ANNUAL FINANCIAL REPORT
OBION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2012

TENNESSEE
COMPTROLLER
OF THE TREASURY

ANNUAL FINANCIAL REPORT

OBION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

OBION COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Obion County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Obion County as of and for the year ended June 30, 2012.

Results

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

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

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- Expenditures exceeded appropriations.
- The office did not implement adequate controls to protect its information resources.

OFFICE OF HIGHWAY SUPERINTENDENT

- The Highway Department did not maintain a system to account for some road materials.

OFFICE OF DIRECTOR OF SCHOOLS

- The office did not implement adequate controls to protect its information resources.

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.

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Obion County.

- Obion County should adopt a central system of accounting, budgeting, and purchasing.
- Obion County should establish an Audit Committee.

INTRODUCTORY SECTION

Obion County Officials
June 30, 2012

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

Highway Commission

Jerry LaMastus, Chairman
Larry Gray
Truman Johnson
James Moore
Bob Nichols
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 LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

November 16, 2012

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, 2012, 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 three percent and 1.8 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.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Obion County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 November 16, 2012, 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.

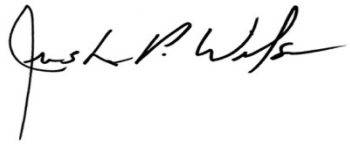
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 70 through 77 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/sb

Basic Financial Statements

Exhibit A

Obion County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Obion County School Department	Emergency Communications District
ASSETS					
Cash	$ 38,541	$ 569,049	$ 607,590	$ 0	$ 454,814
Equity in Pooled Cash and Investments	13,269,558	0	13,269,558	4,285,390	0
Inventories	0	8,982	8,982	0	0
Accounts Receivable	12,681	140,151	152,832	9,372	18,594
Due from Other Governments	756,900	0	756,900	1,002,691	47,358
Property Taxes Receivable	4,454,256	0	4,454,256	4,301,806	0
Allowance for Uncollectible Property Taxes	(138,754)	0	(138,754)	(124,964)	0
Prepaid Items	0	0	0	0	31,137
Accrued Interest Receivable	22,841	0	22,841	0	0
Deferred Charges - Debt Issuance Costs	189,678	0	189,678	0	0
Notes Receivable - Long-term	5,550,022	0	5,550,022	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	3,950,970	0	3,950,970	696,031	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	6,525,516	176,885	6,702,401	29,698,807	438,770
Infrastructure	6,478,433	0	6,478,433	155,891	0
Other Capital Assets	1,939,659	84,141	2,023,800	2,143,248	312,054
Total Assets	$ 43,050,301	$ 979,208	$ 44,029,509	$ 42,168,272	$ 1,302,727
LIABILITIES					
Accounts Payable	$ 4,628	$ 15,197	$ 19,825	$ 63,997	$ 7,669
Accrued Payroll	0	27,909	27,909	0	0
Payroll Deductions Payable	3,291	0	3,291	0	0
Accrued Leave	0	72,191	72,191	0	0
Contracts Payable	42,454	0	42,454	0	0
Due to State of Tennessee	116	0	116	38	0
Accrued Interest Payable	55,006	0	55,006	1,344	0
Patients' Trust Fund	0	5,587	5,587	0	0
Deferred Revenue - Current Property Taxes	4,139,781	0	4,139,781	4,030,144	0
Noncurrent Liabilities:					
Due Within One Year	566,499	0	566,499	251,265	0
Due in More Than One Year (net of unamortized discount on debt)	14,006,859	0	14,006,859	2,278,498	0
Total Liabilities	$ 18,818,634	$ 120,884	$ 18,939,518	$ 6,625,286	$ 7,669

(Continued)

Exhibit A

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
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 0	$ 0	$ 0	$ 30,902,311	$ 0
Invested in Capital Assets	18,894,578	261,026	19,155,604	0	750,824
Restricted for:					
General Government	5,609,847	0	5,609,847	0	0
Administration of Justice	34,519	0	34,519	0	0
Public Safety	68,306	0	68,306	0	0
Public Health and Welfare	500,000	0	500,000	0	0
Highway/Public Works	1,211,323	0	1,211,323	0	0
Debt Service	1,974,446	0	1,974,446	0	0
Capital Projects	0	0	0	3,449	0
Education	0	0	0	383	0
Operation of Non-Instructional Services	0	0	0	639,692	0
Unrestricted	(4,061,352)	597,298	(3,464,054)	3,997,151	544,234
Total Net Assets	$ 24,231,667	$ 858,324	$ 25,089,991	$ 35,542,986	$ 1,295,058

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, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Obion County School Department	Component Units: Emergency Communications District
Primary Government:									
Governmental Activities:									
General Government	$ 842,986	$ 137,651	$ 15,327	$ 0	$ (690,008)	$ 0	$ (690,008)	$ 0	$ 0
Finance	673,209	793,825	0	0	120,616	0	120,616	0	0
Administration of Justice	1,072,314	615,575	9,000	0	(447,739)	0	(447,739)	0	0
Public Safety	3,624,455	1,446,577	39,787	52,721	(2,085,370)	0	(2,085,370)	0	0
Public Health and Welfare	419,129	385,151	124,932	14,475	105,429	0	105,429	0	0
Social, Cultural, and Recreational Services	487,116	0	0	2,883	(484,233)	0	(484,233)	0	0
Agriculture and Natural Resources	144,347	0	0	0	(144,347)	0	(144,347)	0	0
Other Operations	651,206	0	0	20	(651,186)	0	(651,186)	0	0
Highways/Public Works	4,810,446	42,095	1,891,421	698,947	(2,177,983)	0	(2,177,983)	0	0
Education	73,481	0	0	0	(73,481)	0	(73,481)	0	0
Interest on Long-term Debt	371,613	0	0	0	(371,613)	0	(371,613)	0	0
Other Debt Service	262,596	0	0	0	(262,596)	0	(262,596)	0	0
Total Governmental Activities	$ 13,432,898	$ 3,420,874	$ 2,080,467	$ 769,046	$ (7,162,511)	$ 0	$ (7,162,511)	$ 0	$ 0
Business-type Activities:									
Nursing Home	$ 2,517,675	$ 2,521,370	$ 0	$ 0	$ 0	$ 3,695	$ 3,695	$ 0	$ 0
Total Primary Government	$ 15,950,573	$ 5,942,244	$ 2,080,467	$ 769,046	$ (7,162,511)	$ 3,695	$ (7,158,816)	$ 0	$ 0
Component Units:									
Obion County School Department	$ 32,586,128	$ 717,362	$ 4,344,096	$ 0	$ 0	$ 0	$ 0	$ (27,524,670)	$ 0
Emergency Communications District	431,698	316,323	253,627	0	0	0	0	0	138,252
Total Component Units	$ 33,017,826	$ 1,033,685	$ 4,597,723	$ 0	$ 0	$ 0	$ 0	$ (27,524,670)	$ 138,252

(Continued)

Exhibit B

Obion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Obion County School Department	Component Units: Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					$ 2,671,061	$ 0	$ 2,671,061	$ 4,236,695	$ 0
Property Taxes Levied for Debt Service					1,573,518	0	1,573,518	0	0
Local Option Sales Taxes					467,354	0	467,354	3,292,691	0
Wheel Tax					1,092,337	0	1,092,337	0	0
Litigation Tax					204,208	0	204,208	0	0
Business Tax					278,346	0	278,346	73,485	0
Other Local Taxes					88,556	0	88,556	1,425	0
Grants and Contributions Not Restricted to Specific Programs					429,056	0	429,056	18,506,557	0
Unrestricted Investment Income					488,563	3,938	492,501	0	6,233
Miscellaneous					214,151	0	214,151	199,630	0
Total General Revenues					$ 7,507,150	$ 3,938	$ 7,511,088	$ 26,310,483	$ 6,233
Change in Net Assets					$ 344,639	$ 7,633	$ 352,272	$ (1,214,187)	$ 144,485
Net Assets, July 1, 2011					23,718,039	850,691	24,568,730	36,757,173	1,150,573
Prior-period Adjustment					168,989	0	168,989	0	0
Net Assets, June 30, 2012					$ 24,231,667	$ 858,324	$ 25,089,991	$ 35,542,986	$ 1,295,058

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, 2012

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 38,541	$ 38,541
Equity in Pooled Cash and Investments	8,829,663	2,319,205	2,032,340	88,350	13,269,558
Accounts Receivable	10,877	0	0	1,804	12,681
Due from Other Governments	407,461	335,998	7,775	5,666	756,900
Due from Other Funds	38,585	0	0	0	38,585
Property Taxes Receivable	2,004,125	348,909	2,101,222	0	4,454,256
Allowance for Uncollectible Property Taxes	(63,010)	(10,495)	(65,249)	0	(138,754)
Accrued Interest Receivable	22,841	0	0	0	22,841
Notes Receivable - Long-term	5,550,022	0	0	0	5,550,022
Total Assets	$ 16,800,564	$ 2,993,617	$ 4,076,088	$ 134,361	$ 24,004,630
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 2,647	$ 0	$ 0	$ 1,981	$ 4,628
Payroll Deductions Payable	54	3,237	0	0	3,291
Contracts Payable	0	42,454	0	0	42,454
Due to Other Funds	0	0	0	38,585	38,585
Due to State of Tennessee	0	116	0	0	116
Deferred Revenue - Current Property Taxes	1,860,576	325,601	1,953,604	0	4,139,781
Deferred Revenue - Delinquent Property Taxes	64,797	10,308	70,231	0	145,336
Other Deferred Revenues	65,711	167,919	1,150	0	234,780
Total Liabilities	$ 1,993,785	$ 549,635	$ 2,024,985	$ 40,566	$ 4,608,971
Fund Balances					
Nonspendable:					
Long-term Notes Receivable	$ 5,550,022	$ 0	$ 0	$ 0	$ 5,550,022
Restricted:					
Restricted for General Government	59,825	0	0	0	59,825
Restricted for Administration of Justice	34,519	0	0	0	34,519
Restricted for Public Safety	6,300	0	0	62,006	68,306
Restricted for Public Health and Welfare	500,000	0	0	0	500,000
Restricted for Highways/Public Works	0	1,118,493	0	0	1,118,493
Restricted for Debt Service	0	0	1,958,071	0	1,958,071
Committed:					
Committed for Public Health and Welfare	0	0	0	31,789	31,789
Committed for Highways/Public Works	0	1,325,489	0	0	1,325,489
Committed for Debt Service	0	0	93,032	0	93,032
Assigned:					
Assigned for General Government	25,040	0	0	0	25,040
Assigned for Public Safety	4,261	0	0	0	4,261
Assigned for Public Health and Welfare	249	0	0	0	249
Assigned for Other Operations	5,960	0	0	0	5,960
Unassigned	8,620,603	0	0	0	8,620,603
Total Fund Balances	$ 14,806,779	$ 2,443,982	$ 2,051,103	$ 93,795	$ 19,395,659
Total Liabilities and Fund Balances	$ 16,800,564	$ 2,993,617	$ 4,076,088	$ 134,361	$ 24,004,630

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, 2012

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)		$ 19,395,659
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 3,950,970	
Add: buildings and improvements net of accumulated depreciation	6,525,516	
Add: infrastructure net of accumulated depreciation	6,478,433	
Add: other capital assets net of accumulated depreciation	1,939,659	18,894,578
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loan payable	$ (6,294,000)	
Less: bonds payable	(8,005,000)	
Add: deferred charges - discount on debt	41,136	
Add: deferred charges - debt issuance costs	189,678	
Less: compensated absences payable	(309,967)	
Less: other postemployment benefits liability	(5,527)	
Less: accrued interest on bonds	(55,006)	(14,438,686)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		380,116
Net assets of governmental activities (Exhibit A)		$ 24,231,667

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, 2012

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 3,292,219	$ 1,514,941	$ 1,733,446	$ 0	$ 6,540,606
Licenses and Permits	18,543	0	0	0	18,543
Fines, Forfeitures, and Penalties	87,642	0	0	19,775	107,417
Charges for Current Services	80,899	433	0	17,910	99,242
Other Local Revenues	660,449	177,467	52,772	39,577	930,265
Fees Received from County Officials	1,381,943	0	0	0	1,381,943
State of Tennessee	964,649	2,529,626	0	18,522	3,512,797
Federal Government	114,863	63,193	0	0	178,056
Other Governments and Citizens Groups	949,255	0	0	80,000	1,029,255
Total Revenues	$ 7,550,462	$ 4,285,660	$ 1,786,218	$ 175,784	$ 13,798,124
Expenditures					
Current:					
General Government	$ 756,962	$ 0	$ 0	$ 0	$ 756,962
Finance	565,964	0	0	0	565,964
Administration of Justice	873,803	0	0	2,546	876,349
Public Safety	2,820,365	0	0	29,808	2,850,173
Public Health and Welfare	242,126	0	0	144,808	386,934
Social, Cultural, and Recreational Services	369,870	0	0	0	369,870
Agriculture and Natural Resources	137,118	0	0	0	137,118
Other Operations	1,148,386	0	0	0	1,148,386
Highways	0	4,419,992	0	0	4,419,992
Instruction	73,481	0	0	0	73,481
Debt Service:					
Principal on Debt	0	0	1,322,365	0	1,322,365
Interest on Debt	0	0	382,991	0	382,991
Other Debt Service	0	0	247,235	0	247,235
Capital Projects	30,271	0	0	0	30,271
Total Expenditures	$ 7,018,346	$ 4,419,992	$ 1,952,591	$ 177,162	$ 13,568,091
Excess (Deficiency) of Revenues Over Expenditures	$ 532,116	$ (134,332)	$ (166,373)	$ (1,378)	$ 230,033
Other Financing Sources (Uses)					
Notes Issued	$ 122,697	$ 0	$ 0	$ 0	$ 122,697
Total Other Financing Sources (Uses)	$ 122,697	$ 0	$ 0	$ 0	$ 122,697
Net Change in Fund Balances	$ 654,813	$ (134,332)	$ (166,373)	$ (1,378)	$ 352,730
Fund Balance, July 1, 2011	14,151,966	2,578,314	2,217,476	95,173	19,042,929
Fund Balance, June 30, 2012	$ 14,806,779	$ 2,443,982	$ 2,051,103	$ 93,795	$ 19,395,659

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, 2012

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)		$ 352,730
(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	$ 520,473	
Less: current-year depreciation expense	(1,658,377)	(1,137,904)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	$ (6,778)	
Less: proceeds received from the disposal of capital assets	(13,457)	(20,235)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	$ 380,116	
Less: deferred delinquent property taxes and other deferred June 30, 2011	(387,246)	(7,130)
(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.		
Less: note proceeds	$ (122,697)	
Add: principal payments on notes	789,365	
Add: principal payments on other loan	518,000	
Add: principal payments on bonds	15,000	
Less: change in deferred debt issuance costs	(13,184)	
Less: change in discount on debt issuances	(2,177)	1,184,307
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	$ (32,980)	
Change in accrued interest payable	11,378	
Change in other postemployment benefits liability	(5,527)	(27,129)
Change in net assets of governmental activities (Exhibit B)		$ 344,639

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, 2012

	Business-type Activities Major Fund Nursing Home
ASSETS	
Current Assets:	
Cash	$ 569,049
Inventories	8,982
Accounts Receivable	140,151
Total Current Assets	$ 718,182
Noncurrent Assets:	
Capital Assets:	
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	$ 176,885
Other Capital Assets	84,141
Total Noncurrent Assets	$ 261,026
Total Assets	$ 979,208
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 15,197
Accrued Payroll	27,909
Accrued Leave	72,191
Patients' Trust Fund	5,587
Total Liabilities	$ 120,884
NET ASSETS	
Invested in Capital Assets	$ 261,026
Unrestricted	597,298
Net Assets	$ 858,324

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, 2012

	Business-type Activities Major Fund Nursing Home
Operating Revenues	
Medicaid Patients	$ 1,862,883
Private Patients	597,675
Hospice	60,683
Bad Debts	(1,054)
Other Revenue	1,183
Total Operating Revenues	$ 2,521,370
Operating Expenses	
Salaries	$ 1,504,626
Insurance	189,912
Taxes and Licenses	126,439
Payroll Taxes	111,922
Food	141,731
Utilities	91,183
Retirement Plan	70,440
Repairs and Maintenance	55,416
Medical Supplies	50,967
Minor Equipment	21,084
Legal and Audit Fees	6,301
Medical Directors and Advisory Board Fees	14,800
Linen and Laundry Supplies	12,623
Dietary Supplies	11,081
Travel and Seminars	10,022
Other Departmental Supplies and Expenses	13,086
Contract Services	8,575
Administrative Supplies and Expenses	10,489
Housekeeping Supplies	8,581
Miscellaneous Expense	2,911
Dues and Subscriptions	4,461
Advertising and Promotion	3,121
Maintenance Supplies	257
Depreciation	47,647
Total Operating Expenses	$ 2,517,675
Operating Income (Loss)	$ 3,695
Nonoperating Revenues	
Investment Income	$ 3,938
Total Nonoperating Revenues	$ 3,938
Change in Net Assets	$ 7,633
Net Assets, July 1, 2011	850,691
Net Assets, June 30, 2012	$ 858,324

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, 2012

	Business-type Activities Major Fund Nursing Home
Cash Flows from Operating Activities	
Cash Received from Patients	$ 2,537,735
Cash Paid to Suppliers	(970,924)
Cash Paid to Employees	(1,488,640)
Other Operating Revenue	1,183
Net Cash Provided By (Used In) Operating Activities	$ 79,354
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	$ (53,858)
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (53,858)
Cash Flows from Investing Activities	
Interest on Investments	$ 3,938
Net Cash Provided By (Used In) Investing Activities	$ 3,938
Increase (Decrease) in Cash	$ 29,434
Cash, July 1, 2011	539,615
Cash, June 30, 2012	$ 569,049
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ 3,695
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	47,647
Bad Debts	1,054
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	18,446
(Increase) Decrease in Inventories	(4,474)
Increase (Decrease) in Accounts Payable	(1,048)
Increase (Decrease) in Patients' Trust Fund	(1,952)
Increase (Decrease) in Accrued Payroll	8,119
Increase (Decrease) in Accrued Leave	7,867
Net Cash Provided By (Used In) Operating Activities	$ 79,354

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, 2012

	Other Trust Fund Indigent Care Trust	Agency Funds
ASSETS		
Cash	$ 0	$ 2,671,842
Equity in Pooled Cash and Investments	0	29,391
Investments	3,959,673	0
Accounts Receivable	0	5,054
Due from Other Governments	0	887,526
Property Taxes Receivable	0	1,673,079
Allowance for Uncollectible Property Taxes	0	(48,548)
Notes Receivable - Long-term	0	194,067
Total Assets	$ 3,959,673	$ 5,412,411
LIABILITIES		
Due to Other Taxing Units	$ 0	$ 2,541,448
Due to Litigants, Heirs, and Others	0	2,870,963
Total Liabilities	$ 0	$ 5,412,411
NET ASSETS		
Held in Trust for Indigent Patients' Medical Claims	$ 3,959,673	

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, 2012

	Other Trust Fund Indigent Care Trust
ADDITIONS	
Investment Income	$ 97,750
Contributions and Gifts	78,116
Total Additions	$ 175,866
DEDUCTIONS	
Fiscal Agent Charges	$ 7,737
Medical Claims	102,004
Travel Expense	160
Total Deductions	$ 109,901
Change in Net Assets	$ 65,965
Net Assets, July 1, 2011	3,893,708
Net Assets, June 30, 2012	$ 3,959,673

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, 2012

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 38281-0866

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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 fund:

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

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

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

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

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.

