

ANNUAL FINANCIAL REPORT
UNION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

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

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

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UNION COUNTY, TENNESSEE

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Audit Highlights

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

Scope

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of and for the year ended June 30, 2005.

Results

Our report on Union County's financial statements expresses an adverse opinion on the governmental activities because Highway Department capital assets and the related depreciation on those assets are not included in the government-wide financial statements. Our report on the aggregate discretely presented component units is qualified because two component units are omitted. Our report on each major fund and the aggregate remaining fund information is unqualified.

Our audit resulted in 11 findings and recommendations, which we have reviewed with management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

UNION COUNTY

- ◆ Capital assets were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion on the governmental activities opinion unit.

OFFICE OF COUNTY MAYOR

- ◆ Expenditures exceeded appropriations at the major category level of control in the General Fund and the General Debt Service Fund.
 - ◆ The actual fund balance of the General Debt Service Fund at July 1, 2004, was less than the estimated fund balance presented to the County Commission by \$246,339.
 - ◆ A formal purchase order system had not been established.
-

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The actual fund balance of the Highway/Public Works Fund at July 1, 2004, exceeded the estimated fund balance by \$179,743.
 - ◆ A formal purchase order system had not been established.
 - ◆ A complete list of county roads was not submitted to the County Commission for approval.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had cash management deficiencies.
 - ◆ Deficiencies existed in payments made for electrical services.
-

OTHER FINDINGS

- ◆ Duties were not segregated adequately among officials and employees at the Ambulance Service and in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
- ◆ Officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Union County Officials

June 30, 2005

Officials:

Larry Lay, County Mayor
Clayton H. Helms, Highway Superintendent
Charles Thomas, Director of Schools
Gina Buckner, Trustee
Ronald L. Irick, Assessor of Property
Jim Houston, County Clerk
Barbara Williams, Circuit and General Sessions Courts Clerk
Doris Seymour, Clerk and Master
Mary B. Kitts, Register
Willie Evans, Sheriff

Board of County Commissioners:

Larry Lay, Chairman	Kenny Hill
Burney Hutchison	Brenda Jessee
Pam Ailor	R. L. Jones
Elmer Bailey	Gene McBee
Lynn Beeler	Joyce Meltabarger
Stanley Boles	Johnny Merritt
Wayne Cole	Rodney Patterson
Wayne Collins	Trevor Warwick
Charlie Cox	
Gary England	

Highway Commission:

Joe Bailey	John Turner
Darrell Dyer	Johnny Raley
Paul Hill	Curtis Bates
Tommy Hopson	

Board of Education:

David Coppock, Chairman	Brian Oaks
Calvin Chesney	Gerald Smith
Mark DeVault	Chris Upton
Don Morgan	

FINANCIAL SECTION



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

September 2, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Union County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Union County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

As discussed in Note I.D.4. to the financial statements, management has not recorded Highway Department capital assets, including infrastructure, in the governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those Highway Department capital assets, including infrastructure, be capitalized and depreciated, which would significantly increase the assets and expenses of the

governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

The financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority, component units requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units' financial statements referred to above do not include amounts for the Union County Emergency Communications District and the Union County Solid Waste Authority, which should be included to conform with accounting principles generally accepted in the United States of America.

In our opinion, because of the effects of not including the Highway Department's capital assets, including infrastructure, as discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Union County, Tennessee, as of June 30, 2005, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, except for the effects of not including the financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority, as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Union County, Tennessee, at June 30, 2005, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 2, 2005, on our consideration of Union County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Union County has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include government-wide financial statements.

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

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

The budgetary comparison information on pages 53 through 57 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government	Component Unit
	Governmental Activities	Union County School Department
<u>ASSETS</u>		
Cash	\$ 50	\$ 0
Equity in Pooled Cash and Investments	2,763,148	1,154,268
Accounts Receivable	420,044	29,612
Allowance for Uncollectibles	(85,503)	0
Due from Other Governments	492,894	626,337
Due from Primary Government	0	1,970
Due from Component Units	12,000	0
Property Taxes Receivable	2,264,352	2,219,513
Allowance for Uncollectible Property Taxes	(150,906)	(147,918)
Prepaid Items	302,587	0
Notes Receivable - Long-Term	67,396	0
Capital Assets		
Assets Not Depreciated:		
Land	606,080	1,345,209
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	631,169	13,002,511
Other Capital Assets	315,660	170,789
Total Assets	<u>\$ 7,638,971</u>	<u>\$ 18,402,291</u>

