$ 23,659,244</u>	<u>\$ 5,935,010</u>	<u>\$ 29,594,254</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,872,146	\$ 1,328,562	\$ 15,200,708
Support Services	8,401,878	233,547	8,635,425
Operation of Non-Instructional Services	416,689	1,820,180	2,236,869
Capital Outlay	216,464	0	216,464
Capital Projects	0	2,624,225	2,624,225
Total Expenditures	<u>\$ 22,907,177</u>	<u>\$ 6,006,514</u>	<u>\$ 28,913,691</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 752,067</u>	<u>\$ (71,504)</u>	<u>\$ 680,563</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 1,296	\$ 0	\$ 1,296
Total Other Financing Sources (Uses)	<u>\$ 1,296</u>	<u>\$ 0</u>	<u>\$ 1,296</u>
Net Change in Fund Balances	\$ 753,363	\$ (71,504)	\$ 681,859
Fund Balance, July 1, 2006	4,069,349	689,898	4,759,247
Fund Balance, June 30, 2007	<u>\$ 4,822,712</u>	<u>\$ 618,394</u>	<u>\$ 5,441,106</u>

Exhibit J-5

Obion County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Obion County School Department
For the Year Ended June 30, 2007

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)		\$ 681,859
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 2,625,038	
Less: current year depreciation expense	<u>(1,692,667)</u>	932,371
<p>(2) Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30,	\$ 415,479	
Less: deferred delinquent property taxes and other deferred June 30,	<u>(443,787)</u>	(28,308)
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences		<u>7,189</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,593,111</u>

Exhibit J-6

Obion County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Obion County School Department
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 4,417	\$ 582,682	\$ 587,099	\$ 214,041	\$ 801,140
Due from Other Governments	58,231	0	58,231	0	58,231
Due from Other Funds	3,305	0	3,305	0	3,305
Total Assets	\$ 65,953	\$ 582,682	\$ 648,635	\$ 214,041	\$ 862,676
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 35,983	\$ 35,944	\$ 71,927	\$ 0	\$ 71,927
Contracts Payable	0	0	0	105,015	105,015
Retainage Payable	0	0	0	50,369	50,369
Due to Other Funds	16,971	0	16,971	0	16,971
Total Liabilities	\$ 52,954	\$ 35,944	\$ 88,898	\$ 155,384	\$ 244,282
<u>Fund Balances</u>					
Reserved for Title I Grants to Local Education Agencies	\$ 21,446	\$ 0	\$ 21,446	\$ 0	\$ 21,446
Reserved for Innovative Education Program Strategies	19,571	0	19,571	0	19,571
Other Federal Reserves	22,499	0	22,499	0	22,499
Unreserved (Deficit)	(50,517)	546,738	496,221	58,657	554,878
Total Fund Balances	\$ 12,999	\$ 546,738	\$ 559,737	\$ 58,657	\$ 618,394
Total Liabilities and Fund Balances	\$ 65,953	\$ 582,682	\$ 648,635	\$ 214,041	\$ 862,676

Exhibit J-7

Obion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Obion County School Department
For the Year Ended June 30, 2007

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 732,541	\$ 732,541	\$ 0	\$ 732,541
Other Local Revenues	0	33,565	33,565	5,221	38,786
State of Tennessee	0	22,350	22,350	0	22,350
Federal Government	1,548,721	1,011,612	2,560,333	0	2,560,333
Other Governments and Citizens Groups	0	0	0	2,581,000	2,581,000
Total Revenues	\$ 1,548,721	\$ 1,800,068	\$ 3,348,789	\$ 2,586,221	\$ 5,935,010
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,328,562	\$ 0	\$ 1,328,562	\$ 0	\$ 1,328,562
Support Services	233,547	0	233,547	0	233,547
Operation of Non-Instructional Services	0	1,820,180	1,820,180	0	1,820,180
Capital Projects	0	0	0	2,624,225	2,624,225
Total Expenditures	\$ 1,562,109	\$ 1,820,180	\$ 3,382,289	\$ 2,624,225	\$ 6,006,514
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,388)	\$ (20,112)	\$ (33,500)	\$ (38,004)	\$ (71,504)
Net Change in Fund Balances	\$ (13,388)	\$ (20,112)	\$ (33,500)	\$ (38,004)	\$ (71,504)
Fund Balance, July 1, 2006	26,387	566,850	593,237	96,661	689,898
Fund Balance, June 30, 2007	\$ 12,999	\$ 546,738	\$ 559,737	\$ 58,657	\$ 618,394

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,912,705	\$ 0	\$ 0	\$ 7,912,705	\$ 8,023,716	\$ 8,023,716	\$ (111,011)
Licenses and Permits	1,855	0	0	1,855	1,800	1,800	55
Charges for Current Services	147,797	0	0	147,797	102,500	149,500	(1,703)
Other Local Revenues	53,402	0	0	53,402	52,102	80,602	(27,200)
State of Tennessee	15,378,033	0	0	15,378,033	14,824,298	15,256,005	122,028
Federal Government	165,452	0	0	165,452	164,000	307,796	(142,344)
Total Revenues	\$ 23,659,244	\$ 0	\$ 0	\$ 23,659,244	\$ 23,168,416	\$ 23,819,419	\$ (160,175)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,462,815	\$ (12,306)	\$ 0	\$ 11,450,509	\$ 11,852,243	\$ 11,948,245	\$ 497,736
Alternative Instruction Program	60,858	0	0	60,858	60,561	63,636	2,778
Special Education Program	1,459,318	0	0	1,459,318	1,500,775	1,509,275	49,957
Vocational Education Program	854,313	0	0	854,313	915,430	923,408	69,095
Student Body Education Program	7,694	0	0	7,694	8,000	8,000	306
Adult Education Program	27,148	0	0	27,148	51,465	50,965	23,817
<u>Support Services</u>							
Attendance	108,306	0	0	108,306	100,685	112,227	3,921
Health Services	209,904	0	0	209,904	150,575	230,136	20,232
Other Student Support	539,164	0	0	539,164	552,445	554,789	15,625
Regular Instruction Program	900,360	(3,804)	0	896,556	916,029	952,955	56,399
Alternative Instruction Program	1,472	0	0	1,472	1,700	2,958	1,486
Special Education Program	137,102	0	0	137,102	125,445	159,128	22,026
Vocational Education Program	153,680	0	0	153,680	159,130	167,903	14,223
Adult Programs	99,846	0	0	99,846	99,595	103,089	3,243
Board of Education	472,305	0	0	472,305	572,350	547,350	75,045

(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 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 169,105	\$ 0	\$ 0	\$ 169,105	\$ 174,825	\$ 174,825	\$ 5,720
Office of the Principal	1,389,627	0	0	1,389,627	1,433,043	1,424,337	34,710
Fiscal Services	198,596	0	0	198,596	194,175	216,323	17,727
Operation of Plant	2,043,710	0	0	2,043,710	2,003,335	2,107,935	64,225
Maintenance of Plant	462,088	0	0	462,088	505,315	505,315	43,227
Transportation	1,516,613	0	0	1,516,613	1,529,345	1,616,349	99,736
<u>Operation of Non-Instructional Services</u>							
Food Service	54,101	0	0	54,101	65,060	65,354	11,253
Community Services	188,725	0	0	188,725	126,255	230,455	41,730
Early Childhood Education	173,863	0	0	173,863	0	207,143	33,280
<u>Capital Outlay</u>							
Regular Capital Outlay	216,464	(182,314)	465,403	499,553	529,000	548,364	48,811
Total Expenditures	\$ 22,907,177	\$ (198,424)	\$ 465,403	\$ 23,174,156	\$ 23,626,781	\$ 24,430,464	\$ 1,256,308
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 752,067	\$ 198,424	\$ (465,403)	\$ 485,088	\$ (458,365)	\$ (611,045)	\$ 1,096,133
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,296	\$ 0	\$ 0	\$ 1,296	\$ 2,000	\$ 2,000	\$ (704)
Total Other Financing Sources (Uses)	\$ 1,296	\$ 0	\$ 0	\$ 1,296	\$ 2,000	\$ 2,000	\$ (704)
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 4,069,349	(198,424)	0	3,870,925	2,411,853	2,411,853	1,459,072
Fund Balance, June 30, 2007	\$ 4,822,712	\$ 0	\$ (465,403)	\$ 4,357,309	\$ 1,955,488	\$ 1,802,808	\$ 2,554,501

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,548,721	\$ 1,928,868	\$ 1,928,868	\$ (380,147)
Total Revenues	\$ 1,548,721	\$ 1,928,868	\$ 1,928,868	\$ (380,147)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 577,199	\$ 694,476	\$ 694,476	\$ 117,277
Special Education Program	714,471	891,556	891,556	177,085
Vocational Education Program	36,892	36,892	36,892	0
<u>Support Services</u>				
Health Services	15,854	14,901	15,854	0
Other Student Support	16,764	21,397	21,397	4,633
Regular Instruction Program	104,398	111,273	111,273	6,875
Special Education Program	93,024	116,738	116,738	23,714
Vocational Education Program	3,507	3,700	3,700	193
Total Expenditures	\$ 1,562,109	\$ 1,890,933	\$ 1,891,886	\$ 329,777
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,388)	\$ 37,935	\$ 36,982	\$ (50,370)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 82,000	\$ 0	\$ 0
Transfers Out	0	(82,000)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (13,388)	\$ 37,935	\$ 36,982	\$ (50,370)
Fund Balance, July 1, 2006	26,387	26,387	26,387	0
Fund Balance, June 30, 2007	\$ 12,999	\$ 64,322	\$ 63,369	\$ (50,370)