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 1.56 percent of the total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.
Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. 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:

Assets	Years
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, 2012, Obion County had $14,299,000 in outstanding debt for capital purposes for the discretely presented Obion County School Department. The debt is a liability of Obion County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Obion County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county'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 totaled $12,000,000 at June 30, 2012. As discussed in Note IV.B., $5,550,022 of this amount has been loaned for various purposes and is presented in the General Fund as notes receivable, which is offset with a nonspendable fund balance. The remainder is included in the General Fund's unassigned fund balance account since this arrangement does not meet the criteria for restricted or committed fund balance as defined by GASB Statement No. 54.

8. Prior-period Adjustment

Capital assets were restated $168,989 from the prior year because some airport and highway equipment had been omitted.

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.

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Capital Projects – Public Health and Welfare Projects major appropriation category (the legal level of control) of the General Fund by $11,125. 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, 2012, Obion County had the following investments carried at fair value:

Investment	Maturities	Fair Value
Indigent Care Trust Fund:		
U. S. Treasury Money Market	On Demand	$ 294,310
Federal Home Loan Bank	3-8-13	408,840
Federal Home Loan Bank	3-8-13	611,724
Federal Home Loan Bank	5-29-13	360,679
Federal Farm Credit Bank	2-12-14	365,235
Federal Home Loan Mortgage Corp	7-28-14	626,226
Federal Farm Credit Bank	8-25-16	870,038
Federal Home Loan Bank	11-17-17	422,621
Total		$ 3,959,673

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 75 percent of the county's investments are in the Federal Home Loan Bank (46 percent) and the Federal Farm Credit Bank (31 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 $3,959,673 in investments, the underlying securities for $3,665,363 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 $194,067 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 .9 percent interest to be due on March 12, 2013, with interest paid quarterly.

During the 2009-10 fiscal year, the Obion County Commission authorized up to a $3 million loan to the discretely presented Obion County School Department for the construction of career technology centers at two high schools. The School Department and Obion County signed an inter-departmental agreement for the repayment of the loan plus interest annually over a period of 12 years. 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. On May 21, 2012, the interest rate on this loan was established at .9 percent beginning July 1, 2012. As of June 30, 2012, the Obion County School Department's General Purpose School Fund had borrowed $2.5 million from the county under this agreement. The notes receivable of $5,550,022 in the General Fund are presented on the balance sheet with a nonspendable fund balance.

C. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	*Restated Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	$ 3,971,205	$ 0	$ (20,235)	$ 3,950,970
Construction in Progress	432,711	0	(432,711)	0
Total Capital Assets Not Depreciated	$ 4,403,916	$ 0	$ (452,946)	$ 3,950,970
Capital Assets Depreciated:				
Buildings and Improvements	$ 12,051,621	$ 487,076	$ 0	$ 12,538,697
Infrastructure	30,187,120	0	0	30,187,120
Other Capital Assets	8,606,290	466,108	(720,298)	8,352,100
Total Capital Assets Depreciated	$ 50,845,031	$ 953,184	$ (720,298)	$ 51,077,917
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 5,514,689	$ 498,492	$ 0	$ 6,013,181
Infrastructure	23,232,714	475,973	0	23,708,687
Other Capital Assets	6,448,827	683,912	(720,298)	6,412,441
Total Accumulated Depreciation	$ 35,196,230	$ 1,658,377	$ (720,298)	$ 36,134,309
Total Capital Assets Depreciated, Net	$ 15,648,801	$ (705,193)	$ 0	$ 14,943,608
Governmental Activities Capital Assets, Net	$ 20,052,717	$ (705,193)	$ (452,946)	$ 18,894,578

*See Note I.D.8. for prior-period adjustment.

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

Governmental Activities:

General Administration	$ 40,012
Finance	3,386
Administration of Justice	12,458
Public Safety	363,877
Public Health and Welfare	25,179
Social, Cultural, and Recreational Services	118,493
Other Operations	322,089
Highways/Public Works	772,883
Total Depreciation Expense - Governmental Activities	$ 1,658,377

Discretely Presented Obion County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	$ 696,031	$ 0	$ 696,031
Total Capital Assets Not Depreciated	$ 696,031	$ 0	$ 696,031
Capital Assets Depreciated:			
Buildings and Improvements	$ 60,287,231	$ 603,206	$ 60,890,437
Infrastructure	839,192	34,400	873,592
Other Capital Assets	6,163,938	275,676	6,439,614
Total Capital Assets Depreciated	$ 67,290,361	$ 913,282	$ 68,203,643
Less Accumulated Depreciation For:			
Buildings and Improvements	$ 29,276,227	$ 1,915,403	$ 31,191,630
Infrastructure	701,511	16,190	717,701
Other Capital Assets	3,967,108	329,258	4,296,366
Total Accumulated Depreciation	$ 33,944,846	$ 2,260,851	$ 36,205,697
Total Capital Assets Depreciated, Net	$ 33,345,515	$ (1,347,569)	$ 31,997,946
Governmental Activities Capital Assets, Net	$ 34,041,546	$ (1,347,569)	$ 32,693,977

There were no decreases in capital assets to report during the year ended June 30, 2012.

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

Governmental Activities:

Instruction	$ 1,555,907
Support Services	612,081
Operation of Non-Instructional Services	92,863
Total Depreciation Expense - Governmental Activities	$ 2,260,851

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 38,585
Discretely Presented Obion County School Department:		
General Purpose School	Nonmajor governmental	181,829
Nonmajor governmental	General Purpose School	137

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amount:

Discretely Presented Obion County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	$ 150,712

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

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and the other loan outstanding were issued for original terms of up to 24 years for bonds and up to 18 years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bond and other loan included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

The general obligation bond and the other loan outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bond - Refunding	3.5 to 4.25%	5-1-31	$ 8,050,000	$ 8,005,000
Other Loan	variable	5-25-22	17,000,000	6,294,000

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, 2012, the variable interest rate was .49 percent and other fees totaled .43 percent of the outstanding loan principal.

The annual requirements to amortize all general obligations bonds and the other loan outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bond Principal	Bond Interest	Bond Total
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
2018-2022	75,000	1,629,940	1,704,940
2023-2027	4,090,000	1,302,702	5,392,702
2028-2031	3,765,000	404,964	4,169,964
Total	$ 8,005,000	$ 4,982,321	$ 12,987,321

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Other Fees	Other Loan Total
2013	$ 536,000	$ 30,841	$ 28,260	$ 595,101
2014	555,000	28,214	25,916	609,130
2015	575,000	25,495	23,490	623,985
2016	595,000	22,677	20,977	638,654
2017	616,000	19,762	18,376	654,138
2018-2022	3,417,000	51,376	52,090	3,520,466
Total	$ 6,294,000	$ 178,365	$ 169,109	$ 6,641,474

There is $2,051,103 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 and the other loan, totaled $450, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bond	Notes	Other Loan
Balance, July 1, 2011	$ 8,020,000	$ 666,668	$ 6,812,000
Additions	0	122,697	0
Reductions	(15,000)	(789,365)	(518,000)
Balance, June 30, 2012	$ 8,005,000	$ 0	$ 6,294,000
Balance Due Within One Year	$ 15,000	$ 0	$ 536,000

Governmental Activities (Cont.):

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	$ 276,987	$ 0
Additions	325,214	10,213
Reductions	(292,234)	(4,686)
Balance, June 30, 2012	$ 309,967	$ 5,527
Balance Due Within One Year	$ 15,499	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	$ 14,614,494
Less: Balance Due Within One Year	(566,499)
Less: Deferred Discount on Debt	(41,136)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 14,006,859

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

Discretely Presented Obion County School Department

Note

The county loaned funds to the School Department for the construction of capital facilities (see Note IV.B.). The note included in long-term debt as of June 30, 2012, will be retired from the General Purpose School Fund; however, on May 21, 2012, a $170,000 contribution was made from the General Debt Service Fund to the General Purpose School Fund to assist with the debt retirement.

The note outstanding as of June 30, 2012, for governmental activities is as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Note	variable %	6-1-20	$ 2,500,000	$ 1,791,666

The annual requirements to amortize the note outstanding as of June 30, 2012, including interest payments, are presented in the following table:

Year Ending June 30	Note Principal	Note Interest	Note Total
2013	$ 250,000	$ 16,125	$ 266,125
2014	250,000	13,875	263,875
2015	250,000	11,625	261,625
2016	250,000	9,375	259,375
2017	250,000	7,125	257,125
2018-2020	541,666	7,875	549,541
Total	$ 1,791,666	$ 66,000	$ 1,857,666

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Obion County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Note	Compensated Absences
Balance, July 1, 2011	$ 2,041,666	$ 28,956
Additions	0	27,463
Reductions	(250,000)	(31,110)
Balance, June 30, 2012	$ 1,791,666	$ 25,309
Balance Due Within One Year	$ 250,000	$ 1,265

	Other Postemployment Benefits
Balance, July 1, 2011	$ 552,371
Additions	340,642
Reductions	(180,225)
Balance, June 30, 2012	$ 712,788
Balance Due Within One Year	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	$ 2,529,763
Less: Balance Due Within One Year	(251,265)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 2,278,498

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Obion County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were $136,523 and $33,068, 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. Contingent Liabilities

The county's attorney and the insurance carrier's attorney advised of several 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 developing the Northwest Tennessee Regional Port Authority has advised that there is no pending litigation involving Obion County concerning the port project.

C. 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 concluded 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 $67,500 to the Everett-Stewart Regional Airport during the year.

The Obion County Public Library is jointly owned by Obion County and Union City and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Obion County Commission. The remaining three members are appointed by Union City. Obion County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Obion County contributed $334,487 to the operations of the library during the year ended June 30, 2012.

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

D. 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. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, 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, 2012, Obion County's annual pension cost of $618,241 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 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 three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (d) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	$618,241	100%	$0
6-30-11	469,526	100	0
6-30-10	622,507	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 84.26 percent funded. The actuarial accrued liability for benefits was $24.69 million, and the actuarial value of assets was $20.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of $3.89 million. The covered payroll (annual payroll of active employees covered by the plan) was $9.54 million, and the ratio of the UAAL to the covered payroll was 40.76 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.

SCHOOL TEACHERS

Plan Description

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

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.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, 2012, 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, 2012, 2011, and 2010, were $1,262,663, $1,264,785, and $875,063, respectively, equal to the required contributions for each year.

E. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

Obion County provides commercial health benefits for pre-65 age retirees. For accounting purposes, the plan is defined as a single-employer defined benefit OPEB plan. The plan provides medical and prescription benefits to eligible retirees and their spouses. Any employee retiring after age 60, or with 30 years of service with Obion County, currently has the option to maintain health insurance.

Funding Policy

The county intends to continue its policy of funding OPEB liabilities on a pay-as-you-go basis, and it does not intend to prefund any unfunded annual required contribution. Retirees are required to pay 100 percent of their medical premiums.

Annual OPEB Cost and Net OPEB Obligation

	Obion County Plan
ARC	$ 10,213
Annual OPEB cost	$ 10,213
Less: Amount of contribution	(4,686)
Increase/decrease in NPO	$ 5,527
Net OPEB obligation, 7-1-11	0
Net OPEB obligation, 6-30-12	$ 5,527

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Commercial Insurance	$ 10,213	46%	$ 5,527

* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Obion County Plan
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	$ 113,102
Actuarial value of plan assets	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 113,102
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	$ 6,146,785
UAAL as a % of covered payroll	1.84%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with 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 liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investments returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend of eight percent initially, reduced by decrements to an ultimate rate of five percent after three years. The actuarial value of assets was determined using the standard balanced portfolio expectation for retirement plan asset returns. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2011, was 30 years.

Discretely Presented Obion County School Department

Plan Description

The Obion County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (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 employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2012, the Obion County School Department contributed $180,225 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	$ 342,000
Interest on the NPO	22,095
Adjustment to the ARC	(23,453)
Annual OPEB cost	$ 340,642
Less: Amount of contribution	(180,225)
Increase/decrease in NPO	$ 160,417
Net OPEB obligation, 7-1-11	552,371
Net OPEB obligation, 6-30-12	$ 712,788

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	$ 279,897	69%	$ 463,452
6-30-11	"	292,101	70	552,371
6-30-12	"	340,642	53	712,788

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

		Local Education Group Plan
Actuarial valuation date		7-1-11
Actuarial accrued liability (AAL)	$	3,513,000
Actuarial value of plan assets	$	0
Unfunded actuarial accrued liability (UAAL)	$	3,513,000
Actuarial value of assets as a % of the AAL		0%
Covered payroll (active plan members)	$	18,995,205
UAAL as a % of covered payroll		18%

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, 2011, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

F. 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, 2012, 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, 2012. The nursing home has defined capital assets as assets with an initial, individual cost of more than $3,000. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets.

e. Compensated Absences

Accumulated unpaid annual and sick leave are accrued at fiscal year end. As of June 30, 2012, annual leave totaled $13,204, and sick leave was $58,987, for a total accrual of $72,191. 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, 2012, all deposits for the nursing home were in interest-bearing checking accounts. There were no investments held by the nursing home at year end.

Custodial Credit Risk – The nursing home's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the nursing home's agent in the nursing home's name, or by the Federal Reserve banks acting as third-party agents. As of June 30, 2012, all bank deposits were fully collateralized or insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Depreciated:			
Land Improvements	$ 12,745	$ 0	$ 12,745
Buildings and Improvements	1,016,238	12,407	1,028,645
Movable Equipment	248,823	41,451	290,274
Fixed Equipment	120,506	0	120,506
Total Capital Assets Depreciated	$ 1,398,312	$ 53,858	$ 1,452,170
Less Accumulated Depreciation For:			
Land Improvements	$ 12,745	$ 0	$ 12,745
Buildings and Improvements	821,844	29,916	851,760
Movable Equipment	198,799	16,457	215,256
Fixed Equipment	110,109	1,274	111,383
Total Accumulated Depreciation	$ 1,143,497	$ 47,647	$ 1,191,144
Total Capital Assets Depreciated, Net	$ 254,815	$ 6,211	$ 261,026

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, 2012, the total covered payroll for the nursing home was $1,112,798, and the pension contribution was $70,440. Complete disclosure for the county's pension plan is described in Note V.D.

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 Local Government 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 defines cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception. As of June 30, 2012, the district had no short-term investments meeting this definition.

State statutes authorize the district to invest in certificates of deposit; obligations of the U.S. Treasury, agencies, and instrumentalities; obligations by the U.S. government or its agencies; repurchase agreements as approved by the state Comptroller's Office; and the state's local government investment pool.

b. 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 $5,000 per unit cost. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, no interest costs were capitalized.

d. Compensated Absences

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

e. Net 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 expenses 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	$ 108,677
Accounts receivable	38,982
Accounts payable	(3,174)
Net income - GAAP basis	$ 144,485

The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

C. Detailed Notes on Accounts

1. Deposits and Investments

The district has its cash deposits in local banks. Cash on the balance sheet as of June 30, 2012, includes certificates of deposit issued by local banks.

Custodial Credit Risk – The district's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. 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, 2012, all of the district's deposits were insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-11	Additions	Disposals	Balance 6-30-12
Capital Assets Depreciated:				
Office Equipment	$ 151,312	$ 0	$ (4,350)	$ 146,962
Vehicles	14,617	0	0	14,617
Communications Equipment and Furniture and Fixtures	521,250	34,895	(1,755)	554,390
Building and Improvements	507,743	0	0	507,743
Total Capital Assets Depreciated	$ 1,194,922	$ 34,895	$ (6,105)	$ 1,223,712
Less: Accumulated Depreciation:				
Office Equipment	$ 60,492	$ 13,215	$ (4,350)	$ 69,357
Vehicles	14,617	0	0	14,617
Communications Equipment and Furniture and Fixtures	286,229	35,467	(1,755)	319,941
Building and Improvements	55,219	13,754	0	68,973
Total Accumulated Depreciation	$ 416,557	$ 62,436	$ (6,105)	$ 472,888
Total Capital Assets, Net	$ 778,365	$ (27,541)	$ 0	$ 750,824

Depreciation expense for the year ended June 30, 2012, was $62,436.