<u>LIABILITIES</u>		
Accounts Payable	\$ 175,214	\$ 1,600
Accrued Payroll	22,376	1,132
Accrued Interest Payable	66,446	0
Payroll Deductions Payable	2,186	0
Contracts Payable	25,712	0
Retainage Payable	21,484	0
Due to Component Units	1,970	0
Other Current Liabilities	0	183,660
Deferred Revenue - Property Taxes	2,010,379	1,970,569
Noncurrent Liabilities:		
Due Within One Year	747,073	0
Due in More than One Year	11,542,990	0
Total Liabilities	<u>\$ 14,615,830</u>	<u>\$ 2,156,961</u>

(Continued)

Exhibit A

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

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Union County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 1,128,879	\$ 0
Invested in Capital Assets	0	14,518,509
Restricted for:		
Highway	694,555	0
Debt Service	1,695,535	0
Capital Projects	218,810	0
Other Purposes	222,229	665,115
Unrestricted	<u>(10,936,867)</u>	<u>1,061,706</u>
Total Net Assets	<u>\$ (6,976,859)</u>	<u>\$ 16,245,330</u>

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

Exhibit B

Union County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
					Governmental	Union County School Department
Governmental Activities:						
General Government	\$ 822,169	\$ 204,651	\$ 16,380	\$ 0	\$ (601,138)	\$ 0
Finance	462,381	335,816	8,058	0	(118,507)	0
Administration of Justice	301,989	314,850	10,203	0	23,064	0
Public Safety	1,195,342	78,709	59,318	0	(1,057,315)	0
Public Health and Welfare	1,184,712	844,383	91,289	129,615	(119,425)	0
Social, Cultural, and Recreational Services	133,589	6,501	24,589	0	(102,499)	0
Agricultural and Natural Resources	51,626	0	0	0	(51,626)	0
Other Operations	642,047	150	805	217,139	(423,953)	0
Highways	1,547,122	66,417	1,421,671	129,331	70,297	0
Debt Service:						
Interest on Long-Term Debt	321,266	0	0	0	(321,266)	0
Other Debt Service	16,397	0	0	0	(16,397)	0
Total Primary Government	\$ 6,678,640	\$ 1,851,477	\$ 1,632,313	\$ 476,085	\$ (2,718,765)	\$ 0
Component Units:						
Union County School Department	\$ 21,988,256	\$ 446,204	\$ 4,198,702	\$ 0	\$ 0	\$ (17,343,350)
Total Component Units	\$ 21,988,256	\$ 446,204	\$ 4,198,702	\$ 0	\$ 0	\$ (17,343,350)

(Continued)

Exhibit B

Union County, Tennessee
Statement of Activities (Cont.)

	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Primary</u>	<u>Component</u>
	<u>Government</u>	<u>Unit</u>
		Union
		County
	Governmental	School
	<u>Activities</u>	<u>Department</u>
General Revenues:		
Property Taxes	\$ 2,089,760	\$ 2,055,993
Sales Taxes	311,223	677,033
Other Taxes	315,518	2,775
Grants and Contributions not restricted to specific programs	1,212,413	13,794,491
Unrestricted Investment Income	102,768	0
Miscellaneous	101,596	49,775
Total General Revenues	<u>\$ 4,133,278</u>	<u>\$ 16,580,067</u>
Change in Net Assets	\$ 1,414,513	\$ (763,283)
Net Assets - July 1, 2004	<u>(8,391,372)</u>	<u>17,008,613</u>
Net Assets - June 30, 2005	<u>\$ (6,976,859)</u>	<u>\$ 16,245,330</u>

