
ANNUAL FINANCIAL REPORT OBION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
OBION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

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Audit Highlights

Annual Financial Report
Obion County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Obion County as of and for the year ended June 30, 2011.

Results

Our report on the governmental activities is qualified because an actuarial valuation of other postemployment benefits had not been performed. Our report on the business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in 14 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 and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF COUNTY MAYOR

- ◆ Government-wide financial statements do not include other postemployment benefits as required by generally accepted accounting principles.

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
 - ◆ The Highway Department did not maintain a system to account for some road materials.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund required material audit adjustments for proper financial statement presentation.
 - ◆ The office had deficiencies in budget operations.
 - ◆ Some receipts were not properly issued, and some collections were not deposited within three days of receipt.
 - ◆ The office had deficiencies in computer system backup procedures.
-

OFFICE OF TRUSTEE

- ◆ The office did not review its software audit logs.
-

OFFICE OF COUNTY CLERK

- ◆ A deputy removed \$511 from the office for personal use.
-

OFFICE OF GENERAL SESSIONS COURT CLERK

- ◆ Some collections were not receipted and deposited in compliance with state statutes.
-

OFFICE OF SHERIFF

- ◆ The office used confidential funds to pay nonconfidential expenditures.
-

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

- ◆ Duties were not segregated adequately.
-

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

- ◆ Multiple employees operated from the same cash drawer.
-

OBION COUNTY

- ◆ Obion County has a material recurring audit finding.

BEST PRACTICE

Obion County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Obion County.

INTRODUCTORY SECTION

Obion County Officials

June 30, 2011

Officials

Benny McGuire, County Mayor
Gary Lofton, Highway Superintendent
David Huss, Director of Schools
Lori Seals, Trustee
Judy Smith, Assessor of Property
Vollie Jean Boehms, County Clerk
Harry Johnson, Circuit, General Sessions, and Juvenile Courts Clerk
Paula Rice, Clerk and Master
Vicky Long, Register
Jerry Vastbinder, Sheriff

Board of County Commissioners

Ralph Puckett, Chairman	Norma Fowler
Paul Albright	Polk Glover
Richard Arnold	Jerry Grady
Kenneth Barnes	Dwayne Hensley
Ned Bigelow	Danny Jowers
Jim Bondurant	Dean Jowers
Donnie Braswell	Allen Nohsey
Kenneth Cheatham	Terry Roberts
Andy Crocker	Sam Sinclair
Tim Doyle	Cloney Taylor
Terry Dwyer	

Highway Commission

Malcolm Cook, Chairman
Larry Gray
Truman Johnson
Jerry Lamastus
James Moore
Baxter Sanders
James Thorpe

Board of Education

Brian Rainey, Chairman
Willis Easley
Fritz Fussell
David Lamb
Tim Partin
Diane Sanderson
Susan Williams

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

December 16, 2011

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, 2011, 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 Nursing Home, a major fund and the entire business-type activities, and the Obion County Emergency Communications District, which represent 2.3 percent and 1.3 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 Nursing Home and the Obion County Emergency Communications District, are based on the reports of 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.

As discussed in Note V.G., Obion County did not obtain an actuarial valuation to determine the data necessary for the measurement, recognition, and display of other postemployment benefits (OPEB) necessary to prepare government-wide financial statements and note disclosures as required by Governmental Accounting Standards Board Statement No. 45. The effects on the government-wide financial statements and note disclosures are not determinable since the actuarial valuation has not been performed; however, we do not believe the amount is material to the government-wide financial statements as of June 30, 2011.

In our opinion, except for the effects of not including OPEB information, as discussed in the previous paragraph, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the governmental activities of Obion County, Tennessee, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, 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 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, 2011, 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 December 16, 2011, on our consideration of Obion County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., Obion County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

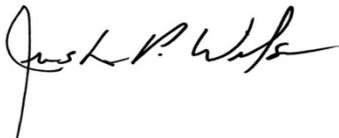
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 72 through 79 be presented to supplement the basic financial statements. Such information,

although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Obion County's financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Obion County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government		Component Units		
	Governmental Activities	Business-type Activities	Total	Obion	Emergency
				School Department	Communications District
<u>ASSETS</u>					
Cash	\$ 43,691	\$ 539,615	\$ 583,306	\$ 0	\$ 339,826
Equity in Pooled Cash and Investments	12,261,334	0	12,261,334	4,274,093	0
Inventories	0	4,508	4,508	0	0
Accounts Receivable	15,199	159,651	174,850	32,987	12,896
Due from Other Governments	1,100,580	0	1,100,580	1,222,247	14,074
Property Taxes Receivable	4,383,663	0	4,383,663	9,288,898	0
Allowance for Uncollectible Property Taxes	(100,438)	0	(100,438)	(167,840)	0
Prepaid Items	0	0	0	0	8,846
Deferred Charges - Debt Issuance Costs	202,862	0	202,862	0	0
Notes Receivable - Long-term	6,071,229	0	6,071,229	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	3,971,205	0	3,971,205	696,031	0
Construction in Progress	432,711	0	432,711	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	6,536,932	194,394	6,731,326	31,011,004	452,524
Infrastructure	6,954,406	0	6,954,406	137,681	0
Other Capital Assets	1,988,474	60,421	2,048,895	2,196,830	325,841
Total Assets	\$ 43,861,848	\$ 958,589	\$ 44,820,437	\$ 48,691,931	\$ 1,154,007
<u>LIABILITIES</u>					
Accounts Payable	\$ 126,878	\$ 16,245	\$ 143,123	\$ 121,790	\$ 3,434
Accrued Payroll	0	19,790	19,790	0	0
Payroll Deductions Payable	220	0	220	205	0
Accrued Leave	0	64,324	64,324	0	0
Contracts Payable	0	0	0	176,530	0
Retainage Payable	44,614	0	44,614	9,154	0
Accrued Interest Payable	66,384	0	66,384	5,104	0
Other Current Liabilities	126	0	126	422	0
Patents' Trust Fund	0	7,539	7,539	0	0
Deferred Revenue - Current Property Taxes	4,173,245	0	4,173,245	8,998,560	0
Noncurrent Liabilities:					
Due Within One Year	630,184	0	630,184	251,448	0
Due in More Than One Year (net of unamortized discount on debt)	15,102,158	0	15,102,158	2,371,545	0
Total Liabilities	\$ 20,143,809	\$ 107,898	\$ 20,251,707	\$ 11,934,758	\$ 3,434

(Continued)

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

	Primary Government		Component Units		
	Governmental Activities	Business-type Activities	Total	Obion County School Department	Emergency Communications District
	\$ 19,883,728	\$ 254,815	\$ 20,138,543	\$ 31,999,880	\$ 778,365
	6,403,195	0	6,403,195	0	0
	2,669,276	0	2,669,276	0	0
	2,206,851	0	2,206,851	0	0
	1,000,000	0	1,000,000	3,449	0
	0	0	0	206,928	0
	0	0	0	647,625	0
	191,540	0	191,540	73,686	0
	(8,636,551)	595,876	(8,040,675)	3,825,605	372,208
Total Net Assets	\$ 23,718,039	\$ 850,691	\$ 24,568,730	\$ 36,757,173	\$ 1,150,573

NET ASSETS

Invested in Capital Assets, Net of Related Debt
Invested in Capital Assets
Restricted for:
Long-term Notes Receivable
Highway/Public Works
Debt Service
Capital Projects
School Federal Projects
Central Cafeteria
Other Purposes
Unrestricted

Total Net Assets

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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Obion County School Department	Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 928,295	\$ 141,060	\$ 15,914	\$ 0	\$ (771,321)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	677,230	763,140	0	0	85,910	0	0	0	0	0
Administration of Justice	1,037,830	553,082	59,000	0	(425,748)	0	0	0	0	0
Public Safety	3,681,514	1,411,126	88,929	43,789	(2,137,670)	0	0	0	0	0
Public Health and Welfare	451,138	335,582	143,967	277,050	305,461	0	0	0	0	0
Social, Cultural, and Recreational Services	497,193	0	0	0	(497,193)	0	0	0	0	0
Agriculture and Natural Resources	155,530	0	0	0	(155,530)	0	0	0	0	0
Other Operations	703,675	0	0	848,671	144,996	0	0	0	0	0
Highways/Public Works	4,618,613	13,461	2,170,304	16,549	(2,418,299)	0	0	0	0	0
Education	73,481	0	0	0	(73,481)	0	0	0	0	0
Interest on Long-term Debt	411,642	0	0	0	(411,642)	0	0	0	0	0
Other Debt Service	94,457	0	0	0	(94,457)	0	0	0	0	0
Total Governmental Activities	\$ 13,330,597	\$ 3,217,451	\$ 2,478,114	\$ 1,186,059	\$ (6,448,973)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Nursing Home	\$ 2,461,920	\$ 2,562,679	\$ 0	\$ 0	\$ 0	\$ 100,759	\$ 100,759	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 15,792,517	\$ 5,780,130	\$ 2,478,114	\$ 1,186,059	\$ (6,448,973)	\$ 100,759	\$ (6,348,214)	\$ 0	\$ 0	\$ 0
Component Units:										
Obion County School Department	\$ 33,376,117	\$ 810,482	\$ 5,501,029	\$ 0	\$ 0	\$ 0	\$ 0	\$ (27,064,606)	\$ 0	\$ 0
Emergency Communications District	436,532	233,181	189,871	0	0	0	0	0	(13,480)	0
Total Component Units	\$ 33,812,649	\$ 1,043,663	\$ 5,690,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ (27,064,606)	\$ (13,480)	\$ 0

(Continued)

Exhibit B

Obion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Obion County School Department	Emergency Communications District
Expenses	Contributions		Governmental Activities	Business-type Activities	Total	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 1,666,924	\$ 0	\$ 0	\$ 1,666,924	\$ 0
Property Taxes Levied for Debt Service		1,533,321	0	0	1,533,321	0
Local Option Sales Taxes		436,683	0	0	436,683	0
Wheel Tax		1,096,661	0	0	1,096,661	0
Litigation Tax		193,497	0	0	193,497	0
Business Tax		287,408	0	0	287,408	0
Other Local Taxes		84,444	0	0	84,444	0
Grants and Contributions Not Restricted to Specific Programs		555,636	0	0	555,636	0
Unrestricted Investment Income		500,065	4,619	0	504,684	6,972
Miscellaneous		102,100	0	0	102,100	0
Total General Revenues		\$ 6,456,739	\$ 4,619	\$ 6,461,358	\$ 25,986,311	\$ 6,972
Change in Net Assets		\$ 7,766	\$ 105,378	\$ 113,144	\$ (1,078,295)	\$ (6,508)
Net Assets, July 1, 2010		23,710,273	745,313	24,455,586	37,835,468	1,157,081
Net Assets, June 30, 2011		\$ 23,718,039	\$ 850,691	\$ 24,568,730	\$ 36,757,173	\$ 1,150,573

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, 2011

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 43,691	\$ 43,691
Equity in Pooled Cash and Investments	7,410,620	2,224,537	2,532,858	93,319	12,261,334
Accounts Receivable	15,167	0	0	32	15,199
Due from Other Governments	458,189	628,095	8,069	6,227	1,100,580
Due from Other Funds	43,795	0	0	0	43,795
Property Taxes Receivable	1,988,231	322,462	2,072,970	0	4,383,663
Allowance for Uncollectible Property Taxes	(39,786)	(8,165)	(52,487)	0	(100,438)
Advances to Other Funds	331,966	0	0	0	331,966
Notes Receivable - Long-term	6,071,229	0	0	0	6,071,229
Total Assets	\$ 16,279,411	\$ 3,166,929	\$ 4,561,410	\$ 143,269	\$ 24,151,019
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 17,020	\$ 105,557	\$ 0	\$ 4,301	\$ 126,878
Payroll Deductions Payable	0	220	0	0	220
Retainage Payable	44,614	0	0	0	44,614
Due to Other Funds	0	0	0	43,795	43,795
Due to State of Tennessee	0	126	0	0	126
Deferred Revenue - Current Property Taxes	1,912,737	304,299	1,956,209	0	4,173,245
Deferred Revenue - Delinquent Property Taxes	28,649	8,013	54,412	0	91,074
Other Deferred Revenues	124,425	170,400	1,347	0	296,172
Advances from Other Funds	0	0	331,966	0	331,966
Total Liabilities	\$ 2,127,445	\$ 588,615	\$ 2,343,934	\$ 48,096	\$ 5,108,090
<u>Fund Balances</u>					
Nonspendable:					
Long-term Notes Receivable	\$ 6,403,195	\$ 0	\$ 0	\$ 0	\$ 6,403,195
Restricted:					
Restricted for General Government	49,657	0	0	0	49,657
Restricted for Administration of Justice	29,234	0	0	0	29,234
Restricted for Public Safety	3,200	0	0	72,015	75,215
Restricted for Public Health and Welfare	1,014,276	0	0	0	1,014,276
Restricted for Highways/Public Works	0	2,578,314	0	0	2,578,314
Restricted for Debt Service	0	0	2,165,979	0	2,165,979
Committed:					
Committed for Public Health and Welfare	0	0	0	23,158	23,158
Committed for Debt Service	0	0	51,497	0	51,497
Unassigned	6,652,404	0	0	0	6,652,404
Total Fund Balances	\$ 14,151,966	\$ 2,578,314	\$ 2,217,476	\$ 95,173	\$ 19,042,929
Total Liabilities and Fund Balances	\$ 16,279,411	\$ 3,166,929	\$ 4,561,410	\$ 143,269	\$ 24,151,019

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, 2011

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)		\$	19,042,929
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	3,971,205	
Add: construction in progress		432,711	
Add: buildings and improvements net of accumulated depreciation		6,536,932	
Add: infrastructure net of accumulated depreciation		6,954,406	
Add: other capital assets net of accumulated depreciation		<u>1,988,474</u>	19,883,728
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(666,668)	
Less: other loans payable		(6,812,000)	
Less: bonds payable		(8,020,000)	
Add: deferred charges - discount on debt		43,313	
Add: deferred charges - debt issuance costs		202,862	
Less: compensated absences payable		(276,987)	
Less: accrued interest on note and bond		<u>(66,384)</u>	(15,595,864)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>387,246</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>23,718,039</u></u>

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

Exhibit C-3

Obion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,232,079	\$ 1,513,651	\$ 1,719,436	\$ 0	\$ 5,465,166
Licenses and Permits	18,951	0	0	0	18,951
Fines, Forfeitures, and Penalties	85,863	0	0	31,686	117,549
Charges for Current Services	81,208	358	0	2,980	84,546
Other Local Revenues	627,982	44,058	57,570	53,371	782,981
Fees Received from County Officials	1,293,425	0	0	0	1,293,425
State of Tennessee	1,535,693	1,901,041	0	27,635	3,464,369
Federal Government	105,146	278,237	0	0	383,383
Other Governments and Citizens Groups	1,023,389	0	0	85,000	1,108,389
Total Revenues	\$ 7,003,736	\$ 3,737,345	\$ 1,777,006	\$ 200,672	\$ 12,718,759
<u>Expenditures</u>					
Current:					
General Government	\$ 765,421	\$ 0	\$ 0	\$ 0	\$ 765,421
Finance	569,897	0	0	0	569,897
Administration of Justice	840,209	0	0	0	840,209
Public Safety	3,042,161	0	0	23,478	3,065,639
Public Health and Welfare	309,697	0	0	143,486	453,183
Social, Cultural, and Recreational Services	375,987	0	0	0	375,987
Agriculture and Natural Resources	147,833	0	0	0	147,833
Other Operations	1,170,409	0	0	0	1,170,409
Highways	0	4,152,258	0	0	4,152,258
Instruction	73,481	0	0	0	73,481
Debt Service:					
Principal on Debt	0	0	785,673	0	785,673
Interest on Debt	0	0	415,892	0	415,892
Other Debt Service	0	0	79,096	0	79,096
Capital Projects	709,606	0	0	0	709,606
Total Expenditures	\$ 8,004,701	\$ 4,152,258	\$ 1,280,661	\$ 166,964	\$ 13,604,584
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,000,965)	\$ (414,913)	\$ 496,345	\$ 33,708	\$ (885,825)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 191,340	\$ 0	\$ 0	\$ 0	\$ 191,340
Insurance Recovery	0	9,000	0	0	9,000
Total Other Financing Sources (Uses)	\$ 191,340	\$ 9,000	\$ 0	\$ 0	\$ 200,340
Net Change in Fund Balances	\$ (809,625)	\$ (405,913)	\$ 496,345	\$ 33,708	\$ (685,485)
Fund Balance, July 1, 2010	14,961,591	2,984,227	1,721,131	61,465	19,728,414
Fund Balance, June 30, 2011	\$ 14,151,966	\$ 2,578,314	\$ 2,217,476	\$ 95,173	\$ 19,042,929

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, 2011

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)		\$ (685,485)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,847,444	
Less: current-year depreciation expense	<u>(1,754,085)</u>	93,359
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: loss on disposal of capital assets		(15,281)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 387,246	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(355,978)</u>	31,268
<p>(4) The issuance of long-term debt (e.g. notes, other loans, and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Less: note proceeds	\$ (191,340)	
Add: principal payments on notes	274,673	
Add: principal payments on other loans	501,000	
Add: principal payments on bond	10,000	
Less: change in deferred debt issuance costs	(13,184)	
Less: change in discount on debt issuances	<u>(2,177)</u>	578,972
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences payable	\$ 683	
Change in accrued interest payable	<u>4,250</u>	<u>4,933</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 7,766</u>

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

Exhibit D-1

Obion County, Tennessee
Balance Sheet
Proprietary Fund
June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	<u>Nursing</u>
	<u>Home</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 539,615
Inventories	4,508
Accounts Receivable	159,651
Total Current Assets	<u>\$ 703,774</u>
Noncurrent Assets:	
Capital Assets:	
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	\$ 194,394
Other Capital Assets	60,421
Total Noncurrent Assets	<u>\$ 254,815</u>
Total Assets	<u>\$ 958,589</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 16,245
Accrued Payroll	19,790
Accrued Leave	64,324
Patients' Trust Fund	7,539
Total Liabilities	<u>\$ 107,898</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 254,815
Unrestricted	<u>595,876</u>
Net Assets	<u>\$ 850,691</u>

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

Exhibit D-2

Obion County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	<u>Nursing</u>
	<u>Home</u>
<u>Operating Revenues</u>	
Medicaid Patients	\$ 2,031,740
Private Patients	512,666
Hospice	17,160
Other Revenue	1,113
Total Operating Revenues	<u>\$ 2,562,679</u>
<u>Operating Expenses</u>	
Salaries	\$ 1,475,084
Insurance	169,138
Taxes and Licenses	126,305
Payroll Taxes	111,081
Food	137,887
Utilities	92,796
Retirement Plan	65,661
Repairs and Maintenance	48,581
Medical Supplies	53,771
Minor Equipment	16,516
Legal and Audit Fees	7,300
Medical Directors and Advisory Board Fees	14,675
Linen and Laundry Supplies	12,763
Dietary Supplies	11,221
Travel and Seminars	4,537
Other Departmental Supplies and Expenses	18,403
Contract Services	10,360
Administrative Supplies and Expenses	11,098
Housekeeping Supplies	8,840
Miscellaneous Expense	9,830
Dues and Subscriptions	4,566
Advertising and Promotion	3,067
Maintenance Supplies	1,045
Administrative Notes and Forms	1,067
Depreciation	46,328
Total Operating Expenses	<u>\$ 2,461,920</u>
Operating Income (Loss)	<u>\$ 100,759</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 4,619
Total Nonoperating Revenues	<u>\$ 4,619</u>
Change in Net Assets	\$ 105,378
Net Assets, July 1, 2010	<u>745,313</u>
Net Assets, June 30, 2011	<u><u>\$ 850,691</u></u>