D. Other Information

Risk Management

The district is exposed to various risks related to general and public official's liability, officer's/director's omissions liability, automobile liability, property and casualty losses, and workers' compensation. To cover these risks, the district joined the Tennessee Municipal League, which is a public entity risk pool established to provide insurance coverage to local governments in Tennessee and is self-sustaining through member premiums. The pool is a cooperative risk sharing arrangement that works in many ways like a traditional insurer. The district pays annual premiums to the pool based on its prior claims history. The pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. In addition, the district has purchased commercial insurance to provide for employee health insurance. Settlements have not exceeded insurance coverage in any of the prior three years. The district is self-insured for unemployment claims by its employees, which means that the district will reimburse the state's workforce development agency for any claims against the district as they occur. There were no claims made during the year ended June 30, 2012.

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 3,292,219	$ 0	$ 0	$ 3,292,219	$ 3,002,679	$ 3,002,679	$ 289,540
Licenses and Permits	18,543	0	0	18,543	17,300	17,300	1,243
Fines, Forfeitures, and Penalties	87,642	0	0	87,642	86,090	86,090	1,552
Charges for Current Services	80,899	0	0	80,899	85,100	85,100	(4,201)
Other Local Revenues	660,449	0	0	660,449	697,900	697,900	(37,451)
Fees Received from County Officials	1,381,943	0	0	1,381,943	1,270,000	1,270,000	111,943
State of Tennessee	964,649	0	0	964,649	830,539	845,014	119,635
Federal Government	114,863	0	0	114,863	158,883	158,883	(44,020)
Other Governments and Citizens Groups	949,255	0	0	949,255	1,010,000	932,152	17,103
Total Revenues	$ 7,550,462	$ 0	$ 0	$ 7,550,462	$ 7,158,491	$ 7,095,118	$ 455,344
Expenditures							
General Government							
County Commission	$ 69,888	$ 0	$ 0	$ 69,888	$ 76,400	$ 76,400	$ 6,512
Board of Equalization	1,212	0	0	1,212	3,200	3,200	1,988
Beer Board	0	0	0	0	1,700	1,700	1,700
Budget and Finance Committee	12,356	0	0	12,356	14,000	14,000	1,644
Other Boards and Committees	1,805	0	0	1,805	3,900	3,900	2,095
County Mayor/Executive	197,109	0	0	197,109	199,724	204,749	7,640
Election Commission	182,994	0	0	182,994	197,271	197,271	14,277
Register of Deeds	133,138	0	0	133,138	147,669	147,669	14,531
County Buildings	153,609	0	115	153,724	150,714	180,714	26,990
Preservation of Records	4,851	0	24,925	29,776	30,000	30,000	224
Finance							
Property Assessor's Office	202,356	0	0	202,356	226,622	226,622	24,266

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance (Cont.)							
County Trustee's Office	$ 135,630	$ 0	$ 0	$ 135,630	$ 140,146	$ 140,146	$ 4,516
County Clerk's Office	227,978	0	0	227,978	230,258	233,258	5,280
Administration of Justice							
Circuit Court	136,985	0	0	136,985	161,796	164,796	27,811
General Sessions Court	227,556	0	0	227,556	238,647	238,647	11,091
Chancery Court	136,339	0	0	136,339	152,387	152,387	16,048
Juvenile Court	130,613	0	0	130,613	145,809	145,809	15,196
Juvenile Court Clerk	46,525	0	0	46,525	48,606	48,606	2,081
Courtroom Security	195,785	0	0	195,785	211,961	211,961	16,176
Public Safety							
Sheriff's Department	1,489,808	0	0	1,489,808	1,684,637	1,684,637	194,829
Jail	1,179,417	0	4,261	1,183,678	1,337,933	1,344,933	161,255
Rural Fire Protection	22,075	0	0	22,075	29,250	34,250	12,175
Rescue Squad	7,000	0	0	7,000	7,000	7,000	0
Other Emergency Management	55,627	0	0	55,627	56,250	56,250	623
County Coroner/Medical Examiner	25,400	0	0	25,400	29,800	29,800	4,400
Public Safety Grant Programs	41,038	0	0	41,038	100,000	100,000	58,962
Public Health and Welfare							
Local Health Center	110,735	0	0	110,735	141,714	141,714	30,979
Alcohol and Drug Programs	20,910	0	0	20,910	35,200	35,200	14,290
Other Local Health Services	3,000	0	0	3,000	3,000	3,000	0
Appropriation to State	69,053	0	0	69,053	69,053	69,053	0
General Welfare Assistance	1,800	0	0	1,800	1,350	3,350	1,550
Sanitation Education/Information	30,632	0	0	30,632	50,682	50,682	20,050

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Public Health and Welfare (Cont.)							
Other Public Health and Welfare	$ 5,996	$ (1,257)	$ 249	$ 4,988	$ 5,000	$ 5,000	$ 12
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	27,500	0	0	27,500	27,500	27,500	0
Libraries	337,370	0	0	337,370	337,370	337,370	0
Parks and Fair Boards	4,000	0	0	4,000	4,000	4,000	0
Other Social, Cultural, and Recreational	1,000	0	0	1,000	6,000	6,000	5,000
Agriculture and Natural Resources							
Agriculture Extension Service	87,691	0	0	87,691	97,344	97,344	9,653
Soil Conservation	24,314	0	0	24,314	24,314	24,314	0
Flood Control	25,113	0	0	25,113	25,200	25,200	87
Other Operations							
Tourism	16,949	0	0	16,949	31,000	31,000	14,051
Industrial Development	80,474	0	0	80,474	80,475	80,475	1
Airport	69,600	0	0	69,600	67,500	69,600	0
Veterans' Services	13,790	0	0	13,790	13,790	13,790	0
Other Charges	148,964	0	0	148,964	134,601	154,601	5,637
Contributions to Other Agencies	1,674	0	0	1,674	1,674	1,674	0
Employee Benefits	808,869	0	5,960	814,829	878,100	854,000	39,171
Miscellaneous	8,066	0	0	8,066	22,000	22,000	13,934
Instruction							
Vocational Education Program	73,481	0	0	73,481	73,481	73,481	0
Capital Projects							
General Administration Projects	0	0	0	0	48,036	48,036	48,036
Public Health and Welfare Projects	30,271	(19,146)	0	11,125	0	0	(11,125)

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Capital Projects (Cont.)							
Other General Government Projects	$ 0	$ 0	$ 0	$ 0	$ 73,019	$ 73,019	$ 73,019
Total Expenditures	$ 7,018,346	$ (20,403)	$ 35,510	$ 7,033,453	$ 7,877,083	$ 7,930,108	$ 896,655
Excess (Deficiency) of Revenues Over Expenditures	$ 532,116	$ 20,403	$ (35,510)	$ 517,009	$ (718,592)	$ (834,990)	$ 1,351,999
Other Financing Sources (Uses)							
Notes Issued	$ 122,697	$ 0	$ 0	$ 122,697	$ 125,000	$ 125,000	$ (2,303)
Insurance Recovery	0	0	0	0	500	500	(500)
Transfers Out	0	0	0	0	(80,000)	0	0
Total Other Financing Sources (Uses)	$ 122,697	$ 0	$ 0	$ 122,697	$ 45,500	$ 125,500	$ (2,803)
Net Change in Fund Balance	$ 654,813	$ 20,403	$ (35,510)	$ 639,706	$ (673,092)	$ (709,490)	$ 1,349,196
Fund Balance, July 1, 2011	14,151,966	(20,403)	0	14,131,563	14,164,211	14,164,211	(32,648)
Fund Balance, June 30, 2012	$ 14,806,779	$ 0	$ (35,510)	$ 14,771,269	$ 13,491,119	$ 13,454,721	$ 1,316,548

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 1,514,941	$ 0	$ 1,514,941	$ 1,519,895	$ 1,579,895	$ (64,954)
Charges for Current Services	433	0	433	500	500	(67)
Other Local Revenues	177,467	0	177,467	80,200	80,200	97,267
State of Tennessee	2,529,626	0	2,529,626	3,950,117	3,950,117	(1,420,491)
Federal Government	63,193	0	63,193	0	0	63,193
Total Revenues	$ 4,285,660	$ 0	$ 4,285,660	$ 5,550,712	$ 5,610,712	$ (1,325,052)
Expenditures						
Highways						
Administration	$ 180,824	$ 0	$ 180,824	$ 212,173	$ 212,173	$ 31,349
Highway and Bridge Maintenance	2,226,410	(17,417)	2,208,993	3,311,837	3,311,837	1,102,844
Operation and Maintenance of Equipment	524,179	0	524,179	742,195	742,195	218,016
Other Charges	128,795	0	128,795	202,850	202,850	74,055
Employee Benefits	243,122	0	243,122	332,000	332,000	88,878
Capital Outlay	1,116,662	(597,006)	519,656	2,672,000	2,672,000	2,152,344
Total Expenditures	$ 4,419,992	$ (614,423)	$ 3,805,569	$ 7,473,055	$ 7,473,055	$ 3,667,486
Excess (Deficiency) of Revenues Over Expenditures	$ (134,332)	$ 614,423	$ 480,091	$ (1,922,343)	$ (1,862,343)	$ 2,342,434
Net Change in Fund Balance	$ (134,332)	$ 614,423	$ 480,091	$ (1,922,343)	$ (1,862,343)	$ 2,342,434
Fund Balance, July 1, 2011	2,578,314	(614,423)	1,963,891	1,931,943	1,931,943	31,948
Fund Balance, June 30, 2012	$ 2,443,982	$ 0	$ 2,443,982	$ 9,600	$ 69,600	$ 2,374,382

Exhibit F-3

Obion County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Obion County School Department
June 30, 2012

(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)
7-1-11	$ 20,805	$ 24,692	$ 3,887	84.26 %	$ 9,538	40.76 %
7-1-09	17,370	21,455	4,085	80.96	9,812	41.63
7-1-07	16,669	17,082	413	97.58	8,475	4.87

Exhibit F-4

Obion County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Obion County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	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)
PRIMARY GOVERNMENT							
Commercial Insurance	7-1-11*	$ 0	$ 113	$ 113	0%	$ 6,147	1.84%
DISCRETELY PRESENTED OBION COUNTY SCHOOL DEPARTMENT							
Local Education Group	7-1-09	0	3,370	3,370	0	18,004	19
"	7-1-10	0	3,476	3,476	0	17,940	19
"	7-1-11	0	3,513	3,513	0	18,995	18

* Data not available for two preceding years.

OBION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. 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, Budget and Finance Committee, Other Boards and 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.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Capital Projects – Public Health and Welfare Projects major appropriation category (the legal level of control) of the General Fund by $11,125. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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, 2012

	Special Revenue Funds			
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 0	$ 0	$ 38,541	$ 38,541
Equity in Pooled Cash and Investments	26,344	62,006	0	88,350
Accounts Receivable	1,760	0	44	1,804
Due from Other Governments	5,666	0	0	5,666
Total Assets	$ 33,770	$ 62,006	$ 38,585	$ 134,361
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 1,981	$ 0	$ 0	$ 1,981
Due to Other Funds	0	0	38,585	38,585
Total Liabilities	$ 1,981	$ 0	$ 38,585	$ 40,566
Fund Balances				
Restricted:				
Restricted for Public Safety	$ 0	$ 62,006	$ 0	$ 62,006
Committed:				
Committed for Public Health and Welfare	31,789	0	0	31,789
Total Fund Balances	$ 31,789	$ 62,006	$ 0	$ 93,795
Total Liabilities and Fund Balances	$ 33,770	$ 62,006	$ 38,585	$ 134,361

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, 2012

	Special Revenue Funds			
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total Nonmajor Governmental Funds
Revenues				
Fines, Forfeitures, and Penalties	$ 0	$ 19,775	$ 0	$ 19,775
Charges for Current Services	15,364	0	2,546	17,910
Other Local Revenues	39,553	24	0	39,577
State of Tennessee	18,522	0	0	18,522
Other Governments and Citizens Groups	80,000	0	0	80,000
Total Revenues	$ 153,439	$ 19,799	$ 2,546	$ 175,784
Expenditures				
Current:				
Administration of Justice	$ 0	$ 0	$ 2,546	$ 2,546
Public Safety	0	29,808	0	29,808
Public Health and Welfare	144,808	0	0	144,808
Total Expenditures	$ 144,808	$ 29,808	$ 2,546	$ 177,162
Excess (Deficiency) of Revenues Over Expenditures	$ 8,631	$ (10,009)	$ 0	$ (1,378)
Net Change in Fund Balances	$ 8,631	$ (10,009)	$ 0	$ (1,378)
Fund Balance, July 1, 2011	23,158	72,015	0	95,173
Fund Balance, June 30, 2012	$ 31,789	$ 62,006	$ 0	$ 93,795

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Charges for Current Services	$ 15,364	$ 0	$ 15,364	$ 3,000	$ 3,000	$ 12,364
Other Local Revenues	39,553	0	39,553	32,135	32,135	7,418
State of Tennessee	18,522	0	18,522	25,500	28,500	(9,978)
Other Governments and Citizens Groups	80,000	0	80,000	0	80,000	0
Total Revenues	$ 153,439	$ 0	$ 153,439	$ 60,635	$ 143,635	$ 9,804
Expenditures						
Public Health and Welfare						
Problem Waste Centers	$ 21,700	$ 0	$ 21,700	$ 26,250	$ 26,250	$ 4,550
Recycling Center	123,108	(2,659)	120,449	126,915	129,915	9,466
Total Expenditures	$ 144,808	$ (2,659)	$ 142,149	$ 153,165	$ 156,165	$ 14,016
Excess (Deficiency) of Revenues Over Expenditures	$ 8,631	$ 2,659	$ 11,290	$ (92,530)	$ (12,530)	$ 23,820
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 0	$ 0	$ 80,000	$ 0	$ 0
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 80,000	$ 0	$ 0
Net Change in Fund Balance	$ 8,631	$ 2,659	$ 11,290	$ (12,530)	$ (12,530)	$ 23,820
Fund Balance, July 1, 2011	23,158	(2,659)	20,499	22,779	22,779	(2,280)
Fund Balance, June 30, 2012	$ 31,789	$ 0	$ 31,789	$ 10,249	$ 10,249	$ 21,540

Exhibit G-4

Obion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 19,775	$ 11,050	$ 11,050	$ 8,725
Other Local Revenues	24	750	750	(726)
Total Revenues	$ 19,799	$ 11,800	$ 11,800	$ 7,999
Expenditures				
Public Safety				
Drug Enforcement	$ 29,808	$ 54,375	$ 54,375	$ 24,567
Total Expenditures	$ 29,808	$ 54,375	$ 54,375	$ 24,567
Excess (Deficiency) of Revenues Over Expenditures	$ (10,009)	$ (42,575)	$ (42,575)	$ 32,566
Net Change in Fund Balance	$ (10,009)	$ (42,575)	$ (42,575)	$ 32,566
Fund Balance, July 1, 2011	72,015	71,327	71,327	688
Fund Balance, June 30, 2012	$ 62,006	$ 28,752	$ 28,752	$ 33,254

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, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,733,446	$ 1,672,413	$ 1,672,413	$ 61,033
Other Local Revenues	52,772	57,570	57,570	(4,798)
Total Revenues	$ 1,786,218	$ 1,729,983	$ 1,729,983	$ 56,235
Expenditures				
Principal on Debt				
General Government	$ 122,697	$ 137,813	$ 125,001	$ 2,304
Education	1,199,668	1,369,868	1,199,868	200
Interest on Debt				
General Government	13,284	13,780	13,780	496
Education	369,707	608,874	608,874	239,167
Other Debt Service				
General Government	46,010	45,500	58,312	12,302
Education	201,225	40,000	210,000	8,775
Total Expenditures	$ 1,952,591	$ 2,215,835	$ 2,215,835	$ 263,244
Excess (Deficiency) of Revenues Over Expenditures	$ (166,373)	$ (485,852)	$ (485,852)	$ 319,479
Net Change in Fund Balance	$ (166,373)	$ (485,852)	$ (485,852)	$ 319,479
Fund Balance, July 1, 2011	2,217,476	2,202,112	2,202,112	15,364
Fund Balance, June 30, 2012	$ 2,051,103	$ 1,716,260	$ 1,716,260	$ 334,843

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, 2012

	Agency Funds					
	Cities - Sales Tax	Cities - Property Tax	Special School District	City School ADA - Union City	Constitu-tional Officers - Agency	Total
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 2,671,842	$ 2,671,842
Equity in Pooled Cash and Investments	0	122	855	28,414	0	29,391
Accounts Receivable	0	0	0	0	5,054	5,054
Due from Other Governments	668,747	0	0	218,779	0	887,526
Property Taxes Receivable	0	0	0	1,673,079	0	1,673,079
Allowance for Uncollectible Property Taxes	0	0	0	(48,548)	0	(48,548)
Notes Receivable - Long-term	0	0	0	0	194,067	194,067
Total Assets	$ 668,747	$ 122	$ 855	$ 1,871,724	$ 2,870,963	$ 5,412,411
LIABILITIES						
Due to Other Taxing Units	$ 668,747	$ 122	$ 855	$ 1,871,724	$ 0	$ 2,541,448
Due to Litigants, Heirs, and Others	0	0	0	0	2,870,963	2,870,963
Total Liabilities	$ 668,747	$ 122	$ 855	$ 1,871,724	$ 2,870,963	$ 5,412,411