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

Exhibit C-1

Union County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds				Nonmajor	Total
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 50
Equity in Pooled Cash and Investments	596,078	249,766	254,301	1,446,241	216,762	2,763,148
Accounts Receivable	159,270	258,874	1,900	0	0	420,044
Allowance for Uncollectibles	0	(85,503)	0	0	0	(85,503)
Due from Other Governments	105,177	0	380,376	0	7,341	492,894
Due from Other Funds	50	0	0	296,280	0	296,330
Due from Component Units	12,000	0	0	0	0	12,000
Property Taxes Receivable	1,479,676	246,612	67,258	470,806	0	2,264,352
Allowance for Uncollectible Property Taxes	(98,612)	(16,435)	(4,483)	(31,376)	0	(150,906)
Prepaid Items	106,616	0	195,971	0	0	302,587
Notes Receivable - Long-Term	0	0	0	0	67,396	67,396
Total Assets	\$ 2,360,255	\$ 653,314	\$ 895,323	\$ 2,181,951	\$ 291,549	\$ 6,382,392
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 33,645	\$ 672	\$ 140,897	\$ 0	\$ 0	\$ 175,214
Accrued Payroll	0	22,376	0	0	0	22,376
Payroll Deductions Payable	374	1,655	157	0	0	2,186
Contracts Payable	0	0	0	0	25,712	25,712
Retainage Payable	0	0	0	0	21,484	21,484
Due to Other Funds	0	296,280	0	0	50	296,330
Due to Component Units	0	0	0	1,970	0	1,970
Deferred Revenue - Current Property Taxes	1,313,713	218,952	59,714	418,000	0	2,010,379
Deferred Revenue - Delinquent Property Taxes	61,117	10,186	2,778	19,447	0	93,528
Other Deferred Revenues	39,941	103,300	120,816	0	67,396	331,453
Total Liabilities	\$ 1,448,790	\$ 653,421	\$ 324,362	\$ 439,417	\$ 114,642	\$ 2,980,632
<u>Fund Balances</u>						
Reserved for Computer System - Register	\$ 35,447	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,447
Reserved for Automation Purposes - General Sessions Court	15,545	0	0	0	0	15,545

(Continued)

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

	Major Funds				Nonmajor	Total
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Reserved for Automation Purposes - Sheriff	\$ 4,815	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,815
Reserved for Long-Term Notes Receivable	0	0	0	259,178	0	259,178
Reserved for Other General Purposes	27,550	0	0	0	0	27,550
Unreserved, Reported In:						
General Fund	828,108	0	0	0	0	828,108
Special Revenue Funds (Deficit)	0	(107)	570,961	0	25,493	596,347
Debt Service Funds	0	0	0	1,483,356	0	1,483,356
Capital Projects Funds	0	0	0	0	151,414	151,414
Total Fund Balances	<u>\$ 911,465</u>	<u>\$ (107)</u>	<u>\$ 570,961</u>	<u>\$ 1,742,534</u>	<u>\$ 176,907</u>	<u>\$ 3,401,760</u>
Total Liabilities and Fund Balances	<u>\$ 2,360,255</u>	<u>\$ 653,314</u>	<u>\$ 895,323</u>	<u>\$ 2,181,951</u>	<u>\$ 291,549</u>	<u>\$ 6,382,392</u>

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

Exhibit C-2

Union County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	3,401,760
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		1,552,909
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		424,981
(3) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(66,446)
(4) Long-term liabilities, including other loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes Payable	\$	109,089
Other Loans Payable		3,019,854
Capitalized Leases Payable		70,087
General Bonded Debt Payable		7,495,000
Landfill Closure/Postcare Closure Costs		1,596,033
		<u>(12,290,063)</u>
Net assets of governmental activities (Exhibit A)	\$	<u>(6,976,859)</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 2,030,491	\$ 232,881	\$ 163,627	\$ 441,594	\$ 0	\$ 2,868,593
Licenses and Permits	32,108	0	0	0	0	32,108
Fines, Forfeitures and Penalties	116,044	0	0	0	26,683	142,727
Charges for Current Services	28,184	803,607	150	0	3,046	834,987
Other Local Revenues	111,137	8	75,761	102,785	9,668	299,359
Fees Received from County Officials	639,456	0	0	0	0	639,456
State of Tennessee	808,269	0	1,509,908	0	154,256	2,472,433
Federal Government	95,496	0	0	0	0	95,496
Other Governments and Citizens Groups	25,735	0	53,000	500,000	0	578,735
Total Revenues	\$ 3,886,920	\$ 1,036,496	\$ 1,802,446	\$ 1,044,379	\$ 193,653	\$ 7,963,894
<u>Expenditures</u>						
Current:						
General Government	\$ 803,929	\$ 0	\$ 0	\$ 0	\$ 0	\$ 803,929
Finance	462,289	0	0	0	92	462,381
Administration of Justice	299,035	0	0	0	2,954	301,989
Public Safety	1,146,170	0	0	0	8,841	1,155,011
Public Health and Welfare	156,963	1,010,973	0	0	0	1,167,936
Social, Cultural, and Recreational Services	133,589	0	0	0	0	133,589
Agricultural and Natural Resources	51,626	0	0	0	0	51,626
Other Operations	416,284	0	0	0	225,763	642,047
Highways	37,196	0	1,509,926	0	0	1,547,122
Debt Service:						
Principal	0	0	132,358	610,030	0	742,388
Interest	0	0	10,643	312,216	0	322,859
Other Debt Service	0	0	2,196	14,201	0	16,397
Total Expenditures	\$ 3,507,081	\$ 1,010,973	\$ 1,655,123	\$ 936,447	\$ 237,650	\$ 7,347,274
Excess (Deficiency) of Revenues Over Expenditures	\$ 379,839	\$ 25,523	\$ 147,323	\$ 107,932	\$ (43,997)	\$ 616,620