Exhibit J-10

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Obion County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 732,541	\$ 846,000	\$ 845,000	\$ (112,459)
Other Local Revenues	33,565	26,000	26,000	7,565
State of Tennessee	22,350	25,000	25,000	(2,650)
Federal Government	1,011,612	940,000	940,000	71,612
Total Revenues	<u>\$ 1,800,068</u>	<u>\$ 1,837,000</u>	<u>\$ 1,836,000</u>	<u>\$ (35,932)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,820,180	\$ 1,832,060	\$ 1,832,060	\$ 11,880
Total Expenditures	<u>\$ 1,820,180</u>	<u>\$ 1,832,060</u>	<u>\$ 1,832,060</u>	<u>\$ 11,880</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (20,112)</u>	<u>\$ 4,940</u>	<u>\$ 3,940</u>	<u>\$ (24,052)</u>
Net Change in Fund Balance	\$ (20,112)	\$ 4,940	\$ 3,940	\$ (24,052)
Fund Balance, July 1, 2006	<u>566,850</u>	<u>0</u>	<u>662,195</u>	<u>(95,345)</u>
Fund Balance, June 30, 2007	<u>\$ 546,738</u>	<u>\$ 4,940</u>	<u>\$ 666,135</u>	<u>\$ (119,397)</u>

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, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Improvement, Series 2007	\$ 1,000,000	4.04 %	2-2-07	2-2-19	\$ 0	\$ 1,000,000	\$ 0	\$ 1,000,000
Total Notes Payable					\$ 0	\$ 1,000,000	\$ 0	\$ 1,000,000
<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	\$ 2,200,000	\$ 0	\$ 325,000	\$ 1,875,000
School Construction/Renovation	17,000,000	Variable	8-25-04	5-25-31	15,419,000	1,581,000	436,000	16,564,000
Total Other Loans Payable					\$ 17,619,000	\$ 1,581,000	\$ 761,000	\$ 18,439,000
<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	\$ 2,335,000	\$ 0	\$ 1,145,000	\$ 1,190,000
Total Bonds Payable					\$ 2,335,000	\$ 0	\$ 1,145,000	\$ 1,190,000

Exhibit K-2

Obion County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 1,190,000	\$ 35,700	\$ 1,225,700
Total	\$ 1,190,000	\$ 35,700	\$ 1,225,700

Exhibit K-3

Obion County, Tennessee
Schedule of Investments
June 30, 2007

Fund and Type	Amount
<u>Indigent Care Trust Fund</u>	
U.S. Treasury Money Market Fund	\$ 324,529
Federal Home Loan Bank	1,975,295
Federal National Mortgage Association	484,027
Federal Farm Credit Bank	394,624
Federal Home Loan Mortgage Corporation	488,280
Total Indigent Care Trust Fund	\$ 3,666,755
<u>Constitutional Officers - Agency Fund</u>	
<u>Juvenile Court Clerk</u>	
U.S. Savings Bonds - Series EE	\$ 23,088
Total Constitutional Officers - Agency Fund	\$ 23,088
Total Investments	\$ 3,689,843

Exhibit K-4

Obion County, Tennessee
Schedule of Notes Receivable
June 30, 2007

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-07</u>
<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%	<u>\$ 1,900,267</u>
Total Other Special Revenue Fund						<u>\$ 1,900,267</u>
<u>Constitutional Officers - Agency Fund</u>						
<u>Clerk and Master</u>						
Ellen Wade Wiley Scholarship Loan Notes	Various Students	Various	Various	Various	0	<u>\$ 200,725</u>
Total Constitutional Officers - Agency Fund						<u>\$ 200,725</u>
Total Notes Receivable						<u><u>\$ 2,100,992</u></u>

Exhibit K-5

Obion County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Library	Funds for operations	\$ 304,677
Nursing Home	General	Accumulated nursing home funds	<u>100,000</u>
Total Transfers			<u>\$ 404,677</u>

Exhibit K-6

Obion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Obion County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Gaylon Long (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	\$ 10,799	\$ 50,000	RLI Insurance Company
Benny McGuire (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	53,960	50,000	"
Highway Superintendent	Section 8-24-102, <u>TCA</u>	61,675	100,000	Travelers Casualty and Surety Company of America
Director of Schools:				
Vinson Thompson (7-1-06 through 7-31-06)	State Board of Education and County Board of Education	6,250	1,000,000	Tennessee Risk Management Trust
David Huss (8-1-06 through 6-30-07)	State Board of Education and County Board of Education	88,083 (1)	1,000,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <u>TCA</u>	56,069	1,002,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,069	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	56,069	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	56,069	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	75,909 (2)	70,000	United States Fidelity and Guaranty Company
Register	Section 8-24-102, <u>TCA</u>	56,069	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	62,195 (3)	25,000	"
Employee Bonds:				
General County Employees			25,000	RLI Surety Division
Director of School's Office			150,000	Tennessee Risk Management Trust
Highway Superintendent's Office			25,000	RLI Surety Division

- (1) Includes chief executive officer training supplement of \$1,000. The Board of Education also pays a travel allowance of \$400 per month, 100 percent of the premium for family health insurance (\$8,691), and the director's five percent share of retirement (\$3,958).
- (2) Includes special commissioner/special master fees of \$19,840.
- (3) Includes law enforcement training supplement of \$519.

Exhibit K-7

Obion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2007

	Special Revenue Funds				
	General	Urban Services	Public Library	Solid Waste / Sanitation	Special Purpose
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,058,991	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	36,467	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	14,430	0	0	0	0
Interest and Penalty	6,582	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	139	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	1,670	0	0	0	0
Payments in-Lieu-of Taxes - Other	47,505	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	448,764	0	0	0	0
Hotel/Motel Tax	23,691	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	137,262	0	0	0	0
Litigation Tax - Special Purpose	2,652	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	148,640	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	6,950	0	0	0	0
Wholesale Beer Tax	28,433	0	0	0	0
Interstate Telecommunications Tax	2,432	0	0	0	0
Total Local Taxes	<u>\$ 1,964,608</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 10,239	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>					
Beer Permits	1,872	0	0	0	0
Total Licenses and Permits	<u>\$ 12,111</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 162	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds				
	General	Urban Services	Public Library	Solid Waste / Sanitation	Special Purpose
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 3,097	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	1,337	0	0	0	0
Drug Court Fees	1,066	0	0	0	0
Jail Fees	4,189	0	0	0	0
DUI Treatment Fines	95	0	0	0	0
Data Entry Fee - Circuit Court	566	0	0	0	0
Courtroom Security Fee	17	0	0	0	0
<u>General Sessions Court</u>					
Fines	31,100	0	0	0	0
Officers Costs	24,052	0	0	0	0
Game and Fish Fines	500	0	0	0	0
Drug Control Fines	2,603	0	0	0	0
Drug Court Fees	5,548	0	0	0	0
Jail Fees	36,123	0	0	0	0
DUI Treatment Fines	9,246	0	0	0	0
Data Entry Fee - General Sessions Court	12,464	0	0	0	0
Courtroom Security Fee	17	0	0	0	0
<u>Juvenile Court</u>					
Fines	656	0	0	0	0
Officers Costs	886	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	20,430	0	0	0	0
Data Entry Fee - Chancery Court	1,320	0	0	0	0
Courtroom Security Fee	326	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 155,800	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds				
	General	Urban Services	Public Library	Solid Waste / Sanitation	Special Purpose
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fees	\$ 0	\$ 0	\$ 0	\$ 4,346	\$ 0
Work Release Charges for Board	4,961	0	0	0	0
<u>Fees</u>					
Copy Fees	201	0	0	0	0
Library Fees	0	0	23,994	0	0
Telephone Commissions	6,539	0	0	0	0
Vending Machine Collections	215	0	0	0	0
Data Processing Fee - Register	10,794	0	0	0	0
Data Processing Fee - Sheriff	1,878	0	0	0	0
Sexual Offender Registration Fees - Sheriff	5,200	0	0	0	0
Total Charges for Current Services	\$ 29,788	\$ 0	\$ 23,994	\$ 4,346	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 1,455,473	\$ 0	\$ 13,073	\$ 0	\$ 0
Lease/Rentals	3,314	0	0	0	0
Sale of Materials and Supplies	294	0	0	0	0
Commissary Sales	64,186	0	0	0	0
Sale of Recycled Materials	0	0	0	4,526	0
Miscellaneous Refunds	14,793	0	17,849	60	0
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	246	0	0	0	0
Contributions and Gifts	0	0	0	0	355,779
Performance Bond Forfeitures	1,662	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	15,896	0	0	0	0
Total Other Local Revenues	\$ 1,555,864	\$ 0	\$ 30,922	\$ 4,586	\$ 355,779
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 352,666	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	131,020	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds				
	General	Urban Services	Public Library	Solid Waste / Sanitation	Special Purpose
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees-In-Lieu of Salary (Cont.)</u>					
General Sessions Court Clerk	\$ 252,368	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	178,298	0	0	0	0
Juvenile Court Clerk	30,857	0	0	0	0
Register	131,628	0	0	0	0
Sheriff	22,564	0	0	0	0
Trustee	383,203	0	0	0	0
Total Fees Received from County Officials	\$ 1,482,604	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	12,031	0	0	0	0
Solid Waste Grants	0	0	0	106,065	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	10,893	0	0	0	0
Drug Control Grants	27,207	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	67,131	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	21,365	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	103,528	0	0	0	0
Beer Tax	18,753	0	0	0	0
Alcoholic Beverage Tax	50,817	0	0	0	0
Mixed Drink Tax	1,441	0	0	0	0
Contracted Prisoner Boarding	701,610	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	500	0	15,007	0	0
Total State of Tennessee	\$ 1,040,656	\$ 0	\$ 15,007	\$ 106,065	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds				
	General	Urban Services	Public Library	Solid Waste / Sanitation	Special Purpose
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 8,927	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0
Law Enforcement Grants	4,449	0	0	0	0
Other Federal through State	100,000	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	6,800	0	0	0	0
Total Federal Government	<u>\$ 111,249</u>	<u>\$ 8,927</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 182,570	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	5,000	0	152,339	0	0
Contracted Services	213,312	0	0	0	0
<u>Citizens Groups</u>					
Donations	0	0	62,235	0	0
<u>Other</u>					
Other	17,325	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 418,207</u>	<u>\$ 0</u>	<u>\$ 214,574</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 6,770,887</u>	<u>\$ 8,927</u>	<u>\$ 284,497</u>	<u>\$ 114,997</u>	<u>\$ 355,779</u>