Exhibit I-2

Obion County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 4,114,267	$ 4,114,267	$ 0
Due from Other Governments	682,550	668,747	682,550	668,747
Total Assets	$ 682,550	$ 4,783,014	$ 4,796,817	$ 668,747
Liabilities				
Due to Other Taxing Units	$ 682,550	$ 4,783,014	$ 4,796,817	$ 668,747
Total Liabilities	$ 682,550	$ 4,783,014	$ 4,796,817	$ 668,747
Cities - Property Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 1,053	$ 30,548	$ 31,479	$ 122
Total Assets	$ 1,053	$ 30,548	$ 31,479	$ 122
Liabilities				
Due to Other Taxing Units	$ 1,053	$ 30,548	$ 31,479	$ 122
Total Liabilities	$ 1,053	$ 30,548	$ 31,479	$ 122
Special School District Fund				
Assets				
Equity in Pooled Cash and Investments	$ 864	$ 90,337	$ 90,346	$ 855
Total Assets	$ 864	$ 90,337	$ 90,346	$ 855
Liabilities				
Due to Other Taxing Units	$ 864	$ 90,337	$ 90,346	$ 855
Total Liabilities	$ 864	$ 90,337	$ 90,346	$ 855
City School ADA - Union City Fund				
Assets				
Equity in Pooled Cash and Investments	$ 30,672	$ 2,994,574	$ 2,996,832	$ 28,414
Due from Other Governments	213,305	218,779	213,305	218,779
Property Taxes Receivable	1,391,642	1,673,079	1,391,642	1,673,079
Allowance for Uncollectible Property Taxes	(36,529)	(48,548)	(36,529)	(48,548)
Total Assets	$ 1,599,090	$ 4,837,884	$ 4,565,250	$ 1,871,724

(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
City School ADA - Union City Fund (Cont.)				
Liabilities				
Due to Other Taxing Units	$ 1,599,090	$ 4,837,884	$ 4,565,250	$ 1,871,724
Total Liabilities	$ 1,599,090	$ 4,837,884	$ 4,565,250	$ 1,871,724
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 2,230,784	$ 8,584,673	$ 8,143,615	$ 2,671,842
Accounts Receivable	3,871	5,054	3,871	5,054
Notes Receivable - Long-term	188,848	5,219	0	194,067
Total Assets	$ 2,423,503	$ 8,594,946	$ 8,147,486	$ 2,870,963
Liabilities				
Due to Litigants, Heirs, and Others	$ 2,423,503	$ 8,594,946	$ 8,147,486	$ 2,870,963
Total Liabilities	$ 2,423,503	$ 8,594,946	$ 8,147,486	$ 2,870,963
Totals - All Agency Funds				
Assets				
Cash	$ 2,230,784	$ 8,584,673	$ 8,143,615	$ 2,671,842
Equity in Pooled Cash and Investments	32,589	7,229,726	7,232,924	29,391
Accounts Receivable	3,871	5,054	3,871	5,054
Due from Other Governments	895,855	887,526	895,855	887,526
Property Taxes Receivable	1,391,642	1,673,079	1,391,642	1,673,079
Allowance for Uncollectible Property Taxes	(36,529)	(48,548)	(36,529)	(48,548)
Notes Receivable - Long-term	188,848	5,219	0	194,067
Total Assets	$ 4,707,060	$ 18,336,729	$ 17,631,378	$ 5,412,411
Liabilities				
Due to Other Taxing Units	$ 2,283,557	$ 9,741,783	$ 9,483,892	$ 2,541,448
Due to Litigants, Heirs, and Others	2,423,503	8,594,946	8,147,486	2,870,963
Total Liabilities	$ 4,707,060	$ 18,336,729	$ 17,631,378	$ 5,412,411

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, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:				
Instruction	$ 19,587,782	$ 2,764	$ 1,602,140	$ (17,982,878)
Support Services	9,875,623	9,987	711,845	(9,153,791)
Operation of Non-Instructional Services	3,065,233	704,611	2,030,111	(330,511)
Interest on Long-term Debt	57,490	0	0	(57,490)
Total Governmental Activities	$ 32,586,128	$ 717,362	$ 4,344,096	$ (27,524,670)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 4,236,695
Local Option Sales Taxes				3,292,691
Business Tax				73,485
Other Local Taxes				1,425
Grants and Contributions Not Restricted to Specific Programs				18,506,557
Miscellaneous				199,630
Total General Revenues				$ 26,310,483
Change in Net Assets				$ (1,214,187)
Net Assets, July 1, 2011				36,757,173
Net Assets, June 30, 2012				$ 35,542,986

Exhibit J-2

Obion County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Obion County School Department
June 30, 2012

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 3,483,420	$ 801,970	$ 4,285,390
Accounts Receivable	9,288	84	9,372
Due from Other Governments	878,912	123,779	1,002,691
Due from Other Funds	181,829	137	181,966
Property Taxes Receivable	4,301,806	0	4,301,806
Allowance for Uncollectible Property Taxes	(124,964)	0	(124,964)
Total Assets	$ 8,730,291	$ 925,970	$ 9,656,261
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 63,418	$ 579	$ 63,997
Due to Other Funds	137	181,829	181,966
Due to State of Tennessee	0	38	38
Deferred Revenue - Current Property Taxes	4,030,144	0	4,030,144
Deferred Revenue - Delinquent Property Taxes	118,022	0	118,022
Other Deferred Revenues	285,498	0	285,498
Total Liabilities	$ 4,497,219	$ 182,446	$ 4,679,665
Fund Balances			
Restricted:			
Restricted for Education	$ 0	$ 383	$ 383
Restricted for Operation of Non-Instructional Services	0	639,692	639,692
Restricted for Capital Projects	0	3,449	3,449
Committed:			
Committed for Education	21,233	0	21,233
Assigned:			
Assigned for Education	26,940	100,000	126,940
Unassigned	4,184,899	0	4,184,899
Total Fund Balances	$ 4,233,072	$ 743,524	$ 4,976,596
Total Liabilities and Fund Balances	$ 8,730,291	$ 925,970	$ 9,656,261

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, 2012

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)		$ 4,976,596
(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	29,698,807	
Add: infrastructure net of accumulated depreciation	155,891	
Add: other capital assets net of accumulated depreciation	2,143,248	32,693,977
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: note payable	$ (1,791,666)	
Less: accrued interest on note	(1,344)	
Less: compensated absences payable	(25,309)	
Less: other postemployment benefits liability	(712,788)	(2,531,107)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		403,520
Net assets of governmental activities (Exhibit A)		$ 35,542,986

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, 2012

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 7,791,362	$ 0	$ 7,791,362
Licenses and Permits	1,796	0	1,796
Charges for Current Services	130,020	587,567	717,587
Other Local Revenues	199,200	3,388	202,588
State of Tennessee	18,688,431	20,809	18,709,240
Federal Government	245,968	3,767,980	4,013,948
Other Governments and Citizens Groups	170,000	0	170,000
Total Revenues	$ 27,226,777	$ 4,379,744	$ 31,606,521
Expenditures			
Current:			
Instruction	$ 15,750,530	$ 1,447,753	$ 17,198,283
Support Services	9,521,372	413,569	9,934,941
Operation of Non-Instructional Services	650,732	2,294,402	2,945,134
Capital Outlay	958,562	0	958,562
Debt Service:			
Principal on Debt	250,000	0	250,000
Interest on Debt	61,250	0	61,250
Total Expenditures	$ 27,192,446	$ 4,155,724	$ 31,348,170
Excess (Deficiency) of Revenues Over Expenditures	$ 34,331	$ 224,020	$ 258,351
Other Financing Sources (Uses)			
Insurance Recovery	$ 12,621	$ 0	$ 12,621
Transfers In	150,712	0	150,712
Transfers Out	0	(150,712)	(150,712)
Total Other Financing Sources (Uses)	$ 163,333	$ (150,712)	$ 12,621
Net Change in Fund Balances	$ 197,664	$ 73,308	$ 270,972
Fund Balance, July 1, 2011	4,035,408	670,216	4,705,624
Fund Balance, June 30, 2012	$ 4,233,072	$ 743,524	$ 4,976,596

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, 2012

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)		$ 270,972
(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	$ 913,282	
Less: current-year depreciation expense	(2,260,851)	(1,347,569)
(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, 2012	$ 403,520	
Less: deferred delinquent property taxes and other deferred June 30, 2011	(638,100)	(234,580)
(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 note		250,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	$ 3,760	
Change in compensated absences payable	3,647	
Change in other postemployment benefits liability	(160,417)	(153,010)
Change in net assets of governmental activities (Exhibit B)		$ (1,214,187)

Exhibit J-6

Obion County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Obion County School Department
June 30, 2012

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	$ 158,829	$ 639,692	$ 798,521	$ 3,449	$ 801,970
Accounts Receivable	84	0	84	0	84
Due from Other Governments	123,779	0	123,779	0	123,779
Due from Other Funds	137	0	137	0	137
Total Assets	$ 282,829	$ 639,692	$ 922,521	$ 3,449	$ 925,970
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 579	$ 0	$ 579	$ 0	$ 579
Due to Other Funds	181,829	0	181,829	0	181,829
Due to State of Tennessee	38	0	38	0	38
Total Liabilities	$ 182,446	$ 0	$ 182,446	$ 0	$ 182,446
Fund Balances					
Restricted:					
Restricted for Education	$ 383	$ 0	$ 383	$ 0	$ 383
Restricted for Operation of Non-Instructional Services	0	639,692	639,692	0	639,692
Restricted for Capital Projects	0	0	0	3,449	3,449
Assigned:					
Assigned for Education	100,000	0	100,000	0	100,000
Total Fund Balances	$ 100,383	$ 639,692	$ 740,075	$ 3,449	$ 743,524
Total Liabilities and Fund Balances	$ 282,829	$ 639,692	$ 922,521	$ 3,449	$ 925,970

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, 2012

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
Revenues					
Charges for Current Services	$ 0	$ 587,567	$ 587,567	$ 0	$ 587,567
Other Local Revenues	0	3,388	3,388	0	3,388
State of Tennessee	0	20,809	20,809	0	20,809
Federal Government	2,231,284	1,536,696	3,767,980	0	3,767,980
Total Revenues	$ 2,231,284	$ 2,148,460	$ 4,379,744	$ 0	$ 4,379,744
Expenditures					
Current:					
Instruction	$ 1,447,753	$ 0	$ 1,447,753	$ 0	$ 1,447,753
Support Services	413,569	0	413,569	0	413,569
Operation of Non-Instructional Services	138,009	2,156,393	2,294,402	0	2,294,402
Total Expenditures	$ 1,999,331	$ 2,156,393	$ 4,155,724	$ 0	$ 4,155,724
Excess (Deficiency) of Revenues Over Expenditures	$ 231,953	$ (7,933)	$ 224,020	$ 0	$ 224,020
Other Financing Sources (Uses)					
Transfers Out	$ (150,712)	$ 0	$ (150,712)	$ 0	$ (150,712)
Total Other Financing Sources (Uses)	$ (150,712)	$ 0	$ (150,712)	$ 0	$ (150,712)
Net Change in Fund Balances	$ 81,241	$ (7,933)	$ 73,308	$ 0	$ 73,308
Fund Balance, July 1, 2011	19,142	647,625	666,767	3,449	670,216
Fund Balance, June 30, 2012	$ 100,383	$ 639,692	$ 740,075	$ 3,449	$ 743,524

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 7,791,362	$ 0	$ 0	$ 7,791,362	$ 7,632,973	$ 7,632,973	$ 158,389
Licenses and Permits	1,796	0	0	1,796	1,600	1,600	196
Charges for Current Services	130,020	0	0	130,020	149,352	149,352	(19,332)
Other Local Revenues	199,200	0	0	199,200	87,500	87,500	111,700
State of Tennessee	18,688,431	0	0	18,688,431	18,525,590	18,695,181	(6,750)
Federal Government	245,968	0	0	245,968	266,890	266,890	(20,922)
Other Governments and Citizens Groups	170,000	0	0	170,000	0	170,000	0
Total Revenues	$ 27,226,777	$ 0	$ 0	$ 27,226,777	$ 26,663,905	$ 27,003,496	$ 223,281
Expenditures							
Instruction							
Regular Instruction Program	$ 12,926,443	$ (2,286)	$ 19,955	$ 12,944,112	$ 13,280,785	$ 13,280,785	$ 336,673
Alternative Instruction Program	91,941	0	0	91,941	90,309	101,709	9,768
Special Education Program	1,575,169	0	0	1,575,169	1,638,409	1,638,409	63,240
Vocational Education Program	1,001,050	(15,845)	0	985,205	1,006,260	1,006,260	21,055
Student Body Education Program	102,210	(6,597)	689	96,302	119,452	119,452	23,150
Adult Education Program	53,717	0	0	53,717	68,795	68,795	15,078
Support Services							
Attendance	106,508	0	0	106,508	109,605	109,605	3,097
Health Services	314,627	0	646	315,273	315,608	317,608	2,335
Other Student Support	556,190	0	0	556,190	566,898	566,898	10,708
Regular Instruction Program	982,326	(6,723)	4,420	980,023	1,011,464	1,011,464	31,441
Alternative Instruction Program	38,707	0	0	38,707	35,258	39,818	1,111
Special Education Program	120,537	0	0	120,537	129,226	129,226	8,689

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Vocational Education Program	$ 95,221	$ 0	$ 0	$ 95,221	$ 97,391	$ 97,391	$ 2,170
Adult Programs	73,859	0	0	73,859	79,519	79,519	5,660
Other Programs	169,591	0	0	169,591	0	169,591	0
Board of Education	439,723	0	0	439,723	450,499	450,499	10,776
Director of Schools	210,491	0	0	210,491	218,177	218,177	7,686
Office of the Principal	1,658,940	0	0	1,658,940	1,673,602	1,673,602	14,662
Fiscal Services	173,626	0	0	173,626	169,922	175,482	1,856
Operation of Plant	2,248,431	0	0	2,248,431	2,444,938	2,455,938	207,507
Maintenance of Plant	620,389	0	230	620,619	653,967	653,967	33,348
Transportation	1,533,808	0	0	1,533,808	1,640,119	1,652,719	118,911
Central and Other	178,398	0	0	178,398	185,613	185,613	7,215
Operation of Non-Instructional Services							
Community Services	186,116	0	0	186,116	216,500	216,500	30,384
Early Childhood Education	464,616	0	0	464,616	471,923	471,923	7,307
Capital Outlay							
Regular Capital Outlay	958,562	(777,303)	1,000	182,259	491,828	491,828	309,569
Principal on Debt							
Education	250,000	0	0	250,000	80,000	250,000	0
Interest on Debt							
Education	61,250	0	0	61,250	61,250	61,250	0
Total Expenditures	$ 27,192,446	$ (808,754)	$ 26,940	$ 26,410,632	$ 27,307,317	$ 27,694,028	$ 1,283,396
Excess (Deficiency) of Revenues Over Expenditures	$ 34,331	$ 808,754	$ (26,940)	$ 816,145	$ (643,412)	$ (690,532)	$ 1,506,677

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses)							
Insurance Recovery	$ 12,621	$ 0	$ 0	$ 12,621	$ 0	$ 12,600	$ 21
Transfers In	150,712	0	0	150,712	151,957	151,957	(1,245)
Total Other Financing Sources (Uses)	$ 163,333	$ 0	$ 0	$ 163,333	$ 151,957	$ 164,557	$ (1,224)
Net Change in Fund Balance	$ 197,664	$ 808,754	$ (26,940)	$ 979,478	$ (491,455)	$ (525,975)	$ 1,505,453
Fund Balance, July 1, 2011	4,035,408	(808,754)	0	3,226,654	3,479,099	3,479,099	(252,445)
Fund Balance, June 30, 2012	$ 4,233,072	$ 0	$ (26,940)	$ 4,206,132	$ 2,987,644	$ 2,953,124	$ 1,253,008

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Federal Government	$ 2,231,284	$ 0	$ 2,231,284	$ 2,318,961	$ 2,378,961	$ (147,677)
Total Revenues	$ 2,231,284	$ 0	$ 2,231,284	$ 2,318,961	$ 2,378,961	$ (147,677)
Expenditures						
Instruction						
Regular Instruction Program	$ 718,725	$ 0	$ 718,725	$ 667,070	$ 760,263	$ 41,538
Special Education Program	638,676	0	638,676	587,453	788,530	149,854
Vocational Education Program	90,352	0	90,352	89,763	89,763	(589)
Support Services						
Health Services	18,897	0	18,897	19,099	19,099	202
Other Student Support	25,739	0	25,739	35,229	35,229	9,490
Regular Instruction Program	108,167	0	108,167	77,665	176,949	68,782
Special Education Program	98,985	0	98,985	99,678	103,241	4,256
Vocational Education Program	2,925	0	2,925	2,004	3,513	588
Transportation	158,856	(93,657)	65,199	56,321	74,321	9,122
Operation of Non-Instructional Services						
Community Services	138,009	0	138,009	67,900	137,901	(108)
Total Expenditures	$ 1,999,331	$ (93,657)	$ 1,905,674	$ 1,702,182	$ 2,188,809	$ 283,135
Excess (Deficiency) of Revenues Over Expenditures	$ 231,953	$ 93,657	$ 325,610	$ 616,779	$ 190,152	$ 135,458

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 0	$ 0	$ 35,292	$ 567	$ (567)
Transfers Out	(150,712)	0	(150,712)	(500)	(155,735)	5,023
Total Other Financing Sources (Uses)	$ (150,712)	$ 0	$ (150,712)	$ 34,792	$ (155,168)	$ 4,456
Net Change in Fund Balance	$ 81,241	$ 93,657	$ 174,898	$ 651,571	$ 34,984	$ 139,914
Fund Balance, July 1, 2011	19,142	(93,657)	(74,515)	0	0	(74,515)
Fund Balance, June 30, 2012	$ 100,383	$ 0	$ 100,383	$ 651,571	$ 34,984	$ 65,399