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Net Change in Fund Balances	\$ 379,839	\$ 25,523	\$ 147,323	\$ 107,932	\$ (43,997)	\$ 616,620
Fund Balance, July 1, 2004	531,626	(25,630)	423,638	1,634,602	220,904	2,785,140
Fund Balance, June 30, 2005	\$ 911,465	\$ (107)	\$ 570,961	\$ 1,742,534	\$ 176,907	\$ 3,401,760

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

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	616,620
(1) Governmental funds report capital outlay 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 amount that capital outlays differ from depreciation is itemized as follows:		
Add: Capital outlays in the current period	\$	69,588
Less: Current year depreciation		<u>(144,935)</u>
		(75,347)
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		129,615
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$	(425,337)
For the year ended June 30, 2005		<u>424,981</u>
		(356)
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: Principal Payment on Notes	\$	110,030
Add: Principal Payment on Other Loans		313,000
Add: Principal Payment on Bonds		300,000
Add: Principal Payment on Capitalized Leases		<u>19,358</u>
		742,388
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable		<u>1,593</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>1,414,513</u></u>

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

Exhibit D

Union County, Tennessee
Statement of Fiduciary Assets and Liabilities
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 687,914
Due from Other Governments	<u>64,802</u>
Total Assets	<u>\$ 752,716</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 64,802
Due to Litigants, Heirs, and Others	<u>687,914</u>
Total Liabilities	<u>\$ 752,716</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Union 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 Union County:

A. Reporting Entity

Union County is a public municipal corporation governed by an elected 17-member board. As required by GAAP, these financial statements present Union County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Union County School Department operates the public school system in the county, and the voters of Union 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 Union County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Union County, and its governing body is appointed by Union County's Board of County Commissioners. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Union County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Union County Solid Waste Authority operates the area's landfill facility through the services of a private contractor. The Union County Board of Commissioners appoints a majority of members of the governing body of the Solid Waste Authority. The Solid Waste Authority is funded primarily through host fees collected by the private contractor. The financial statements of the Union County Solid Waste Authority were not available from other auditors in time for inclusion in this report.

The Union County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Union County School Department are included in the financial section of this report as listed in the table of contents. Although required by GAAP, the financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority were not available in time for inclusion as previously mentioned. Complete financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority can be obtained from their administrative offices at the following addresses:

Union County Emergency Communications District
P. O. Box 911
Maynardville, TN 37807

Union County Solid Waste Authority
P. O. Box 5
Luttrell, TN 37779

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Union County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Union 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.

Union County issues all debt for the discretely presented Union County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2005.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Union 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. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Union County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category. Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. 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. Union County considers grant 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 general long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of-tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Union 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.

Ambulance Service Fund – This fund is used to account for transactions related to the ambulance service provided by the county. The major sources of funding are a property tax levy and user charges.

Highway/Public Works Fund – This fund is used to account for transactions of the county Highway Department. The major source of funding for the department is state gasoline taxes.

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.

Additionally, Union County reports the following fund types:

Capital Projects Fund – The Community Development/Industrial Park Fund is used to account for capital projects related to industrial development.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Union County. 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 Union County School Department reports the following major governmental funds:

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Union 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 Debt Service Fund. Union County and the Union County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities 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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections or that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds.

Long-term interfund borrowings between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All ambulance and property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.73 percent of total taxes levied. The allowance for uncollectible for the accounts receivables in the Ambulance Service Fund is comprised of estimated amounts for write-offs involving medicare and medicaid and estimated amounts of other collections based on history of the source of receipt (i.e., insurance companies and private citizens).