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

Exhibit D-3

Obion County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	<u>Nursing</u>
	<u>Home</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Patients	\$ 2,550,716
Cash Paid to Suppliers	(940,250)
Cash Paid to Employees	(1,473,951)
Other Operating Revenue	1,113
Net Cash Provided By (Used In) Operating Activities	<u>\$ 137,628</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	\$ (34,943)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (34,943)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 4,619
Net Cash Provided By (Used In) Investing Activities	<u>\$ 4,619</u>
Increase (Decrease) in Cash	\$ 107,304
Cash, July 1, 2010	<u>432,311</u>
Cash, June 30, 2011	<u><u>\$ 539,615</u></u>
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 100,759
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	46,328
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(13,733)
(Increase) Decrease in Inventory	5
Increase (Decrease) in Accounts Payable	253
Increase (Decrease) in Patients' Trust Fund	(1,273)
Increase (Decrease) in Salaries Payable	3,762
Increase (Decrease) in Accrued Annual and Sick Leave	(2,629)
Increase (Decrease) in Advances from Medicaid	4,156
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 137,628</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, 2011

	<u>Other Trust Fund</u>	
	Indigent Care Trust	Agency Funds
<u>ASSETS</u>		
Cash	\$ 0	\$ 2,230,784
Equity in Pooled Cash and Investments	0	32,589
Investments	3,893,708	0
Accounts Receivable	0	3,871
Due from Other Governments	0	895,855
Property Taxes Receivable	0	1,391,642
Allowance for Uncollectible Property Taxes	0	(36,529)
Notes Receivable - Long-term	0	188,848
Total Assets	<u>\$ 3,893,708</u>	<u>\$ 4,707,060</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 2,283,557
Due to Litigants, Heirs, and Others	0	2,423,503
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,707,060</u>
<u>NET ASSETS</u>		
Held in Trust for Indigent Patients' Medical Claims	<u>\$ 3,893,708</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, 2011

	Other Trust Fund
	<u>Indigent Care Trust</u>
<u>ADDITIONS</u>	
<u>Other Local Revenues</u>	
Investment Income	\$ 83,636
Contributions and Gifts	76,493
Total Additions	<u>\$ 160,129</u>
<u>DEDUCTIONS</u>	
<u>Employee Benefits</u>	
Fiscal Agent Charges	\$ 7,784
Medical Claims	119,093
Total Deductions	<u>\$ 126,877</u>
Change in Net Assets	\$ 33,252
Net Assets, July 1, 2010	<u>3,860,456</u>
Net Assets, June 30, 2011	<u><u>\$ 3,893,708</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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Obion County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Obion County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Obion County School Department operates the public school system in the county, and the voters of Obion County elect its board. The School Department is fiscally dependent on the county because it may not issue debt 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 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.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and

expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Obion County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds 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 funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are

recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Obion County reports the following major governmental funds:

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

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Obion County reports the following major proprietary fund:

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

Additionally, Obion County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Obion County, property tax collections to be forwarded to the Towns of Woodland Mills and Samburg, the city school system’s share of educational revenues, and assets held in a custodial capacity for a special school district. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Nursing Home Fund) and the discretely presented Obion County School Department. Each fund's

portion of this pool is displayed on the balance sheets or statements of net 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 the county's Indigent Care Trust Fund. Obion County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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 that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances and long-term loans/notes receivable between funds, as reported in the General Fund financial statements, are offset by a nonspendable fund balance classification account to indicate that they are not available for appropriation and are not expendable from available financial resources.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.27 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 primary government's General Fund and the discretely presented Obion County School Department's General Purpose School 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 in the General and General Purpose School funds.

3. Capital Assets

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

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

assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

4. Compensated Absences

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

It is the policy of the discretely presented Obion County School Department to permit the unlimited accumulation of unused sick leave for professional personnel (teachers). There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the department. Central office, bus garage, and maintenance employees are allowed to accumulate a limited amount of earned but unused vacation benefits, which will be paid to these employees upon separation of service. All vacation pay is accrued when incurred in the government-wide statements for the School Department. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. 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, 2011, Obion County had \$15,498,668 in outstanding debt for capital purposes for the discretely presented Obion County School Department. The debt is a liability of Obion County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Obion County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget Committee and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

7. Stabilization Arrangement

Obion County sold its hospital in 1982. The County Commission adopted a resolution to retain the principal intact and appropriate the interest income earned on the investment of these funds annually through the budgetary process. The principal balance in this stabilization arrangement totals \$12,000,000 at June 30, 2011. As discussed in Note IV.B., \$6,403,195 of this amount has been loaned for various purposes and is presented in the General Fund as notes receivable and advances to other funds, which are offset with a nonspendable fund balance. The remainder is included in the General Fund's unassigned fund balance account since this arrangement does not meet the criteria for restricted or committed fund balance as defined by GASB Statement No. 54.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net 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 with 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 with 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 change 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 Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the School Department’s Education Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2011, Obion County and the Obion County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Major Fund:		
Highway/Public Works	State aid road construction	\$ 597,006
School Department:		
Major Fund:		
General Purpose School	Vocational building construction	579,916
School Federal Projects	School bus	93,657

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the School Federal Projects Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
Instruction:	
Regular Instruction Program	\$ 30,595
Support Services:	
Health Services	422
Operation of Non-Instructional Services:	
Community Services	69,999

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Obion County (excluding the Obion County Nursing Home) and the Obion County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2011, Obion County had the following investments carried at fair value:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Indigent Care Trust Fund:		
U. S. Treasury Money Market	On Demand	\$ 19,910
Federal Farm Credit Bank	6-18-12	203,420
Federal Home Loan Bank	3-8-13	420,456
Federal Home Loan Bank	3-8-13	626,910
Federal Home Loan Bank	5-29-13	370,769
Federal Farm Credit Bank	2-12-14	370,377
Federal Home Loan Mortgage Corporation	7-28-14	629,694
Federal Farm Credit Bank	2-17-15	275,973
Federal Farm Credit Bank	8-25-16	574,150
Federal Home Loan Bank	11-17-17	<u>402,049</u>
 Total		 <u><u>\$ 3,893,708</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 Farm Credit Bank, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and AA+ by Standard and 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 80 percent of the county's investments are in the Federal Home Loan Bank (47 percent) and the Federal Farm Credit Bank (37 percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Obion County does not have a formal policy that limits custodial credit risk for investments. Of the county's \$3,893,708 in investments, the underlying securities for \$3,873,798 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 \$188,848, in the Office of Clerk and Master.

During the 1996-97 fiscal year, the Obion County Commission authorized a \$3.5 million loan to the Union City Industrial Development Board for Tyson Foods, Inc., to build a hatchery, chicken processor, waste-water treatment plant, and other facilities. The Union City Industrial Development Board signed a promissory note to repay Obion County the loan plus interest at 9.395 percent per annum over a period of 18 years. During the 2007-08 fiscal year, the Obion County Commission authorized a \$3 million loan to the Union City Industrial Development Board for the construction of a "spec building." The Union City Industrial Development Board signed a promissory

note to repay Obion County the loan plus interest at the rate of an amount equal to the average rate of the demand deposit account maintained by Obion County at the Commercial Bank and Trust Company, with said rate not to exceed six percent per year, with the same due on September 12, 2011, and interest to be paid quarterly. On October 18, 2011, the Obion County Commission voted to renew this note at 1.49 percent interest to be due on March 12, 2012, with interest paid quarterly. During the prior year, the Obion County Commission authorized up to a \$3 million loan to the discretely presented Obion County School Department for the construction of career technology centers at two high schools. The School Department and Obion County signed an inter-departmental agreement for the repayment of the loan plus interest annually over a period of 12 years. The interest rate is based on the trustee's monthly checking account interest rate earned, with a minimum rate of three percent but not to exceed five percent. As of June 30, 2011, the Obion County School Department's General Purpose School Fund had borrowed \$2.5 million from the county under this agreement. These loans were made from the Other Special Revenue Fund, which was used to account for the major portion of the proceeds received by the county from the sale of the Obion County Hospital. The Other Special Revenue Fund was closed to the General Fund in the prior fiscal year. The notes receivable of \$6,071,229 in the General Fund are presented on the balance sheet with a nonspendable fund balance. Also, included in that nonspendable fund balance is the balance of \$331,966 on an advance to the General Debt Service Fund, which represents the amount of an interfund loan outstanding at June 30, 2011 (see Note IV.E.).

C. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets				
Not Depreciated:				
Land	\$ 3,950,233	\$ 25,220	\$ (4,248)	\$ 3,971,205
Construction in Progress	0	432,711	0	432,711
Total Capital Assets				
Not Depreciated	\$ 3,950,233	\$ 457,931	\$ (4,248)	\$ 4,403,916

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 11,729,749	\$ 321,872	\$ 0	\$ 12,051,621
Infrastructure	30,207,857	4,088	(24,825)	30,187,120
Other Capital Assets	7,463,812	1,063,553	(90,064)	8,437,301
Total Capital Assets Depreciated	\$ 49,401,418	\$ 1,389,513	\$ (114,889)	\$ 50,676,042
Less Accumulated Depreciation For:				
Buildings and				
Improvements	\$ 4,967,216	\$ 547,473	\$ 0	\$ 5,514,689
Infrastructure	22,738,944	518,595	(24,825)	23,232,714
Other Capital Assets	5,839,841	688,017	(79,031)	6,448,827
Total Accumulated Depreciation	\$ 33,546,001	\$ 1,754,085	\$ (103,856)	\$ 35,196,230
Total Capital Assets Depreciated, Net	\$ 15,855,417	\$ (364,572)	\$ (11,033)	\$ 15,479,812
Governmental Activities Capital Assets, Net	\$ 19,805,650	\$ 93,359	\$ (15,281)	\$ 19,883,728

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

Governmental Activities:

General Administration	\$ 122,964
Finance	3,386
Administration of Justice	12,458
Public Safety	375,840
Public Health and Welfare	17,564
Social, Cultural, and Recreational Services	122,064
Other Operations	272,511
Highways/Public Works	<u>827,298</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,754,085</u>

Discretely Presented Obion County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
	<hr/>			<hr/>
Capital Assets Not Depreciated:				
Land	\$ 640,281	\$ 55,750	\$ 0	\$ 696,031
Construction in Progress	1,546,842	0	(1,546,842)	0
Total Capital Assets Not Depreciated	<hr/>			<hr/>
	\$ 2,187,123	\$ 55,750	\$ (1,546,842)	\$ 696,031
Capital Assets Depreciated:				
Buildings and Improvements	\$ 55,814,060	\$ 4,473,171	\$ 0	\$ 60,287,231
Infrastructure	839,192	0	0	839,192
Other Capital Assets	5,855,706	308,232	0	6,163,938
Total Capital Assets Depreciated	<hr/>			<hr/>
	\$ 62,508,958	\$ 4,781,403	\$ 0	\$ 67,290,361
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 27,420,807	\$ 1,855,420	\$ 0	\$ 29,276,227
Infrastructure	686,086	15,425	0	701,511
Other Capital Assets	3,639,795	327,313	0	3,967,108
Total Accumulated Depreciation	<hr/>			<hr/>
	\$ 31,746,688	\$ 2,198,158	\$ 0	\$ 33,944,846
Total Capital Assets Depreciated, Net	<hr/>			<hr/>
	\$ 30,762,270	\$ 2,583,245	\$ 0	\$ 33,345,515
Governmental Activities Capital Assets, Net	<hr/>			<hr/>
	\$ 32,949,393	\$ 2,638,995	\$ (1,546,842)	\$ 34,041,546

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

Governmental Activities:

Instruction	\$ 1,487,409
Support Services	610,380
Operation of Non-Instructional Services	<u>100,369</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,198,158</u>

D. Construction Commitments

At June 30, 2011, the discretely presented Obion County School Department had uncompleted construction contracts of \$579,916 in the General Purpose School Fund for two career technology centers. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 43,795
Discretely Presented Obion County School Department:		
General Purpose School	School Federal Projects	284,018

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 Loans To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Debt Service	\$ 331,966

The balance of \$331,966 due to the General Fund resulted from an advance to the General Debt Service Fund for the retirement of jail construction debt.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amount:

Discretely Presented Obion County School Department

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
School Federal Projects Fund	\$ 180,165

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 another fund 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 24 years for bonds, up to 12 years for notes, and up to 18 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, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bond -			
Refunding	3.5 to 4.25%	\$ 8,050,000	\$ 8,020,000
Capital Outlay Note	4.04	1,000,000	666,668
Other Loan	variable	17,000,000	6,812,000

In a prior year, Obion County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$17 million to Obion County for various renovation and construction projects. This loan was partially refunded during a prior year. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2011, the variable interest rate was .27 percent and other fees totaled .35 percent of the outstanding loan principal.

The annual requirements to amortize all general obligations bonds, notes, and other loans outstanding as of June 30, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 15,000	\$ 330,563	\$ 345,563
2013	15,000	330,038	345,038
2014	15,000	329,513	344,513
2015	15,000	328,988	343,988
2016	15,000	328,388	343,388
2017-2021	75,000	1,632,940	1,707,940
2022-2026	3,235,000	1,432,932	4,667,932
2027-2031	4,635,000	599,522	5,234,522
Total	\$ 8,020,000	\$ 5,312,884	\$ 13,332,884

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 83,333	\$ 27,307	\$ 110,640
2013	83,333	23,960	107,293
2014	83,333	20,481	103,814
2015	83,333	17,067	100,400
2016	83,333	13,654	96,987
2017-2019	250,003	20,509	270,512
Total	\$ 666,668	\$ 122,978	\$ 789,646

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2012	\$ 518,000	\$ 18,392	\$ 30,492	\$ 566,884
2013	536,000	16,994	29,288	582,282
2014	555,000	15,547	25,968	596,515
2015	575,000	14,048	23,585	612,633
2016	595,000	12,495	21,117	628,612
2017-2021	3,302,000	37,225	65,443	3,404,668
2022	731,000	1,974	6,591	739,565
Total	\$ 6,812,000	\$ 116,675	\$ 202,484	\$ 7,131,159

There is \$2,217,476 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$252, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans, totaled \$487, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bond	Notes
Balance, July 1, 2010	\$ 8,030,000	\$ 750,001
Additions	0	191,340
Deductions	(10,000)	(274,673)
Balance, June 30, 2011	\$ 8,020,000	\$ 666,668
Balance Due Within One Year	\$ 15,000	\$ 83,333

	Other Loan	Compensated Absences
Balance, July 1, 2010	\$ 7,313,000	\$ 277,670
Additions	0	319,078
Deductions	(501,000)	(319,761)
Balance, June 30, 2011	<u>\$ 6,812,000</u>	<u>\$ 276,987</u>
Balance Due Within One Year	<u>\$ 518,000</u>	<u>\$ 13,851</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 15,775,655
Less: Balance Due Within One Year	(630,184)
Less: Deferred Discount on Debt	<u>(43,313)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 15,102,158</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Obion County School Department

Notes

The county loaned funds to the School Department for the construction of capital facilities (see Note IV.B.). The notes included in long-term debt as of June 30, 2011, will be retired from the General Purpose School Fund.

The notes outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Notes	variable %	\$ 2,500,000	\$ 2,041,666

The annual requirements to amortize the notes outstanding as of June 30, 2011, including interest payments, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 250,000	\$ 61,250	\$ 311,250
2013	250,000	53,750	303,750
2014	250,000	46,250	296,250
2015	250,000	38,750	288,750
2016	250,000	31,250	281,250
2017-2020	791,666	50,000	841,666
Total	\$ 2,041,666	\$ 281,250	\$ 2,322,916

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Obion County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Notes	Compensated Absences
Balance, July 1, 2010	\$ 2,500,000	\$ 27,621
Additions	0	29,484
Deductions	(458,334)	(28,149)
Balance, June 30, 2011	\$ 2,041,666	\$ 28,956
Balance Due Within One Year	\$ 250,000	\$ 1,448

	Other Postemployment Benefits
Balance, July 1, 2010	\$ 463,452
Additions	292,101
Deductions	(203,182)
Balance, June 30, 2011	\$ 552,371
Balance Due Within One Year	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 2,622,993
Less: Balance Due Within One Year	<u>(251,448)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,371,545</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

G. On-Behalf Payments – Discretely Presented Obion County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Obion County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$164,137 and \$28,165, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

The county and the discretely presented Obion County School Department are exposed to various risks related to general liability, property, casualty, workers' compensation, health, and accident. Obion County decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. Obion County and the School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. Obion County and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

Obion County purchases commercial health insurance for its employees. Settled claims have not exceeded this commercial insurance in any of the past three fiscal years.

The discretely presented Obion County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Obion County and the Obion County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Contingent Liabilities

The county's attorney and the attorney for their insurance carrier advised of two lawsuits pending against the county. The attorneys estimate that any potential claims against the county resulting from such litigation would not materially affect the county's financial statements.

The School Department's attorney advised there was no pending or threatened litigation involving the School Department.

The attorney representing Obion County for matters associated with development of the Northwest Tennessee Regional Port Authority has advised that there is no pending litigation involving Obion County concerning the port project.

D. Change in Administration

On August 31, 2010, Kathy Robertson left the Office of Assessor of Property and was succeeded by Judy Smith.

E. Joint Ventures

Obion County participates with Lake and Dyer counties in a multi-county entity known as the Northwest Tennessee Regional Port Authority. This entity was created to operate and maintain a port to be located in Lake County on the Mississippi River. A board is appointed by the participating counties with the mayors of each county serving as ex-officio members. The board comprises eight members, four of whom are appointed by the Lake County Commission, two by the Obion County Commission, and two by the Dyer County Commission. Obion County has control over budgeting and financing of the joint venture only to the extent of representation by the two board members appointed. In March 2007, the port authority borrowed \$2.2 million at 4.15 percent interest for construction of the port. Interest payments began in September 2007 and will 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 Obion County Commission had approved paying the interest payments on 25 percent of these debt issuances until such time as the port authority has revenue to make the payments, estimated to be at least two years. In November 2009, Obion County made a payment equal to 25 percent of the \$2.2 million loan with the understanding that they would be released from the debt. The Northwest Tennessee Regional Port Authority has yet to begin operations; therefore, there is no financial activity to report. Their administrative office address is P.O. Box 267, Dyersburg, TN 38025.

Pursuant to a formal agreement between Obion and Weakley counties, a joint venture for the creation and operation of the Everett-Stewart Regional Airport was established December 1, 2006. The agreement between Obion and Weakley counties states that the land and other capital assets, including improvements, will be owned by Obion County; however, the funding of airport operations will be jointly funded and managed by both counties. Obion County appropriated \$75,000 to the Everett-Stewart Regional Airport during the year.

The Obion County Public Library is jointly owned by Obion County and the City of Union City and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Obion County Commission. The remaining three members are appointed by Union City. Obion County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Obion County contributed \$334,487 to the operations of the library during the year ended June 30, 2011.

Complete financial statements for the Everett-Stewart Regional Airport and the Obion County Public Library can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Everett-Stewart Regional Airport
1489 Airport Circle
Union City, TN 38261

Obion Count Public Library
1221 E. Reelfoot Ave.
Union City, TN 38261

F. Retirement Commitments

Plan Description

Employees of Obion County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Obion County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Obion County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 6.33 percent of annual covered payroll. The contribution requirement of

plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$622,507 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 20 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$622,507	100%	\$0
6-30-10	469,526	100	0
6-30-09	481,783	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 80.96 percent funded. The actuarial accrued liability for benefits was \$21 million, and the actuarial value of assets was \$17 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10 million, and the ratio of the UAAL to the covered payroll was 41.63 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 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, 2011, 2010, and 2009 were \$1,264,785, \$875,063, and \$888,454, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Primary Government

Obion County purchases commercial health insurance for its employees and allows retirees to remain in the plan. Retirees are required to pay 100 percent of their medical premiums. As noted in Finding 11.01, the county had not obtained an actuarial valuation to determine the data necessary for the measurement, recognition, and display of other postemployment benefits necessary to prepare government-wide financial statements and note disclosures.