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Charges for Current Services	$ 587,567	$ 0	$ 0	$ 587,567	$ 677,900	$ 677,900	$ (90,333)
Other Local Revenues	3,388	0	0	3,388	5,000	5,000	(1,612)
State of Tennessee	20,809	0	0	20,809	22,000	22,000	(1,191)
Federal Government	1,536,696	0	0	1,536,696	1,387,400	1,487,400	49,296
Total Revenues	$ 2,148,460	$ 0	$ 0	$ 2,148,460	$ 2,092,300	$ 2,192,300	$ (43,840)
Expenditures							
Operation of Non-Instructional Services							
Food Service	$ 2,156,393	$ (22,237)	$ 10,984	$ 2,145,140	$ 2,142,528	$ 2,242,528	$ 97,388
Total Expenditures	$ 2,156,393	$ (22,237)	$ 10,984	$ 2,145,140	$ 2,142,528	$ 2,242,528	$ 97,388
Excess (Deficiency) of Revenues Over Expenditures	$ (7,933)	$ 22,237	$ (10,984)	$ 3,320	$ (50,228)	$ (50,228)	$ 53,548
Net Change in Fund Balance	$ (7,933)	$ 22,237	$ (10,984)	$ 3,320	$ (50,228)	$ (50,228)	$ 53,548
Fund Balance, July 1, 2011	647,625	(22,237)	0	625,388	625,396	625,396	(8)
Fund Balance, June 30, 2012	$ 639,692	$ 0	$ (10,984)	$ 628,708	$ 575,168	$ 575,168	$ 53,540

MISCELLANEOUS SCHEDULES

Exhibit K-1

Obion County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, and Bond
Primary Government and Discretely Presented Obion County School Department
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through General Debt Service Fund								
School Improvement, Series 2007	$ 1,000,000	4.04 %	2-2-07	8-23-11	$ 666,668	$ 0	$ 666,668	$ 0
Various General Capital Projects	122,697	1.4	6-27-12	6-28-12	0	122,697	122,697	0
Total Notes Payable					$ 666,668	$ 122,697	$ 789,365	$ 0
OTHER LOAN PAYABLE								
Payable through General Debt Service Fund								
School Construction/Renovation	17,000,000	Variable	8-25-04	5-25-22	$ 6,812,000	$ 0	$ 518,000	$ 6,294,000
Total Other Loan Payable					$ 6,812,000	$ 0	$ 518,000	$ 6,294,000
BOND PAYABLE								
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	$ 8,020,000	$ 0	$ 15,000	$ 8,005,000
Total Bond Payable					$ 8,020,000	$ 0	$ 15,000	$ 8,005,000
DISCRETELY PRESENTED OBION COUNTY SCHOOL DEPARTMENT								
NOTE PAYABLE								
Payable through General Purpose School Fund								
Career Technology Centers	2,500,000	Variable	6-1-10	6-1-20	$ 2,041,666	$ 0	$ 250,000	$ 1,791,666
Total Note Payable					$ 2,041,666	$ 0	$ 250,000	$ 1,791,666

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	Other Loan Principal	Interest	Other Fees	Total
2013	$ 536,000	$ 30,841	$ 28,260	$ 595,101
2014	555,000	28,214	25,916	609,130
2015	575,000	25,495	23,490	623,985
2016	595,000	22,677	20,977	638,654
2017	616,000	19,762	18,376	654,138
2018	637,000	16,743	15,684	669,427
2019	660,000	13,622	12,900	686,522
2020	683,000	10,388	10,015	703,403
2021	706,000	7,041	7,030	720,071
2022	731,000	3,582	6,461	741,043
Total	$ 6,294,000	$ 178,365	$ 169,109	$ 6,641,474

Year Ending June 30	Bond Principal	Interest	Total
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	$ 8,005,000	$ 4,982,321	$ 12,987,321

(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	Note Principal	Note Interest	Total
2013	$ 250,000	$ 16,125	$ 266,125
2014	250,000	13,875	263,875
2015	250,000	11,625	261,625
2016	250,000	9,375	259,375
2017	250,000	7,125	257,125
2018	250,000	4,875	254,875
2019	250,000	2,625	252,625
2020	41,666	375	42,041
Total	$ 1,791,666	$ 66,000	$ 1,857,666

Exhibit K-3

Obion County, Tennessee
Schedule of Investments
June 30, 2012

Fund and Type	Amount
Fiduciary Fund	
Indigent Care Trust Fund	
U. S. Treasury Money Market	$ 294,310
Federal Farm Credit Bank	1,235,273
Federal Home Loan Bank	1,803,864
Federal Home Loan Mortgage Corp.	626,226
Total Investments	$ 3,959,673

Exhibit K-4

Obion County, Tennessee
Schedule of Notes Receivable
June 30, 2012

Description	Debtor	Original Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-12
General Fund						
Industrial Facilities - Tyson Foods, Inc.	Industrial Development Board of Union City	$ 3,500,000	4-15-1997	1-1-15	9.395%	$ 758,356
Industrial Facilities - Spec Building	"	3,000,000	9-21-07	3-12-13	.9	3,000,000
Career Technology Center	Obion County School Department	2,500,000	6-1-10	6-1-20	Variable	1,791,666
Total General Fund						$ 5,550,022
Constitutional Officers - Agency Fund						
Clerk and Master						
Ellen Wade Wiley Scholarship Loan Notes	Various Students	Various	Various	Various	0	$ 194,067
Total Constitutional Officers - Agency Fund						$ 194,067
Total Notes Receivable						$ 5,744,089

Exhibit K-5

Obion County, Tennessee
Schedule of Transfers
Discretely Presented Obion County School Department
For the Year Ended June 30, 2012

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	$ 150,712
Total Transfers			$ 150,712

Exhibit K-6

Obion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Obion County School Department
For the Year Ended June 30, 2012

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*	67,927	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	Section 8-24-102, *TCA*	61,751	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,* and Chancery Court Judge	61,751 (2)	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 (3)	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 ($16,348); and the director's five percent share of retirement ($5,387).
(2) Does not include special commissioner fees of $2,546.
(3) Includes a law enforcement training supplement of $600.

Exhibit K-7

Obion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2012

		Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	Total
Local Taxes							
County Property Taxes							
Current Property Tax	$ 2,204,045	$ 0	$ 0	$ 0	$ 350,533	$ 1,474,968	$ 4,029,546
Trustee's Collections - Prior Year	29,724	0	0	0	8,442	33,079	71,245
Circuit/Clerk & Master Collections - Prior Years	23,292	0	0	0	6,497	41,766	71,555
Interest and Penalty	8,205	0	0	0	1,880	7,886	17,971
Payments in-Lieu-of Taxes - T.V.A.	139	0	0	0	0	0	139
Payments in-Lieu-of Taxes - Local Utilities	3,076	0	0	0	489	1,439	5,004
Payments in-Lieu-of Taxes - Other	97,799	0	0	0	15,563	95,955	209,317
County Local Option Taxes							
Local Option Sales Tax	458,581	0	0	0	0	0	458,581
Hotel/Motel Tax	16,949	0	0	0	0	0	16,949
Wheel Tax	0	0	0	0	1,092,337	0	1,092,337
Litigation Tax - General	93,867	0	0	0	0	0	93,867
Litigation Tax - Special Purpose	5,623	0	0	0	0	0	5,623
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	30,967	30,967
Litigation Tax - Courtroom Security	73,751	0	0	0	0	0	73,751
Business Tax	231,676	0	0	0	6,461	41,535	279,672
Mineral Severance Tax	0	0	0	0	31,829	0	31,829
Statutory Local Taxes							
Bank Excise Tax	5,721	0	0	0	910	5,851	12,482
Wholesale Beer Tax	38,897	0	0	0	0	0	38,897
Interstate Telecommunications Tax	874	0	0	0	0	0	874
Total Local Taxes	$ 3,292,219	$ 0	$ 0	$ 0	$ 1,514,941	$ 1,733,446	$ 6,540,606
Licenses and Permits							
Licenses							
Cable TV Franchise	$ 17,878	$ 0	$ 0	$ 0	$ 0	$ 0	$ 17,878
Permits							
Beer Permits	665	0	0	0	0	0	665
Total Licenses and Permits	$ 18,543	$ 0	$ 0	$ 0	$ 0	$ 0	$ 18,543

(Continued)

Exhibit K-7

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

		Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Total
Fines, Forfeitures, and Penalties							
Circuit Court							
Fines	$ 1,996	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,996
Officers Costs	4,147	0	0	0	0	0	4,147
Drug Control Fines	2,272	0	2,272	0	0	0	4,544
Drug Court Fees	1,594	0	0	0	0	0	1,594
Jail Fees	933	0	0	0	0	0	933
DUI Treatment Fines	190	0	0	0	0	0	190
Data Entry Fee - Circuit Court	1,334	0	0	0	0	0	1,334
Courtroom Security Fee	2	0	0	0	0	0	2
General Sessions Court							
Fines	16,973	0	0	0	0	0	16,973
Officers Costs	8,977	0	0	0	0	0	8,977
Drug Control Fines	1,104	0	1,104	0	0	0	2,208
Drug Court Fees	4,695	0	0	0	0	0	4,695
Jail Fees	21,983	0	0	0	0	0	21,983
DUI Treatment Fines	4,624	0	0	0	0	0	4,624
Data Entry Fee - General Sessions Court	5,769	0	0	0	0	0	5,769
Courtroom Security Fee	782	0	0	0	0	0	782
Juvenile Court							
Fines	903	0	0	0	0	0	903
Officers Costs	1,497	0	0	0	0	0	1,497
Chancery Court							
Officers Costs	5,176	0	0	0	0	0	5,176
Data Entry Fee - Chancery Court	2,689	0	0	0	0	0	2,689
Courtroom Security Fee	2	0	0	0	0	0	2
Other Fines, Forfeitures, and Penalties							
Proceeds from Confiscated Property	0	0	16,399	0	0	0	16,399
Total Fines, Forfeitures, and Penalties	$ 87,642	$ 0	$ 19,775	$ 0	$ 0	$ 0	$ 107,417

(Continued)

Exhibit K-7

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

	General	Special Revenue Funds: Solid Waste / Sanitation	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitutional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Total
Charges for Current Services							
General Service Charges							
Solid Waste Disposal Fees	$ 0	$ 15,364	$ 0	$ 0	$ 0	$ 0	$ 15,364
Work Release Charges for Board	784	0	0	0	0	0	784
Other General Service Charges	26,955	0	0	0	0	0	26,955
Fees							
Copy Fees	408	0	0	0	0	0	408
Archives and Records Management Fee - County Clerk	22,999	0	0	0	0	0	22,999
Greenbelt Late Application Fee	50	0	0	0	0	0	50
Telephone Commissions	14,305	0	0	0	0	0	14,305
Vending Machine Collections	232	0	0	0	433	0	665
Constitutional Officers' Fees and Commissions	0	0	0	2,546	0	0	2,546
Data Processing Fee - Register	8,650	0	0	0	0	0	8,650
Data Processing Fee - Sheriff	1,002	0	0	0	0	0	1,002
Sexual Offender Registration Fees - Sheriff	3,100	0	0	0	0	0	3,100
Data Processing Fee - County Clerk	2,414	0	0	0	0	0	2,414
Total Charges for Current Services	$ 80,899	$ 15,364	$ 0	$ 2,546	$ 433	$ 0	$ 99,242
Other Local Revenues							
Recurring Items							
Investment Income	$ 488,563	$ 0	$ 0	$ 0	$ 0	$ 0	$ 488,563
Lease/Rentals	10,179	0	0	0	0	52,772	62,951
Sale of Materials and Supplies	576	0	0	0	41,662	0	42,238
Commissary Sales	68,688	0	0	0	0	0	68,688
Sale of Maps	38	0	0	0	0	0	38
Sale of Recycled Materials	0	39,354	0	0	0	0	39,354
Miscellaneous Refunds	37,249	124	24	0	44,492	0	81,889
Nonrecurring Items							
Sale of Equipment	100	0	0	0	91,313	0	91,413
Sale of Property	54,177	0	0	0	0	0	54,177
Contributions and Gifts	38	75	0	0	0	0	113
Performance Bond Forfeitures	712	0	0	0	0	0	712

(Continued)

Exhibit K-7

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

		Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Total
Other Local Revenues (Cont.)							
Other Local Revenues							
Other Local Revenues	$ 129	$ 0	$ 0	$ 0	$ 0	$ 0	$ 129
Total Other Local Revenues	$ 660,449	$ 39,553	$ 24	$ 0	$ 177,467	$ 52,772	$ 930,265
Fees Received from County Officials							
Fees in-Lieu-of Salary							
County Clerk	$ 369,205	$ 0	$ 0	$ 0	$ 0	$ 0	$ 369,205
Circuit Court Clerk	109,422	0	0	0	0	0	109,422
General Sessions Court Clerk	178,965	0	0	0	0	0	178,965
Clerk and Master	178,053	0	0	0	0	0	178,053
Juvenile Court Clerk	27,904	0	0	0	0	0	27,904
Register	99,639	0	0	0	0	0	99,639
Sheriff	19,586	0	0	0	0	0	19,586
Trustee	399,169	0	0	0	0	0	399,169
Total Fees Received from County Officials	$ 1,381,943	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,381,943
State of Tennessee							
General Government Grants							
Juvenile Services Program	$ 9,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,000
Solid Waste Grants	0	18,522	0	0	0	0	18,522
Public Safety Grants							
Law Enforcement Training Programs	14,400	0	0	0	0	0	14,400
Health and Welfare Grants							
Health Department Programs	70,703	0	0	0	0	0	70,703
Other Health and Welfare Grants	26,126	0	0	0	0	0	26,126
Public Works Grants							
State Aid Program	0	0	0	0	698,947	0	698,947
Litter Program	37,164	0	0	0	0	0	37,164
Tennessee Industrial Infrastructure Program	21,276	0	0	0	0	0	21,276
Other State Revenues							
Income Tax	76,544	0	0	0	0	0	76,544

(Continued)

Exhibit K-7

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

	General	Special Revenue Funds: Solid Waste / Sanitation	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitutional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Total
State of Tennessee (Cont.)							
Other State Revenues (Cont.)							
Beer Tax	$ 18,421	$ 0	$ 0	$ 0	$ 0	$ 0	$ 18,421
Alcoholic Beverage Tax	60,542	0	0	0	0	0	60,542
Mixed Drink Tax	1,823	0	0	0	0	0	1,823
State Revenue Sharing - T.V.A.	44,716	0	0	0	0	0	44,716
Contracted Prisoner Boarding	568,645	0	0	0	0	0	568,645
Gasoline and Motor Fuel Tax	0	0	0	0	1,807,729	0	1,807,729
Petroleum Special Tax	0	0	0	0	22,950	0	22,950
Registrar's Salary Supplement	15,164	0	0	0	0	0	15,164
Other State Revenues	125	0	0	0	0	0	125
Total State of Tennessee	$ 964,649	$ 18,522	$ 0	$ 0	$ 2,529,626	$ 0	$ 3,512,797
Federal Government							
Federal Through State							
USDA - Other	$ 2,883	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,883
Disaster Relief	45,264	0	0	0	63,193	0	108,457
Homeland Security Grants	25,721	0	0	0	0	0	25,721
Law Enforcement Grants	4,995	0	0	0	0	0	4,995
Other Federal through State	32,000	0	0	0	0	0	32,000
Direct Federal Revenue							
Other Direct Federal Revenue	4,000	0	0	0	0	0	4,000
Total Federal Government	$ 114,863	$ 0	$ 0	$ 0	$ 63,193	$ 0	$ 178,056
Other Governments and Citizens Groups							
Other Governments							
Prisoner Board	$ 750,018	$ 0	$ 0	$ 0	$ 0	$ 0	$ 750,018
Contracted Services	197,085	80,000	0	0	0	0	277,085
Other							
Other	2,152	0	0	0	0	0	2,152
Total Other Governments and Citizens Groups	$ 949,255	$ 80,000	$ 0	$ 0	$ 0	$ 0	$ 1,029,255
Total	$ 7,550,462	$ 153,439	$ 19,799	$ 2,546	$ 4,285,660	$ 1,786,218	$ 13,798,124

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 4,014,464	$ 0	$ 0	$ 4,014,464
Trustee's Collections - Prior Year	101,234	0	0	101,234
Circuit/Clerk & Master Collections - Prior Years	78,793	0	0	78,793
Interest and Penalty	22,417	0	0	22,417
Payments in-Lieu-of Taxes - Local Utilities	5,602	0	0	5,602
Payments in-Lieu-of Taxes - Other	178,200	0	0	178,200
County Local Option Taxes				
Local Option Sales Tax	3,304,964	0	0	3,304,964
Business Tax	73,852	0	0	73,852
Statutory Local Taxes				
Bank Excise Tax	10,421	0	0	10,421
Interstate Telecommunications Tax	1,415	0	0	1,415
Total Local Taxes	$ 7,791,362	$ 0	$ 0	$ 7,791,362
Licenses and Permits				
Licenses				
Marriage Licenses	$ 1,796	$ 0	$ 0	$ 1,796
Total Licenses and Permits	$ 1,796	$ 0	$ 0	$ 1,796
Charges for Current Services				
Fees				
Vending Machine Collections	$ 225	$ 0	$ 0	$ 225
Education Charges				
Tuition - Out-of-State Systems	2,764	0	0	2,764
Lunch Payments - Children	0	0	343,639	343,639
Lunch Payments - Adults	0	0	95,650	95,650
A la carte Sales	0	0	137,929	137,929
Transportation - Other State Systems	9,795	0	0	9,795
Receipts from Individual Schools	31,444	0	10,349	41,793
Community Service Fees - Children	85,600	0	0	85,600
TBI Criminal Background Fees	192	0	0	192
Total Charges for Current Services	$ 130,020	$ 0	$ 587,567	$ 717,587
Other Local Revenues				
Recurring Items				
Investment Income	$ 0	$ 0	$ 3,183	$ 3,183
Lease/Rentals	1	0	0	1
Sale of Materials and Supplies	2,606	0	192	2,798
Refund of Telecommunication and Internet Fees (E-Rate)	40,684	0	0	40,684
Miscellaneous Refunds	91,746	0	13	91,759
Nonrecurring Items				
Sale of Equipment	25,387	0	0	25,387
Damages Recovered from Individuals	1,502	0	0	1,502
Contributions and Gifts	37,274	0	0	37,274
Total Other Local Revenues	$ 199,200	$ 0	$ 3,388	$ 202,588