(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
	Drug Control	Highway / Public Works	General Debt Service	Public Library Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 677,757	\$ 1,394,495	\$ 0	\$ 3,131,243
Trustee's Collections - Prior Year	0	18,962	53,785	0	109,214
Circuit/Clerk & Master Collections - Prior Years	0	9,103	22,165	0	45,698
Interest and Penalty	0	3,716	9,759	0	20,057
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	139
Payments in-Lieu-of Taxes - Local Utilities	0	450	3,406	0	5,526
Payments in-Lieu-of Taxes - Other	0	31,021	84,020	0	162,546
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	448,764
Hotel/Motel Tax	0	0	0	0	23,691
Wheel Tax	0	833,064	0	0	833,064
Litigation Tax - General	0	0	0	0	137,262
Litigation Tax - Special Purpose	0	0	0	0	2,652
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	44,252	0	44,252
Business Tax	0	9,707	30,941	0	189,288
Mineral Severance Tax	0	19,377	0	0	19,377
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	4,448	14,177	0	25,575
Wholesale Beer Tax	0	0	0	0	28,433
Interstate Telecommunications Tax	0	0	0	0	2,432
Total Local Taxes	\$ 0	\$ 1,607,605	\$ 1,657,000	\$ 0	\$ 5,229,213
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,239
<u>Permits</u>					
Beer Permits	0	0	0	0	1,872
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,111
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 162

(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
	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	\$ 0	\$ 0	\$ 0	\$ 0	3,097
Drug Control Fines	1,337	0	0	0	2,674
Drug Court Fees	0	0	0	0	1,066
Jail Fees	0	0	0	0	4,189
DUI Treatment Fines	0	0	0	0	95
Data Entry Fee - Circuit Court	0	0	0	0	566
Courtroom Security Fee	0	0	0	0	17
<u>General Sessions Court</u>					
Fines	0	0	0	0	31,100
Officers Costs	0	0	0	0	24,052
Game and Fish Fines	0	0	0	0	500
Drug Control Fines	2,603	0	0	0	5,206
Drug Court Fees	0	0	0	0	5,548
Jail Fees	0	0	0	0	36,123
DUI Treatment Fines	0	0	0	0	9,246
Data Entry Fee - General Sessions Court	0	0	0	0	12,464
Courtroom Security Fee	0	0	0	0	17
<u>Juvenile Court</u>					
Fines	0	0	0	0	656
Officers Costs	0	0	0	0	886
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	20,430
Data Entry Fee - Chancery Court	0	0	0	0	1,320
Courtroom Security Fee	0	0	0	0	326
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	2,000	0	0	0	2,000
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	606	0	0	0	606
Total Fines, Forfeitures, and Penalties	\$ 6,546	\$ 0	\$ 0	\$ 0	162,346

(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
	Drug Control	Highway / Public Works	General Debt Service	Public Library Capital Projects	
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Solid Waste Disposal Fees	\$ 0	\$ 0	\$ 0	\$ 0	4,346
Work Release Charges for Board	0	0	0	0	4,961
<u>Fees</u>					
Copy Fees	0	0	0	0	201
Library Fees	0	0	0	0	23,994
Telephone Commissions	0	0	0	0	6,539
Vending Machine Collections	0	470	0	0	685
Data Processing Fee - Register	0	0	0	0	10,794
Data Processing Fee - Sheriff	0	0	0	0	1,878
Sexual Offender Registration Fees - Sheriff	0	0	0	0	5,200
Total Charges for Current Services	\$ 0	\$ 470	\$ 0	\$ 0	58,598
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	94	1,468,640
Lease/Rentals	0	0	57,570	0	60,884
Sale of Materials and Supplies	0	1,268	0	0	1,562
Commissary Sales	0	0	0	0	64,186
Sale of Recycled Materials	0	0	0	0	4,526
Miscellaneous Refunds	625	6,364	0	0	39,691
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	0	336	0	0	582
Contributions and Gifts	500	0	0	0	356,279
Performance Bond Forfeitures	0	0	0	0	1,662
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	15,896
Total Other Local Revenues	\$ 1,125	\$ 7,968	\$ 57,570	\$ 94	2,013,908
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	352,666
Circuit Court Clerk	0	0	0	0	131,020

(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
	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>					
General Sessions Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 252,368
Clerk and Master	0	0	0	0	178,298
Juvenile Court Clerk	0	0	0	0	30,857
Register	0	0	0	0	131,628
Sheriff	0	0	0	0	22,564
Trustee	0	0	0	0	383,203
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,482,604
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	0	0	0	0	12,031
Solid Waste Grants	0	0	0	0	106,065
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	10,893
Drug Control Grants	0	0	0	0	27,207
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	67,131
<u>Public Works Grants</u>					
State Aid Program	0	52,642	0	0	52,642
Litter Program	0	0	0	0	21,365
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	103,528
Beer Tax	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	50,817
Mixed Drink Tax	0	0	0	0	1,441
Contracted Prisoner Boarding	0	0	0	0	701,610
Gasoline and Motor Fuel Tax	0	1,870,578	0	0	1,870,578
Petroleum Special Tax	0	26,104	0	0	26,104
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Grants	0	0	0	0	15,507
Total State of Tennessee	\$ 0	\$ 1,949,324	\$ 0	\$ 0	\$ 3,111,052

(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
	Drug Control	Highway / Public Works	General Debt Service	Public Library Capital Projects	
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,927
Disaster Relief	0	7,108	0	0	7,108
Law Enforcement Grants	0	0	0	0	4,449
Other Federal through State	0	0	185,540	0	285,540
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	0	0	6,800
Total Federal Government	\$ 0	\$ 7,108	\$ 185,540	\$ 0	\$ 312,824
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 182,570
Contributions	0	0	0	0	157,339
Contracted Services	0	0	0	0	213,312
<u>Citizens Groups</u>					
Donations	0	0	0	0	62,235
<u>Other</u>					
Other	0	0	0	0	17,325
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 632,781
Total	\$ 7,671	\$ 3,572,475	\$ 1,900,110	\$ 94	\$ 13,015,437

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, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,011,769	\$ 0	\$ 0	\$ 0	\$ 4,011,769
Trustee's Collections - Prior Year	138,141	0	0	0	138,141
Circuit/Clerk & Master Collections - Prior Years	53,817	0	0	0	53,817
Interest and Penalty	25,729	0	0	0	25,729
Payments in-Lieu-of Taxes - Local Utilities	6,326	0	0	0	6,326
Payments in-Lieu-of Taxes - Other	179,956	0	0	0	179,956
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,214,074	0	0	0	3,214,074
Wheel Tax	195,198	0	0	0	195,198
Business Tax	57,393	0	0	0	57,393
<u>Statutory Local Taxes</u>					
Bank Excise Tax	26,328	0	0	0	26,328
Interstate Telecommunications Tax	3,974	0	0	0	3,974
Total Local Taxes	\$ 7,912,705	\$ 0	\$ 0	\$ 0	\$ 7,912,705
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,855	\$ 0	\$ 0	\$ 0	\$ 1,855
Total Licenses and Permits	\$ 1,855	\$ 0	\$ 0	\$ 0	\$ 1,855
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 397,495	\$ 0	\$ 397,495
Lunch Payments - Adults	0	0	55,137	0	55,137
Income from Breakfast	0	0	77,710	0	77,710
A la carte Sales	0	0	173,416	0	173,416
Receipts from Individual Schools	32,396	0	19,377	0	51,773
Community Service Fees - Children	113,674	0	0	0	113,674
Community Service Fees - Adults	1,475	0	0	0	1,475
<u>Other Charges for Services</u>					
Other Charges for Services	252	0	9,406	0	9,658
Total Charges for Current Services	\$ 147,797	\$ 0	\$ 732,541	\$ 0	\$ 880,338
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 32,917	\$ 0	\$ 32,917
Lease/Rentals	402	0	0	0	402
Sale of Materials and Supplies	4,668	0	0	0	4,668
Miscellaneous Refunds	895	0	648	5,221	6,764
<u>Nonrecurring Items</u>					
Sale of Equipment	700	0	0	0	700
Damages Recovered from Individuals	2,153	0	0	0	2,153
Contributions & Gifts	44,382	0	0	0	44,382
<u>Other Local Revenues</u>					
Other Local Revenues	202	0	0	0	202
Total Other Local Revenues	\$ 53,402	\$ 0	\$ 33,565	\$ 5,221	\$ 92,188