Discretely Presented Obion County School Department

Plan Description

The Obion County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for Local education employees. In previous fiscal years, prior to reaching age 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on

that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2011, the Obion County School Department contributed \$203,182 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 291,000
Interest on the NPO	20,855
Adjustment to the ARC	(19,754)
Annual OPEB cost	<hr/> \$ 292,101
Less: Amount of contribution	(203,182)
Increase/decrease in NPO	<hr/> \$ 88,919
Net OPEB obligation, 7-1-10	<hr/> 463,452
	<hr/>
Net OPEB obligation, 6-30-11	<hr/> <hr/> \$ 552,371

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-09	Local Education Group	\$ 314,964	38%	\$ 377,401
6-30-10	"	279,897	69	463,452
6-30-11	"	292,101	70	552,371

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 3,476,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,476,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 17,940,066
UAAL as a % of covered payroll	19%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2010, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the provisions of the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

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

Office of Director of Schools

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

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

A. Summary of Significant Accounting Policies

1. Reporting Entity

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

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

The Obion County Nursing Home accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. 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 Comptroller's Office and the state's local government investment pool.

b. Accounts Receivable

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

c. Inventory

At June 30, 2011, 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, 2011. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets.

e. **Compensated Absences**

Accumulated unpaid annual and sick leave are accrued at fiscal year end. As of June 30, 2011, annual leave totaled \$12,062, and sick leave was \$52,262, for a total accrual of \$64,324. All accrued leave has been reported as a current liability in the Statement of Net Assets.

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 category.

B. **Detailed Notes**

1. **Deposits and Investments**

As of June 30, 2011, all deposits for the nursing home were in interest-bearing checking accounts. There were no investments held by the nursing home at year end.

Custodial Credit Risk – The nursing home’s policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the nursing home’s agent in the nursing home’s name, or by the Federal Reserve banks acting as third-party agents. 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, 2011, all bank deposits were fully collateralized or insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Depreciated:			
Land Improvements	\$ 12,745	\$ 0	\$ 12,745
Buildings and Improvements	1,005,968	10,270	1,016,238
Movable Equipment	224,150	24,673	248,823
Fixed Equipment	120,506	0	120,506
Total Capital Assets			
Depreciated	<u>\$ 1,363,369</u>	<u>\$ 34,943</u>	<u>\$ 1,398,312</u>
Less Accumulated Depreciation For:			
Land Improvements	\$ 12,745	\$ 0	\$ 12,745
Buildings and Improvements	790,607	31,237	821,844
Movable Equipment	184,982	13,817	198,799
Fixed Equipment	108,835	1,274	110,109
Total Accumulated Depreciation	<u>\$ 1,097,169</u>	<u>\$ 46,328</u>	<u>\$ 1,143,497</u>
Total Capital Assets Depreciated, Net	<u>\$ 266,200</u>	<u>\$ (11,385)</u>	<u>\$ 254,815</u>

C. Other Information

1. Pension Plan

The nursing home is an enterprise fund of Obion County, Tennessee; therefore, the nursing home's pension information has been reported with the county's audit report. For the year ended June 30, 2011, the total covered payroll for the nursing home was \$1,037,302, and the pension contribution was \$65,661. Complete disclosure for the county's pension plan is described in Note V.F.

2. Risk Management

It is the policy of the nursing home to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and automobile coverage, and fidelity position bonds. Employee health and accident insurance is purchased through the county's commercial insurance policy. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The nursing home carries its workers' compensation

coverage through the Tennessee Health Care Association (THCA), a self-insured trust fund. The THCA was established to be self-sustaining through member premiums. All members of the THCA must be approved for coverage and are jointly and severally liable for all claims of the association.

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

A. Significant Accounting Policies

1. Reporting Entity

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

In evaluating how to define the 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 district accounts for its financial position and results of operations in accordance with generally accepted accounting principles for proprietary funds 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 district to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements as approved by the state Comptroller's Office and the state's local government investment pool.

b. Accounts Receivable

Accounts receivable represent amounts due from various phone companies.

c. Capital Assets

All capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to 40 years. The district's capitalization threshold is set at \$500 per unit cost. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, no interest costs were capitalized.

d. Compensated Absences

Employees are entitled to paid vacation 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. Stewardship, Compliance, and Accountability

Budgetary Information

The district's board of directors approves an appropriatory budget annually. The budgetary basis Statement of Revenue and Expenses differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that revenue and expense are budgeted on the cash basis rather than the accrual basis. A reconciliation of the budgetary basis to GAAP basis is presented as follows:

Net income - budgetary basis	\$ (7,059)
Accounts receivable	(129)
Accounts payable	<u>680</u>
Net income (loss) - GAAP basis	<u>\$ (6,508)</u>

The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds. For the year ended June 30, 2011, the only expense that exceeded the budgeted appropriation was depreciation, a noncash expense.

C. 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. 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, 2011, all of the district’s deposits were insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance			Balance
	7-1-10	Additions	Disposals	6-30-11
Capital Assets Not Depreciated:				
Construction in Progress	\$ 99,295	\$ 0	\$ (99,295)	\$ 0
Total Capital Assets Not Depreciated	\$ 99,295	\$ 0	\$ (99,295)	\$ 0
Capital Assets Depreciated:				
Office Equipment	\$ 147,081	\$ 20,419	\$ (16,188)	\$ 151,312
Vehicles	14,617	0	0	14,617
Communications Equipment and Furniture and Fixtures	582,060	22,347	(83,157)	521,250
Building and Improvements	361,981	145,762	0	507,743
Total Capital Assets Depreciated	\$ 1,105,739	\$ 188,528	\$ (99,345)	\$ 1,194,922

	Balance 7-1-10	Additions	Disposals	Balance 6-30-11
Less: Accumulated Depreciation:				
Office Equipment	\$ 64,062	\$ 12,618	\$ (16,188)	\$ 60,492
Vehicles	14,617	0	0	14,617
Communications Equipment and Furniture and Fixtures	334,610	34,776	(83,157)	286,229
Building and Improvements	43,018	12,201	0	55,219
Total Accumulated Depreciation	<u>\$ 456,307</u>	<u>\$ 59,595</u>	<u>\$ (99,345)</u>	<u>\$ 416,557</u>
Total Capital Assets, Net	<u>\$ 748,727</u>	<u>\$ 128,933</u>	<u>\$ (99,295)</u>	<u>\$ 778,365</u>

Depreciation expense for the year ended June 30, 2011, was \$59,595.

D. Other Information

Risk Management

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

**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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,232,079	\$ 0	\$ 0	\$ 2,232,079	\$ 2,212,689	\$ 2,212,689	\$ 19,390
Licenses and Permits	18,951	0	0	18,951	17,200	17,200	1,751
Fines, Forfeitures, and Penalties	85,863	0	0	85,863	91,611	91,801	(5,938)
Charges for Current Services	81,208	0	0	81,208	82,200	82,200	(992)
Other Local Revenues	627,982	0	0	627,982	609,810	610,320	17,662
Fees Received from County Officials	1,293,425	0	0	1,293,425	1,262,000	1,262,000	31,425
State of Tennessee	1,535,693	0	0	1,535,693	2,022,962	1,649,633	(113,940)
Federal Government	105,146	0	0	105,146	233,300	249,773	(144,627)
Other Governments and Citizens Groups	1,023,389	0	0	1,023,389	1,324,402	1,195,616	(172,227)
Total Revenues	\$ 7,003,736	\$ 0	\$ 0	\$ 7,003,736	\$ 7,856,174	\$ 7,371,232	\$ (367,496)

Expenditures

<u>General Government</u>							
County Commission	\$ 80,931	\$ 0	\$ 0	\$ 80,931	\$ 83,450	\$ 83,450	\$ 2,519
Board of Equalization	1,094	0	0	1,094	3,200	3,200	2,106
Beer Board	907	0	0	907	1,700	1,700	793
Budget and Finance Committee	12,294	0	0	12,294	15,500	15,500	3,206
Other Boards and Committees	1,430	0	0	1,430	5,400	5,400	3,970
County Mayor/Executive	195,031	0	0	195,031	201,530	201,530	6,499
Election Commission	181,826	(1,008)	0	180,818	225,971	225,971	45,153
Register of Deeds	133,183	(320)	0	132,863	150,011	150,011	17,148
County Buildings	125,866	0	0	125,866	160,418	160,418	34,552
Preservation of Records	32,859	0	0	32,859	35,000	35,000	2,141
<u>Finance</u>							
Property Assessor's Office	183,568	0	0	183,568	188,908	189,083	5,515

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 11,194	\$ 0	\$ 0	\$ 11,194	\$ 34,750	\$ 34,575	\$ 23,381
County Trustee's Office	155,723	0	0	155,723	152,147	158,962	3,239
County Clerk's Office	219,412	0	0	219,412	236,268	236,268	16,856
<u>Administration of Justice</u>							
Circuit Court	137,648	0	0	137,648	172,366	170,966	33,318
General Sessions Court	218,561	0	0	218,561	233,664	234,664	16,103
Chancery Court	135,245	0	0	135,245	160,845	160,845	25,600
Juvenile Court	131,174	0	0	131,174	145,017	145,017	13,843
Juvenile Court Clerk	43,727	0	0	43,727	46,093	46,493	2,766
Courtroom Security	173,854	0	0	173,854	216,708	205,008	31,154
<u>Public Safety</u>							
Sheriff's Department	1,659,763	(2,079)	0	1,657,684	1,718,256	1,724,456	66,772
Jail	1,225,382	(3,836)	0	1,221,546	1,354,138	1,359,638	138,092
Rural Fire Protection	15,902	0	0	15,902	28,500	28,500	12,598
Rescue Squad	7,500	0	0	7,500	7,500	7,500	0
Other Emergency Management	52,797	0	0	52,797	55,700	55,700	2,903
County Coroner/Medical Examiner	19,725	0	0	19,725	30,350	30,350	10,625
Public Safety Grant Programs	56,092	(26)	0	56,066	180,000	196,473	140,407
Other Public Safety	5,000	0	0	5,000	5,000	5,000	0
<u>Public Health and Welfare</u>							
Local Health Center	156,466	0	0	156,466	133,581	169,076	12,610
Alcohol and Drug Programs	85,200	0	0	85,200	85,200	85,200	0
Other Local Health Services	11,000	0	0	11,000	11,000	11,000	0
Appropriation to State	24,553	0	0	24,553	24,553	24,553	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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
Public Health and Welfare (Cont.)							
General Welfare Assistance	\$ 0	\$ 0	\$ 0	0	1,350	\$ 1,350	\$ 1,350
Sanitation Education/Information	28,571	0	0	28,571	34,180	34,180	5,609
Other Public Health and Welfare	3,907	0	1,257	5,164	5,000	5,000	(164)
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	27,500	0	0	27,500	27,500	27,500	0
Libraries	334,487	0	0	334,487	0	351,787	17,300
Parks and Fair Boards	4,000	0	0	4,000	4,000	4,000	0
Other Social, Cultural, and Recreational	10,000	0	0	10,000	10,000	10,000	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	96,883	0	0	96,883	99,601	99,601	2,718
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	24,838	0	0	24,838	24,838	24,838	0
Flood Control	25,112	0	0	25,112	25,113	25,113	1
<u>Other Operations</u>							
Tourism	19,195	0	0	19,195	31,000	31,000	11,805
Industrial Development	91,703	0	0	91,703	92,735	92,735	1,032
Airport	75,000	0	0	75,000	75,000	75,000	0
Veterans' Services	13,520	0	0	13,520	13,520	13,520	0
Other Charges	134,110	0	0	134,110	140,126	140,126	6,016
Contributions to Other Agencies	2,174	0	0	2,174	2,174	2,174	0
Employee Benefits	812,765	0	0	812,765	888,200	888,200	75,435
Miscellaneous	21,942	0	0	21,942	22,000	22,000	58
<u>Instruction</u>							
Vocational Education Program	73,481	0	0	73,481	73,481	73,481	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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,036	\$ 48,036	\$ 48,036
Public Health and Welfare Projects	447,390	0	19,146	466,536	477,866	477,866	11,330
Other General Government Projects	262,216	0	0	262,216	529,167	529,167	266,951
<u>Total Expenditures</u>	<u>\$ 8,004,701</u>	<u>\$ (7,269)</u>	<u>\$ 20,403</u>	<u>\$ 8,017,835</u>	<u>\$ 8,728,611</u>	<u>\$ 9,139,181</u>	<u>\$ 1,121,346</u>
<u>Excess (Deficiency) of Revenues</u>							
<u>Over Expenditures</u>	<u>\$ (1,000,965)</u>	<u>\$ 7,269</u>	<u>\$ (20,403)</u>	<u>\$ (1,014,099)</u>	<u>\$ (872,437)</u>	<u>\$ (1,767,949)</u>	<u>\$ 753,850</u>
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 191,340	\$ 0	\$ 0	\$ 191,340	\$ 203,785	\$ 195,495	\$ (4,155)
Insurance Recovery	0	0	0	0	1,000	1,000	(1,000)
Transfers Out	0	0	0	0	(436,787)	0	0
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 191,340</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 191,340</u>	<u>\$ (232,002)</u>	<u>\$ 196,495</u>	<u>\$ (5,155)</u>
<u>Net Change in Fund Balance</u>	<u>\$ (809,625)</u>	<u>\$ 7,269</u>	<u>\$ (20,403)</u>	<u>\$ (822,759)</u>	<u>\$ (1,104,439)</u>	<u>\$ (1,571,454)</u>	<u>\$ 748,695</u>
<u>Fund Balance, July 1, 2010</u>	<u>14,961,591</u>	<u>(7,269)</u>	<u>0</u>	<u>14,954,322</u>	<u>1,745,627</u>	<u>1,745,627</u>	<u>13,208,695</u>
<u>Fund Balance, June 30, 2011</u>	<u>\$ 14,151,966</u>	<u>\$ 0</u>	<u>\$ (20,403)</u>	<u>\$ 14,131,563</u>	<u>\$ 641,188</u>	<u>\$ 174,173</u>	<u>\$ 13,957,390</u>

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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,513,651	\$ 0	\$ 1,513,651	\$ 1,519,230	\$ 1,519,230	\$ (5,579)
Charges for Current Services	358	0	358	500	500	(142)
Other Local Revenues	44,058	0	44,058	1,200	1,200	42,858
State of Tennessee	1,901,041	0	1,901,041	3,845,099	3,845,099	(1,944,058)
Federal Government	278,237	0	278,237	0	0	278,237
Total Revenues	\$ 3,737,345	\$ 0	\$ 3,737,345	\$ 5,366,029	\$ 5,366,029	\$ (1,628,684)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 182,426	\$ 0	\$ 182,426	\$ 212,173	\$ 212,173	\$ 29,747
Highway and Bridge Maintenance	2,438,911	17,417	2,456,328	3,311,837	3,311,837	855,509
Operation and Maintenance of Equipment	519,380	0	519,380	747,195	747,195	227,815
Other Charges	133,751	0	133,751	202,850	202,850	69,099
Employee Benefits	247,717	0	247,717	327,000	327,000	79,283
Capital Outlay	630,073	597,006	1,227,079	2,672,000	2,672,000	1,444,921
Total Expenditures	\$ 4,152,258	\$ 614,423	\$ 4,766,681	\$ 7,473,055	\$ 7,473,055	\$ 2,706,374
Excess (Deficiency) of Revenues Over Expenditures	\$ (414,913)	\$ (614,423)	\$ (1,029,336)	\$ (2,107,026)	\$ (2,107,026)	\$ 1,077,690
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 9,000	\$ 0	\$ 9,000	\$ 0	\$ 0	\$ 9,000
Total Other Financing Sources (Uses)	\$ 9,000	\$ 0	\$ 9,000	\$ 0	\$ 0	\$ 9,000
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (405,913)	\$ (614,423)	\$ (1,020,336)	\$ (2,107,026)	\$ (2,107,026)	\$ 1,086,690
	2,984,227	0	2,984,227	2,815,758	2,815,758	168,469
Fund Balance, June 30, 2011	\$ 2,578,314	\$ (614,423)	\$ 1,963,891	\$ 708,732	\$ 708,732	\$ 1,255,159

Exhibit F-3

Obion County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Obion County School Department
June 30, 2011

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 17,370	\$ 21,455	\$ 4,085	80.96%	\$ 9,812	41.63%
7-1-07	16,669	18,156	1,487	91.81	8,475	17.55

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year of the 2007 valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Obion County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Obion County School Department
June 30, 2011

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-07	\$ 0	\$ 3,865	\$ 3,865	0%	\$ 17,500	22%
"	7-1-09	0	3,370	3,370	0	18,004	19
"	7-1-10	0	3,476	3,476	0	17,940	19

OBION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the 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.

At June 30, 2011, Obion County reported the following significant encumbrances in the Highway/Public Works Fund:

<u>Description</u>	<u>Amount</u>
State aid road construction	\$ 597,006

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Exhibit G-1

Obion County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 43,691	\$ 43,691
Equity in Pooled Cash and Investments	21,232	72,087	0	93,319
Accounts Receivable	0	0	32	32
Due from Other Governments	6,227	0	0	6,227
Total Assets	<u>\$ 27,459</u>	<u>\$ 72,087</u>	<u>\$ 43,723</u>	<u>\$ 143,269</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 4,301	\$ 0	\$ 0	\$ 4,301
Due to Other Funds	0	72	43,723	43,795
Total Liabilities	<u>\$ 4,301</u>	<u>\$ 72</u>	<u>\$ 43,723</u>	<u>\$ 48,096</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 72,015	\$ 0	\$ 72,015
Committed:				
Committed for Public Health and Welfare	23,158	0	0	23,158
Total Fund Balances	<u>\$ 23,158</u>	<u>\$ 72,015</u>	<u>\$ 0</u>	<u>\$ 95,173</u>
Total Liabilities and Fund Balances	<u>\$ 27,459</u>	<u>\$ 72,087</u>	<u>\$ 43,723</u>	<u>\$ 143,269</u>

Exhibit G-2

Obion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	<u>Special Revenue Funds</u>		Total
	Solid	Drug	Nonmajor
	Waste /	Control	Governmental
	Sanitation		Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 0	\$ 31,686	\$ 31,686
Charges for Current Services	2,980	0	2,980
Other Local Revenues	37,783	15,588	53,371
State of Tennessee	27,635	0	27,635
Other Governments and Citizens Groups	85,000	0	85,000
Total Revenues	<u>\$ 153,398</u>	<u>\$ 47,274</u>	<u>\$ 200,672</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 0	\$ 23,478	\$ 23,478
Public Health and Welfare	143,486	0	143,486
Total Expenditures	<u>\$ 143,486</u>	<u>\$ 23,478</u>	<u>\$ 166,964</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,912</u>	<u>\$ 23,796</u>	<u>\$ 33,708</u>
Net Change in Fund Balances	\$ 9,912	\$ 23,796	\$ 33,708
Fund Balance, July 1, 2010	<u>13,246</u>	<u>48,219</u>	<u>61,465</u>
Fund Balance, June 30, 2011	<u><u>\$ 23,158</u></u>	<u><u>\$ 72,015</u></u>	<u><u>\$ 95,173</u></u>

Exhibit G-3

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 2,980	\$ 0	\$ 0	\$ 2,980	\$ 1,100	\$ 1,100	\$ 1,880
Other Local Revenues	37,783	0	0	37,783	24,135	24,135	13,648
State of Tennessee	27,635	0	0	27,635	25,500	25,500	2,135
	85,000	0	0	85,000	85,000	85,000	0
Total Revenues	\$ 153,398	\$ 0	\$ 0	\$ 153,398	\$ 135,735	\$ 135,735	\$ 17,663
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Problem Waste Centers	\$ 25,329	\$ 0	\$ 0	\$ 25,329	\$ 26,250	\$ 26,250	\$ 921
Recycling Center	118,157	(842)	2,659	119,974	127,417	127,417	7,443
Total Expenditures	\$ 143,486	\$ (842)	\$ 2,659	\$ 145,303	\$ 153,667	\$ 153,667	\$ 8,364
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,912	\$ 842	\$ (2,659)	\$ 8,095	\$ (17,932)	\$ (17,932)	\$ 26,027
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 9,912	\$ 842	\$ (2,659)	\$ 8,095	\$ (17,932)	\$ (17,932)	\$ 26,027
	13,246	(842)	0	12,404	22,846	22,846	(10,442)
Fund Balance, June 30, 2011	\$ 23,158	\$ 0	\$ (2,659)	\$ 20,499	\$ 4,914	\$ 4,914	\$ 15,585