(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
State of Tennessee				
General Government Grants				
On-Behalf Contributions for OPEB	$ 169,591	$ 0	$ 0	$ 169,591
State Education Funds				
Basic Education Program	16,712,000	0	0	16,712,000
Early Childhood Education	471,923	0	0	471,923
School Food Service	0	0	20,809	20,809
Energy Efficient School Initiative	14,781	0	0	14,781
Driver Education	14,636	0	0	14,636
Other State Education Funds	118,372	0	0	118,372
Coordinated School Health - ARRA	100,000	0	0	100,000
Statewide Student Management System (SSMS) - ARRA	9,815	0	0	9,815
Career Ladder Program	126,813	0	0	126,813
Career Ladder - Extended Contract	66,200	0	0	66,200
Other State Revenues				
Mixed Drink Tax	1,315	0	0	1,315
State Revenue Sharing - T.V.A.	712,500	0	0	712,500
Other State Grants	151,685	0	0	151,685
Safe Schools - ARRA	18,800	0	0	18,800
Total State of Tennessee	$ 18,688,431	$ 0	$ 20,809	$ 18,709,240
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 921,173	$ 921,173
USDA - Commodities	0	0	95,952	95,952
Breakfast	0	0	486,632	486,632
USDA - Other	0	0	26,749	26,749
USDA Food Service Equipment Grant - ARRA	0	0	3,690	3,690
Adult Education State Grant Program	105,961	0	0	105,961
Vocational Education - Basic Grants to States	0	37,738	0	37,738
Other Vocational	0	60,000	0	60,000
Title I Grants to Local Education Agencies	0	562,989	0	562,989
Special Education - Grants to States	65,128	1,173,629	0	1,238,757
Special Education Preschool Grants	10,640	39,723	0	50,363
English Language Acquisition Grants	0	18,532	0	18,532
Safe and Drug-free Schools - State Grants	0	70,100	0	70,100
Education for Homeless Children and Youth	0	17	0	17
Eisenhower Professional Development State Grants	0	153,673	0	153,673
Race-to-the-Top - ARRA	0	100,654	0	100,654
Other Federal through State	64,239	14,229	2,500	80,968
Total Federal Government	$ 245,968	$ 2,231,284	$ 1,536,696	$ 4,013,948
Other Governments and Citizens Groups				
Other Governments				
Contributions	$ 170,000	$ 0	$ 0	$ 170,000
Total Other Governments and Citizens Groups	$ 170,000	$ 0	$ 0	$ 170,000
Total	$ 27,226,777	$ 2,231,284	$ 2,148,460	$ 31,606,521

Exhibit K-9

Obion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund				
General Government				
County Commission				
Board and Committee Members Fees	$	35,400		
Audit Services		9,542		
Dues and Memberships		1,700		
Legal Services		12,000		
Legal Notices, Recording, and Court Costs		1,117		
Postal Charges		449		
Printing, Stationery, and Forms		120		
Travel		9,147		
Office Supplies		413		
Total County Commission			$	69,888
Board of Equalization				
Board and Committee Members Fees	$	870		
Legal Notices, Recording, and Court Costs		66		
Travel		276		
Total Board of Equalization				1,212
Budget and Finance Committee				
Board and Committee Members Fees	$	10,400		
Accounting Services		1,250		
Travel		706		
Total Budget and Finance Committee				12,356
Other Boards and Committees				
Board and Committee Members Fees	$	1,800		
Travel		5		
Total Other Boards and Committees				1,805
County Mayor/Executive				
County Official/Administrative Officer	$	71,322		
Assistant(s)		99,673		
Dues and Memberships		1,535		
Freight Expenses		256		
Legal Notices, Recording, and Court Costs		167		
Maintenance Agreements		7,375		
Maintenance and Repair Services - Office Equipment		125		
Postal Charges		1,940		
Printing, Stationery, and Forms		540		
Travel		5,361		
Data Processing Supplies		1,407		

(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.)				
Duplicating Supplies	$	252		
Library Books/Media		268		
Office Supplies		1,295		
Premiums on Corporate Surety Bonds		250		
Data Processing Equipment		5,223		
Furniture and Fixtures		120		
Total County Mayor/Executive			$	197,109
Election Commission				
County Official/Administrative Officer	$	55,576		
Deputy(ies)		44,460		
Election Commission		1,210		
Election Workers		9,915		
Communication		939		
Data Processing Services		329		
Dues and Memberships		250		
Freight Expenses		813		
Janitorial Services		2,100		
Legal Notices, Recording, and Court Costs		5,100		
Maintenance Agreements		10,970		
Maintenance and Repair Services - Buildings		10,778		
Maintenance and Repair Services - Equipment		2,747		
Pest Control		233		
Postal Charges		529		
Printing, Stationery, and Forms		3,865		
Rentals		363		
Travel		3,577		
Other Contracted Services		3,665		
Custodial Supplies		293		
Data Processing Supplies		10,706		
Duplicating Supplies		203		
Office Supplies		782		
Utilities		4,249		
Vehicle and Equipment Insurance		400		
Data Processing Equipment		8,882		
Office Equipment		60		
Total Election Commission				182,994
Register of Deeds				
County Official/Administrative Officer	$	61,751		

(Continued)

Exhibit K-9

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

General Fund (Cont.)		
General Government (Cont.)		
Register of Deeds (Cont.)		
Deputy(ies)	$ 50,946	
Dues and Memberships	607	
Freight Expenses	120	
Maintenance Agreements	17,107	
Postal Charges	96	
Printing, Stationery, and Forms	1,440	
Data Processing Supplies	628	
Duplicating Supplies	247	
Office Supplies	71	
Premiums on Corporate Surety Bonds	125	
Total Register of Deeds		$ 133,138
County Buildings		
Custodial Personnel	$ 41,914	
Communication	7,265	
Data Processing Services	989	
Freight Expenses	356	
Licenses	154	
Maintenance and Repair Services - Buildings	37,097	
Maintenance and Repair Services - Equipment	1,158	
Pest Control	772	
Other Contracted Services	14,592	
Custodial Supplies	7,551	
Drugs and Medical Supplies	830	
Food Supplies	275	
Utilities	33,858	
Premiums on Corporate Surety Bonds	746	
Building Improvements	5,133	
Furniture and Fixtures	919	
Total County Buildings		153,609
Preservation of Records		
Maintenance and Repair Services - Records	$ 4,851	
Total Preservation of Records		4,851
Finance		
Property Assessor's Office		
County Official/Administrative Officer	$ 61,751	
Deputy(ies)	74,671	
Other Salaries and Wages	2,772	

(Continued)

Exhibit K-9

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

General Fund (Cont.)		
Finance (Cont.)		
Property Assessor's Office (Cont.)		
Audit Services	$ 25,520	
Contracts with Government Agencies	768	
Data Processing Services	17,788	
Dues and Memberships	1,515	
Postal Charges	1,261	
Printing, Stationery, and Forms	483	
Travel	2,963	
Other Contracted Services	10,160	
Data Processing Supplies	780	
Duplicating Supplies	68	
Office Supplies	127	
Premiums on Corporate Surety Bonds	50	
Data Processing Equipment	1,679	
Total Property Assessor's Office		$ 202,356
County Trustee's Office		
County Official/Administrative Officer	$ 61,751	
Deputy(ies)	58,186	
Part-time Personnel	1,120	
Dues and Memberships	225	
Freight Expenses	17	
Legal Notices, Recording, and Court Costs	332	
Maintenance Agreements	4,516	
Maintenance and Repair Services - Office Equipment	173	
Postal Charges	6,242	
Printing, Stationery, and Forms	126	
Travel	85	
Data Processing Supplies	1,247	
Office Supplies	216	
Data Processing Equipment	1,394	
Total County Trustee's Office		135,630
County Clerk's Office		
County Official/Administrative Officer	$ 61,751	
Deputy(ies)	136,598	
Part-time Personnel	421	
Bank Charges	30	
Dues and Memberships	632	
Freight Expenses	62	
Maintenance Agreements	16,596	

(Continued)

Exhibit K-9

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

General Fund (Cont.)				
Finance (Cont.)				
County Clerk's Office (Cont.)				
Maintenance and Repair Services - Equipment	$	348		
Maintenance and Repair Services - Office Equipment		88		
Postal Charges		3,114		
Printing, Stationery, and Forms		1,056		
Travel		1,734		
Data Processing Supplies		498		
Duplicating Supplies		581		
Office Supplies		894		
Premiums on Corporate Surety Bonds		400		
Office Equipment		3,175		
Total County Clerk's Office			$	227,978
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	61,751		
Deputy(ies)		46,666		
Board and Committee Members Fees		100		
Jury and Witness Expense		6,875		
Bank Charges		35		
Dues and Memberships		482		
Freight Expenses		293		
Legal Notices, Recording, and Court Costs		165		
Maintenance Agreements		5,762		
Maintenance and Repair Services - Office Equipment		730		
Postal Charges		2,031		
Printing, Stationery, and Forms		1,552		
Travel		1,393		
Data Processing Supplies		1,466		
Duplicating Supplies		764		
Library Books/Media		295		
Office Supplies		524		
Premiums on Corporate Surety Bonds		300		
Other Charges		2,788		
Furniture and Fixtures		65		
Office Equipment		2,948		
Total Circuit Court				136,985
General Sessions Court				
Judge(s)	$	98,715		
Deputy(ies)		108,625		

(Continued)

Exhibit K-9

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
General Sessions Court (Cont.)		
Other Per Diem and Fees	$ 9,200	
Dues and Memberships	180	
Freight Expenses	126	
Maintenance Agreements	3,500	
Postal Charges	1,506	
Printing, Stationery, and Forms	1,542	
Travel	1,628	
Data Processing Supplies	1,262	
Office Supplies	454	
Furniture and Fixtures	733	
Office Equipment	85	
Total General Sessions Court		$ 227,556
Chancery Court		
County Official/Administrative Officer	$ 61,751	
Deputy(ies)	57,736	
Part-time Personnel	1,325	
Bank Charges	80	
Dues and Memberships	577	
Freight Expenses	452	
Maintenance Agreements	6,414	
Postal Charges	1,621	
Printing, Stationery, and Forms	2,495	
Travel	36	
Other Contracted Services	573	
Data Processing Supplies	847	
Duplicating Supplies	403	
Library Books/Media	362	
Office Supplies	416	
Premiums on Corporate Surety Bonds	223	
Furniture and Fixtures	1,028	
Total Chancery Court		136,339
Juvenile Court		
Judge(s)	$ 49,327	
Youth Service Officer(s)	77,807	
Communication	239	
Dues and Memberships	290	
Freight Expenses	96	
Maintenance and Repair Services - Equipment	88	

(Continued)

Exhibit K-9

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Juvenile Court (Cont.)		
Postal Charges	$ 447	
Printing, Stationery, and Forms	89	
Travel	1,224	
Data Processing Supplies	338	
Duplicating Supplies	67	
Library Books/Media	546	
Office Supplies	55	
Total Juvenile Court		$ 130,613
Juvenile Court Clerk		
Deputy(ies)	$ 45,500	
Freight Expenses	49	
Postal Charges	88	
Printing, Stationery, and Forms	558	
Duplicating Supplies	130	
Office Supplies	200	
Total Juvenile Court Clerk		46,525
Courtroom Security		
Guards	$ 54,260	
Attendants	133,973	
Overtime Pay	3,180	
In-Service Training	1,800	
Maintenance and Repair Services - Equipment	469	
Uniforms	1,477	
Communication Equipment	439	
Furniture and Fixtures	187	
Total Courtroom Security		195,785
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 67,927	
Dispatchers/Radio Operators	204,297	
Clerical Personnel	86,140	
School Resource Officer	76,319	
Overtime Pay	22,852	
Other Salaries and Wages	698,246	
In-Service Training	12,975	
Communication	5,134	
Data Processing Services	3,539	

(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.)		
Dues and Memberships	$ 2,339	
Freight Expenses	632	
Legal Notices, Recording, and Court Costs	1,211	
Maintenance Agreements	100	
Maintenance and Repair Services - Equipment	1,752	
Maintenance and Repair Services - Office Equipment	382	
Maintenance and Repair Services - Vehicles	19,833	
Postal Charges	5,068	
Printing, Stationery, and Forms	891	
Rentals	20,092	
Travel	4,205	
Other Contracted Services	3,228	
Custodial Supplies	2,634	
Data Processing Supplies	4,800	
Duplicating Supplies	1,744	
Gasoline	122,804	
Law Enforcement Supplies	505	
Office Supplies	1,794	
Tires and Tubes	13,065	
Uniforms	3,665	
Premiums on Corporate Surety Bonds	642	
Vehicle and Equipment Insurance	20,510	
Communication Equipment	4,095	
Data Processing Equipment	5,123	
Furniture and Fixtures	1,424	
Law Enforcement Equipment	10,080	
Motor Vehicles	59,761	
Total Sheriff's Department		$ 1,489,808
Jail		
Guards	$ 618,527	
Cafeteria Personnel	39,075	
Maintenance Personnel	35,006	
Part-time Personnel	15,324	
Overtime Pay	2,401	
In-Service Training	200	
Contracts with Government Agencies	2,680	
Contracts with Other Public Agencies	5,203	
Freight Expenses	3,687	
Maintenance and Repair Services - Buildings	21,090	

(Continued)

Exhibit K-9

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Maintenance and Repair Services - Equipment	$ 11,154	
Maintenance and Repair Services - Vehicles	196	
Medical and Dental Services	104,498	
Pest Control	600	
Postal Charges	367	
Printing, Stationery, and Forms	1,466	
Transportation - Other than Students	924	
Travel	962	
Custodial Supplies	22,732	
Data Processing Supplies	2,732	
Duplicating Supplies	666	
Food Supplies	110,927	
Gasoline	533	
Office Supplies	814	
Prisoners Clothing	2,023	
Uniforms	6,468	
Utilities	125,697	
Other Supplies and Materials	14,556	
Building and Contents Insurance	14,000	
Communication Equipment	2,290	
Data Processing Equipment	1,859	
Food Service Equipment	990	
Furniture and Fixtures	6,287	
Law Enforcement Equipment	535	
Office Equipment	2,948	
Total Jail		$ 1,179,417
Rural Fire Protection		
Other Salaries and Wages	$ 1,246	
Contributions	8,960	
Postal Charges	2,250	
Data Processing Equipment	9,619	
Total Rural Fire Protection		22,075
Rescue Squad		
Contributions	$ 7,000	
Total Rescue Squad		7,000
Other Emergency Management		
Supervisor/Director	$ 48,960	

(Continued)

Exhibit K-9

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

General Fund (Cont.)				
Public Safety (Cont.)				
Other Emergency Management (Cont.)				
Communication	$	1,123		
Data Processing Services		360		
Dues and Memberships		115		
Freight Expenses		24		
Maintenance and Repair Services - Vehicles		253		
Travel		1,038		
Gasoline		702		
Office Supplies		53		
Uniforms		448		
Communication Equipment		150		
Data Processing Equipment		101		
Other Equipment		2,300		
Total Other Emergency Management			$	55,627
County Coroner/Medical Examiner				
Other Per Diem and Fees	$	5,100		
Contracts with Government Agencies		16,300		
Transportation - Other than Students		4,000		
Total County Coroner/Medical Examiner				25,400
Public Safety Grant Programs				
Law Enforcement Supplies	$	9,425		
Law Enforcement Equipment		4,955		
Other Equipment		26,658		
Total Public Safety Grant Programs				41,038
Public Health and Welfare				
Local Health Center				
Clerical Personnel	$	53,124		
Social Security		3,941		
State Retirement		2,479		
Life Insurance		68		
Medical Insurance		8,992		
Unemployment Compensation		244		
Communication		1,602		
Contracts with Private Agencies		325		
Dues and Memberships		200		
Freight Expenses		9		
Janitorial Services		11,819		
Legal Notices, Recording, and Court Costs		74		

(Continued)

Exhibit K-9

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Local Health Center (Cont.)		
Maintenance and Repair Services - Buildings	$ 2,207	
Maintenance and Repair Services - Equipment	599	
Pest Control	312	
Postal Charges	176	
Printing, Stationery, and Forms	33	
Travel	506	
Other Contracted Services	1,845	
Custodial Supplies	831	
Duplicating Supplies	115	
Food Supplies	99	
Office Supplies	3	
Utilities	14,102	
Workers' Compensation Insurance	1,291	
Building Improvements	5,739	
Total Local Health Center		$ 110,735
Alcohol and Drug Programs		
Drug Treatment	$ 20,910	
Total Alcohol and Drug Programs		20,910
Other Local Health Services		
Other Contracted Services	$ 3,000	
Total Other Local Health Services		3,000
Appropriation to State		
Contracts with Government Agencies	$ 69,053	
Total Appropriation to State		69,053
General Welfare Assistance		
Pauper Burials	$ 1,800	
Total General Welfare Assistance		1,800
Sanitation Education/Information		
Foremen	$ 11,983	
Social Security	917	
Unemployment Compensation	61	
Advertising	10,100	
Maintenance and Repair Services - Vehicles	3,865	
Food Supplies	271	
Other Supplies and Materials	3,191	