(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	\$ 14,030,412	\$ 0	\$ 0	\$ 0	\$ 14,030,412
School Food Service	0	0	22,350	0	22,350
Driver Education	9,324	0	0	0	9,324
Other State Education Funds	152,299	0	0	0	152,299
Career Ladder Program	238,348	0	0	0	238,348
Career Ladder - Extended Contract	106,746	0	0	0	106,746
<u>Other State Revenues</u>					
Mixed Drink Tax	1,028	0	0	0	1,028
State Revenue Sharing - T.V.A.	525,440	0	0	0	525,440
Other State Grants	206,914	0	0	0	206,914
Other State Revenues	107,522	0	0	0	107,522
Total State of Tennessee	\$ 15,378,033	\$ 0	\$ 22,350	\$ 0	\$ 15,400,383
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 729,421	\$ 0	\$ 729,421
Breakfast	0	0	270,418	0	270,418
USDA - Other	0	0	11,773	0	11,773
Adult Education State Grant Program	107,441	0	0	0	107,441
Vocational Education - Basic Grants to States	0	47,094	0	0	47,094
Title I Grants to Local Education Agencies	0	469,576	0	0	469,576
Innovative Education Program Strategies	0	5,713	0	0	5,713
Special Education - Grants to States	48,988	773,040	0	0	822,028
Eisenhower Professional Development State Grants	0	183,895	0	0	183,895
Other Federal through State	9,023	69,403	0	0	78,426
Total Federal Government	\$ 165,452	\$ 1,548,721	\$ 1,011,612	\$ 0	\$ 2,725,785
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 2,581,000	\$ 2,581,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 2,581,000	\$ 2,581,000
Total	\$ 23,659,244	\$ 1,548,721	\$ 1,800,068	\$ 2,586,221	\$ 29,594,254

Exhibit K-9

Obion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	39,800	
Audit Services		7,509	
Dues and Memberships		3,018	
Legal Services		12,000	
Legal Notices, Recording, and Court Costs		295	
Travel		7,197	
Total County Commission			\$ 69,819

Board of Equalization

Board and Committee Members Fees	\$	590	
Legal Notices, Recording, and Court Costs		111	
Travel		118	
Total Board of Equalization			819

Beer Board

Board and Committee Members Fees	\$	500	
Legal Notices, Recording, and Court Costs		86	
Total Beer Board			586

Budget and Finance Committee

Board and Committee Members Fees	\$	8,800	
Accounting Services		1,250	
Travel		952	
Total Budget and Finance Committee			11,002

Other Boards and Committees

Board and Committee Members Fees	\$	1,800	
Travel		105	
Total Other Boards and Committees			1,905

County Mayor/Executive

County Official/Administrative Officer	\$	64,759	
Assistant(s)		87,530	
Other Salaries & Wages		1,500	
Dues and Memberships		1,582	
Freight Expenses		158	
Legal Notices, Recording, and Court Costs		592	
Maintenance Agreements		6,485	
Maintenance & Repair Services - Office Equipment		399	
Postal Charges		1,676	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Printing, Stationery, and Forms	\$	2,450	
Travel		4,046	
Data Processing Supplies		1,740	
Duplicating Supplies		546	
Library Books/Media		105	
Office Supplies		1,446	
Premiums on Corporate Surety Bonds		250	
Data Processing Equipment		1,254	
Furniture and Fixtures		1,047	
Total County Mayor/Executive			\$ 177,565

Election Commission

County Official/Administrative Officer	\$	50,462	
Deputy(ies)		32,422	
Part-time Personnel		3,200	
Election Commission		2,860	
Election Workers		21,465	
Communication		2,834	
Data Processing Services		879	
Dues and Memberships		200	
Freight Expenses		444	
Janitorial Services		1,800	
Legal Notices, Recording, and Court Costs		5,342	
Maintenance Agreements		10,627	
Maintenance & Repair Services - Buildings		503	
Pest Control		300	
Postal Charges		3,396	
Printing, Stationery, and Forms		4,092	
Rentals		314	
Travel		1,977	
Other Contracted Services		19,197	
Custodial Supplies		141	
Data Processing Supplies		1,268	
Duplicating Supplies		75	
Office Supplies		256	
Utilities		3,420	
Vehicle and Equipment Insurance		409	
Data Processing Equipment		157	
Total Election Commission			168,040

(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

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		45,740	
Dues and Memberships		550	
Freight Expenses		1,253	
Maintenance & Repair Services - Office Equipment		821	
Postal Charges		80	
Printing, Stationery, and Forms		3,806	
Duplicating Supplies		511	
Office Supplies		491	
Premiums on Corporate Surety Bonds		125	
Office Equipment		6,166	
Total Register of Deeds			\$ 115,612

County Buildings

Custodial Personnel	\$	37,620	
Communication		19,503	
Data Processing Services		900	
Licenses		210	
Maintenance & Repair Services - Buildings		3,898	
Maintenance & Repair Services - Equipment		1,379	
Pest Control		480	
Other Contracted Services		11,831	
Custodial Supplies		9,017	
Drugs and Medical Supplies		925	
Utilities		33,218	
Premiums on Corporate Surety Bonds		746	
Building Improvements		601	
Other Capital Outlay		797	
Total County Buildings			121,125

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	56,069
Deputy(ies)		67,040
Audit Services		15,810
Data Processing Services		11,349
Dues and Memberships		1,476
Postal Charges		1,999
Printing, Stationery, and Forms		347
Travel		2,278

(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.)

Other Contracted Services	\$	12,592	
Data Processing Supplies		486	
Duplicating Supplies		323	
Office Supplies		290	
Total Property Assessor's Office			\$ 170,059

Reappraisal Program

Other Salaries & Wages	\$	5,409	
In-Service Training		300	
Data Processing Services		3,315	
Postal Charges		588	
Travel		73	
Other Contracted Services		1,350	
Total Reappraisal Program			11,035

County Trustee's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		52,240	
Part-time Personnel		1,216	
Dues and Memberships		225	
Freight Expenses		32	
Legal Notices, Recording, and Court Costs		44	
Maintenance Agreements		3,200	
Maintenance & Repair Services - Office Equipment		213	
Postal Charges		4,252	
Printing, Stationery, and Forms		145	
Travel		141	
Data Processing Supplies		1,116	
Office Supplies		297	
Premiums on Corporate Surety Bonds		10,504	
Data Processing Equipment		1,740	
Office Equipment		240	
Total County Trustee's Office			131,674

County Clerk's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		121,148	
Dues and Memberships		575	
Freight Expenses		10	
Maintenance Agreements		10,692	

(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.)

Maintenance & Repair Services - Equipment	\$	77	
Postal Charges		5,071	
Printing, Stationery, and Forms		431	
Travel		2,214	
Other Contracted Services		1,017	
Data Processing Supplies		1,263	
Duplicating Supplies		763	
Office Supplies		334	
Premiums on Corporate Surety Bonds		400	
Data Processing Equipment		7,575	
Office Equipment		695	
Total County Clerk's Office			\$ 208,334

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		67,597	
Board and Committee Members Fees		700	
Jury and Witness Fees		10,428	
Dues and Memberships		425	
Freight Expenses		258	
Legal Notices, Recording, and Court Costs		248	
Maintenance Agreements		4,670	
Maintenance & Repair Services - Equipment		868	
Postal Charges		2,165	
Printing, Stationery, and Forms		1,674	
Travel		1,097	
Data Processing Supplies		630	
Duplicating Supplies		632	
Library Books/Media		300	
Office Supplies		463	
Premiums on Corporate Surety Bonds		250	
Other Charges		1,147	
Office Equipment		441	
Total Circuit Court			150,062

General Sessions Court

Judge(s)	\$	86,483
Deputy(ies)		120,039
Other Per Diem & Fees		7,600

(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.)

Dues and Memberships	\$	130	
Freight Expenses		261	
Maintenance Agreements		2,701	
Postal Charges		1,551	
Printing, Stationery, and Forms		1,017	
Travel		970	
Data Processing Supplies		2,960	
Office Supplies		1,099	
Data Processing Equipment		2,244	
Furniture and Fixtures		885	
Office Equipment		120	
Total General Sessions Court			\$ 228,060

Drug Court

Other Salaries & Wages	\$	27,384	
In-Service Training		1,648	
Social Security		2,095	
Unemployment Compensation		231	
Postal Charges		507	
Rentals		5,500	
Travel		7,521	
Drug Treatment		80,000	
Other Supplies and Materials		9,274	
Workers' Compensation Insurance		490	
Total Drug Court			134,650

Chancery Court

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		50,091	
Part-time Personnel		5,010	
Bank Charges		50	
Dues and Memberships		520	
Freight Expenses		179	
Postal Charges		1,982	
Printing, Stationery, and Forms		5,401	
Travel		300	
Data Processing Supplies		250	
Duplicating Supplies		316	
Library Books/Media		151	
Office Supplies		714	

(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.)