Exhibit G-4

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 31,686 \$	0 \$	31,686 \$	11,700 \$	11,800 \$	19,886
Other Local Revenues	15,588	0	15,588	500	500	15,088
Total Revenues	\$ 47,274 \$	0 \$	47,274 \$	12,200 \$	12,300 \$	34,974
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 23,478 \$	(220) \$	23,258 \$	48,000 \$	48,000 \$	24,742
Total Expenditures	\$ 23,478 \$	(220) \$	23,258 \$	48,000 \$	48,000 \$	24,742
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,796 \$	220 \$	24,016 \$	(35,800) \$	(35,700) \$	59,716
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 48,219	(220)	47,999	48,000	48,000	(1)
Fund Balance, June 30, 2011	\$ 72,015 \$	0 \$	72,015 \$	12,200 \$	12,300 \$	59,715

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,719,436	\$ 1,718,384	\$ 1,718,384	\$ 1,052
Other Local Revenues	57,570	57,570	57,570	0
Total Revenues	<u>\$ 1,777,006</u>	<u>\$ 1,775,954</u>	<u>\$ 1,775,954</u>	<u>\$ 1,052</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 191,340	\$ 216,785	\$ 195,683	\$ 4,343
Education	594,333	594,333	594,333	0
<u>Interest on Debt</u>				
General Government	26,584	27,060	27,060	476
Education	389,308	654,634	654,634	265,326
<u>Other Debt Service</u>				
General Government	45,794	45,100	57,912	12,118
Education	33,302	40,000	40,000	6,698
Total Expenditures	<u>\$ 1,280,661</u>	<u>\$ 1,577,912</u>	<u>\$ 1,569,622</u>	<u>\$ 288,961</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 496,345</u>	<u>\$ 198,042</u>	<u>\$ 206,332</u>	<u>\$ 290,013</u>
Net Change in Fund Balance	\$ 496,345	\$ 198,042	\$ 206,332	\$ 290,013
Fund Balance, July 1, 2010	<u>1,721,131</u>	<u>1,710,219</u>	<u>1,710,219</u>	<u>10,912</u>
Fund Balance, June 30, 2011	<u>\$ 2,217,476</u>	<u>\$ 1,908,261</u>	<u>\$ 1,916,551</u>	<u>\$ 300,925</u>

Fiduciary Funds

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

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

Cities – Property Tax Fund – The Cities – Property Tax Fund is used to account for property tax collections received by the county trustee on behalf of the Towns of Woodland Mills and Samburg. These collections are periodically remitted to those municipalities.

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, 2011

	Agency Funds						Total
	Cities - Sales Tax	Cities - Property Tax	Special School District	School ADA - Union City	Consti- tional Officers - Agency		
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,230,784	\$ 2,230,784	
Equity in Pooled Cash and Investments							
Accounts Receivable	0	1,053	864	30,672	0	32,589	
Due from Other Governments					3,871	3,871	
Property Taxes Receivable	682,550	0	0	213,305	0	895,855	
Allowance for Uncollectible Property Taxes	0	0	0	1,391,642	0	1,391,642	
Notes Receivable - Long-term	0	0	0	(36,529)	0	(36,529)	
Total Assets	\$ 682,550	\$ 1,053	\$ 864	\$ 1,599,090	\$ 2,423,503	\$ 4,707,060	
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 682,550	\$ 1,053	\$ 864	\$ 1,599,090	\$ 0	\$ 2,283,557	
Due to Litigants, Heirs, and Others	0	0	0	0	2,423,503	2,423,503	
Total Liabilities	\$ 682,550	\$ 1,053	\$ 864	\$ 1,599,090	\$ 2,423,503	\$ 4,707,060	

Exhibit I-2

Obion County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,968,900	\$ 3,968,900	\$ 0
Due from Other Governments	674,844	682,550	674,844	682,550
Total Assets	\$ 674,844	\$ 4,651,450	\$ 4,643,744	\$ 682,550
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 674,844	\$ 4,651,450	\$ 4,643,744	\$ 682,550
Total Liabilities	\$ 674,844	\$ 4,651,450	\$ 4,643,744	\$ 682,550
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 982	\$ 59,203	\$ 59,132	\$ 1,053
Total Assets	\$ 982	\$ 59,203	\$ 59,132	\$ 1,053
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 982	\$ 59,203	\$ 59,132	\$ 1,053
Total Liabilities	\$ 982	\$ 59,203	\$ 59,132	\$ 1,053
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 483	\$ 71,789	\$ 71,408	\$ 864
Total Assets	\$ 483	\$ 71,789	\$ 71,408	\$ 864
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 483	\$ 71,789	\$ 71,408	\$ 864
Total Liabilities	\$ 483	\$ 71,789	\$ 71,408	\$ 864
<u>City School ADA - Union City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 24,760	\$ 2,999,464	\$ 2,993,552	\$ 30,672
Accounts Receivable	4,125	0	4,125	0
Due from Other Governments	216,194	213,305	216,194	213,305
Property Taxes Receivable	1,641,508	1,391,642	1,641,508	1,391,642
Allowance for Uncollectible Property Taxes	(57,268)	(36,529)	(57,268)	(36,529)
Total Assets	\$ 1,829,319	\$ 4,567,882	\$ 4,798,111	\$ 1,599,090

(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	\$ 1,829,319	\$ 4,567,882	\$ 4,798,111	\$ 1,599,090
Total Liabilities	\$ 1,829,319	\$ 4,567,882	\$ 4,798,111	\$ 1,599,090
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,096,835	\$ 8,040,544	\$ 7,906,595	\$ 2,230,784
Accounts Receivable	3,942	3,871	3,942	3,871
Notes Receivable - Long-term	191,922	0	3,074	188,848
Total Assets	\$ 2,292,699	\$ 8,044,415	\$ 7,913,611	\$ 2,423,503
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,292,699	\$ 8,044,415	\$ 7,913,611	\$ 2,423,503
Total Liabilities	\$ 2,292,699	\$ 8,044,415	\$ 7,913,611	\$ 2,423,503
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,096,835	\$ 8,040,544	\$ 7,906,595	\$ 2,230,784
Equity in Pooled Cash and Investments	26,225	7,099,356	7,092,992	32,589
Accounts Receivable	8,067	3,871	8,067	3,871
Due from Other Governments	891,038	895,855	891,038	895,855
Property Taxes Receivable	1,641,508	1,391,642	1,641,508	1,391,642
Allowance for Uncollectible Property Taxes	(57,268)	(36,529)	(57,268)	(36,529)
Notes Receivable - Long-term	191,922	0	3,074	188,848
Total Assets	\$ 4,798,327	\$ 17,394,739	\$ 17,486,006	\$ 4,707,060
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,505,628	\$ 9,350,324	\$ 9,572,395	\$ 2,283,557
Due to Litigants, Heirs, and Others	2,292,699	8,044,415	7,913,611	2,423,503
Total Liabilities	\$ 4,798,327	\$ 17,394,739	\$ 17,486,006	\$ 4,707,060

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, 2011

Functions/Programs	Program Revenues		Charges for Services	Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:						
Instruction	\$ 20,214,230	\$ 1,748	\$ 1,748	\$ 20,214,230	\$ 2,889,201	\$ (17,323,281)
Support Services	10,098,166	13,440	13,440	10,098,166	665,456	(9,419,270)
Operation of Non-Instructional Services	2,989,867	795,294	795,294	2,989,867	1,946,372	(248,201)
Interest on Long-term Debt	73,854	0	0	73,854	0	(73,854)
Total Governmental Activities	\$ 33,376,117	\$ 810,482	\$ 810,482	\$ 33,376,117	\$ 5,501,029	\$ (27,064,606)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes						\$ 4,455,346
Local Option Sales Taxes						3,247,068
Business Tax						104,117
Other Local Taxes						1,686
Grants and Contributions Not Restricted to Specific Programs						18,057,691
Miscellaneous						120,403
Total General Revenues						\$ 25,986,311
Change in Net Assets						\$ (1,078,295)
Net Assets, July 1, 2010						37,835,468
Net Assets, June 30, 2011						\$ 36,757,173

Exhibit J-2

Obion County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Obion County School Department
 June 30, 2011

	Major Funds		Nonmajor	Total
	General	School	Funds	
	Purpose	Federal	Other	
	School	Projects	Governmental	Governmental
	Funds			Funds
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,619,542	\$ 3,055	\$ 651,496	\$ 4,274,093
Accounts Receivable	32,887	100	0	32,987
Due from Other Governments	731,665	490,582	0	1,222,247
Due from Other Funds	284,018	0	0	284,018
Property Taxes Receivable	9,288,898	0	0	9,288,898
Allowance for Uncollectible Property Taxes	(167,840)	0	0	(167,840)
Total Assets	<u>\$ 13,789,170</u>	<u>\$ 493,737</u>	<u>\$ 651,496</u>	<u>\$ 14,934,403</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 121,790	\$ 0	\$ 0	\$ 121,790
Payroll Deductions Payable	0	205	0	205
Contracts Payable	173,944	2,586	0	176,530
Retainage Payable	9,154	0	0	9,154
Due to Other Funds	0	284,018	0	284,018
Other Current Liabilities	0	0	422	422
Deferred Revenue - Current Property Taxes	8,998,560	0	0	8,998,560
Deferred Revenue - Delinquent Property Taxes	98,235	0	0	98,235
Other Deferred Revenues	352,079	187,786	0	539,865
Total Liabilities	<u>\$ 9,753,762</u>	<u>\$ 474,595</u>	<u>\$ 422</u>	<u>\$ 10,228,779</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 73,686	\$ 0	\$ 0	\$ 73,686
Restricted for Operation of Non-Instructional Services	0	0	647,625	647,625
Restricted for Capital Projects	0	0	3,449	3,449
Assigned:				
Assigned for Education	808,754	19,142	0	827,896
Unassigned	3,152,968	0	0	3,152,968
Total Fund Balances	<u>\$ 4,035,408</u>	<u>\$ 19,142</u>	<u>\$ 651,074</u>	<u>\$ 4,705,624</u>
Total Liabilities and Fund Balances	<u>\$ 13,789,170</u>	<u>\$ 493,737</u>	<u>\$ 651,496</u>	<u>\$ 14,934,403</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, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,705,624
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	696,031	
Add: buildings and improvements net of accumulated depreciation		31,011,004	
Add: infrastructure net of accumulated depreciation		137,681	
Add: other capital assets net of accumulated depreciation		<u>2,196,830</u>	34,041,546
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: note payable	\$	(2,041,666)	
Less: accrued interest on note		(5,104)	
Less: compensated absences payable		(28,956)	
Less: other postemployment benefits liability		<u>(552,371)</u>	(2,628,097)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>638,100</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>36,757,173</u></u>

Exhibit J-4

Obion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Obion County School Department
For the Year Ended June 30, 2011

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 7,968,188	\$ 0	\$ 0	\$ 7,968,188
Licenses and Permits	1,871	0	0	1,871
Charges for Current Services	210,387	0	659,556	869,943
Other Local Revenues	124,057	0	5,075	129,132
State of Tennessee	18,653,130	0	21,333	18,674,463
Federal Government	275,903	3,696,557	1,464,535	5,436,995
Total Revenues	\$ 27,233,536	\$ 3,696,557	\$ 2,150,499	\$ 33,080,592
<u>Expenditures</u>				
Current:				
Instruction	\$ 15,393,465	\$ 2,387,086	\$ 0	\$ 17,780,551
Support Services	9,242,092	683,179	0	9,925,271
Operation of Non-Instructional Services	609,837	69,999	2,185,925	2,865,761
Capital Outlay	3,741,363	0	0	3,741,363
Debt Service:				
Principal on Debt	458,334	0	0	458,334
Interest on Debt	75,000	0	0	75,000
Total Expenditures	\$ 29,520,091	\$ 3,140,264	\$ 2,185,925	\$ 34,846,280
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,286,555)	\$ 556,293	\$ (35,426)	\$ (1,765,688)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8,784	\$ 0	\$ 0	\$ 8,784
Transfers In	180,165	0	0	180,165
Transfers Out	0	(180,165)	0	(180,165)
Total Other Financing Sources (Uses)	\$ 188,949	\$ (180,165)	\$ 0	\$ 8,784
Net Change in Fund Balances	\$ (2,097,606)	\$ 376,128	\$ (35,426)	\$ (1,756,904)
Fund Balance, July 1, 2010	6,133,014	(356,986)	686,500	6,462,528
Fund Balance, June 30, 2011	\$ 4,035,408	\$ 19,142	\$ 651,074	\$ 4,705,624

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, 2011

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)		\$ (1,756,904)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,290,311	
Less: current-year depreciation expense	<u>(2,198,158)</u>	1,092,153
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 638,100	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(1,420,870)</u>	(782,770)
(3) The issuance of long-term debt (e.g. note) 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.		
Add: principal payments on notes		458,334
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 1,146	
Change in compensated absences payable	(1,335)	
Change in other postemployment benefits liability	<u>(88,919)</u>	<u>(89,108)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,078,295)</u>

Exhibit J-6

Obion County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Obion County School Department
June 30, 2011

	Special Revenue Fund	Capital Projects Education Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 648,047	\$ 3,449	\$ 651,496
Total Assets	<u>\$ 648,047</u>	<u>\$ 3,449</u>	<u>\$ 651,496</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Other Current Liabilities	\$ 422	\$ 0	\$ 422
Total Liabilities	<u>\$ 422</u>	<u>\$ 0</u>	<u>\$ 422</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Operation of Non-Instructional Services	\$ 647,625	\$ 0	\$ 647,625
Restricted for Capital Projects	0	3,449	3,449
Total Fund Balances	<u>\$ 647,625</u>	<u>\$ 3,449</u>	<u>\$ 651,074</u>
Total Liabilities and Fund Balances	<u>\$ 648,047</u>	<u>\$ 3,449</u>	<u>\$ 651,496</u>

Exhibit J-7

Obion County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Obion County School Department
For the Year Ended June 30, 2011

	Special Revenue Fund	Capital Projects Education Capital Projects	Total Nonmajor Governmental Funds
	Central Cafeteria		
<u>Revenues</u>			
Charges for Current Services	\$ 659,556	\$ 0	\$ 659,556
Other Local Revenues	5,075	0	5,075
State of Tennessee	21,333	0	21,333
Federal Government	1,464,535	0	1,464,535
Total Revenues	<u>\$ 2,150,499</u>	<u>\$ 0</u>	<u>\$ 2,150,499</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 2,185,925	\$ 0	\$ 2,185,925
Total Expenditures	<u>\$ 2,185,925</u>	<u>\$ 0</u>	<u>\$ 2,185,925</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,426)</u>	<u>\$ 0</u>	<u>\$ (35,426)</u>
Net Change in Fund Balances	\$ (35,426)	\$ 0	\$ (35,426)
Fund Balance, July 1, 2010	683,051	3,449	686,500
Fund Balance, June 30, 2011	<u>\$ 647,625</u>	<u>\$ 3,449</u>	<u>\$ 651,074</u>

Exhibit J-8

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Obion County School Department
General Purpose School Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
Revenues							
Local Taxes	\$ 7,968,188	\$ 0	\$ 0	\$ 7,968,188	\$ 8,012,156	\$ 8,012,156	\$ (43,968)
Licenses and Permits	1,871	0	0	1,871	1,800	1,800	71
Charges for Current Services	210,387	0	0	210,387	161,503	161,503	48,884
Other Local Revenues	124,057	0	0	124,057	99,500	101,000	23,057
State of Tennessee	18,653,130	0	0	18,653,130	18,280,952	18,473,254	179,876
Federal Government	275,903	0	0	275,903	323,447	323,447	(47,544)
Total Revenues	\$ 27,233,536	\$ 0	\$ 0	\$ 27,233,536	\$ 26,879,358	\$ 27,073,160	\$ 160,376
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,524,887	\$ 0	\$ 2,286	\$ 12,527,173	\$ 13,288,517	\$ 13,027,657	\$ 500,484
Alternative Instruction Program	81,776	0	0	81,776	86,791	87,506	5,730
Special Education Program	1,671,213	0	0	1,671,213	1,693,127	1,700,248	29,035
Vocational Education Program	945,049	0	15,845	960,894	995,596	999,123	38,229
Student Body Education Program	113,588	0	6,597	120,185	116,580	127,530	7,345
Adult Education Program	56,952	(490)	0	56,462	106,822	108,322	51,860
<u>Support Services</u>							
Attendance	71,195	0	0	71,195	72,677	72,908	1,713
Health Services	296,337	0	0	296,337	310,673	312,886	16,549
Other Student Support	542,746	0	0	542,746	569,871	577,071	34,325
Regular Instruction Program	1,107,012	(4,165)	6,723	1,109,570	1,141,366	1,143,389	33,819
Alternative Instruction Program	2,282	0	0	2,282	1,000	2,500	218
Special Education Program	115,162	0	0	115,162	122,025	122,261	7,099
Vocational Education Program	86,415	0	0	86,415	93,665	93,901	7,486

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Adult Programs	\$ 74,909	\$ 0	\$ 0	\$ 74,909	\$ 79,060	\$ 79,296	\$ 4,387
Other Programs	192,302	0	0	192,302	0	192,302	0
Board of Education	423,876	0	0	423,876	435,275	435,275	11,399
Director of Schools	210,802	0	0	210,802	218,159	218,390	7,588
Office of the Principal	1,248,109	0	0	1,248,109	1,631,134	1,580,515	332,406
Fiscal Services	165,369	0	0	165,369	170,740	172,040	6,671
Operation of Plant	2,325,160	0	0	2,325,160	2,299,810	2,419,810	94,650
Maintenance of Plant	630,727	(7,146)	0	623,581	617,347	643,306	19,725
Transportation	1,584,886	0	0	1,584,886	1,622,236	1,630,846	45,960
Central and Other	164,803	0	0	164,803	165,384	170,325	5,522
<u>Operation of Non-Instructional Services</u>							
Community Services	157,356	0	0	157,356	228,000	228,000	70,644
Early Childhood Education	452,481	0	0	452,481	466,299	466,299	13,818
<u>Capital Outlay</u>							
Regular Capital Outlay	3,741,363	(3,873,543)	777,303	645,123	776,372	776,372	131,249
Principal on Debt							
Education	458,334	0	0	458,334	208,334	458,334	0
Interest on Debt							
Education	75,000	0	0	75,000	75,000	75,000	0
Total Expenditures	\$ 29,520,091	\$ (3,885,344)	\$ 808,754	\$ 26,443,501	\$ 27,591,860	\$ 27,921,412	\$ 1,477,911
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (2,286,555)	\$ 3,885,344	\$ (808,754)	\$ 790,035	\$ (712,502)	\$ (848,252)	\$ 1,638,287

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 8,784	\$ 0	\$ 0	\$ 8,784	\$ 4,100	\$ 4,100	\$ 4,684
Transfers In	180,165	0	0	180,165	207,634	207,634	(27,469)
Total Other Financing Sources (Uses)	\$ 188,949	\$ 0	\$ 0	\$ 188,949	\$ 211,734	\$ 211,734	\$ (22,785)
Net Change in Fund Balance	\$ (2,097,606)	\$ 3,885,344	\$ (808,754)	\$ 978,984	\$ (500,768)	\$ (636,518)	\$ 1,615,502
Fund Balance, July 1, 2010	6,133,014	(3,885,344)	0	2,247,670	2,634,179	2,634,179	(386,509)
Fund Balance, June 30, 2011	\$ 4,035,408	\$ 0	\$ (808,754)	\$ 3,226,654	\$ 2,133,411	\$ 1,997,661	\$ 1,228,993