(Continued)

Exhibit K-9

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Sanitation Education/Information (Cont.)		
Workers' Compensation Insurance	$ 244	
Total Sanitation Education/Information		$ 30,632
Other Public Health and Welfare		
Other Supplies and Materials	$ 5,996	
Total Other Public Health and Welfare		5,996
Social, Cultural, and Recreational Services		
Senior Citizens Assistance		
Contributions	$ 27,500	
Total Senior Citizens Assistance		27,500
Libraries		
Contributions	$ 334,487	
Matching Share	2,883	
Total Libraries		337,370
Parks and Fair Boards		
Contributions	$ 4,000	
Total Parks and Fair Boards		4,000
Other Social, Cultural, and Recreational		
Contributions	$ 1,000	
Total Other Social, Cultural, and Recreational		1,000
Agriculture and Natural Resources		
Agriculture Extension Service		
Salary Supplements	$ 59,724	
Temporary Personnel	250	
Social Security	4,569	
State Retirement	9,507	
Communication	2,300	
Data Processing Services	900	
Janitorial Services	2,100	
Maintenance and Repair Services - Buildings	428	
Pest Control	300	
Other Contracted Services	2,500	
Custodial Supplies	122	
Utilities	4,658	
Office Equipment	333	
Total Agriculture Extension Service		87,691

(Continued)

Exhibit K-9

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

General Fund (Cont.)		
Agriculture and Natural Resources (Cont.)		
Soil Conservation		
Secretary(ies)	$ 24,314	
Total Soil Conservation		$ 24,314
Flood Control		
Contributions	$ 25,113	
Total Flood Control		25,113
Other Operations		
Tourism		
Remittance of Revenue Collected	$ 16,949	
Total Tourism		16,949
Industrial Development		
Contracts with Other Public Agencies	$ 58,968	
Contributions	11,000	
Dues and Memberships	9,106	
Matching Share	1,400	
Total Industrial Development		80,474
Airport		
Contributions	$ 67,500	
Matching Share	2,100	
Total Airport		69,600
Veterans' Services		
Contributions	$ 13,790	
Total Veterans' Services		13,790
Other Charges		
Contracts with Government Agencies	$ 1,500	
Dues and Memberships	626	
Legal Services	5,900	
Maintenance Agreements	900	
Boiler Insurance	2,635	
Building and Contents Insurance	2,625	
Liability Insurance	70,400	
Trustee's Commission	64,378	
Total Other Charges		148,964

(Continued)

Exhibit K-9

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

General Fund (Cont.)			
Other Operations (Cont.)			
Contributions to Other Agencies			
Dues and Memberships	$ 1,674		
Total Contributions to Other Agencies		$ 1,674	
Employee Benefits			
Social Security	$ 271,471		
State Retirement	216,075		
Employee and Dependent Insurance	273,810		
Life Insurance	2,713		
Unemployment Compensation	7,983		
Workers' Compensation Insurance	36,817		
Total Employee Benefits		808,869	
Miscellaneous			
Other Salaries and Wages	$ 8,066		
Total Miscellaneous		8,066	
Instruction			
Vocational Education Program			
Contracts with Government Agencies	$ 73,481		
Total Vocational Education Program		73,481	
Capital Projects			
Public Health and Welfare Projects			
Engineering Services	$ 11,125		
Building Construction	19,146		
Total Public Health and Welfare Projects		30,271	
Total General Fund			$ 7,018,346
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Problem Waste Centers			
Other Contracted Services	$ 21,700		
Total Problem Waste Centers		$ 21,700	
Recycling Center			
Supervisor/Director	$ 39,250		
Attendants	41,231		
Board and Committee Members Fees	4,500		
Social Security	6,501		

(Continued)

Exhibit K-9

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

Solid Waste/Sanitation Fund (Cont.)			
Public Health and Welfare (Cont.)			
Recycling Center (Cont.)			
State Retirement	$ 2,484		
Life Insurance	30		
Unemployment Compensation	399		
Advertising	769		
Communication	1,082		
Data Processing Services	329		
Dues and Memberships	100		
Freight Expenses	708		
Maintenance and Repair Services - Buildings	606		
Maintenance and Repair Services - Equipment	601		
Maintenance and Repair Services - Vehicles	4,009		
Postal Charges	185		
Printing, Stationery, and Forms	756		
Travel	230		
Other Contracted Services	1,290		
Custodial Supplies	269		
Data Processing Supplies	290		
Diesel Fuel	3,536		
Equipment and Machinery Parts	323		
Food Supplies	75		
Gasoline	1,552		
General Construction Materials	19		
Small Tools	20		
Uniforms	225		
Utilities	4,194		
Other Supplies and Materials	290		
Building and Contents Insurance	415		
Trustee's Commission	573		
Vehicle and Equipment Insurance	198		
Workers' Compensation Insurance	3,590		
Solid Waste Equipment	2,479		
Total Recycling Center		$ 123,108	
Total Solid Waste/Sanitation Fund			$ 144,808
Drug Control Fund			
Public Safety			
Drug Enforcement			
In-Service Training	$ 250		
Communication	319		

(Continued)

Exhibit K-9

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

Drug Control Fund (Cont.)			
Public Safety (Cont.)			
Drug Enforcement (Cont.)			
Confidential Drug Enforcement Payments	$ 2,060		
Dues and Memberships	95		
Rentals	20,867		
Travel	1,099		
Veterinary Services	248		
Animal Food and Supplies	332		
Other Supplies and Materials	3,456		
Trustee's Commission	198		
Communication Equipment	730		
Law Enforcement Equipment	154		
Total Drug Enforcement		$ 29,808	
Total Drug Control Fund			$ 29,808
Constitutional Officers - Fees Fund			
Administration of Justice			
Chancery Court			
Constitutional Officers' Operating Expenses	$ 2,546		
Total Chancery Court		$ 2,546	
Total Constitutional Officers - Fees Fund			2,546
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 67,927		
Secretary to Board	900		
Secretary(ies)	66,291		
Board and Committee Members Fees	8,675		
Communication	6,380		
Data Processing Services	4,500		
Dues and Memberships	3,039		
Maintenance and Repair Services - Office Equipment	333		
Postal Charges	606		
Printing, Stationery, and Forms	1,464		
Travel	1,239		
Electricity	12,546		
Natural Gas	1,656		
Office Supplies	2,984		
Water and Sewer	2,284		
Total Administration		$ 180,824	

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance		
Foremen	$ 187,464	
Equipment Operators	213,346	
Truck Drivers	111,572	
Laborers	345,594	
Asphalt	313,832	
Asphalt - Cold Mix	530,679	
Concrete	90,351	
Crushed Stone	299,924	
General Construction Materials	56,877	
Pipe - Metal	64,419	
Road Signs	12,352	
Total Highway and Bridge Maintenance		$ 2,226,410
Operation and Maintenance of Equipment		
Mechanic(s)	$ 68,276	
Janitorial Services	1,648	
Diesel Fuel	240,009	
Equipment and Machinery Parts	137,065	
Garage Supplies	10,945	
Gasoline	26,158	
Lubricants	9,641	
Small Tools	200	
Tires and Tubes	30,237	
Total Operation and Maintenance of Equipment		524,179
Other Charges		
Building and Contents Insurance	$ 5,610	
Liability Insurance	11,823	
Premiums on Corporate Surety Bonds	487	
Trustee's Commission	36,309	
Vehicle and Equipment Insurance	26,890	
Workers' Compensation Insurance	43,368	
Other Charges	4,308	
Total Other Charges		128,795
Employee Benefits		
Social Security	$ 78,350	
State Retirement	65,138	
Employee and Dependent Insurance	98,678	
Unemployment Compensation	956	
Total Employee Benefits		243,122

(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	$ 127,362		
Building Construction	2,867		
Communication Equipment	5,000		
Data Processing Equipment	4,051		
Highway Equipment	380,375		
State Aid Projects	597,007		
Total Capital Outlay		$ 1,116,662	
Total Highway/Public Works Fund			$ 4,419,992
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Notes	$ 122,697		
Total General Government		$ 122,697	
Education			
Principal on Bonds	$ 15,000		
Principal on Notes	666,668		
Principal on Other Loans	518,000		
Total Education		1,199,668	
Interest on Debt			
General Government			
Interest on Notes	$ 5		
Interest on Other Loans	13,279		
Total General Government		13,284	
Education			
Interest on Bonds	$ 330,562		
Interest on Notes	15,409		
Interest on Other Loans	23,736		
Total Education		369,707	
Other Debt Service			
General Government			
Contributions	$ 12,812		
Trustee's Commission	33,198		
Total General Government		46,010	

(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			
Contributions	$ 170,000		
Other Debt Service	31,225		
Total Education		$ 201,225	
Total General Debt Service Fund			$ 1,952,591
Total Governmental Funds - Primary Government			$ 13,568,091

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, 2012

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 8,739,025	
Career Ladder Program	87,296	
Career Ladder Extended Contracts	56,180	
Homebound Teachers	16,687	
Educational Assistants	196,843	
Certified Substitute Teachers	39,285	
Non-certified Substitute Teachers	107,542	
Social Security	536,603	
State Retirement	803,927	
Life Insurance	8,663	
Medical Insurance	1,349,490	
Unemployment Compensation	12,633	
Employer Medicare	126,124	
Operating Lease Payments	31,205	
Licenses	45,870	
Maintenance and Repair Services - Equipment	16,866	
Instructional Supplies and Materials	449,666	
Textbooks	216,659	
Regular Instruction Equipment	85,879	
Total Regular Instruction Program		$ 12,926,443
Alternative Instruction Program		
Teachers	$ 53,297	
Career Ladder Program	1,000	
Educational Assistants	24,362	
Social Security	4,752	
State Retirement	6,441	
Life Insurance	102	
Unemployment Compensation	151	
Employer Medicare	1,111	
Drugs and Medical Supplies	325	
Instructional Supplies and Materials	400	
Total Alternative Instruction Program		91,941
Special Education Program		
Teachers	$ 964,696	
Career Ladder Program	12,916	
Homebound Teachers	22,150	
Educational Assistants	80,954	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Speech Pathologist	$ 126,940	
Certified Substitute Teachers	2,165	
Non-certified Substitute Teachers	11,085	
Social Security	72,519	
State Retirement	106,482	
Life Insurance	1,265	
Medical Insurance	155,054	
Unemployment Compensation	1,922	
Employer Medicare	17,021	
Total Special Education Program		$ 1,575,169
Vocational Education Program		
Teachers	$ 661,541	
Career Ladder Program	4,000	
Certified Substitute Teachers	2,885	
Non-certified Substitute Teachers	7,675	
Social Security	39,978	
State Retirement	60,239	
Life Insurance	643	
Medical Insurance	103,115	
Unemployment Compensation	1,182	
Employer Medicare	9,350	
Operating Lease Payments	2,397	
Maintenance and Repair Services - Equipment	460	
Instructional Supplies and Materials	40,961	
Textbooks	26,525	
Other Supplies and Materials	207	
Vocational Instruction Equipment	39,892	
Total Vocational Education Program		1,001,050
Student Body Education Program		
Paraprofessionals	$ 37,445	
Social Security	2,322	
State Retirement	82	
Unemployment Compensation	224	
Employer Medicare	543	
Travel	15,926	
Drugs and Medical Supplies	5,230	
Instructional Supplies and Materials	25,228	

(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	$ 15,210	
Total Student Body Education Program		$ 102,210
Adult Education Program		
Teachers	$ 42,024	
Social Security	2,241	
State Retirement	789	
Unemployment Compensation	198	
Employer Medicare	609	
Operating Lease Payments	1,010	
Instructional Supplies and Materials	6,846	
Total Adult Education Program		53,717
Support Services		
Attendance		
Supervisor/Director	$ 27,353	
Career Ladder Program	500	
Data Processing Personnel	37,170	
Social Security	3,917	
State Retirement	4,873	
Life Insurance	61	
Medical Insurance	4,208	
Unemployment Compensation	82	
Employer Medicare	916	
Communication	9,163	
Data Processing Services	2,985	
Maintenance Agreements	10,455	
Maintenance and Repair Services - Equipment	189	
Instructional Supplies and Materials	459	
Office Supplies	1,005	
In Service/Staff Development	3,172	
Total Attendance		106,508
Health Services		
Supervisor/Director	$ 48,089	
Medical Personnel	162,525	
Clerical Personnel	7,772	
Social Security	12,494	
State Retirement	13,499	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Health Services (Cont.)				
Life Insurance	$	309		
Medical Insurance		19,095		
Unemployment Compensation		543		
Employer Medicare		2,922		
Communication		907		
Dues and Memberships		130		
Operating Lease Payments		2,239		
Medical and Dental Services		3,015		
Printing, Stationery, and Forms		2,460		
Travel		173		
Drugs and Medical Supplies		11,035		
Food Supplies		105		
Instructional Supplies and Materials		24,475		
Office Supplies		422		
Medical Claims		999		
In Service/Staff Development		1,419		
Total Health Services			$	314,627
Other Student Support				
Career Ladder Program	$	8,000		
Guidance Personnel		390,507		
Secretary(ies)		14,812		
Social Security		24,173		
State Retirement		37,003		
Life Insurance		361		
Medical Insurance		55,482		
Unemployment Compensation		475		
Employer Medicare		5,653		
Evaluation and Testing		14,532		
Postal Charges		225		
Instructional Supplies and Materials		2,065		
Office Supplies		176		
In Service/Staff Development		2,726		
Total Other Student Support				556,190
Regular Instruction Program				
Supervisor/Director	$	284,148		
Career Ladder Program		11,000		
Librarians		326,750		

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Regular Instruction Program (Cont.)				
Secretary(ies)	$	26,101		
Educational Assistants		26,973		
Other Salaries and Wages		13,373		
Social Security		36,670		
State Retirement		60,111		
Life Insurance		555		
Medical Insurance		73,562		
Unemployment Compensation		778		
Employer Medicare		9,287		
Consultants		2,750		
Evaluation and Testing		665		
Printing, Stationery, and Forms		12,266		
Travel		6,079		
Instructional Supplies and Materials		3,449		
Library Books/Media		36,118		
Office Supplies		1,821		
Periodicals		1,920		
In Service/Staff Development		47,950		
Total Regular Instruction Program			$	982,326
Alternative Instruction Program				
Supervisor/Director	$	27,353		
Career Ladder Program		500		
Social Security		1,612		
State Retirement		2,521		
Life Insurance		21		
Medical Insurance		4,208		
Unemployment Compensation		26		
Employer Medicare		377		
Travel		340		
In Service/Staff Development		1,749		
Total Alternative Instruction Program				38,707
Special Education Program				
Supervisor/Director	$	72,111		
Career Ladder Program		1,000		
Social Security		4,300		
State Retirement		6,617		
Life Insurance		38		

(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.)		
Special Education Program (Cont.)		
Medical Insurance	$ 7,570	
Unemployment Compensation	48	
Employer Medicare	1,006	
Travel	26,993	
In Service/Staff Development	854	
Total Special Education Program		$ 120,537
Vocational Education Program		
Supervisor/Director	$ 68,069	
Career Ladder Program	1,000	
Social Security	4,270	
State Retirement	6,251	
Life Insurance	41	
Medical Insurance	5,627	
Unemployment Compensation	54	
Employer Medicare	998	
In Service/Staff Development	8,911	
Total Vocational Education Program		95,221
Adult Programs		
Supervisor/Director	$ 52,926	
Social Security	3,199	
State Retirement	4,790	
Life Insurance	41	
Medical Insurance	5,821	
Unemployment Compensation	54	
Employer Medicare	748	
Advertising	1,136	
Communication	1,344	
Travel	47	
In Service/Staff Development	3,753	
Total Adult Programs		73,859
Other Programs		
On-Behalf Payments to OPEB	$ 169,591	
Total Other Programs		169,591
Board of Education		
Board and Committee Members Fees	$ 6,725	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Board of Education (Cont.)		
Social Security	$ 417	
Life Insurance	223	
Unemployment Compensation	11	
Employer Medicare	98	
Advertising	2,265	
Audit Services	10,500	
Dues and Memberships	5,627	
Legal Services	39	
Rentals	87	
Travel	1,568	
Maintenance and Repair Services - Records	2,500	
Liability Insurance	32,549	
Premiums on Corporate Surety Bonds	7,891	
Trustee's Commission	175,784	
Workers' Compensation Insurance	170,227	
In Service/Staff Development	5,216	
Criminal Investigation of Applicants - TBI	528	
Refund to Applicant for Criminal Investigation	1,912	
Other Charges	15,556	
Total Board of Education		$ 439,723
Director of Schools		
County Official/Administrative Officer	$ 104,740	
Career Ladder Program	1,000	
Secretary(ies)	29,074	
Social Security	8,257	
State Retirement	17,556	
Life Insurance	81	
Medical Insurance	18,654	
Dental Insurance	1,319	
Unemployment Compensation	109	
Employer Medicare	2,039	
Other Fringe Benefits	299	
Communication	3,772	
Dues and Memberships	1,970	
Operating Lease Payments	1,995	
Maintenance and Repair Services - Equipment	2,041	
Postal Charges	5,052	
Travel	5,603	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Director of Schools (Cont.)		
Office Supplies	$ 2,639	
In Service/Staff Development	4,291	
Total Director of Schools		$ 210,491
Office of the Principal		
Principals	$ 489,041	
Career Ladder Program	12,000	
Accountants/Bookkeepers	160,796	
Assistant Principals	490,913	
Secretary(ies)	164,583	
Social Security	79,093	
State Retirement	108,768	
Life Insurance	1,239	
Medical Insurance	95,639	
Unemployment Compensation	1,712	
Employer Medicare	18,498	
Communication	24,138	
Dues and Memberships	3,850	
Maintenance Agreements	4,812	
Travel	1,338	
Office Supplies	1,520	
In Service/Staff Development	1,000	
Total Office of the Principal		1,658,940
Fiscal Services		
Supervisor/Director	$ 50,272	
Accountants/Bookkeepers	78,029	
Social Security	7,627	
State Retirement	8,121	
Life Insurance	143	
Medical Insurance	9,757	
Unemployment Compensation	197	
Employer Medicare	1,756	
Maintenance Agreements	8,632	
Maintenance and Repair Services - Equipment	220	
Office Supplies	4,931	
In Service/Staff Development	3,941	
Total Fiscal Services		173,626