Premiums on Corporate Surety Bonds	\$	350	
Office Equipment		97	
Total Chancery Court			\$ 121,480

Juvenile Court

Judge(s)	\$	44,286	
Youth Service Officer(s)		69,856	
Other Per Diem & Fees		200	
Communication		239	
Contracts with Private Agencies		2,775	
Dues and Memberships		191	
Freight Expenses		56	
Laundry Service		10	
Maintenance & Repair Services - Equipment		82	
Postal Charges		949	
Printing, Stationery, and Forms		413	
Travel		4,180	
Data Processing Supplies		457	
Duplicating Supplies		470	
Library Books/Media		232	
Office Supplies		176	
Total Juvenile Court			124,572

Other Administration of Justice

Postal Charges	\$	8	
Printing, Stationery, and Forms		960	
Duplicating Supplies		120	
Total Other Administration of Justice			1,088

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,676	
Dispatchers/Radio Operators		182,002	
Clerical Personnel		74,985	
Attendants		94,045	
Custodial Personnel		7,101	
School Resource Officer		67,535	
Overtime Pay		25,017	
Other Salaries & Wages		629,365	
In-Service Training		10,893	

(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.)

Other Per Diem & Fees	\$	140	
Communication		14,508	
Contracts with Government Agencies		1,150	
Data Processing Services		1,659	
Dues and Memberships		1,835	
Freight Expenses		1,163	
Maintenance Agreements		1,500	
Maintenance & Repair Services - Equipment		2,228	
Maintenance & Repair Services - Vehicles		20,804	
Medical and Dental Services		125	
Postal Charges		4,129	
Printing, Stationery, and Forms		1,851	
Rentals		26,167	
Travel		4,194	
Other Contracted Services		31,718	
Custodial Supplies		2,746	
Data Processing Supplies		3,293	
Duplicating Supplies		918	
Gasoline		82,394	
Law Enforcement Supplies		5,236	
Office Supplies		1,689	
Uniforms		6,713	
Premiums on Corporate Surety Bonds		592	
Vehicle and Equipment Insurance		18,402	
Communication Equipment		6,732	
Data Processing Equipment		1,543	
Furniture and Fixtures		390	
Law Enforcement Equipment		17,314	
Motor Vehicles		102,927	
Total Sheriff's Department			\$ 1,516,679

Jail

Guards	\$	522,583
Cafeteria Personnel		27,676
Maintenance Personnel		31,415
Part-time Personnel		14,866
Overtime Pay		3,135
In-Service Training		360
Contracts with Government Agencies		1,600
Contracts with Other Public Agencies		46

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Freight Expenses	\$	1,410	
Maintenance & Repair Services - Buildings		4,999	
Maintenance & Repair Services - Equipment		9,236	
Maintenance & Repair Services - Vehicles		374	
Medical and Dental Services		83,034	
Pest Control		1,400	
Postal Charges		200	
Printing, Stationery, and Forms		1,812	
Transportation - Other than Students		7,094	
Travel		2,483	
Custodial Supplies		19,700	
Data Processing Supplies		3,357	
Duplicating Supplies		2,527	
Fertilizer, Lime, and Seed		153	
Food Supplies		78,920	
Gasoline		599	
Office Supplies		1,270	
Prisoners Clothing		1,633	
Uniforms		1,646	
Utilities		75,408	
Testing		35	
Other Supplies and Materials		8,614	
Building and Contents Insurance		14,709	
Communication Equipment		2,664	
Data Processing Equipment		310	
Food Service Equipment		794	
Furniture and Fixtures		7,876	
Law Enforcement Equipment		376	
Total Jail			\$ 934,314

Rescue Squad

Contributions	\$	16,000	
Total Rescue Squad			16,000

Other Emergency Management

Supervisor/Director	\$	3,834	
Contributions		6,000	
Total Other Emergency Management			9,834

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	2,100	
Contracts with Government Agencies		15,400	
Transportation - Other than Students		3,850	
Total County Coroner/Medical Examiner			\$ 21,350

Other Public Safety

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

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	56,477	
Social Security		4,227	
State Retirement		2,375	
Life Insurance		99	
Medical Insurance		3,224	
Unemployment Compensation		301	
Communication		4,112	
Contracts with Private Agencies		236	
Dues and Memberships		100	
Freight Expenses		69	
Janitorial Services		11,736	
Maintenance & Repair Services - Buildings		4,284	
Maintenance & Repair Services - Equipment		5,915	
Pest Control		300	
Postal Charges		2,980	
Printing, Stationery, and Forms		218	
Travel		303	
Other Contracted Services		1,000	
Custodial Supplies		1,230	
Office Supplies		294	
Periodicals		113	
Utilities		10,704	
Premiums on Corporate Surety Bonds		50	
Workers' Compensation Insurance		249	
Total Local Health Center			110,596

Alcohol and Drug Programs

In-Service Training	\$	1,000	
Contracts with Private Agencies		3,219	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs (Cont.)

Operating Lease Payments	\$	1,290	
Printing, Stationery, and Forms		507	
Travel		6,418	
Other Supplies and Materials		5,714	
Other Capital Outlay		9,059	
Total Alcohol and Drug Programs			\$ 27,207

Other Local Health Services

Contributions	\$	4,000	
Other Contracted Services		6,500	
Total Other Local Health Services			10,500

Appropriation to State

Contracts with Government Agencies	\$	68,053	
Total Appropriation to State			68,053

General Welfare Assistance

Pauper Burials	\$	450	
Other Charges		679	
Total General Welfare Assistance			1,129

Sanitation Education/Information

Foremen	\$	9,163	
Advertising		8,600	
Maintenance & Repair Services - Vehicles		269	
Food Supplies		981	
Gasoline		889	
Other Supplies and Materials		1,464	
Total Sanitation Education/Information			21,366

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	26,000	
Total Senior Citizens Assistance			26,000

Parks and Fair Boards

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

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Contributions	\$	6,000	
Matching Share		2,500	
Total Other Social, Cultural, and Recreational			\$ 8,500

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	61,855	
Temporary Personnel		198	
Social Security		4,732	
State Retirement		9,235	
Communication		4,403	
Data Processing Services		779	
Janitorial Services		1,800	
Maintenance & Repair Services - Buildings		6,925	
Maintenance & Repair Services - Vehicles		126	
Other Contracted Services		2,000	
Custodial Supplies		282	
Utilities		3,988	
Premiums on Corporate Surety Bonds		50	
Data Processing Equipment		1,017	
Office Equipment		534	
Total Agriculture Extension Service			97,924

Soil Conservation

Secretary(ies)	\$	21,830	
Contributions		1,000	
Total Soil Conservation			22,830

Flood Control

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

Other Operations

Tourism

Dues and Memberships	\$	500	
Remittance of Revenue Collected		23,692	
Total Tourism			24,192

Industrial Development

Consultants	\$	42,066	
-------------	----	--------	--

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Contracts with Other Public Agencies	\$	58,968	
Contributions		22,000	
Dues and Memberships		6,827	
Matching Share		1,400	
Total Industrial Development			\$ 131,261

Airport

Contributions	\$	35,000	
Total Airport			35,000

Veterans' Services

Contributions	\$	12,397	
Total Veterans' Services			12,397

Other Charges

Legal Services	\$	8,492	
Maintenance Agreements		1,020	
Boiler Insurance		2,636	
Building and Contents Insurance		2,418	
Judgments		217	
Liability Insurance		67,163	
Refunds		500	
Trustee's Commission		50,995	
Total Other Charges			133,441

Contributions to Other Agencies

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

Employee Benefits

Social Security	\$	237,871	
State Retirement		158,454	
Employee and Dependent Insurance		223,944	
Life Insurance		2,888	
Unemployment Compensation		8,128	
Workers' Compensation Insurance		30,440	
Total Employee Benefits			661,725

Miscellaneous

Other Salaries & Wages	\$	26,795	
Total Miscellaneous			26,795

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Instruction

Vocational Education Program

Contracts with Government Agencies	\$ 70,893	
Total Vocational Education Program	<u>70,893</u>	\$ 70,893

Total General Fund \$ 5,971,260

Urban Services Fund

Other Operations

Housing and Urban Development

Fiscal Agent Charges	\$ 8,927	
Total Housing and Urban Development	<u>8,927</u>	\$ 8,927

Total Urban Services Fund 8,927

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

County Official/Administrative Officer	\$ 54,293
Assistant(s)	99,463
Supervisor/Director	33,148
Educational Assistants	61,892
Other Salaries & Wages	55,349
Social Security	23,000
State Retirement	9,935
Medical Insurance	29,227
Accounting Services	376
Advertising	3,976
Audit Services	6,000
Communication	16,954
Dues and Memberships	1,779
Operating Lease Payments	754
Maintenance & Repair Services - Buildings	5,801
Maintenance & Repair Services - Equipment	3,299
Postal Charges	2,049
Printing, Stationery, and Forms	1,486
Travel	2,840
Other Contracted Services	5,976
Custodial Supplies	3,422
Data Processing Supplies	9,375
Instructional Supplies and Materials	10,264
Library Books/Media	53,122

(Continued)

Exhibit K-9

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Office Supplies	\$	10,349	
Periodicals		4,406	
Utilities		31,884	
Other Supplies and Materials		8,206	
Liability Insurance		4,208	
Other Charges		3,976	
Total Libraries			\$ 556,809

Total Public Library Fund \$ 556,809

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	33,438	
Board and Committee Members Fees		3,500	
Social Security		2,826	
State Retirement		1,807	
Life Insurance		33	
Unemployment Compensation		70	
Communication		2,027	
Contributions		500	
Data Processing Services		420	
Dues and Memberships		100	
Freight Expenses		112	
Postal Charges		383	
Printing, Stationery, and Forms		302	
Travel		1,871	
Other Contracted Services		2,800	
Data Processing Supplies		144	
Instructional Supplies and Materials		390	
Office Supplies		64	
Trustee's Commission		43	
Workers' Compensation Insurance		1,060	
Office Equipment		49	
Total Sanitation Management			\$ 51,939