Exhibit J-9

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Obion County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,696,557	\$ 0	\$ 3,696,557	\$ 3,584,165	\$ 3,584,165	\$ 112,392
Total Revenues	\$ 3,696,557	\$ 0	\$ 3,696,557	\$ 3,584,165	\$ 3,584,165	\$ 112,392
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,433,781	\$ 0	\$ 1,433,781	\$ 1,403,186	\$ 1,403,186	\$ (30,595)
Special Education Program	921,157	0	921,157	1,025,148	1,030,008	108,851
Vocational Education Program	32,148	0	32,148	33,567	33,567	1,419
<u>Support Services</u>						
Health Services	18,566	0	18,566	18,144	18,144	(422)
Other Student Support	19,123	0	19,123	29,190	29,190	10,067
Regular Instruction Program	99,235	0	99,235	231,352	231,352	132,117
Special Education Program	118,498	0	118,498	122,678	122,678	4,180
Vocational Education Program	2,300	0	2,300	2,300	2,300	0
Office of the Principal	366,047	0	366,047	366,048	366,048	1
Transportation	59,410	93,657	153,067	162,272	162,272	9,205
<u>Operation of Non-Instructional Services</u>						
Community Services	69,999	0	69,999	0	0	(69,999)
Total Expenditures	\$ 3,140,264	\$ 93,657	\$ 3,233,921	\$ 3,393,885	\$ 3,398,745	\$ 164,824
Excess (Deficiency) of Revenues Over Expenditures	\$ 556,293	\$ (93,657)	\$ 462,636	\$ 190,280	\$ 185,420	\$ 277,216

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	0	\$ 27,505	\$ 27,505	\$ (27,505)
Transfers Out	(180,165)	0	(180,165)	(212,925)	(212,925)	32,760
Total Other Financing Sources (Uses)	\$ (180,165)	0	(180,165)	(185,420)	(185,420)	5,255
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 376,128	(93,657)	282,471	4,860	0	282,471
	(356,986)	0	(356,986)	693,797	847,086	(1,204,072)
Fund Balance, June 30, 2011	\$ 19,142	(93,657)	(74,515)	698,657	847,086	(921,601)

Exhibit J-10

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Obion County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2010	Encumbrances 6/30/2011			Original	Final	
<u>Revenues</u>								
Charges for Current Services	\$ 659,556	\$ 0	\$ 0	\$ 659,556	\$ 747,826	\$ 747,826	\$ (88,270)	
Other Local Revenues	5,075	0	0	5,075	3,000	3,000	2,075	
State of Tennessee	21,333	0	0	21,333	22,000	22,000	(667)	
Federal Government	1,464,535	0	0	1,464,535	1,271,334	1,406,592	57,943	
Total Revenues	\$ 2,150,499	\$ 0	\$ 0	\$ 2,150,499	\$ 2,044,160	\$ 2,179,418	\$ (28,919)	
<u>Expenditures</u>								
<u>Operation of Non-Instructional Services</u>								
Food Service	\$ 2,185,925	\$ (17,015)	\$ 22,237	\$ 2,191,147	\$ 2,093,908	\$ 2,229,166	\$ 38,019	
Total Expenditures	\$ 2,185,925	\$ (17,015)	\$ 22,237	\$ 2,191,147	\$ 2,093,908	\$ 2,229,166	\$ 38,019	
Excess (Deficiency) of Revenues Over Expenditures	\$ (35,426)	\$ 17,015	\$ (22,237)	\$ (40,648)	\$ (49,748)	\$ (49,748)	\$ 9,100	
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (35,426)	\$ 17,015	\$ (22,237)	\$ (40,648)	\$ (49,748)	\$ (49,748)	\$ 9,100	
Fund Balance, June 30, 2011	\$ 683,051	\$ (17,015)	\$ 0	\$ 666,036	\$ 666,999	\$ 666,999	\$ (963)	
	\$ 647,625	\$ 0	\$ (22,237)	\$ 625,388	\$ 617,251	\$ 617,251	\$ 8,137	

MISCELLANEOUS SCHEDULES

Exhibit K-1

Obion County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Obion County School Department
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
School Improvement, Series 2007	\$ 1,000,000	4.04 %	2-2-07	2-2-19	\$ 750,001	0 \$	83,333 \$	666,668
Law Enforcement Equipment and Health Department Roof	191,340	5	6-28-11	6-29-11	0	191,340	191,340	0
Total Notes Payable					\$ 750,001	191,340 \$	274,673 \$	666,668
<u>OTHER LOANS PAYABLE</u>								
Payable through General Debt Service Fund								
School Construction/Renovation	17,000,000	Variable	8-25-04	5-25-22	\$ 7,313,000	0 \$	501,000 \$	6,812,000
Total Other Loans Payable					\$ 7,313,000	0 \$	501,000 \$	6,812,000
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
Rural School Refunding Bonds, Series 2007	8,050,000	3.5 to 4.25	12-20-07	5-1-31	\$ 8,030,000	0 \$	10,000 \$	8,020,000
Total Bonds Payable					\$ 8,030,000	0 \$	10,000 \$	8,020,000
<u>DISCRETELY PRESENTED OBION COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund								
Career Technology Centers	2,500,000	Variable	6-1-10	6-1-20	\$ 2,500,000	0 \$	458,334 \$	2,041,666
Total Notes Payable					\$ 2,500,000	0 \$	458,334 \$	2,041,666

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
2012	\$ 83,333	\$ 27,307	\$ 110,640
2013	83,333	23,960	107,293
2014	83,333	20,481	103,814
2015	83,333	17,067	100,400
2016	83,333	13,654	96,987
2017	83,333	10,268	93,601
2018	83,333	6,827	90,160
2019	83,337	3,414	86,751
Total	\$ 666,668	\$ 122,978	\$ 789,646

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 518,000	\$ 18,392	\$ 30,492	\$ 566,884
2013	536,000	16,994	29,288	582,282
2014	555,000	15,547	25,968	596,515
2015	575,000	14,048	23,585	612,633
2016	595,000	12,495	21,117	628,612
2017	616,000	10,889	18,564	645,453
2018	637,000	9,226	15,920	662,146
2019	660,000	7,506	13,185	680,691
2020	683,000	5,724	10,353	699,077
2021	706,000	3,880	7,421	717,301
2022	731,000	1,974	6,591	739,565
Total	\$ 6,812,000	\$ 116,675	\$ 202,484	\$ 7,131,159

(Continued)

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2012	\$ 15,000	\$ 330,563	\$ 345,563
2013	15,000	330,038	345,038
2014	15,000	329,513	344,513
2015	15,000	328,988	343,988
2016	15,000	328,388	343,388
2017	15,000	327,788	342,788
2018	15,000	327,188	342,188
2019	15,000	326,588	341,588
2020	15,000	325,988	340,988
2021	15,000	325,388	340,388
2022	15,000	324,788	339,788
2023	770,000	324,188	1,094,188
2024	790,000	293,388	1,083,388
2025	815,000	261,788	1,076,788
2026	845,000	228,780	1,073,780
2027	870,000	194,558	1,064,558
2028	900,000	158,888	1,058,888
2029	925,000	121,763	1,046,763
2030	955,000	82,450	1,037,450
2031	985,000	41,863	1,026,863
Total	\$ 8,020,000	\$ 5,312,884	\$ 13,332,884

(Continued)

Exhibit K-2

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

DISCRETELY PRESENTED OBION
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
2012	\$ 250,000	\$ 61,250	\$ 311,250
2013	250,000	53,750	303,750
2014	250,000	46,250	296,250
2015	250,000	38,750	288,750
2016	250,000	31,250	281,250
2017	250,000	23,750	273,750
2018	250,000	16,250	266,250
2019	250,000	8,750	258,750
2020	41,666	1,250	42,916
Total	\$ 2,041,666	\$ 281,250	\$ 2,322,916

Exhibit K-3

Obion County, Tennessee
Schedule of Investments
June 30, 2011

<u>Fund and Type</u>	<u>Amount</u>
<u>Fiduciary Fund</u>	
<u>Indigent Care Trust Fund</u>	
U. S. Treasury Money Market	\$ 19,910
Federal Farm Credit Bank	1,423,920
Federal Home Loan Bank	1,820,184
Federal Home Loan Mortgage Corp.	<u>629,694</u>
Total Investments	<u>\$ 3,893,708</u>

Exhibit K-4

Obion County, Tennessee
Schedule of Notes Receivable
June 30, 2011

Description	Debtor	Original Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-11
<u>General Fund</u>						
Industrial Facilities - Tyson Foods, Inc.	Industrial Development Board of Union City	\$ 3,500,000	4-15-1997	1-1-15	9.395%	\$ 1,029,563
Industrial Facilities - Spec Building	"	3,000,000	9-21-07	3-12-12	Variable	3,000,000
Career Technology Center	Obion County School Department	2,500,000	6-1-10	6-1-22	Variable	2,041,666
Total General Fund						<u>\$ 6,071,229</u>
<u>Constitutional Officers - Agency Fund</u>						
<u>Clerk and Master</u>						
Ellen Wade Wiley Scholarship Loan Notes	Various Students	Various	Various	Various	0	\$ 188,848
Total Constitutional Officers - Agency Fund						<u>\$ 188,848</u>
Total Notes Receivable						<u>\$ 6,260,077</u>

Exhibit K-5

Obion County, Tennessee
Schedule of Transfers
Discretely Presented Obion County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 51,573
School Federal Projects	General Purpose School	Early intervening services	128,592
Total Transfers			<u>\$ 180,165</u>

Obion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Obion County School Department
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,322	\$ 50,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, TCA	68,127	100,000	Travelers Casualty and Surety Company of America
Director of Schools	State Board of Education and County Board of Education	105,740 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	61,751	1,092,200	RLI Insurance Company
Assessor of Property:				
Kathy Robertson (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,291	10,000	"
Judy Smith (9-1-10 through 6-30-11)	Section 8-24-102, TCA	51,460	10,000	"
County Clerk	Section 8-24-102, TCA	61,751	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	61,751	70,000	Travelers Casualty and Surety Company of America
Register	Section 8-24-102, TCA	61,751	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	67,927 (2)	25,000	"
Employee Bonds:				
General County Employees (including Highway Superintendent's Office)			150,000	Tennessee Risk Management Trust
Director of School's Office			150,000	"

- (1) Includes a chief executive officer training supplement of \$1,000. Does not include amounts the Board of Education pays for a travel allowance of \$400 per month, 100 percent of the premiums for family health, dental, and vision insurance (\$15,770), and the director's five percent share of retirement (\$5,402).
- (2) Does not include a law enforcement training supplement of \$600.

Obion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2011

	Special Revenue Funds							Total
	General	Solid			Highway /		Debt Service Fund	
		Waste / Sanitation	Drug Control	Public Works	General	Debt Service		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,241,894	\$ 0	\$ 0	\$ 347,739	\$ 1,452,098	\$ 3,041,731		
Trustee's Collections - Prior Year	36,343	0	0	13,560	48,378	98,281		
Circuit/Clerk & Master Collections - Prior Years	13,067	0	0	4,154	25,509	42,730		
Interest and Penalty	7,449	0	0	2,563	10,008	20,020		
Payments in-Lieu-of Taxes - T.V.A.	139	0	0	0	0	139		
Payments in-Lieu-of Taxes - Local Utilities	1,660	0	0	465	2,989	5,114		
Payments in-Lieu-of Taxes - Other	54,676	0	0	15,338	94,180	164,194		
<u>County Local Option Taxes</u>								
Local Option Sales Tax	436,505	0	0	0	0	436,505		
Hotel/Motel Tax	19,207	0	0	0	0	19,207		
Wheel Tax	0	0	0	1,096,661	0	1,096,661		
Litigation Tax - General	95,139	0	0	0	0	95,139		
Litigation Tax - Special Purpose	6,211	0	0	0	0	6,211		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	32,692	32,692		
Litigation Tax - Courtroom Security	59,455	0	0	0	0	59,455		
Business Tax	219,940	0	0	6,902	51,497	278,339		
Mineral Severance Tax	0	0	0	25,945	0	25,945		
<u>Statutory Local Taxes</u>								
Bank Excise Tax	1,158	0	0	324	2,085	3,567		
Wholesale Beer Tax	38,085	0	0	0	0	38,085		
Interstate Telecommunications Tax	1,151	0	0	0	0	1,151		
Total Local Taxes	\$ 2,232,079	\$ 0	\$ 0	\$ 1,513,651	\$ 1,719,436	\$ 5,465,166		
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 17,352	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,352		
<u>Permits</u>								
Beer Permits	1,599	0	0	0	0	1,599		
Total Licenses and Permits	\$ 18,951	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,951		

(Continued)

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

	General	Special Revenue Funds					Highway / Public Works	Debt Service Fund		Total
		Solid Waste / Sanitation	Drug Control	0 \$	0 \$	0 \$		General	Debt Service	
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 2,248	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,248	
Officers Costs	3,347	0	0	0	0	0	0	0	3,347	
Drug Control Fines	1,815	0	1,815	0	0	0	0	0	3,630	
Drug Court Fees	1,080	0	0	0	0	0	0	0	1,080	
Jail Fees	1,549	0	0	0	0	0	0	0	1,549	
DUI Treatment Fines	618	0	0	0	0	0	0	0	618	
Data Entry Fee - Circuit Court	882	0	0	0	0	0	0	0	882	
Courtroom Security Fee	10	0	0	0	0	0	0	0	10	
<u>General Sessions Court</u>										
Fines	15,008	0	0	0	0	0	0	0	15,008	
Officers Costs	13,001	0	0	0	0	0	0	0	13,001	
Drug Control Fines	713	0	712	0	0	0	0	0	1,425	
Drug Court Fees	4,943	0	0	0	0	0	0	0	4,943	
Jail Fees	20,621	0	0	0	0	0	0	0	20,621	
DUI Treatment Fines	4,542	0	0	0	0	0	0	0	4,542	
Data Entry Fee - General Sessions Court	6,264	0	0	0	0	0	0	0	6,264	
Courtroom Security Fee	310	0	0	0	0	0	0	0	310	
<u>Juvenile Court</u>										
Fines	400	0	0	0	0	0	0	0	400	
Officers Costs	566	0	0	0	0	0	0	0	566	
<u>Chancery Court</u>										
Officers Costs	5,709	0	0	0	0	0	0	0	5,709	
Data Entry Fee - Chancery Court	2,235	0	0	0	0	0	0	0	2,235	
Courtroom Security Fee	2	0	0	0	0	0	0	0	2	
<u>Judicial District Drug Program</u>										
Drug Task Force Forfeitures and Seizures	0	0	1,000	0	0	0	0	0	1,000	
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	0	0	28,159	0	0	0	0	0	28,159	
Total Fines, Forfeitures, and Penalties	\$ 85,863	\$ 0	\$ 31,686	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 117,549	

(Continued)

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation		Drug Control	Highway / Public Works		Debt Service Fund	
		General	Waste / Sanitation		Highway / Public Works	Debt Service		
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Solid Waste Disposal Fees	\$ 0	\$ 2,980	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,980	
Work Release Charges for Board	3,332	0	0	0	0	0	3,332	
Other General Service Charges	33,525	0	0	0	0	0	33,525	
<u>Fees</u>								
Copy Fees	228	0	0	0	0	0	228	
Archives and Records Management Fee - County Clerk	22,518	0	0	0	0	0	22,518	
Telephone Commissions	4,591	0	0	0	0	0	4,591	
Vending Machine Collections	216	0	0	358	0	0	574	
Data Processing Fee - Registrar	9,224	0	0	0	0	0	9,224	
Data Processing Fee - Sheriff	1,864	0	0	0	0	0	1,864	
Sexual Offender Registration Fees - Sheriff	3,200	0	0	0	0	0	3,200	
Data Processing Fee - County Clerk	2,510	0	0	0	0	0	2,510	
Total Charges for Current Services	\$ 81,208	\$ 2,980	\$ 0	\$ 358	\$ 0	\$ 0	\$ 84,546	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 500,065	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,065	
Lease/Rentals	4,193	0	0	0	0	57,570	61,763	
Sale of Materials and Supplies	506	0	0	13,103	0	0	13,609	
Commissary Sales	66,686	0	0	0	0	0	66,686	
Sale of Maps	517	0	0	0	0	0	517	
Sale of Recycled Materials	0	37,676	0	0	0	0	37,676	
Miscellaneous Refunds	7,540	42	15,088	30,955	0	0	53,625	
<u>Nonrecurring Items</u>								
Sale of Property	48,474	0	0	0	0	0	48,474	
Contributions and Gifts	0	65	500	0	0	0	565	
<u>Other Local Revenues</u>								
Other Local Revenues	1	0	0	0	0	0	1	
Total Other Local Revenues	\$ 627,982	\$ 37,783	\$ 15,588	\$ 44,058	\$ 0	\$ 57,570	\$ 782,981	

(Continued)

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

	General	Special Revenue Funds					Debt Service Fund		Total
		Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund				
					General	Debt Service			
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$ 350,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 350,950	
Circuit Court Clerk	79,931	0	0	0	0	0	0	79,931	
General Sessions Court Clerk	190,866	0	0	0	0	0	0	190,866	
Clerk and Master	139,115	0	0	0	0	0	0	139,115	
Juvenile Court Clerk	19,590	0	0	0	0	0	0	19,590	
Register	108,248	0	0	0	0	0	0	108,248	
Sheriff	18,080	0	0	0	0	0	0	18,080	
Trustee	386,645	0	0	0	0	0	0	386,645	
Total Fees Received from County Officials	\$ 1,293,425	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,293,425	

<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Solid Waste Grants	0	27,635	0	0	0	0	0	27,635
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	13,200	0	0	0	0	0	0	13,200
Drug Control Grants	50,000	0	0	0	0	0	0	50,000
<u>Health and Welfare Grants</u>								
Health Department Programs	84,798	0	0	0	0	0	0	84,798
Other Health and Welfare Grants	265,399	0	0	0	0	0	0	265,399
<u>Public Works Grants</u>								
Bridge Program	0	0	0	16,549	0	0	0	16,549
Litter Program	26,875	0	0	0	0	0	0	26,875
Tennessee Industrial Infrastructure Program	192,612	0	0	0	0	0	0	192,612
<u>Other State Revenues</u>								
Income Tax	49,703	0	0	0	0	0	0	49,703
Beer Tax	18,724	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	73,023	0	0	0	0	0	0	73,023
Mixed Drink Tax	2,288	0	0	0	0	0	0	2,288
State Revenue Sharing - T.V.A.	281,502	0	0	0	0	0	0	281,502

(Continued)

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Contracted Prisoner Boarding	\$ 452,655	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 452,655
Gasoline and Motor Fuel Tax	0	0	0	1,858,431	0	0	1,858,431
Petroleum Special Tax	0	0	0	26,061	0	0	26,061
Registrar's Salary Supplement	15,164	0	0	0	0	0	15,164
Other State Revenues	750	0	0	0	0	0	750
Total State of Tennessee	\$ 1,535,693	\$ 27,635	\$ 0	\$ 1,901,041	\$ 0	\$ 0	\$ 3,464,369
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 28,884	\$ 0	\$ 0	\$ 278,237	\$ 0	\$ 0	\$ 307,121
Homeland Security Grants	43,789	0	0	0	0	0	43,789
Law Enforcement Grants	21,473	0	0	0	0	0	21,473
Other Federal through State	5,000	0	0	0	0	0	5,000
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	6,000	0	0	0	0	0	6,000
Total Federal Government	\$ 105,146	\$ 0	\$ 0	\$ 278,237	\$ 0	\$ 0	\$ 383,383
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 826,559	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 826,559
Contracted Services	151,850	85,000	0	0	0	0	236,850
Other	44,980	0	0	0	0	0	44,980
Total Other Governments and Citizens Groups	\$ 1,023,389	\$ 85,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,108,389
Total	\$ 7,003,736	\$ 153,398	\$ 47,274	\$ 3,737,345	\$ 1,777,006	\$ 12,718,759	