(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.)		
Operation of Plant		
Custodial Personnel	$ 687,038	
Social Security	39,967	
State Retirement	40,816	
Life Insurance	1,578	
Medical Insurance	65,342	
Unemployment Compensation	2,431	
Employer Medicare	9,347	
Laundry Service	221	
Maintenance and Repair Services - Buildings	5,425	
Maintenance and Repair Services - Equipment	3,642	
Pest Control	6,845	
Custodial Supplies	86,082	
Electricity	843,509	
Natural Gas	193,721	
Small Tools	3,085	
Water and Sewer	133,226	
Boiler Insurance	6,313	
Building and Contents Insurance	119,843	
Total Operation of Plant		$ 2,248,431
Maintenance of Plant		
Supervisor/Director	$ 54,501	
Secretary(ies)	25,184	
Maintenance Personnel	288,501	
Social Security	22,247	
State Retirement	22,216	
Life Insurance	395	
Medical Insurance	13,734	
Unemployment Compensation	663	
Employer Medicare	5,203	
Communication	3,517	
Maintenance Agreements	4,798	
Maintenance and Repair Services - Buildings	126,807	
Maintenance and Repair Services - Equipment	10,091	
Postal Charges	49	
Rentals	120	
Permits	370	
Drugs and Medical Supplies	278	
Fertilizer, Lime, and Seed	891	

(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.)		
Office Supplies	$ 1,382	
Propane Gas	80	
Small Tools	1,979	
Gravel and Chert	1,332	
Chemicals	1,028	
Maintenance Equipment	35,023	
Total Maintenance of Plant		$ 620,389
Transportation		
Supervisor/Director	$ 61,433	
Mechanic(s)	135,540	
Bus Drivers	516,120	
Secretary(ies)	29,599	
Social Security	43,207	
State Retirement	42,550	
Life Insurance	1,637	
Medical Insurance	49,338	
Unemployment Compensation	2,661	
Employer Medicare	10,105	
Communication	2,708	
Laundry Service	960	
Licenses	78	
Maintenance and Repair Services - Equipment	1,497	
Maintenance and Repair Services - Vehicles	15,132	
Medical and Dental Services	5,195	
Postal Charges	20	
Other Contracted Services	250	
Diesel Fuel	258,974	
Drugs and Medical Supplies	388	
Garage Supplies	713	
Gasoline	53,284	
Lubricants	9,260	
Office Supplies	807	
Small Tools	837	
Tires and Tubes	26,787	
Vehicle Parts	65,041	
Other Supplies and Materials	60	
Vehicle and Equipment Insurance	35,510	
In Service/Staff Development	5,097	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Transportation (Cont.)		
Transportation Equipment	$ 159,020	
Total Transportation		$ 1,533,808
Central and Other		
Assistant(s)	$ 41,697	
Supervisor/Director	52,202	
Social Security	5,717	
State Retirement	4,570	
Life Insurance	41	
Unemployment Compensation	180	
Employer Medicare	1,337	
Communication	986	
Data Processing Services	70,269	
In Service/Staff Development	1,399	
Total Central and Other		178,398
Operation of Non-Instructional Services		
Community Services		
Supervisor/Director	$ 53,316	
Other Salaries and Wages	96,730	
Social Security	7,550	
State Retirement	7,832	
Unemployment Compensation	474	
Employer Medicare	2,040	
Printing, Stationery, and Forms	179	
Food Supplies	362	
Instructional Supplies and Materials	16,721	
In Service/Staff Development	912	
Total Community Services		186,116
Early Childhood Education		
Supervisor/Director	$ 12,902	
Teachers	197,760	
Educational Assistants	73,540	
Certified Substitute Teachers	525	
Non-certified Substitute Teachers	4,022	
Social Security	16,291	
State Retirement	22,631	
Life Insurance	415	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Early Childhood Education (Cont.)			
Medical Insurance	$ 48,598		
Unemployment Compensation	611		
Employer Medicare	3,814		
Advertising	1,383		
Dues and Memberships	323		
Food Supplies	2,806		
Instructional Supplies and Materials	64,401		
In Service/Staff Development	9,292		
Other Equipment	5,302		
Total Early Childhood Education		$ 464,616	
Capital Outlay			
Regular Capital Outlay			
Building Construction	$ 608,318		
Building Improvements	320,349		
Site Development	29,895		
Total Regular Capital Outlay		958,562	
Principal on Debt			
Education			
Principal on Notes	$ 250,000		
Total Education		250,000	
Interest on Debt			
Education			
Interest on Notes	$ 61,250		
Total Education		61,250	
Total General Purpose School Fund			$ 27,192,446
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 443,526		
Educational Assistants	29,403		
Other Salaries and Wages	2,400		
Certified Substitute Teachers	1,650		
Non-certified Substitute Teachers	5,653		
Social Security	28,414		

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Regular Instruction Program (Cont.)		
State Retirement	$ 42,104	
Life Insurance	530	
Medical Insurance	67,208	
Unemployment Compensation	871	
Employer Medicare	6,658	
Instructional Supplies and Materials	22,395	
Other Supplies and Materials	17	
Regular Instruction Equipment	67,896	
Total Regular Instruction Program		$ 718,725
Special Education Program		
Educational Assistants	$ 377,980	
Social Security	22,166	
State Retirement	22,066	
Life Insurance	1,023	
Medical Insurance	33,420	
Unemployment Compensation	1,626	
Employer Medicare	5,185	
Contracts with Other Public Agencies	103,410	
Contracts with Private Agencies	36,743	
Maintenance and Repair Services - Equipment	314	
Instructional Supplies and Materials	30,871	
Special Education Equipment	3,872	
Total Special Education Program		638,676
Vocational Education Program		
Teachers	$ 16,348	
Social Security	1,014	
Unemployment Compensation	74	
Employer Medicare	237	
Instructional Supplies and Materials	9,442	
Vocational Instruction Equipment	63,237	
Total Vocational Education Program		90,352
Support Services		
Health Services		
Medical Personnel	$ 14,811	
Social Security	918	
State Retirement	938	

(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.)				
Health Services (Cont.)				
Life Insurance	$	20		
Medical Insurance		1,962		
Unemployment Compensation		33		
Employer Medicare		215		
Total Health Services			$	18,897
Other Student Support				
Bus Drivers	$	1,000		
Social Security		62		
State Retirement		63		
Employer Medicare		15		
Contracts with Other School Systems		9,917		
Travel		10,156		
Other Charges		4,526		
Total Other Student Support				25,739
Regular Instruction Program				
Supervisor/Director	$	26,640		
Other Salaries and Wages		33,248		
Social Security		2,024		
State Retirement		2,917		
Life Insurance		19		
Medical Insurance		3,487		
Unemployment Compensation		183		
Employer Medicare		868		
Travel		1,030		
Other Supplies and Materials		659		
In Service/Staff Development		37,092		
Total Regular Instruction Program				108,167
Special Education Program				
Assessment Personnel	$	45,090		
Secretary(ies)		26,501		
Social Security		4,076		
State Retirement		5,785		
Life Insurance		82		
Medical Insurance		9,683		
Unemployment Compensation		115		
Employer Medicare		953		

(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.)			
Travel	$ 2,396		
In Service/Staff Development	4,304		
Total Special Education Program		$ 98,985	
Vocational Education Program			
Travel	$ 1,700		
In Service/Staff Development	1,225		
Total Vocational Education Program		2,925	
Transportation			
Bus Drivers	$ 41,543		
Social Security	2,494		
State Retirement	2,309		
Life Insurance	109		
Unemployment Compensation	161		
Employer Medicare	583		
Maintenance and Repair Services - Vehicles	3,000		
Diesel Fuel	15,000		
Transportation Equipment	93,657		
Total Transportation		158,856	
Operation of Non-Instructional Services			
Community Services			
Supervisor/Director	$ 977		
Other Salaries and Wages	48,303		
Social Security	2,634		
State Retirement	2,607		
Unemployment Compensation	148		
Employer Medicare	713		
Other Contracted Services	240		
Food Supplies	494		
Instructional Supplies and Materials	7,836		
In Service/Staff Development	4,057		
Other Charges	70,000		
Total Community Services		138,009	
Total School Federal Projects Fund			$ 1,999,331

(Continued)

Exhibit K-10

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	$ 51,501		
Accountants/Bookkeepers	14,791		
Clerical Personnel	15,504		
Cafeteria Personnel	698,214		
Maintenance Personnel	17,273		
Social Security	47,953		
State Retirement	47,090		
Life Insurance	1,795		
Medical Insurance	25,369		
Unemployment Compensation	2,921		
Employer Medicare	11,215		
Audit Services	3,000		
Communication	1,089		
Dues and Memberships	442		
Maintenance Agreements	4,079		
Maintenance and Repair Services - Equipment	27,676		
Pest Control	1,848		
Postal Charges	334		
Transportation - Other than Students	10,063		
Travel	81		
Disposal Fees	28,875		
Permits	560		
Custodial Supplies	15,393		
Food Preparation Supplies	75,742		
Food Supplies	907,179		
Office Supplies	3,375		
USDA - Commodities	95,952		
Trustee's Commission	1		
Surcharge	2,909		
In Service/Staff Development	3,419		
Other Charges	16		
Food Service Equipment	40,734		
Total Food Service		$ 2,156,393	
Total Central Cafeteria Fund			$ 2,156,393
Total Governmental Funds - Obion County School Department			$ 31,348,170

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, 2012

	Cities - Sales Tax Fund	Cities - Property Tax Fund	Special School District Fund	City School ADA - Union City Fund	Total
Cash Receipts					
County Property Taxes					
Current Property Tax	$ 0	$ 0	$ 0	$ 1,535,377	$ 1,535,377
Trustee's Collections - Prior Year	0	0	0	47,645	47,645
Clerk and Master Collections - Prior Years	0	0	15,908	30,727	46,635
Interest and Penalty	0	0	0	8,607	8,607
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	2,157	2,157
Payments in-Lieu-of Taxes - Other	0	0	0	68,400	68,400
County Local Option Taxes					
Local Option Sales Tax	4,114,267	0	0	1,266,850	5,381,117
Business Tax	0	0	0	29,095	29,095
Statutory Local Taxes					
Bank Excise Tax	0	0	0	4,012	4,012
Interstate Telecommunications Tax	0	0	0	491	491
School District Property Taxes					
Current Property Tax	0	24,164	73,052	0	97,216
Prior Year's Property Tax	0	5,209	1,136	0	6,345
Interest and Penalty	0	1,175	241	0	1,416
Licenses and Permits					
Marriage Licenses	0	0	0	692	692
State of Tennessee					
Mixed Drink Tax	0	0	0	521	521
Total Cash Receipts	$ 4,114,267	$ 30,548	$ 90,337	$ 2,994,574	$ 7,229,726
Cash Disbursements					
Remittance of Revenues Collected	$ 4,073,124	$ 30,872	$ 88,699	$ 2,951,501	$ 7,144,196
Trustee's Commission	41,143	607	1,647	45,331	88,728
Total Cash Disbursements	$ 4,114,267	$ 31,479	$ 90,346	$ 2,996,832	$ 7,232,924
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0	$ (931)	$ (9)	$ (2,258)	$ (3,198)
Cash Balance, July 1, 2011	0	1,053	864	30,672	32,589
Cash Balance, June 30, 2012	$ 0	$ 122	$ 855	$ 28,414	$ 29,391

SINGLE AUDIT SECTION

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

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

November 16, 2012

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, 2012, which collectively comprise Obion County's basic financial statements and have issued our report thereon dated November 16, 2012. 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

The management of Obion County is responsible for establishing and maintaining effective 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 12.02, 12.03, 12.04, 12.05, and 12.06. 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.

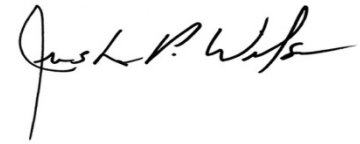
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Obion County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 12.01.

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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

Independent Auditor's Report

November 16, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Obion County's compliance 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, 2012. 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, 2012.

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 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, 2012, and have issued our report thereon dated November 16, 2012. 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,

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Obion County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

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	$ 486,632	
National School Lunch Program	10.555	N/A	947,922	(4)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	(2)	3,690	
Passed-through State Department of Agriculture:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	95,952	(4)
Rural Business Enterprise Grants	10.769	(2)	50,000	
Total U.S. Department of Agriculture			$ 1,584,196	
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	$ 26,126	
Total U.S. Department of Housing and Urban Development			$ 26,126	
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			$ 9,000	
U.S. Department of Labor:				
Passed-through Dyersburg State Community College:				
WIA Youth Activities	17.259	10-12-300-002-YTHPT	$ 14,239	
Passed-through State Department of Labor and Workforce Development :				
WIA Dislocated Worker Formula Grants	17.278	PO14599	3,914	
Total U.S. Department of Labor			$ 18,153	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Alcohol Open Container Requirements	20.607	Z12GHS227	$ 4,995	
Total U.S. Department of Transportation			$ 4,995	
U.S. Department of Education:				
Passed-through State Department of Labor and Workforce Development:				
Adult Education - Basic Grants to States	84.002	(3)	$ 102,047	
Passed-through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	563,006	
Special Education Cluster:				
Special Education - Grants to States	84.027	(2)	979,841	
Special Education - Preschool Grants	84.173	N/A	49,306	
Special Education - Grants to States, Recovery Act	84.391	N/A	97,266	
Special Education - Preschool Grants, Recovery Act	84.392	N/A	4,566	
Career and Technical Education - Basic Grants to States	84.048	N/A	104,572	
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	2,308	
Twenty-first Century Community Learning Centers	84.287	N/A	137,900	

(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)	$ 463
Education Technology State Grants, Recovery Act	84.386	N/A	654
English Language Acquisition State Grants	84.365	N/A	18,532
Improving Teacher Quality State Grants	84.367	N/A	153,398
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	100,887
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	9,815
Education Jobs Fund	84.410	N/A	13,112
Total U.S. Department of Education			$ 2,337,673
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	MRC 12 1560	$ 5,000
Total U.S. Department of Health and Human Services			$ 5,000
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1979-DR-TN	$ 108,457
Emergency Management Performance Grants	97.042	N/A	27,000
Homeland Security Grant Program	97.067	N/A	25,721
Total U.S. Department of Homeland Security			$ 161,178
Total Federal Awards			$ 4,146,321

State Grants		Contract Number	
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	32701-01056	$ 18,522
Preventive Health and Human Services - State Department of Health	N/A	GG-11-3-09	70,703
Litter Program - State Department of Transportation	N/A	66-500-4079-04	37,164
Fasttrack Infrastructure Development Program - State Department of Economic and Community Development		GG-09-26718-00	21,276
Rural Library Computer Grant - Tennessee Secretary of State	N/A	(2)	2,883
Early Childhood Education - State Department of Education	N/A	(2)	471,923
Energy Grant - State Department of Education	N/A	(2)	14,781
ACT/EXPLORE/PLAN - State Department of Education	N/A	(2)	4,499
ConnecTenn - State Department of Education	N/A	(2)	13,433
Lottery for Education: Afterschool Programs - State Department of Education	N/A	(2)	100,440
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Agriculture Enhancement Program - State Department of Agriculture	N/A	DG-08-22849-00	150,000
Safe Schools - State Department of Transportation	N/A	(2)	18,800
Total State Grants			$ 1,024,424

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) PO 13316-DG1234579: $85,172; PO 6809-DG1131220: $16,875.
(4) Total for CFDA No. 10.555 is $1,043,874.

Obion County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which have not been corrected.

OFFICE OF HIGHWAY SUPERINTENDENT

Finding Number	Page Number	Subject
11.03	172	The Highway Department did not maintain a system to account for some road materials

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

Finding Number	Page Number	Subject
11.12	177	Duties were not segregated adequately

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

Finding Number	Page Number	Subject
11.13	178	Multiple employees operated from the same cash drawer.

OBION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Obion County is unqualified.

2. The audit of the financial statements of Obion County disclosed significant deficiencies in internal control. None of these deficiencies 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 Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Obion County 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 12.01 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Capital Projects – Public Health and Welfare Projects major appropriation category (the legal level of control) of the General Fund by $11,125. 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 of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficiency exists 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 12.02 **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was resolved after it was brought to the attention of the official.

RECOMMENDATION

Management should continue to ensure that adequate controls over its information systems and the resources associated with those systems are implemented.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 12.03 **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 12.04 **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur.

RECOMMENDATION

Management should ensure that adequate controls over its information systems and the resources associated with those systems are implemented.

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

FINDING 12.05 **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 12.06 **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.

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices 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.

ITEM 1. OBION COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Obion County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. OBION COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Obion County does not have an Audit Committee. An Audit Committees can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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, 2012

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