Problem Waste Centers

Advertising	\$	102	
Other Contracted Services		19,543	
Total Problem Waste Centers			19,645

(Continued)

Exhibit K-9

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center

Advertising	\$	808	
Freight Expenses		172	
Maintenance & Repair Services - Buildings		43	
Maintenance & Repair Services - Equipment		554	
Maintenance & Repair Services - Vehicles		189	
Other Contracted Services		11,361	
Custodial Supplies		411	
Diesel Fuel		88	
Electricity		1,637	
Equipment and Machinery Parts		279	
Food Supplies		113	
Gasoline		606	
Uniforms		50	
Water and Sewer		754	
Gravel and Chert		2,661	
Other Supplies and Materials		690	
Building and Contents Insurance		402	
Vehicle and Equipment Insurance		205	
Solid Waste Equipment		936	
Total Recycling Center			\$ 21,959
Total Solid Waste/Sanitation Fund			\$ 93,543

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,956	
Confidential Drug Enforcement Payments		1,000	
Freight Expenses		132	
Maintenance & Repair Services - Vehicles		1,292	
Travel		1,133	
Veterinary Services		279	
Animal Food and Supplies		363	
Gasoline		750	
Law Enforcement Supplies		2,418	
Trustee's Commission		44	
Other Charges		750	
Communication Equipment		490	
Total Drug Enforcement			\$ 10,607
Total Drug Control Fund			10,607

(Continued)

Exhibit K-9

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,675	
Secretary to Board		900	
Secretary(ies)		59,223	
Board and Committee Members Fees		10,800	
Communication		3,498	
Data Processing Services		3,784	
Dues and Memberships		3,023	
Maintenance & Repair Services - Office Equipment		999	
Postal Charges		504	
Printing, Stationery, and Forms		1,134	
Travel		2,650	
Electricity		8,927	
Natural Gas		2,381	
Office Supplies		1,127	
Water and Sewer		1,136	
Total Administration			\$ 161,761

Highway and Bridge Maintenance

Foremen	\$	168,869	
Equipment Operators		185,196	
Truck Drivers		125,794	
Laborers		334,058	
Asphalt		650,099	
Concrete		46,179	
Crushed Stone		89,115	
General Construction Materials		38,009	
Pipe - Metal		26,612	
Road Signs		5,555	
Wood Products		4,189	
Total Highway and Bridge Maintenance			1,673,675

Operation and Maintenance of Equipment

Mechanic(s)	\$	91,075	
Janitorial Services		2,740	
Diesel Fuel		158,549	
Equipment and Machinery Parts		82,920	
Garage Supplies		13,380	
Gasoline		22,163	
Lubricants		9,977	
Small Tools		300	

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$ 29,460	
Total Operation and Maintenance of Equipment		\$ 410,564

Other Charges

Building and Contents Insurance	\$ 2,000	
Liability Insurance	15,243	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	41,686	
Vehicle and Equipment Insurance	27,058	
Workers' Compensation Insurance	65,590	
Other Charges	4,067	
Total Other Charges		155,994

Employee Benefits

Social Security	\$ 75,536	
State Retirement	49,711	
Employee and Dependent Insurance	117,293	
Unemployment Compensation	1,577	
Total Employee Benefits		244,117

Capital Outlay

Engineering Services	\$ 20,599	
Other Contracted Services	127,363	
Bridge Construction	12,704	
Building Construction	8,332	
Communication Equipment	4,350	
Data Processing Equipment	401	
Highway Equipment	245,549	
Office Equipment	6,033	
State Aid Projects	52,642	
Total Capital Outlay		477,973

Total Highway/Public Works Fund		\$ 3,124,084
---------------------------------	--	--------------

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 325,000	
Total General Government		\$ 325,000

(Continued)

Exhibit K-9

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Principal on Debt (Cont.)</u>		
<u>Education</u>		
Principal on Bonds	\$ 1,145,000	
Principal on Other Loans	<u>436,000</u>	
Total Education		\$ 1,581,000
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Other Loans	\$ <u>79,913</u>	
Total General Government		79,913
<u>Education</u>		
Interest on Bonds	\$ 67,188	
Interest on Other Loans	<u>644,489</u>	
Total Education		711,677
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 31,990	
Other Debt Service	<u>10,146</u>	
Total General Government		42,136
<u>Education</u>		
Other Debt Service	\$ <u>40,724</u>	
Total Education		<u>40,724</u>
Total General Debt Service Fund		\$ 2,780,450
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$ <u>2,581,000</u>	
Total Education Capital Projects		<u>\$ 2,581,000</u>
Total General Capital Projects Fund		2,581,000
<u>Public Library Capital Projects Fund</u>		
<u>Social, Cultural, and Recreational Services</u>		
<u>Libraries</u>		
Other Charges	\$ 12,253	
Other Equipment	<u>10,231</u>	
Total Libraries		<u>\$ 22,484</u>
Total Public Library Capital Projects Fund		<u>22,484</u>
Total Governmental Funds - Primary Government		<u><u>\$ 15,149,164</u></u>

Exhibit K-10

Obion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Obion County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,936,988	
Career Ladder Program	131,874	
Career Ladder Extended Contracts	55,000	
Homebound Teachers	20,820	
Educational Assistants	190,021	
Certified Substitute Teachers	28,610	
Non-certified Substitute Teachers	96,794	
Social Security	493,664	
State Retirement	507,074	
Life Insurance	9,928	
Medical Insurance	968,438	
Unemployment Compensation	7,479	
Employer Medicare	115,970	
Maintenance & Repair Services - Equipment	7,729	
Other Contracted Services	37,766	
Instructional Supplies and Materials	342,316	
Textbooks	317,706	
Other Supplies and Materials	81,101	
Other Charges	1,755	
Regular Instruction Equipment	111,782	
Total Regular Instruction Program		\$ 11,462,815

Alternative Instruction Program

Teachers	\$ 42,962	
Career Ladder Program	1,000	
Social Security	2,726	
State Retirement	2,695	
Life Insurance	58	
Medical Insurance	8,985	
Unemployment Compensation	28	
Employer Medicare	637	
Instructional Supplies and Materials	233	
Other Charges	148	
Other Equipment	1,386	
Total Alternative Instruction Program		60,858

Special Education Program

Teachers	\$ 1,060,007
Career Ladder Program	18,113

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Extended Contracts	\$	7,500	
Homebound Teachers		18,436	
Educational Assistants		62,264	
Certified Substitute Teachers		165	
Non-certified Substitute Teachers		2,333	
Social Security		68,715	
State Retirement		70,095	
Life Insurance		2,567	
Medical Insurance		127,308	
Unemployment Compensation		2,072	
Employer Medicare		16,189	
Contracts with Private Agencies		1,870	
Instructional Supplies and Materials		56	
Special Education Equipment		1,628	
Total Special Education Program			\$ 1,459,318

Vocational Education Program

Teachers	\$	628,556	
Career Ladder Program		5,000	
Other Salaries & Wages		1,125	
Certified Substitute Teachers		743	
Non-certified Substitute Teachers		4,383	
Social Security		36,216	
State Retirement		37,663	
Life Insurance		649	
Medical Insurance		76,758	
Unemployment Compensation		540	
Employer Medicare		8,774	
Maintenance & Repair Services - Equipment		839	
Instructional Supplies and Materials		27,261	
Textbooks		9,628	
Other Supplies and Materials		441	
Other Charges		182	
Vocational Instruction Equipment		15,555	
Total Vocational Education Program			854,313

Student Body Education Program

Other Charges	\$	7,694	
Total Student Body Education Program			7,694

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	22,548	
Social Security		947	
State Retirement		216	
Unemployment Compensation		127	
Employer Medicare		327	
Instructional Supplies and Materials		2,983	
Total Adult Education Program			\$ 27,148

Support Services

Attendance

Supervisor/Director	\$	61,338	
Career Ladder Program		1,000	
Clerical Personnel		21,736	
Social Security		4,787	
State Retirement		4,997	
Life Insurance		86	
Medical Insurance		7,945	
Unemployment Compensation		56	
Employer Medicare		1,120	
Travel		157	
Other Supplies and Materials		1,474	
In Service/Staff Development		2,189	
Attendance Equipment		1,421	
Total Attendance			108,306

Health Services

Medical Personnel	\$	119,803
Other Salaries & Wages		32,638
Social Security		8,483
State Retirement		6,750
Life Insurance		236
Medical Insurance		7,334
Unemployment Compensation		252
Employer Medicare		1,984
Communication		930
Travel		491
Drugs and Medical Supplies		1,705
Other Supplies and Materials		16,977
In Service/Staff Development		237

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Health Equipment	\$	12,084	
Total Health Services			\$ 209,904

Other Student Support

Career Ladder Program	\$	10,000	
Guidance Personnel		370,211	
Career Ladder Extended Contracts		6,250	
Clerical Personnel		28,000	
Social Security		24,708	
State Retirement		25,204	
Life Insurance		428	
Medical Insurance		36,188	
Unemployment Compensation		156	
Employer Medicare		5,778	
Evaluation and Testing		24,122	
Travel		2,932	
Other Supplies and Materials		3,214	
In Service/Staff Development		1,973	
Total Other Student Support			539,164