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,260,370	\$ 0	\$ 0	\$ 4,260,370
Trustee's Collections - Prior Year	126,368	0	0	126,368
Circuit/Clerk & Master Collections - Prior Years	47,590	0	0	47,590
Interest and Penalty	26,972	0	0	26,972
Payments in-Lieu-of Taxes - Local Utilities	5,696	0	0	5,696
Payments in-Lieu-of Taxes - Other	187,727	0	0	187,727
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,206,196	0	0	3,206,196
Business Tax	101,702	0	0	101,702
<u>Statutory Local Taxes</u>				
Bank Excise Tax	3,973	0	0	3,973
Interstate Telecommunications Tax	1,594	0	0	1,594
Total Local Taxes	\$ 7,968,188	\$ 0	\$ 0	\$ 7,968,188
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,871	\$ 0	\$ 0	\$ 1,871
Total Licenses and Permits	\$ 1,871	\$ 0	\$ 0	\$ 1,871
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 121	\$ 0	\$ 0	\$ 121
<u>Education Charges</u>				
Tuition - Out-of-State Systems	1,748	0	0	1,748
Lunch Payments - Children	0	0	382,016	382,016
Lunch Payments - Adults	0	0	92,762	92,762
A la carte Sales	0	0	175,608	175,608
Transportation - Other State Systems	10,800	0	0	10,800
Receipts from Individual Schools	34,638	0	9,170	43,808
Community Service Fees - Children	160,440	0	0	160,440
TBI Criminal Background Fees	2,640	0	0	2,640
Total Charges for Current Services	\$ 210,387	\$ 0	\$ 659,556	\$ 869,943
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 4,850	\$ 4,850
Lease/Rentals	1	0	0	1
Sale of Materials and Supplies	3,291	0	0	3,291
Refund of Telecommunication & Internet Fees (E-Rate)	47,187	0	0	47,187
Miscellaneous Refunds	5,289	0	225	5,514
<u>Nonrecurring Items</u>				
Sale of Equipment	4,382	0	0	4,382
Damages Recovered from Individuals	1,089	0	0	1,089
Contributions and Gifts	61,918	0	0	61,918
<u>Other Local Revenues</u>				
Other Local Revenues	900	0	0	900
Total Other Local Revenues	\$ 124,057	\$ 0	\$ 5,075	\$ 129,132

(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	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 192,302	\$ 0	\$ 0	\$ 192,302
<u>State Education Funds</u>				
Basic Education Program	15,032,715	0	0	15,032,715
Basic Education Program - ARRA	1,685,286	0	0	1,685,286
Early Childhood Education	644,599	0	0	644,599
School Food Service	0	0	21,333	21,333
Energy Efficient School Initiative	76,050	0	0	76,050
Driver Education	11,645	0	0	11,645
Other State Education Funds	55,994	0	0	55,994
Coordinated School Health - ARRA	128,319	0	0	128,319
Internet Connectivity - ARRA	11,516	0	0	11,516
Statewide Student Management System (SSMS) - ARRA	9,685	0	0	9,685
Career Ladder Program	187,337	0	0	187,337
Career Ladder - Extended Contract - ARRA	133,695	0	0	133,695
<u>Other State Revenues</u>				
Mixed Drink Tax	1,687	0	0	1,687
State Revenue Sharing - T.V.A.	450,000	0	0	450,000
Safe Schools - ARRA	32,300	0	0	32,300
Total State of Tennessee	\$ 18,653,130	\$ 0	\$ 21,333	\$ 18,674,463
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 847,262	\$ 847,262
USDA - Commodities	0	0	135,258	135,258
Breakfast	0	0	459,618	459,618
USDA - Other	0	0	22,397	22,397
Adult Education State Grant Program	98,811	0	0	98,811
Vocational Education - Basic Grants to States	0	47,747	0	47,747
Title I Grants to Local Education Agencies	0	688,580	0	688,580
Special Education - Grants to States	82,661	1,501,407	0	1,584,068
Special Education Preschool Grants	0	68,380	0	68,380
English Language Acquisition Grants	0	18,722	0	18,722
Safe and Drug-free Schools - State Grants	0	148,673	0	148,673
Education for Homeless Children and Youth	0	540	0	540
Eisenhower Professional Development State Grants	0	149,720	0	149,720
Race to the Top - ARRA	0	177,897	0	177,897
Other Federal through State	94,431	894,891	0	989,322
Total Federal Government	\$ 275,903	\$ 3,696,557	\$ 1,464,535	\$ 5,436,995
Total	\$ 27,233,536	\$ 3,696,557	\$ 2,150,499	\$ 33,080,592

Exhibit K-9

Obion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 39,615	
Audit Services	13,007	
Dues and Memberships	2,392	
Legal Services	12,000	
Legal Notices, Recording, and Court Costs	528	
Postal Charges	305	
Printing, Stationery, and Forms	962	
Travel	11,911	
Office Supplies	211	
Total County Commission		\$ 80,931

Board of Equalization

Board and Committee Members Fees	\$ 840	
Legal Notices, Recording, and Court Costs	66	
Travel	188	
Total Board of Equalization		1,094

Beer Board

Board and Committee Members Fees	\$ 800	
Legal Notices, Recording, and Court Costs	107	
Total Beer Board		907

Budget and Finance Committee

Board and Committee Members Fees	\$ 10,308	
Accounting Services	1,250	
Travel	736	
Total Budget and Finance Committee		12,294

Other Boards and Committees

Board and Committee Members Fees	\$ 1,400	
Travel	30	
Total Other Boards and Committees		1,430

County Mayor/Executive

County Official/Administrative Officer	\$ 71,322
Assistant(s)	98,464
Bonus Payments	500
Other Salaries and Wages	1,500
Handling Charges and Administrative Costs	30
Dues and Memberships	1,535

(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.)

Freight Expenses	\$	81	
Legal Notices, Recording, and Court Costs		55	
Maintenance Agreements		7,080	
Maintenance and Repair Services - Office Equipment		375	
Postal Charges		2,232	
Printing, Stationery, and Forms		1,015	
Travel		4,989	
Data Processing Supplies		2,257	
Duplicating Supplies		534	
Office Supplies		883	
Premiums on Corporate Surety Bonds		250	
Data Processing Equipment		1,545	
Furniture and Fixtures		384	
Total County Mayor/Executive	\$		195,031

Election Commission

County Official/Administrative Officer	\$	55,576
Deputy(ies)		42,786
Bonus Payments		400
Election Commission		1,385
Election Workers		21,781
Communication		1,179
Data Processing Services		329
Dues and Memberships		200
Freight Expenses		468
Janitorial Services		2,100
Legal Notices, Recording, and Court Costs		4,735
Maintenance Agreements		10,586
Maintenance and Repair Services - Buildings		348
Maintenance and Repair Services - Equipment		354
Pest Control		260
Postal Charges		3,936
Printing, Stationery, and Forms		6,058
Rentals		613
Travel		3,725
Other Contracted Services		6,925
Custodial Supplies		359
Data Processing Supplies		10,699
Duplicating Supplies		50
Office Supplies		617

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Periodicals	\$	110	
Utilities		4,719	
Vehicle and Equipment Insurance		400	
Data Processing Equipment		611	
Office Equipment		517	
Total Election Commission			\$ 181,826

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		49,948	
Bonus Payments		400	
Dues and Memberships		622	
Freight Expenses		219	
Maintenance Agreements		15,567	
Postal Charges		756	
Printing, Stationery, and Forms		3,030	
Data Processing Supplies		348	
Duplicating Supplies		275	
Office Supplies		142	
Premiums on Corporate Surety Bonds		125	
Total Register of Deeds			133,183

County Buildings

Custodial Personnel	\$	41,093	
Bonus Payments		400	
Communication		9,726	
Data Processing Services		1,064	
Freight Expenses		390	
Licenses		215	
Maintenance and Repair Services - Buildings		7,308	
Maintenance and Repair Services - Equipment		55	
Pest Control		562	
Other Contracted Services		13,499	
Custodial Supplies		8,174	
Drugs and Medical Supplies		894	
Food Supplies		472	
Utilities		35,855	
Premiums on Corporate Surety Bonds		746	
Building Improvements		643	
Furniture and Fixtures		270	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Heating and Air Conditioning Equipment	\$ 4,500	
Total County Buildings		\$ 125,866

Preservation of Records

Maintenance and Repair Services - Records	\$ 32,859	
Total Preservation of Records		32,859

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 61,751	
Deputy(ies)	71,547	
Bonus Payments	400	
Audit Services	21,675	
Data Processing Services	10,998	
Dues and Memberships	1,295	
Postal Charges	1,032	
Printing, Stationery, and Forms	574	
Travel	1,460	
Other Contracted Services	11,050	
Data Processing Supplies	1,369	
Duplicating Supplies	230	
Office Supplies	187	
Total Property Assessor's Office		183,568

Reappraisal Program

Other Salaries and Wages	\$ 930	
In-Service Training	750	
Contracts with Government Agencies	768	
Data Processing Services	6,746	
Other Contracted Services	2,000	
Total Reappraisal Program		11,194

County Trustee's Office

County Official/Administrative Officer	\$ 61,751
Deputy(ies)	57,046
Part-time Personnel	1,430
Bonus Payments	400
Dues and Memberships	225
Legal Notices, Recording, and Court Costs	282
Maintenance Agreements	4,200

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Postal Charges	\$	5,957	
Printing, Stationery, and Forms		365	
Travel		12	
Data Processing Supplies		1,234	
Office Supplies		329	
Premiums on Corporate Surety Bonds		11,403	
Data Processing Equipment		11,089	
Total County Trustee's Office	\$		155,723

County Clerk's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		127,070	
Part-time Personnel		1,380	
Bonus Payments		800	
Bank Charges		30	
Dues and Memberships		632	
Freight Expenses		15	
Maintenance Agreements		14,798	
Maintenance and Repair Services - Equipment		23	
Postal Charges		6,213	
Printing, Stationery, and Forms		742	
Travel		3,262	
Data Processing Supplies		281	
Duplicating Supplies		605	
Office Supplies		934	
Premiums on Corporate Surety Bonds		450	
Other Charges		16	
Office Equipment		410	
Total County Clerk's Office			219,412

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751
Deputy(ies)		47,395
Bonus Payments		400
Board and Committee Members Fees		150
Jury and Witness Expense		10,417
Bank Charges		35
Dues and Memberships		482
Freight Expenses		141

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	164	
Maintenance Agreements		5,532	
Maintenance and Repair Services - Equipment		993	
Maintenance and Repair Services - Office Equipment		59	
Postal Charges		1,362	
Printing, Stationery, and Forms		1,226	
Travel		1,315	
Data Processing Supplies		1,258	
Duplicating Supplies		1,085	
Library Books/Media		253	
Office Supplies		669	
Premiums on Corporate Surety Bonds		250	
Other Charges		2,408	
Furniture and Fixtures		303	
Total Circuit Court	\$		137,648

General Sessions Court

Judge(s)	\$	97,014	
Deputy(ies)		101,635	
Bonus Payments		1,000	
Other Per Diem and Fees		7,200	
Dues and Memberships		180	
Freight Expenses		34	
Maintenance Agreements		3,392	
Postal Charges		1,333	
Printing, Stationery, and Forms		1,286	
Travel		1,843	
Data Processing Supplies		1,145	
Office Supplies		282	
Data Processing Equipment		1,900	
Furniture and Fixtures		317	
Total General Sessions Court			218,561

Chancery Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		55,452	
Part-time Personnel		4,157	
Bonus Payments		500	
Bank Charges		80	
Dues and Memberships		577	

(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.)

Freight Expenses	\$	74	
Maintenance Agreements		6,157	
Postal Charges		1,307	
Printing, Stationery, and Forms		956	
Travel		337	
Other Contracted Services		362	
Data Processing Supplies		272	
Duplicating Supplies		272	
Library Books/Media		104	
Office Supplies		433	
Premiums on Corporate Surety Bonds		400	
Furniture and Fixtures		2,054	
Total Chancery Court	\$		135,245

Juvenile Court

Judge(s)	\$	48,360	
Youth Service Officer(s)		76,278	
Bonus Payments		500	
Communication		239	
Contracts with Private Agencies		750	
Dues and Memberships		320	
Freight Expenses		75	
Maintenance and Repair Services - Equipment		166	
Maintenance and Repair Services - Office Equipment		407	
Postal Charges		545	
Travel		2,036	
Data Processing Supplies		422	
Drugs and Medical Supplies		175	
Duplicating Supplies		74	
Library Books/Media		184	
Office Supplies		66	
Furniture and Fixtures		577	
Total Juvenile Court			131,174

Juvenile Court Clerk

Deputy(ies)	\$	42,558	
Bonus Payments		400	
Freight Expenses		21	
Postal Charges		8	
Printing, Stationery, and Forms		570	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court Clerk (Cont.)

Office Supplies	\$ 170	
Total Juvenile Court Clerk		\$ 43,727

Courtroom Security

Guards	\$ 54,029	
Attendants	115,561	
Overtime Pay	1,779	
Bonus Payments	1,000	
In-Service Training	1,200	
Maintenance and Repair Services - Equipment	95	
Furniture and Fixtures	190	
Total Courtroom Security		173,854

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 67,927
Dispatchers/Radio Operators	198,310
Clerical Personnel	82,008
School Resource Officer	74,820
Overtime Pay	30,303
Bonus Payments	6,200
Other Salaries and Wages	736,883
In-Service Training	13,208
Communication	6,755
Contracts with Private Agencies	4,448
Data Processing Services	2,269
Dues and Memberships	2,339
Evaluation and Testing	1,095
Freight Expenses	665
Legal Notices, Recording, and Court Costs	102
Maintenance Agreements	1,500
Maintenance and Repair Services - Equipment	773
Maintenance and Repair Services - Office Equipment	162
Maintenance and Repair Services - Vehicles	20,777
Postal Charges	4,416
Printing, Stationery, and Forms	1,116
Rentals	40,157
Travel	5,923
Custodial Supplies	3,526
Data Processing Supplies	3,083

(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.)

Duplicating Supplies	\$ 491	
Gasoline	109,773	
Office Supplies	2,163	
Uniforms	5,629	
Premiums on Corporate Surety Bonds	592	
Vehicle and Equipment Insurance	18,760	
Communication Equipment	133,606	
Data Processing Equipment	3,088	
Furniture and Fixtures	1,322	
Law Enforcement Equipment	9,428	
Motor Vehicles	66,146	
Total Sheriff's Department		\$ 1,659,763

Jail

Guards	\$ 638,110
Cafeteria Personnel	38,306
Maintenance Personnel	34,320
Part-time Personnel	9,584
Overtime Pay	6,527
Bonus Payments	5,500
Contracts with Government Agencies	2,680
Contracts with Other Public Agencies	5,147
Evaluation and Testing	146
Freight Expenses	2,328
Maintenance and Repair Services - Buildings	48,405
Maintenance and Repair Services - Equipment	12,088
Maintenance and Repair Services - Office Equipment	379
Maintenance and Repair Services - Vehicles	390
Medical and Dental Services	90,547
Pest Control	600
Postal Charges	308
Printing, Stationery, and Forms	1,583
Transportation - Other than Students	825
Travel	2,982
Custodial Supplies	25,059
Data Processing Supplies	3,409
Duplicating Supplies	464
Food Supplies	123,630
Gasoline	364
Office Supplies	944

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Prisoners Clothing	\$ 3,247	
Uniforms	4,670	
Utilities	126,589	
Other Supplies and Materials	11,157	
Building and Contents Insurance	13,706	
Communication Equipment	2,270	
Data Processing Equipment	298	
Food Service Equipment	1,912	
Furniture and Fixtures	4,484	
Law Enforcement Equipment	2,424	
Total Jail		\$ 1,225,382

Rural Fire Protection

Contributions	\$ 11,693	
Postal Charges	2,859	
Printing, Stationery, and Forms	543	
Data Processing Supplies	57	
Data Processing Equipment	750	
Total Rural Fire Protection		15,902

Rescue Squad

Contributions	\$ 7,500	
Total Rescue Squad		7,500

Other Emergency Management

Supervisor/Director	\$ 48,000	
Bonus Payments	200	
Data Processing Services	456	
Dues and Memberships	50	
Freight Expenses	47	
Travel	845	
Gasoline	1,222	
Office Supplies	378	
Uniforms	323	
Communication Equipment	190	
Other Equipment	1,086	
Total Other Emergency Management		52,797

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 4,875	
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(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 (Cont.)

Contracts with Government Agencies	\$ 11,350	
Transportation - Other than Students	3,500	
Total County Coroner/Medical Examiner		\$ 19,725

Public Safety Grant Programs

Law Enforcement Supplies	\$ 5,000	
Law Enforcement Equipment	16,473	
Other Equipment	34,619	
Total Public Safety Grant Programs		56,092

Other Public Safety

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

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 65,725
Bonus Payments	700
Social Security	5,021
State Retirement	3,826
Life Insurance	85
Medical Insurance	7,004
Unemployment Compensation	258
Communication	2,901
Dues and Memberships	200
Freight Expenses	95
Janitorial Services	11,695
Maintenance and Repair Services - Buildings	36,979
Maintenance and Repair Services - Equipment	1,355
Pest Control	312
Postal Charges	176
Travel	1,146
Other Contracted Services	2,170
Custodial Supplies	928
Duplicating Supplies	108
Food Supplies	115
Office Supplies	125
Periodicals	110
Utilities	13,552
Premiums on Corporate Surety Bonds	50

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Workers' Compensation Insurance	\$ 1,033	
Food Service Equipment	<u>797</u>	
Total Local Health Center		\$ 156,466

Alcohol and Drug Programs

Drug Treatment	<u>\$ 85,200</u>	
Total Alcohol and Drug Programs		85,200

Other Local Health Services

Contributions	\$ 4,000	
Other Contracted Services	<u>7,000</u>	
Total Other Local Health Services		11,000

Appropriation to State

Contracts with Government Agencies	<u>\$ 24,553</u>	
Total Appropriation to State		24,553

Sanitation Education/Information

Foremen	\$ 16,038	
Social Security	1,227	
Unemployment Compensation	86	
Advertising	8,500	
Maintenance and Repair Services - Vehicles	597	
Gasoline	75	
Other Supplies and Materials	1,699	
Workers' Compensation Insurance	<u>349</u>	
Total Sanitation Education/Information		28,571

Other Public Health and Welfare

Other Supplies and Materials	<u>\$ 3,907</u>	
Total Other Public Health and Welfare		3,907

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	<u>\$ 27,500</u>	
Total Senior Citizens Assistance		27,500

Libraries

Contributions	<u>\$ 334,487</u>	
Total Libraries		334,487

(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.)

Parks and Fair Boards

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

Other Social, Cultural, and Recreational

Contributions	\$ 7,500	
Matching Share	2,500	
Total Other Social, Cultural, and Recreational		10,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 62,440	
Temporary Personnel	570	
Social Security	4,776	
State Retirement	9,228	
Communication	2,830	
Data Processing Services	901	
Janitorial Services	2,100	
Maintenance Agreements	290	
Maintenance and Repair Services - Buildings	95	
Maintenance and Repair Services - Equipment	63	
Pest Control	1,848	
Other Contracted Services	5,000	
Custodial Supplies	203	
Office Supplies	300	
Utilities	4,944	
Office Equipment	1,295	
Total Agriculture Extension Service		96,883

Forest Service

Forest Resource Services	\$ 1,000	
Total Forest Service		1,000

Soil Conservation

Secretary(ies)	\$ 23,838	
Bonus Payments	200	
Contributions	800	
Total Soil Conservation		24,838

Flood Control

Contributions	\$ 25,112	
Total Flood Control		25,112

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations

Tourism

Dues and Memberships	\$ 1,000	
Remittance of Revenue Collected	18,195	
Total Tourism		\$ 19,195

Industrial Development

Contracts with Other Public Agencies	\$ 58,968	
Contributions	22,000	
Dues and Memberships	9,335	
Matching Share	1,400	
Total Industrial Development		91,703

Airport

Contributions	\$ 75,000	
Total Airport		75,000

Veterans' Services

Contributions	\$ 13,520	
Total Veterans' Services		13,520

Other Charges

Contracts with Government Agencies	\$ 250	
Dues and Memberships	626	
Legal Services	2,925	
Legal Notices, Recording, and Court Costs	3,217	
Maintenance Agreements	720	
Boiler Insurance	2,635	
Building and Contents Insurance	5,225	
Liability Insurance	69,900	
Trustee's Commission	48,612	
Total Other Charges		134,110

Contributions to Other Agencies

Contributions	\$ 500	
Dues and Memberships	1,674	
Total Contributions to Other Agencies		2,174

Employee Benefits

Social Security	\$ 274,341
State Retirement	219,281
Employee and Dependent Insurance	274,495

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Life Insurance	\$ 2,850	
Unemployment Compensation	7,790	
Workers' Compensation Insurance	34,008	
Total Employee Benefits		\$ 812,765

Miscellaneous

Other Salaries and Wages	\$ 21,942	
Total Miscellaneous		21,942

Instruction

Vocational Education Program

Contracts with Government Agencies	\$ 73,481	
Total Vocational Education Program		73,481

Capital Projects

Public Health and Welfare Projects

Fiscal Agent Charges	\$ 11,800	
Postal Charges	988	
Printing, Stationery, and Forms	516	
Other Charges	1,375	
Building Construction	432,711	
Total Public Health and Welfare Projects		447,390

Other General Government Projects

Engineering Services	\$ 25,286	
Fiscal Agent Charges	2,950	
Legal Services	44	
Other Charges	1,260	
Building Construction	232,676	
Total Other General Government Projects		262,216

Total General Fund \$ 8,004,701

Solid Waste/Sanitation Fund

Public Health and Welfare

Problem Waste Centers

Advertising	\$ 599	
Other Contracted Services	24,730	
Total Problem Waste Centers		\$ 25,329

(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

Supervisor/Director	\$	38,480	
Attendants		35,951	
Bonus Payments		600	
Board and Committee Members Fees		4,500	
Social Security		6,084	
State Retirement		2,436	
Life Insurance		30	
Unemployment Compensation		353	
Advertising		280	
Communication		1,203	
Data Processing Services		329	
Dues and Memberships		100	
Freight Expenses		451	
Maintenance and Repair Services - Buildings		708	
Maintenance and Repair Services - Equipment		433	
Maintenance and Repair Services - Office Equipment		100	
Maintenance and Repair Services - Vehicles		2,286	
Postal Charges		244	
Printing, Stationery, and Forms		50	
Travel		1,213	
Other Contracted Services		6,142	
Custodial Supplies		391	
Data Processing Supplies		346	
Diesel Fuel		3,265	
Equipment and Machinery Parts		84	
Food Supplies		177	
Gasoline		878	
Instructional Supplies and Materials		223	
Office Supplies		19	
Small Tools		161	
Uniforms		237	
Utilities		4,144	
Other Supplies and Materials		140	
Building and Contents Insurance		415	
Trustee's Commission		407	
Vehicle and Equipment Insurance		318	
Workers' Compensation Insurance		3,390	
Communication Equipment		31	
Solid Waste Equipment		1,558	
Total Recycling Center		<u>1,558</u>	\$ <u>118,157</u>

Total Solid Waste/Sanitation Fund

\$ 143,486

(Continued)

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

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	200	
Communication		363	
Confidential Drug Enforcement Payments		955	
Dues and Memberships		45	
Evaluation and Testing		220	
Freight Expenses		261	
Travel		497	
Veterinary Services		351	
Animal Food and Supplies		312	
Other Supplies and Materials		2,327	
Trustee's Commission		318	
Other Charges		9,079	
Communication Equipment		2,930	
Law Enforcement Equipment		5,620	
Total Drug Enforcement			\$ 23,478

Total Drug Control Fund \$ 23,478

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	68,127	
Secretary to Board		900	
Secretary(ies)		65,391	
Board and Committee Members Fees		9,550	
Communication		6,089	
Data Processing Services		4,327	
Dues and Memberships		3,023	
Maintenance and Repair Services - Office Equipment		900	
Postal Charges		550	
Printing, Stationery, and Forms		916	
Travel		2,031	
Electricity		13,716	
Natural Gas		2,428	
Office Supplies		2,006	
Water and Sewer		2,472	
Total Administration			\$ 182,426

Highway and Bridge Maintenance

Foremen	\$	185,214	
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(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators	\$ 241,586	
Truck Drivers	121,309	
Laborers	316,739	
Asphalt	831,734	
Asphalt - Cold Mix	309,177	
Concrete	58,124	
Crushed Stone	283,046	
General Construction Materials	13,131	
Pipe - Metal	65,981	
Road Signs	12,870	
Total Highway and Bridge Maintenance		\$ 2,438,911

Operation and Maintenance of Equipment

Mechanic(s)	\$ 67,756	
Janitorial Services	2,640	
Diesel Fuel	209,770	
Equipment and Machinery Parts	158,277	
Garage Supplies	12,572	
Gasoline	27,750	
Lubricants	9,973	
Small Tools	200	
Tires and Tubes	30,442	
Total Operation and Maintenance of Equipment		519,380

Other Charges

Building and Contents Insurance	\$ 5,510	
Liability Insurance	10,823	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	38,675	
Vehicle and Equipment Insurance	26,209	
Workers' Compensation Insurance	41,475	
Other Charges	10,709	
Total Other Charges		133,751

Employee Benefits

Social Security	\$ 78,691	
State Retirement	64,829	
Employee and Dependent Insurance	103,215	
Unemployment Compensation	982	
Total Employee Benefits		247,717

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Other Contracted Services	\$ 127,363	
Building Construction	2,130	
Communication Equipment	4,497	
Data Processing Equipment	982	
Highway Equipment	393,355	
Office Equipment	595	
State Aid Projects	101,151	
Total Capital Outlay		\$ 630,073

Total Highway/Public Works Fund \$ 4,152,258

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 191,340	
Total General Government		\$ 191,340

Education

Principal on Bonds	\$ 10,000	
Principal on Notes	83,333	
Principal on Other Loans	501,000	
Total Education		594,333

Interest on Debt

General Government

Interest on Notes	\$ 26	
Interest on Other Loans	26,558	
Total General Government		26,584

Education

Interest on Bonds	\$ 330,913	
Interest on Notes	30,721	
Interest on Other Loans	27,674	
Total Education		389,308

Other Debt Service

General Government

Contributions	\$ 12,812	
Trustee's Commission	32,832	
Other Debt Service	150	
Total General Government		45,794

(Continued)

Exhibit K-9

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Education

Other Debt Service

\$ 33,302

Total Education

\$ 33,302

Total General Debt Service Fund

\$ 1,280,661

Total Governmental Funds - Primary Government

\$ 13,604,584

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,307,017	
Career Ladder Program	89,997	
Career Ladder Extended Contracts	56,668	
Homebound Teachers	24,468	
Educational Assistants	206,462	
Certified Substitute Teachers	27,037	
Non-certified Substitute Teachers	131,546	
Social Security	513,181	
State Retirement	774,174	
Life Insurance	8,481	
Medical Insurance	1,232,304	
Unemployment Compensation	13,677	
Employer Medicare	121,256	
Operating Lease Payments	33,783	
Licenses	54,922	
Maintenance and Repair Services - Equipment	15,838	
Tuition	3,600	
Instructional Supplies and Materials	500,658	
Textbooks	298,854	
Regular Instruction Equipment	110,964	
Total Regular Instruction Program		\$ 12,524,887

Alternative Instruction Program

Teachers	\$ 46,570	
Career Ladder Program	1,000	
Educational Assistants	13,850	
Non-certified Substitute Teachers	1,018	
Social Security	3,573	
State Retirement	5,041	
Life Insurance	82	
Medical Insurance	8,795	
Unemployment Compensation	81	
Employer Medicare	835	
Drugs and Medical Supplies	600	
Instructional Supplies and Materials	331	
Total Alternative Instruction Program		81,776

Special Education Program

Teachers	\$ 1,027,888	
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(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	13,083	
Homebound Teachers		32,101	
Educational Assistants		81,138	
Speech Pathologist		122,745	
Certified Substitute Teachers		5,088	
Non-certified Substitute Teachers		15,728	
Social Security		77,155	
State Retirement		111,670	
Life Insurance		1,342	
Medical Insurance		163,265	
Unemployment Compensation		1,878	
Employer Medicare		18,132	
Total Special Education Program			\$ 1,671,213

Vocational Education Program

Teachers	\$	656,350	
Career Ladder Program		5,000	
Certified Substitute Teachers		1,350	
Non-certified Substitute Teachers		11,880	
Social Security		40,062	
State Retirement		59,855	
Life Insurance		643	
Medical Insurance		90,922	
Unemployment Compensation		952	
Employer Medicare		9,377	
Operating Lease Payments		2,020	
Maintenance and Repair Services - Equipment		571	
Instructional Supplies and Materials		31,677	
Textbooks		20,059	
Vocational Instruction Equipment		14,331	
Total Vocational Education Program			945,049

Student Body Education Program

Paraprofessionals	\$	47,499	
Social Security		2,945	
Unemployment Compensation		217	
Employer Medicare		689	
Travel		12,618	
Instructional Supplies and Materials		25,409	

(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.)

Student Body Education Program (Cont.)

Regular Instruction Equipment	\$ 24,211	
Total Student Body Education Program		\$ 113,588

Adult Education Program

Teachers	\$ 49,649	
Social Security	2,170	
State Retirement	674	
Unemployment Compensation	201	
Employer Medicare	720	
Instructional Supplies and Materials	3,538	
Total Adult Education Program		56,952

Support Services

Attendance

Data Processing Personnel	\$ 36,650	
Social Security	2,272	
State Retirement	2,320	
Life Insurance	41	
Unemployment Compensation	54	
Employer Medicare	531	
Communication	10,274	
Data Processing Services	1,990	
Maintenance Agreements	11,250	
Travel	47	
Instructional Supplies and Materials	267	
Office Supplies	3,122	
In Service/Staff Development	2,377	
Total Attendance		71,195

Health Services

Supervisor/Director	\$ 46,701
Medical Personnel	160,165
Clerical Personnel	16,210
Social Security	12,731
State Retirement	14,939
Life Insurance	309
Medical Insurance	18,056
Unemployment Compensation	412
Employer Medicare	2,977

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Communication	\$	659	
Contributions		100	
Dues and Memberships		320	
Medical and Dental Services		2,858	
Postal Charges		500	
Printing, Stationery, and Forms		1,462	
Travel		28	
Drugs and Medical Supplies		7,427	
Food Supplies		630	
Instructional Supplies and Materials		7,339	
Office Supplies		936	
Other Supplies and Materials		72	
In Service/Staff Development		1,486	
Other Charges		20	
Total Health Services			\$ 296,337

Other Student Support

Career Ladder Program	\$	8,515	
Guidance Personnel		383,463	
Secretary(ies)		14,732	
Social Security		24,075	
State Retirement		36,407	
Life Insurance		357	
Medical Insurance		49,173	
Unemployment Compensation		450	
Employer Medicare		5,631	
Evaluation and Testing		12,702	
Postal Charges		440	
Travel		233	
Instructional Supplies and Materials		1,898	
Office Supplies		1,024	
In Service/Staff Development		3,646	
Total Other Student Support			542,746

Regular Instruction Program

Supervisor/Director	\$	373,616
Career Ladder Program		11,500
Librarians		316,580
Secretary(ies)		25,788

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Educational Assistants	\$	27,268	
Other Salaries and Wages		19,093	
Social Security		44,370	
State Retirement		63,775	
Life Insurance		636	
Medical Insurance		85,332	
Unemployment Compensation		940	
Employer Medicare		10,378	
Consultants		5,200	
Evaluation and Testing		665	
Printing, Stationery, and Forms		12,722	
Travel		6,733	
Instructional Supplies and Materials		6,061	
Library Books/Media		37,242	
Office Supplies		1,699	
Periodicals		2,968	
In Service/Staff Development		54,446	
Total Regular Instruction Program			\$ 1,107,012

Alternative Instruction Program

In Service/Staff Development	\$	2,282	
Total Alternative Instruction Program			2,282

Special Education Program

Supervisor/Director	\$	64,014	
Career Ladder Program		1,000	
Social Security		3,756	
State Retirement		5,882	
Life Insurance		38	
Medical Insurance		8,130	
Unemployment Compensation		49	
Employer Medicare		879	
Travel		31,414	
Total Special Education Program			115,162

Vocational Education Program

Supervisor/Director	\$	67,020	
Career Ladder Program		917	
Social Security		4,209	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

State Retirement	\$	6,148	
Life Insurance		41	
Medical Insurance		5,477	
Unemployment Compensation		54	
Employer Medicare		984	
Travel		1,565	
Total Vocational Education Program			\$ 86,415

Adult Programs

Supervisor/Director	\$	52,097	
Social Security		3,155	
State Retirement		4,715	
Life Insurance		41	
Medical Insurance		5,591	
Unemployment Compensation		54	
Employer Medicare		738	
Advertising		1,233	
Communication		2,170	
Printing, Stationery, and Forms		66	
In Service/Staff Development		5,049	
Total Adult Programs			74,909

Other Programs

On-Behalf Payments to OPEB	\$	192,302	
Total Other Programs			192,302

Board of Education

Board and Committee Members Fees	\$	7,425	
Social Security		460	
Life Insurance		242	
Employer Medicare		108	
Advertising		3,646	
Audit Services		9,500	
Dues and Memberships		5,642	
Legal Services		542	
Legal Notices, Recording, and Court Costs		34	
Printing, Stationery, and Forms		294	
Rentals		88	
Travel		1,800	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Maintenance and Repair Services - Records	\$	2,500	
Liability Insurance		30,953	
Premiums on Corporate Surety Bonds		7,504	
Trustee's Commission		176,981	
Workers' Compensation Insurance		148,358	
In Service/Staff Development		5,481	
Criminal Investigation of Applicants - TBI		5,536	
Refund to Applicant for Criminal Investigation		1,344	
Other Charges		15,438	
Total Board of Education			\$ 423,876

Director of Schools

County Official/Administrative Officer	\$	104,740	
Career Ladder Program		1,000	
Secretary(ies)		28,714	
Social Security		8,414	
State Retirement		17,287	
Life Insurance		82	
Medical Insurance		17,733	
Dental Insurance		1,319	
Unemployment Compensation		97	
Employer Medicare		1,997	
Other Fringe Benefits		299	
Communication		8,007	
Dues and Memberships		1,940	
Operating Lease Payments		2,394	
Maintenance and Repair Services - Equipment		2,041	
Postal Charges		5,220	
Travel		4,800	
Office Supplies		1,548	
In Service/Staff Development		3,104	
Other Charges		66	
Total Director of Schools			210,802

Office of the Principal

Principals	\$	461,410	
Career Ladder Program		12,000	
Accountants/Bookkeepers		175,741	
Assistant Principals		177,550	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Secretary(ies)	\$	147,961	
Social Security		59,000	
State Retirement		77,876	
Life Insurance		1,012	
Medical Insurance		61,892	
Unemployment Compensation		948	
Employer Medicare		13,799	
Communication		39,765	
Dues and Memberships		3,850	
Licenses		1,888	
Maintenance Agreements		4,345	
Travel		3,965	
Office Supplies		934	
In Service/Staff Development		3,532	
Administration Equipment		641	
Total Office of the Principal			\$ 1,248,109

Fiscal Services

Supervisor/Director	\$	49,497	
Accountants/Bookkeepers		77,000	
Social Security		7,641	
State Retirement		8,007	
Life Insurance		143	
Medical Insurance		3,581	
Unemployment Compensation		169	
Employer Medicare		1,787	
Maintenance Agreements		8,220	
Maintenance and Repair Services - Equipment		663	
Office Supplies		5,190	
In Service/Staff Development		3,471	
Total Fiscal Services			165,369

Operation of Plant

Custodial Personnel	\$	700,493	
Social Security		41,253	
State Retirement		38,293	
Life Insurance		1,535	
Medical Insurance		47,556	
Unemployment Compensation		2,431	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Employer Medicare	\$	9,648	
Laundry Service		232	
Maintenance and Repair Services - Buildings		8,400	
Maintenance and Repair Services - Equipment		2,632	
Pest Control		6,225	
Custodial Supplies		82,673	
Electricity		906,303	
Natural Gas		231,662	
Small Tools		3,229	
Water and Sewer		125,860	
Boiler Insurance		6,003	
Building and Contents Insurance		109,372	
Plant Operation Equipment		1,360	
Total Operation of Plant			\$ 2,325,160

Maintenance of Plant

Supervisor/Director	\$	54,280
Secretary(ies)		24,890
Maintenance Personnel		281,634
Social Security		21,720
State Retirement		22,290
Life Insurance		400
Medical Insurance		12,592
Unemployment Compensation		678
Employer Medicare		5,080
Communication		4,701
Maintenance Agreements		2,778
Maintenance and Repair Services - Buildings		138,919
Maintenance and Repair Services - Equipment		7,708
Postal Charges		22
Permits		2,720
Other Contracted Services		50
Drugs and Medical Supplies		50
Equipment and Machinery Parts		11
Fertilizer, Lime, and Seed		2,182
Office Supplies		1,054
Propane Gas		60
Small Tools		1,492
Gravel and Chert		454

(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.)