Regular Instruction Program

Supervisor/Director	\$	134,072	
Career Ladder Program		13,500	
Career Ladder Extended Contracts		10,000	
Librarians		290,947	
Materials Supervisor		72,488	
Instructional Computer Personnel		83,584	
Secretary(ies)		23,433	
Educational Assistants		31,165	
Other Salaries & Wages		6,984	
In-Service Training		4,250	
Social Security		39,625	
State Retirement		38,927	
Life Insurance		649	
Medical Insurance		53,411	
Unemployment Compensation		564	
Employer Medicare		9,355	
Consultants		2,887	
Travel		6,497	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Contracted Services	\$	1,500	
Library Books/Media		38,873	
Other Supplies and Materials		18,310	
In Service/Staff Development		18,497	
Other Charges		842	
Total Regular Instruction Program			\$ 900,360

Alternative Instruction Program

Travel	\$	101	
In Service/Staff Development		1,371	
Total Alternative Instruction Program			1,472

Special Education Program

Supervisor/Director	\$	57,647	
Career Ladder Program		1,000	
Other Salaries & Wages		32,649	
Social Security		5,315	
State Retirement		4,754	
Life Insurance		168	
Medical Insurance		10,145	
Unemployment Compensation		30	
Employer Medicare		1,243	
Travel		24,026	
In Service/Staff Development		125	
Total Special Education Program			137,102

Vocational Education Program

Supervisor/Director	\$	65,865	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		600	
Secretary(ies)		18,273	
Other Salaries & Wages		38,207	
Social Security		7,694	
State Retirement		7,211	
Life Insurance		92	
Medical Insurance		4,502	
Unemployment Compensation		56	
Employer Medicare		1,800	
Travel		1,522	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$	26	
In Service/Staff Development		4,832	
Total Vocational Education Program			\$ 153,680

Adult Programs

Supervisor/Director	\$	51,463	
Clerical Personnel		25,563	
Social Security		4,572	
State Retirement		4,536	
Life Insurance		86	
Medical Insurance		6,510	
Unemployment Compensation		53	
Employer Medicare		1,069	
Travel		7	
In Service/Staff Development		3,876	
Other Charges		2,111	
Total Adult Programs			99,846

Board of Education

Board and Committee Members Fees	\$	9,460	
Social Security		578	
State Retirement		16	
Life Insurance		262	
Employer Medicare		135	
Audit Services		9,250	
Dues and Memberships		7,346	
Legal Services		1,583	
Travel		1,819	
Liability Insurance		34,782	
Trustee's Commission		175,739	
Workers' Compensation Insurance		202,619	
In Service/Staff Development		4,466	
Criminal Investigation of Applicants - TBI		3,076	
Refund to Applicant for Criminal Investigation		1,724	
Other Charges		19,450	
Total Board of Education			472,305

Director of Schools

County Official/Administrative Officer	\$	93,333	
--	----	--------	--

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Career Ladder Program	\$	1,000	
Secretary(ies)		24,898	
Social Security		7,030	
State Retirement		9,795	
Life Insurance		82	
Medical Insurance		10,764	
Unemployment Compensation		132	
Employer Medicare		1,735	
Communication		8,004	
Postal Charges		2,082	
Travel		4,261	
Office Supplies		2,781	
In Service/Staff Development		2,641	
Administration Equipment		567	
Total Director of Schools			\$ 169,105

Office of the Principal

Principals	\$	412,127	
Career Ladder Program		16,000	
Career Ladder Extended Contracts		12,014	
Assistant Principals		411,270	
Secretary(ies)		257,143	
Social Security		66,374	
State Retirement		65,876	
Life Insurance		1,184	
Medical Insurance		70,810	
Unemployment Compensation		893	
Employer Medicare		15,523	
Communication		50,638	
Dues and Memberships		3,075	
Travel		3,003	
In Service/Staff Development		3,697	
Total Office of the Principal			1,389,627

Fiscal Services

Supervisor/Director	\$	76,130
Accountants/Bookkeepers		26,020
Other Salaries & Wages		32,115
Social Security		5,131

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

State Retirement	\$	3,613	
Life Insurance		118	
Medical Insurance		5,867	
Unemployment Compensation		111	
Employer Medicare		1,826	
Travel		201	
Other Contracted Services		13,100	
Data Processing Supplies		17,474	
Office Supplies		8,909	
In Service/Staff Development		3,109	
Other Charges		264	
Administration Equipment		4,608	
Total Fiscal Services			\$ 198,596

Operation of Plant

Custodial Personnel	\$	634,521	
Other Salaries & Wages		11,830	
Social Security		37,684	
State Retirement		30,322	
Life Insurance		1,531	
Medical Insurance		22,184	
Unemployment Compensation		1,303	
Employer Medicare		8,813	
Other Contracted Services		22,524	
Custodial Supplies		58,801	
Electricity		744,774	
Natural Gas		243,956	
Water and Sewer		85,642	
Other Supplies and Materials		2,538	
Boiler Insurance		5,518	
Building and Contents Insurance		106,192	
Other Charges		4,417	
Plant Operation Equipment		21,160	
Total Operation of Plant			2,043,710

Maintenance of Plant

Supervisor/Director	\$	48,002
Maintenance Personnel		273,537
Other Salaries & Wages		4,590

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Social Security	\$	18,827	
State Retirement		16,923	
Life Insurance		450	
Medical Insurance		9,717	
Unemployment Compensation		301	
Employer Medicare		4,403	
Maintenance & Repair Services - Buildings		36,754	
Maintenance & Repair Services - Equipment		17,678	
Other Contracted Services		4,345	
Gasoline		1,261	
Other Supplies and Materials		5,464	
Other Charges		954	
Administration Equipment		18,882	
Total Maintenance of Plant			\$ 462,088

Transportation

Supervisor/Director	\$	55,998	
Mechanic(s)		127,356	
Bus Drivers		509,349	
Other Salaries & Wages		28,130	
Social Security		41,561	
State Retirement		35,580	
Life Insurance		1,724	
Medical Insurance		24,201	
Unemployment Compensation		1,392	
Employer Medicare		9,720	
Maintenance & Repair Services - Vehicles		8,438	
Medical and Dental Services		7,509	
Diesel Fuel		198,363	
Equipment and Machinery Parts		2,236	
Gasoline		31,734	
Lubricants		5,324	
Tires and Tubes		18,960	
Vehicle Parts		47,269	
Other Supplies and Materials		3,139	
Vehicle and Equipment Insurance		30,384	
In Service/Staff Development		2,510	
Other Charges		2,943	
Transportation Equipment		322,793	
Total Transportation			1,516,613

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	583	
Career Ladder Program		1,000	
Social Security		98	
State Retirement		31,860	
Life Insurance		1,782	
Medical Insurance		17,140	
Unemployment Compensation		1,615	
Employer Medicare		23	
Total Food Service			\$ 54,101

Community Services

Other Salaries & Wages	\$	158,759	
Social Security		8,579	
State Retirement		6,556	
Unemployment Compensation		34	
Employer Medicare		2,239	
Other Supplies and Materials		11,858	
In Service/Staff Development		700	
Total Community Services			188,725

Early Childhood Education

Supervisor/Director	\$	3,340	
Teachers		70,387	
Educational Assistants		26,365	
Certified Substitute Teachers		165	
Non-certified Substitute Teachers		722	
Social Security		5,993	
State Retirement		5,559	
Life Insurance		135	
Medical Insurance		10,145	
Unemployment Compensation		85	
Employer Medicare		1,404	
Instructional Supplies and Materials		24,388	
In Service/Staff Development		926	
Other Charges		710	
Other Equipment		23,539	
Total Early Childhood Education			173,863

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Construction	\$	86,462	
Building Improvements		107,922	
Land		10,000	
Site Development		12,080	
Total Regular Capital Outlay			\$ 216,464

Total General Purpose School Fund \$ 22,907,177

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	361,448	
Educational Assistants		75,937	
Other Salaries & Wages		7,798	
Certified Substitute Teachers		571	
Non-certified Substitute Teachers		3,643	
Social Security		26,387	
State Retirement		26,129	
Medical Insurance		48,341	
Unemployment Compensation		578	
Employer Medicare		4,965	
Maintenance & Repair Services - Equipment		620	
Instructional Supplies and Materials		16,820	
Regular Instruction Equipment		3,962	
Total Regular Instruction Program			\$ 577,199

Special Education Program

Teachers	\$	11,628
Educational Assistants		365,867
Other Salaries & Wages		55,470
Social Security		24,410
State Retirement		21,405
Medical Insurance		32,330
Employer Medicare		6,009
Contracts with Other Public Agencies		54,690
Contracts with Private Agencies		80,311
Maintenance & Repair Services - Equipment		923
Instructional Supplies and Materials		38,779
Textbooks		9,759

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Special Education Equipment	\$ 12,890	
Total Special Education Program		\$ 714,471

Vocational Education Program

Instructional Supplies and Materials	\$ 16,892	
Vocational Instruction Equipment	20,000	
Total Vocational Education Program		36,892

Support Services

Health Services

Medical Personnel	\$ 14,067	
Social Security	864	
State Retirement	721	
Employer Medicare	202	
Total Health Services		15,854

Other Student Support

Travel	\$ 11,397	
In Service/Staff Development	4,145	
Other Charges	1,222	
Total Other Student Support		16,764

Regular Instruction Program

Supervisor/Director	\$ 21,774	
Clerical Personnel	1,869	
Other Salaries & Wages	37,681	
In-Service Training	4,450	
Social Security	1,080	
State Retirement	1,026	
Employer Medicare	937	
Consultants	1,183	
Travel	453	
In Service/Staff Development	33,945	
Total Regular Instruction Program		104,398