Chemicals	\$	1,180	
Maintenance Equipment		43,782	
Total Maintenance of Plant			\$ 630,727

Transportation

Supervisor/Director	\$	61,550	
Mechanic(s)		144,808	
Bus Drivers		518,692	
Secretary(ies)		31,316	
Social Security		44,242	
State Retirement		46,790	
Life Insurance		1,602	
Medical Insurance		39,306	
Unemployment Compensation		1,773	
Employer Medicare		10,347	
Communication		4,329	
Laundry Service		903	
Licenses		227	
Maintenance and Repair Services - Equipment		3,726	
Maintenance and Repair Services - Vehicles		15,039	
Medical and Dental Services		5,490	
Travel		15	
Diesel Fuel		232,339	
Drugs and Medical Supplies		49	
Garage Supplies		1,991	
Gasoline		42,682	
Lubricants		8,947	
Office Supplies		773	
Small Tools		828	
Tires and Tubes		29,437	
Vehicle Parts		45,776	
Other Supplies and Materials		23	
Vehicle and Equipment Insurance		33,768	
In Service/Staff Development		2,630	
Transportation Equipment		255,488	
Total Transportation			1,584,886

Central and Other

Supervisor/Director	\$	51,400	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Part-time Personnel	\$	12,520	
Other Salaries and Wages		17,600	
Social Security		4,950	
State Retirement		3,842	
Life Insurance		41	
Unemployment Compensation		164	
Employer Medicare		1,158	
Communication		872	
Data Processing Services		65,520	
Dues and Memberships		30	
Data Processing Supplies		370	
In Service/Staff Development		1,399	
Data Processing Equipment		4,937	
Total Central and Other			\$ 164,803

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	52,767	
Other Salaries and Wages		74,750	
Social Security		6,646	
State Retirement		6,563	
Unemployment Compensation		216	
Employer Medicare		1,784	
Postal Charges		88	
Printing, Stationery, and Forms		62	
Food Supplies		918	
Instructional Supplies and Materials		11,415	
Other Supplies and Materials		368	
In Service/Staff Development		986	
Other Charges		45	
Other Equipment		748	
Total Community Services			157,356

Early Childhood Education

Supervisor/Director	\$	5,995
Teachers		188,434
Educational Assistants		73,667
Social Security		15,193
State Retirement		21,486

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Life Insurance	\$	411	
Medical Insurance		50,562	
Unemployment Compensation		401	
Employer Medicare		3,554	
Advertising		1,084	
Dues and Memberships		719	
Food Supplies		1,520	
Instructional Supplies and Materials		54,503	
Other Supplies and Materials		148	
In Service/Staff Development		3,761	
Other Equipment		31,043	
Total Early Childhood Education			\$ 452,481

Capital Outlay

Regular Capital Outlay

Building Construction	\$	3,277,348	
Building Improvements		398,653	
Land		55,750	
Site Development		9,612	
Total Regular Capital Outlay			3,741,363

Principal on Debt

Education

Principal on Other Loans	\$	458,334	
Total Education			458,334

Interest on Debt

Education

Interest on Other Loans	\$	75,000	
Total Education			75,000

Total General Purpose School Fund \$ 29,520,091

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	840,106	
Educational Assistants		57,294	
Other Salaries and Wages		26,000	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Certified Substitute Teachers	\$	1,350	
Non-certified Substitute Teachers		6,675	
Social Security		54,458	
State Retirement		81,982	
Life Insurance		1,064	
Medical Insurance		147,157	
Unemployment Compensation		1,718	
Employer Medicare		12,746	
Instructional Supplies and Materials		41,303	
Other Supplies and Materials		530	
Regular Instruction Equipment		161,398	
Total Regular Instruction Program			\$ 1,433,781

Special Education Program

Educational Assistants	\$	450,012	
Other Salaries and Wages		1,666	
Certified Substitute Teachers		225	
Social Security		25,676	
State Retirement		24,225	
Life Insurance		1,221	
Medical Insurance		46,916	
Unemployment Compensation		1,625	
Employer Medicare		6,005	
Contracts with Other Public Agencies		120,666	
Contracts with Private Agencies		70,847	
Maintenance and Repair Services - Equipment		1,267	
Tuition		2,400	
Instructional Supplies and Materials		70,227	
Textbooks		1,499	
Special Education Equipment		96,680	
Total Special Education Program			921,157

Vocational Education Program

Vocational Instruction Equipment	\$	32,148	
Total Vocational Education Program			32,148

Support Services

Health Services

Medical Personnel	\$	14,660	
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(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	909	
State Retirement		916	
Life Insurance		20	
Medical Insurance		1,825	
Unemployment Compensation		23	
Employer Medicare		213	
Total Health Services			\$ 18,566

Other Student Support

Contracts with Other School Systems	\$	2,586	
Travel		10,905	
Other Charges		5,632	
Total Other Student Support			19,123

Regular Instruction Program

Supervisor/Director	\$	23,070	
Other Salaries and Wages		37,056	
Social Security		2,367	
State Retirement		3,405	
Life Insurance		21	
Medical Insurance		399	
Unemployment Compensation		110	
Employer Medicare		880	
Travel		755	
Other Supplies and Materials		494	
In Service/Staff Development		30,678	
Total Regular Instruction Program			99,235

Special Education Program

Assessment Personnel	\$	44,110	
Secretary(ies)		26,188	
Other Salaries and Wages		1,327	
Social Security		4,084	
State Retirement		5,630	
Life Insurance		82	
Medical Insurance		9,461	
Unemployment Compensation		93	
Employer Medicare		955	
Travel		1,043	

(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.)

In Service/Staff Development	\$ 25,525	
Total Special Education Program		\$ 118,498

Vocational Education Program

In Service/Staff Development	\$ 2,300	
Total Vocational Education Program		2,300

Office of the Principal

Assistant Principals	\$ 284,866	
Social Security	16,716	
State Retirement	25,888	
Life Insurance	211	
Medical Insurance	34,079	
Unemployment Compensation	378	
Employer Medicare	3,909	
Total Office of the Principal		366,047

Transportation

Bus Drivers	\$ 51,682	
Social Security	3,134	
State Retirement	3,109	
Life Insurance	119	
Unemployment Compensation	98	
Employer Medicare	733	
Maintenance and Repair Services - Vehicles	535	
Total Transportation		59,410

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$ 1,302	
Other Salaries and Wages	49,117	
Social Security	2,798	
State Retirement	2,805	
Unemployment Compensation	93	
Employer Medicare	727	
Other Contracted Services	970	
Food Supplies	408	
Instructional Supplies and Materials	11,159	
In Service/Staff Development	620	
Total Community Services		69,999

Total School Federal Projects Fund \$ 3,140,264

(Continued)

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	50,200	
Accountants/Bookkeepers		14,600	
Clerical Personnel		15,400	
Cafeteria Personnel		701,784	
Maintenance Personnel		16,488	
Social Security		48,255	
State Retirement		47,018	
Life Insurance		1,819	
Medical Insurance		23,008	
Unemployment Compensation		2,542	
Employer Medicare		11,285	
Advertising		105	
Audit Services		3,000	
Communication		3,165	
Dues and Memberships		445	
Maintenance Agreements		4,079	
Maintenance and Repair Services - Equipment		25,990	
Pest Control		1,834	
Postal Charges		335	
Transportation - Other than Students		16,943	
Travel		26	
Disposal Fees		29,837	
Permits		560	
Custodial Supplies		18,372	
Food Preparation Supplies		67,004	
Food Supplies		851,383	
Office Supplies		6,306	
USDA - Commodities		135,258	
Trustee's Commission		2	
Surcharge		1,948	
In Service/Staff Development		3,315	
Food Service Equipment		83,619	
Total Food Service			\$ 2,185,925
Total Central Cafeteria Fund			\$ 2,185,925
Total Governmental Funds - Obion County School Department			\$ 34,846,280

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, 2011

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Special School District Fund	City School ADA - Union City Fund	Total
<u>Cash Receipts</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 1,592,976	\$ 1,592,976
Trustee's Collections - Prior Year	0	0	0	60,341	60,341
Clerk and Master Collections - Prior Years	0	0	535	21,930	22,465
Interest and Penalty	0	0	0	10,013	10,013
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	2,141	2,141
Payments in-Lieu-of Taxes - Other	0	0	0	70,566	70,566
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,968,900	0	0	1,204,446	5,173,346
Business Tax	0	0	0	33,414	33,414
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	1,493	1,493
Interstate Telecommunications Tax	0	0	0	715	715
<u>School District Property Taxes</u>					
Current Property Tax	0	52,863	69,678	0	122,541
Prior Year's Property Tax	0	5,368	1,344	0	6,712
Interest and Penalty	0	972	232	0	1,204
<u>Licenses and Permits</u>					
Marriage Licenses	0	0	0	791	791
<u>State of Tennessee</u>					
Mixed Drink Tax	0	0	0	638	638
Total Cash Receipts	\$ 3,968,900	\$ 59,203	\$ 71,789	\$ 2,999,464	\$ 7,099,356
<u>Cash Disbursements</u>					
Remittance of Revenues Collected	\$ 3,929,211	\$ 57,951	\$ 69,979	\$ 2,947,032	\$ 7,004,173
Trustee's Commission	39,689	1,181	1,429	46,520	88,819
Total Cash Disbursements	\$ 3,968,900	\$ 59,132	\$ 71,408	\$ 2,993,552	\$ 7,092,992
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 71	\$ 381	\$ 5,912	\$ 6,364
Cash Balance, July 1, 2010	0	982	483	24,760	26,225
Cash Balance, June 30, 2011	\$ 0	\$ 1,053	\$ 864	\$ 30,672	\$ 32,589

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 37243-1402
PHONE (615) 401-7841

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

December 16, 2011

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, 2011, which collectively comprise Obion County's basic financial statements and have issued our report thereon dated December 16, 2011. Our report on the governmental activities is qualified because an actuarial valuation had not been obtained to determine the data necessary for the measurement and recognition of other postemployment benefits. Our report includes 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 Nursing Home (a major fund and the entire business-type activities), and the Obion County Emergency Communications District (a discretely presented component unit) as described in our report on Obion County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 11.02, 11.04, and 11.14.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 11.03, 11.06(A), 11.08, 11.09, 11.12, and 11.13.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.01, 11.05, 11.06(B), 11.07, 11.10, and 11.11.

We 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, Board of County Commissioners, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 16, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 of Obion County's compliance with those requirements.

In our opinion, Obion County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Obion County is responsible for establishing and maintaining effective internal control over compliance with the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Obion County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

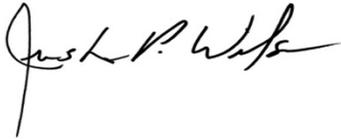
Schedule of Expenditures of Federal Awards

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 as of and for the year ended June 30, 2011, and have issued our report thereon dated December 16, 2011. Our report on the governmental activities is qualified because an actuarial valuation had not been obtained to determine the data necessary for the measurement and recognition of other postemployment benefits. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected

to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway superintendent, Board of County Commissioners, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Obion County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 459,618
National School Lunch Program	10.555	N/A	869,659 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	135,258 (3)
Total U.S. Department of Agriculture			<u>\$ 1,464,535</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's program	14.228	GG-09-29102-00	\$ 265,399
Total U.S. Department of Housing and Urban Development			<u>\$ 265,399</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	16451	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	(2)	\$ 66,754
Total U.S. Department of Labor			<u>\$ 66,754</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	N/A	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 98,811
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	580,917
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	108,707
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	913,363
Special Education - Preschool Grants	84.173	N/A	41,135
Special Education - Grants to States, Recovery Act	84.391	N/A	403,470
Special Education - Preschool Grants, Recovery Act	84.392	N/A	4,342
Career and Technical Education - Basic Grants to States	84.048	N/A	47,051
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	2,223
Twenty-first Century Community Learning Centers	84.287	N/A	70,000
State Grants for Innovative Programs	84.298	N/A	62

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	\$ 3,060
Education Technology State Grants, Recovery Act	84.386	N/A	4,351
English Language Acquisition Grants	84.365	N/A	18,744
Improving Teacher Quality State Grants	84.367	N/A	147,379
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,685,286
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	315,515
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	170,830
Education Jobs Fund	84.410	N/A	887,456
Total U.S. Department of Education			<u>\$ 5,502,702</u>
U.S. Department of Health and Human Services:			
Passed-through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	N/A	\$ 5,000
Passed-through State Department of Education:			
ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	93.714	N/A	27,677
Total U.S. Department of Health and Human Services			<u>\$ 32,677</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1821-DR-TN	\$ 307,121
Homeland Security Grant Program	97.067	N/A	43,789
Total U.S. Department of Homeland Security			<u>\$ 350,910</u>
Total Federal Awards			<u>\$ 7,696,977</u>

<u>State Grants</u>		<u>Contract Number</u>	
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-08-212986-02	\$ 27,635
Drug Court Treatment Resources Fund Grant - State Department of Finance and Administration	N/A	4156	50,000
Preventive Health and Human Services - State Department of Health	N/A	GG-11-3-09	84,798
Litter Program - State Department of Transportation	N/A	20031	26,875
Fasttrack Infrastructure Development Program - State Department of Economic and Community Development		GG-09-26718-00	192,612
State Appraisal Program - Comptroller of the Treasury	N/A	N/A	750
Early Childhood Education - State Department of Education	N/A	(2)	644,599
Energy Grant - State Department of Education	N/A	(2)	76,050
ACT/EXPLORE/PLAN - State Department of Education	N/A	(2)	4,382
ConnecTenn - State Department of Education	N/A	(2)	2,112
Lottery for Education: Afterschool Programs - State Department of Education	N/A	(2)	49,500
Total State Grants			<u>\$ 1,159,313</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is \$1,004,917.

Obion County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.02	167	Government-wide financial statements did not include other postemployment benefits as required by generally accepted accounting principles

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.03	167	The Highway Public/Works Fund required material audit adjustments for proper financial statement presentation
10.04	168	The Highway Department did not maintain a system to account for some road materials

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.05	168	The School Federal Projects Fund required material audit adjustments for proper financial statement presentation

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.07	170	The office did not review software audit logs

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.08	171	Obion County has a material recurring audit finding
10.09	172	Weaknesses in internal control over cash existed in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register
10.10	172	Duties were not segregated adequately in the Offices of Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register

OBION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the governmental activities is qualified. Our report on the business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Obion County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
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 Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); Education Jobs Fund (CFDA No. 84.410); and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) 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; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 11.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS DO NOT INCLUDE OTHER POSTEMPLOYMENT BENEFITS AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(Noncompliance Under *Government Auditing Standards*)

Obion County general government provides postemployment healthcare benefits through a self-insured plan that allows pre-65 age retirees to remain in the plan at the active employee rates. Obion County did not obtain an actuarial valuation to determine the data necessary for the measurement and recognition of other postemployment benefits (OPEB). This data is necessary for the preparation of government-wide financial statements and note disclosures as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information. This deficiency exists because management failed to correct the finding noted in the prior-year audit reports since 2009. The effects on the government-wide financial statements and note disclosures are not determinable since the actuarial valuation has not been performed; however, we do not believe the amount is material to the government-wide financial statements as of June 30, 2011. Because of this omission, we have qualified our opinion on the governmental activities opinion unit. This liability becomes larger each year; therefore, management is advised that at some point in the future, this omission will become material to the governmental activities opinion unit and will lead to an adverse opinion in the auditor's report.

RECOMMENDATION

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

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 11.02 **THE HIGHWAY PUBLIC/WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

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

At June 30, 2011, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Obion County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Obion County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 11.03 **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR SOME ROAD MATERIALS**

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

The Highway Department had a system to determine the use of road materials, such as bridge lumber, culvert tiles, and rock for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. Sound business practices dictate that all road materials should be accounted for properly. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The failure to maintain a system to document the use of road materials resulted in a loss of control over the assets and increased the risk of inventory loss.

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.04 **THE SCHOOL FEDERAL PROJECTS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, certain general ledger account balances of the School Federal Projects Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the School Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the School Department’s financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the School Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 11.05 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations of the office:

- A. Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the School Federal Projects Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
Instruction:	
Regular Instruction Program	\$ 30,595
Support Services:	
Health Services	422
Operation of Non-Instructional Services:	
Community Services	69,999

- B. Salaries exceeded line-item appropriations in the School Federal Projects and Central Cafeteria funds by amounts ranging from \$139 to \$49,117.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

FINDING 11.06 **SOME RECEIPTS WERE NOT PROPERLY ISSUED, AND SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS OF RECEIPT**

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

We noted the following deficiencies related to receipts and deposits. These deficiencies were the result of a lack of management oversight. The delay in depositing funds and the failure to issue individual receipts increases the risks of fraud and misappropriation.

- A. It was noted that in a few instances individual receipts were not issued for collections. Instead, as many as six individual payors were combined on one receipt.
- B. In numerous instances, funds received by the School Department were not deposited with the county trustee within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds within three days of collection. During the period under examination, as many as 85 days lapsed between the date funds were received and the date funds were deposited with the trustee.

RECOMMENDATION

The official should ensure that all funds are deposited with the county trustee within three days of collection as required by state statute. Separate receipts should be issued to each individual payor.

FINDING 11.07 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site on a weekly basis. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. 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.

RECOMMENDATION

Backups should be rotated off-site on a weekly basis. 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.

OFFICE OF TRUSTEE

FINDING 11.08 **THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The software application used by the office generated a log that displayed changes made by users. This log provided the only audit trail of these changes and should be reviewed for inappropriate activity. Although management was aware of the importance of this log, it was not consistently reviewed during the current audit period. This deficiency has been reported in previous audit periods. Management again began reviewing this log in June 2011.

RECOMMENDATION

Management should be consistent in their review of the software audit logs as a means of strengthening internal controls. Documentation of this review process should be maintained. Any unusual transactions should be investigated.

OFFICE OF COUNTY CLERK

FINDING 11.09 **A DEPUTY CLERK REMOVED \$511 FROM THE OFFICE FOR PERSONAL USE**

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

From February 2, 2009, through November 2, 2010, a deputy clerk removed cash from the office cash drawer 11 times totaling \$310 for her personal use. Each time this was discovered, the county clerk allowed the deputy to liquidate the shortage by depositing personal funds back into the cash drawer. On November 3, 2010, the county clerk performed a surprise cash count on the deputy clerk's cash drawer and determined the cash drawer was short \$201. The deputy clerk was again allowed to leave the office and return with personal funds to repay the \$201 cash shortage. The county clerk then requested the resignation of the deputy clerk, and the deputy resigned her position on November 3, 2010. On November 4, 2010, the county clerk notified our office of the above-noted circumstances, and requested we perform a review of the deputy's receipts compared with funds in her cash drawer. Our investigation of the records confirmed that from February 2, 2009, through November 3, 2010, there were 12 instances totaling \$511 where the deputy clerk's cash drawer was short. The deputy clerk had informed the county clerk that she did not know how the cash shortages occurred; however, during an interview with auditors, the deputy clerk admitted to removing funds from her cash drawer for personal use. The former deputy clerk was indicted by the Obion County Grand Jury on June 6, 2011.

RECOMMENDATION

The County Clerk's Office should continue to monitor the activity in all cash drawers, investigate any discrepancies, and report any suspected fraud to our office.

OFFICE OF GENERAL SESSIONS COURT CLERK

FINDING 11.10 **SOME COLLECTIONS WERE NOT RECEIPTED AND DEPOSITED IN COMPLIANCE WITH STATE STATUTES**

(Noncompliance Under *Government Auditing Standards*)

Receipts were not issued for some collections received by General Sessions Court. The mail log indicated that in a few instances checks received had been returned to the issuer because the court was unable to locate a case relevant to the payment. Also, receipts were not always issued promptly, and deposits were not made within three days of collection. In some instances, as many as 20 days lapsed between the time a check was received, as reflected on the mail log, and an official receipt was issued and the funds deposited. Employees advised that they held these checks in case the plaintiff decided to withdraw the case. Section 9-2-103, *Tennessee Code Annotated (TCA)*, requires official prenumbered receipts to be issued for all collections. Section 5-8-207, *TCA*, requires county officials to deposit public funds to the office bank account within three days of collection. The failure to issue receipts at the time of collection and the failure to deposit funds promptly increases the risks of fraud and abuse.

RECOMMENDATION

Receipts should be issued at the time of collection, and all collections should be deposited within three days of receipt as required by state statutes.

OFFICE OF SHERIFF

FINDING 11.11 **THE OFFICE USED CONFIDENTIAL FUNDS TO PAY NONCONFIDENTIAL EXPENDITURES**

(Noncompliance Under *Government Auditing Standards*)

The Sheriff's Office used confidential drug funds to pay \$855 of nonconfidential expenditures. These expenditures included \$255 for drug dog expenses and \$600 for the purchase of 50 Neighborhood Watch signs. Section 39-17-420(a)(1), *Tennessee Code Annotated*, states, "Cash transactions related to undercover investigative operations ... shall be administered in compliance with procedures established by the Comptroller of the Treasurer." These procedures provide that payments from local drug funds for all nonconfidential expenses should be made by the county's Drug Control Fund through the budgetary process.

RECOMMENDATION

The office should use confidential drug funds only for confidential purposes. Nonconfidential expenditures should be paid by checks drawn on the county's Drug Control Fund through the budgetary process.

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

FINDING 11.12 **DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among officials and employees in the Offices of Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

**FINDING 11.13 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH
DRAWER****

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

Multiple employees operated from the same cash drawer in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

OBION COUNTY

**FINDING 11.14 **OBION COUNTY HAS A MATERIAL RECURRING AUDIT
FINDING****

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

Obion County has a material audit finding that has been reported in its Annual Financial Reports for three or more consecutive years. This recurring material finding is listed below:

Finding Numbers	Description
11.02, 10.03, 09.05	The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. The Local Government Modernization Act of 2005 in Section 9-3-405, *Tennessee Code Annotated (TCA)*, encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under *Government Auditing Standards*. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Obion County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Obion County may be required to establish an Audit Committee under the provisions of Section 9-3-405, *TCA*.

BEST PRACTICE

OBION COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Obion County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Obion County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**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, 2011

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