Special Education Program

Secretary(ies)	\$ 23,433
Other Salaries & Wages	52,534
Social Security	4,487

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

State Retirement	\$	4,281	
Medical Insurance		183	
Employer Medicare		752	
Travel		3,254	
In Service/Staff Development		3,975	
Other Charges		125	
Total Special Education Program			\$ 93,024

Vocational Education Program

Travel	\$	1,800	
In Service/Staff Development		855	
Other Charges		852	
Total Vocational Education Program			3,507

Total School Federal Projects Fund \$ 1,562,109

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	59,006	
Clerical Personnel		23,433	
Cafeteria Personnel		618,939	
In-Service Training		4,078	
Social Security		41,913	
Employer Medicare		9,802	
Communication		2,952	
Maintenance & Repair Services - Equipment		12,891	
Transportation - Other than Students		5,676	
Travel		1,139	
Other Contracted Services		58,273	
Food Supplies		811,818	
Other Supplies and Materials		130,805	
Food Service Equipment		39,455	
Total Food Service			\$ 1,820,180

Total Central Cafeteria Fund 1,820,180

(Continued)

Exhibit K-10

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Other Salaries & Wages	\$ 262,980	
Other Contracted Services	3,200	
Building Construction	<u>2,358,045</u>	
Total Education Capital Projects		\$ <u>2,624,225</u>
Total Education Capital Projects Fund		\$ <u>2,624,225</u>
Total Governmental Funds - Obion County School Department		\$ <u><u>28,913,691</u></u>

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, 2007

	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	\$ 1,407,590	\$ 1,407,590
Trustee's Collections - Prior Year	0	0	52,298	52,298
Clerk and Master Collections - Prior Years	0	685	20,715	21,400
Interest and Penalty	0	0	9,056	9,056
Payments in-Lieu-of Taxes - Local Utilities	0	0	2,224	2,224
Payments in-Lieu-of Taxes - Other	0	0	63,267	63,267
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,643,098	0	1,129,155	4,772,253
Wheel Tax	0	0	61,362	61,362
Business Tax	0	0	20,264	20,264
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	9,255	9,255
Interstate Telecommunications Tax	0	0	1,422	1,422
<u>School District Property Taxes</u>				
Current Property Tax	0	60,748	0	60,748
Prior Year's Property Tax	0	2,416	0	2,416
Interest and Penalty	0	251	0	251
<u>Licenses and Permits</u>				
Marriage Licenses	0	0	653	653
<u>State of Tennessee</u>				
Mixed Drink Tax	0	0	325	325
Total Cash Receipts	\$ 3,643,098	\$ 64,100	\$ 2,777,586	\$ 6,484,784
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 3,604,141	\$ 62,949	\$ 2,732,145	\$ 6,399,235
Trustee's Commission	38,957	1,275	42,438	82,670
Total Cash Disbursements	\$ 3,643,098	\$ 64,224	\$ 2,774,583	\$ 6,481,905
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (124)	\$ 3,003	\$ 2,879
Cash Balance, July 1, 2006	0	553	38,379	38,932
Cash Balance, June 30, 2007	\$ 0	\$ 429	\$ 41,382	\$ 41,811

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

March 6, 2008

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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Obion County's basic financial statements and have issued our report thereon dated March 6, 2008. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Obion County Public Library (nonmajor special revenue and capital projects funds), the Obion County Nursing Home (a major fund and the entire business-type activities), and the Obion County Emergency Communications District (discretely presented component unit) as described in our report on Obion County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Obion County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Obion County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Obion County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01, 07.02, 07.03, 07.04, and 07.07.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Obion County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

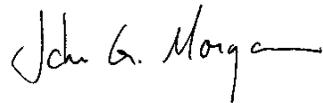
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Obion County'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 matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 07.05.

We consider item 07.06 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We have also noted certain matters that we reported to management of Obion County in separate communications.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway superintendent, County Commission, Board of Education, Highway Commission, others within Obion County, 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". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/rd



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

March 6, 2008

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, 2007. 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 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, 2007.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Obion County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

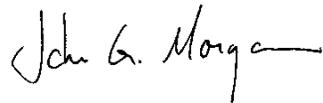
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of and for the year ended June 30, 2007, and have issued our report thereon dated March 6, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Obion County's basic financial statements. 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 management, the county mayor, director of schools, highway superintendent, County Commission, Board of Education, Highway Commission, others within Obion County, 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 cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/rd

Obion County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

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	\$ 58,870
Passed-through State Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	N/A	270,418
National School Lunch Program	10.555	N/A	729,421
Passed-through State Department of Human Services:			
Child and Adult Food Care Program	10.558	N/A	11,773
Total U.S. Department of Agriculture			<u>\$ 1,070,482</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-07-036568-00	\$ 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-99-988427-00	100,000
Total U.S. Department of Justice			<u>\$ 109,000</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
Work Incentive Grants	17.266	06-12-300-002	\$ 9,023
Total U.S. Department of Labor			<u>\$ 9,023</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(3)	\$ 15,007
Total U.S. Institute of Museum and Library Services			<u>\$ 15,007</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 107,441
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	418,950
Special Education - Grants to States	84.027	N/A	857,892
Vocational Education - Basic Grants to States	84.048	N/A	55,867
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	45,265
State Grants for Innovative Programs	84.298	N/A	9,122
English Language Acquisition Grants	84.365	N/A	9,157
Improving Teacher Quality State Grants	84.367	N/A	214,844
Total U.S. Department of Education			<u>\$ 1,718,538</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z-03-017948-00	\$ 7,108
Hazard Mitigation Grant	97.039	GG-05-11745	8,927
Total U.S. Department of Homeland Security			<u>\$ 16,035</u>
Total Federal Awards			<u>\$ 2,938,085</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	Contract Number	Expenditures
State Grants:			
Drug Court Support Grant - State Office of Criminal Justice Programs	N/A	Z-05-025513-00	\$ 27,207
Local Health Services - State Department of Health	N/A	Z-07-031568-00	67,131
Litter Grant - State Department of Transportation	N/A	Z-07-033834-00	21,365
Lottery for Education: Afterschool Programs - State Department of Education	N/A	(2)	52,348
Rural Dispatch Grant - State Emergency Communications Board	N/A	(2)	40,000
Safe Schools Act - State Department of Education	N/A	(2)	23,494
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	12,031
Three-Star Energy Education Program - State Department of Economic and Community Development	N/A	(2)	500
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	131,072
Used Oil Collection Grant - State Department of Environment and Conservation	N/A	Z-05-024415-00	7,848
Waste Reduction Capital Outlay - State Department of Environment and Conservation	N/A	Z-04-018180-00	78,069
Waste Tire Collection Grant - State Department of Environment and Conservation	N/A	Z-03-011345-00	<u>20,148</u>
Total State Grants			<u>\$ 481,213</u>

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

(2) Information not available.

(3) Z-07-020173-00: \$1,007; Z-07-020749-00: \$14,000

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

Obion County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

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, 2006, which have not been corrected.

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	200	The Highway Department did not maintain a system to account for some road materials

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.03	201	The office had deficiencies in computer system backup procedures

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.04	201	A central system of accounting, budgeting, and purchasing had not been adopted
06.05	202	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, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Obion County is unqualified.
2. The audit of the financial statements of Obion County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Obion County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An 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), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education - Grants to States Program (CFDA No. 84.027) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Obion County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. 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 07.01 COMPENSATION TO AN EMPLOYEE WAS NOT PAID THROUGH THE COUNTY'S PAYROLL SYSTEM
(Internal Control – Significant Deficiency Under Government Auditing Standards)

A Sheriff's Department employee received \$2,232 per month for serving as a court officer and a prisoner transportation officer. This compensation was paid on a vendor warrant and not on a payroll warrant. Also, this compensation was reported to the federal government on a Form 1099 rather than a Form W-2.

RECOMMENDATION

This individual was a county employee and should be paid through the county's payroll system. Also, this compensation should be reported to the federal government on a Form W-2. This would result in the county deducting and paying the appropriate payroll taxes.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 07.02 THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR SOME ROAD MATERIALS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Highway Department had a system to determine the use of road materials, such as bridge lumber, culvert tiles, and rock for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. 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.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.03 **THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT IN UNRESERVED FUND BALANCE**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The School Federal Projects Fund had a deficit of \$50,517 in unreserved fund balance at June 30, 2007. This deficit occurred because School Department personnel had not requested reimbursement of grant funds on a timely basis. This deficit was liquidated when grant funds were requested and received subsequent to June 30, 2007.

RECOMMENDATION

Requests for reimbursement of grant funds should be filed on a timely basis.

OFFICE OF TRUSTEE

FINDING 07.04 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures in the office were identified:

- A. System backups were not stored off-site. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- B. A backup log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.

RECOMMENDATION

Weekly backups should be rotated off-site. Year-end backups should be stored off-site and retained indefinitely. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe deposit box at a local bank. Furthermore, a current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

FINDING 07.05 UNAUTHORIZED SECURITIES WERE PLEDGED AS COLLATERAL
(Noncompliance Under Government Auditing Standards)

County funds, at one of the trustee's depositories, were secured by collateral pledged by the depository. However, the types of securities pledged included obligations of municipalities of other states, which are not a type of security authorized by Section 9-4-103, Tennessee Code Annotated. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, or loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation.

RECOMMENDATION

The trustee should require the depository to pledge securities authorized by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 07.06 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Control Deficiency 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 07.07 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 – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; 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, 2007

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