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current

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

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

Retainage payable in the primary government's nonmajor governmental funds represents the amount withheld from payments made on a contract for utility services and line extension. Other amounts due on the contract are reflected in contracts payable. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

Other current liabilities in the discretely presented General Purpose School Fund represent balances in the health insurance clearing account that will be drawn for premiums subsequent to June 30.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Prepaid items in the General Fund (\$106,616) and the Highway/Public Works Fund (\$195,971) represent amounts paid for insurance premiums for the 2005-06 year.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life exceeding two years. 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, and equipment of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10 - 50
Other Capital Assets	3 - 40

The Highway Department has not prepared records of its capital assets (including infrastructure) and related depreciation amounts. Therefore, the capital assets of the Highway Department are not included in amounts reflected for capital assets of the primary government. These amounts should be included to comply with accounting standards generally accepted in the United States of America.

5. Compensated Absences

Vacation leave benefits for Union County employees granted through the primary government and the discretely presented Union County School Department do not vest or accumulate and must be used within the year or lost. Therefore, no accrual or recording is required. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt payable is reported net of the applicable premium or discount, if any. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types 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, claims and judgments, special termination benefits, and landfill closure/postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2005, Union County had \$10,270,000 in outstanding debt for capital purposes for the discretely presented Union County School Department. The debt is a liability of Union County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Union County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$222,229, with the primary restrictions being for: (1) Ambulance Service (\$113,337); (2) computer systems for various offices (\$55,807); (3) courthouse and jail maintenance (\$27,550); and (4) drug control (\$25,493). For the discretely presented School Department, the account balance in Restricted for Other Purposes (\$665,115) consists of restrictions for various federal assistance programs, primarily the special education program (\$332,030) and the school lunch and breakfast program (\$141,144).

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 fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

Discretely Presented Union County School Department

The discretely presented Union County School Department's Exhibit I-2 includes explanations of the nature of individual elements of items required to reconcile fund balances – total governmental funds and net assets of governmental funds reported in 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 net changes in fund balances – governmental funds and changes in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Union County School Department

The discretely presented Union County School Department's Exhibit I-4 includes explanations of the nature of individual elements of items required

to reconcile net changes in fund balances – total governmental funds and changes in net asset of governmental funds as reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Expenditures exceeded appropriations approved by the County Commission at the major category level of control (the legal level of control) in the following funds:

Fund	Major Category	Amount Overspent
General	Other Finance	3,424
General	Juvenile Services	887
General	County Coroner	1,300
General	Miscellaneous	65,224
Highway/Public Works	Ferry Operations	602
General Debt Service	Interest - Education	126,938

The overexpenditure in the Miscellaneous major appropriation category of the General Fund (\$65,224) resulted from the failure to properly amend the budget by the end of the fiscal year (June 30, 2005). A budget amendment was approved by County Commission in July 2005 to appropriate funds to cover this overexpenditure; however, since that amendment was made after fiscal year end, it has not been recognized in the budgetary comparison schedules in this report. The overexpenditure in the Interest – Education major appropriation category of the General Debt Service Fund (\$126,938) occurred after the correction of a posting error of \$233,360 in the budgetary accounts which had overstated appropriations. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by excess appropriations in other major categories of expenditures and available fund balance.

B. Fund Deficit

The Ambulance Service Fund had a fund deficit of \$107 at June 30, 2005. This fund deficit was liquidated subsequent to year-end from subsequent collections.

C. The Actual Fund Balance of the General Debt Service Fund Was Overstated by a Material Amount

The actual fund balance in the General Debt Service Fund was \$1,634,602 at July 1, 2004; however, the estimated fund balance presented to the County Commission was \$1,880,941. Therefore, the actual fund balance was

\$246,339 less than the estimated fund balance presented to the County Commission during the budget approval process.

D. The Actual Fund Balance of the Highway/Public Works Fund Exceeded the Estimated Fund Balance by a Material Amount

The actual fund balance in the Highway/Public Works Fund was \$423,638 at July 1, 2004; however, the estimated fund balance presented to the County Commission was \$243,895. Therefore, the actual fund balance was \$179,743 more than the estimated fund balance presented to the County Commission during the budget approval process.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Union County and the Union 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 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. Public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments

in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2005.

B. Notes Receivable

Notes receivable in the Community Development/Industrial Park Fund (a nonmajor governmental fund) resulted from the sale of industrial property and is offset by Other Deferred Revenues. The amount of these notes receivable not expected to be received within one year is \$61,282.

C. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2005, was as follows. As previously noted, these amounts do not include the capital assets activity of the Highway Department.

Governmental Activities:

	Balance 7-1-04	Increases	Balance 6-30-05
Capital Assets Not Depreciated:			
Land	\$ 606,080	\$ 0	\$ 606,080
Total Capital Assets, Not Depreciated	<u>\$ 606,080</u>	<u>\$ 0</u>	<u>\$ 606,080</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,448,024	\$ 0	\$ 1,448,024
Other Capital Assets	335,087	199,203	534,290
Total Capital Assets Depreciated	<u>\$ 1,783,111</u>	<u>\$ 199,203</u>	<u>\$ 1,982,314</u>

Governmental Activities (Cont.):

	Balance 7-1-04	Increases	Balance 6-30-05
Less Accumulated Depreciation For: Buildings and Improvements	\$ 783,224	\$ 33,631	\$ 816,855
Other Capital Assets	107,326	111,304	218,630
Total Accumulated Depreciation	\$ 890,550	\$ 144,935	\$ 1,035,485
Total Capital Assets Depreciated Net	\$ 892,561	\$ 54,268	\$ 946,829
Governmental Activities Capital Assets, Net	\$ 1,498,641	\$ 54,268	\$ 1,552,909

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

Governmental Activities:

General Government	\$ 26,511
Public Safety	40,331
Public Health and Welfare	78,093
Total Depreciation Expense - Governmental Activities	\$ 144,935

Discretely Presented Union County School Department

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

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 1,345,209	\$ 0	\$ 0	\$ 1,345,209
Construction in Progress	91,386	0	(91,386)	0
Total Capital Assets Depreciated	\$ 1,436,595	\$ 0	(91,386)	\$ 1,345,209

Governmental Activities (Cont.):

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,703,926	\$ 584,436	\$ 0	\$ 19,288,362
Other Capital Assets	197,141	35,000	0	232,141
Total Capital Assets Depreciated	\$ 18,901,067	\$ 619,436	\$ 0	\$ 19,520,503
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,828,571	\$ 457,280	\$ 0	\$ 6,285,851
Other Capital Assets	46,724	14,628	0	61,352
Total Accumulated Depreciation	\$ 5,875,295	\$ 471,908	\$ 0	\$ 6,347,203
Total Capital Assets Depreciated Net	\$ 13,025,772	\$ 147,528	\$ 0	\$ 13,173,300
Governmental Activities Capital Assets, Net	<u>\$ 14,462,367</u>	<u>\$ 147,528</u>	<u>\$ (91,386)</u>	<u>\$ 14,518,509</u>

Depreciation expense totaling \$471,908 was charged by the discretely presented Union County School Department.

D. Interfund Receivables, Payables and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Debt Service	Ambulance Service	\$ 296,280
General	Nonmajor governmental	<u>50</u>
Total		<u>\$ 296,330</u>

The \$296,280 balance is the result of interfund loans that are to be repaid over the next two fiscal years. The amount of the loan not expected to be paid within one year is \$259,178.

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Component Unit - School Department	Primary Government - General Debt Service	\$ 1,970
Primary Government - General	Component Unit - Emergency Communications District	12,000
Total		<u><u>\$ 13,970</u></u>

Interfund Transfers:

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

Discretely Presented Union County School Department

Transfer Out	<u>Transfers In</u>	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 6,000
School Federal Projects Fund	<u>17,843</u>	<u>0</u>
Total	<u><u>\$ 17,843</u></u>	<u><u>\$ 6,000</u></u>

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

E. Capital Leases

In a prior year, Union County entered into two five-year lease-purchase agreements for Highway Department equipment. The terms of the agreement required total lease payments of \$101,822, plus interest of 4.25 percent. Title to the equipment transfers to Union County at the end of the lease periods. The lease payments are made by the Union County Highway/Public Works Fund. The assets acquired through these capital leases have not been capitalized and reflected in the governmental activities of the primary government due to the Union County Highway Department's failure to record capital assets.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2006	\$ 22,785
2007	22,785
2008	21,773
2009	7,985
Total Minimum Lease Payments	<u>\$ 75,328</u>
Amounts Representing Interest	<u>(5,241)</u>
Present Value of Minimum Lease Payments	<u>\$ 70,087</u>

F. Long-term Debt

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, notes, and loan agreements outstanding were issued for original terms of up to 17 years for bonds, up to three years for notes, and up to 21 years for loan agreements. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All general obligation bonds, notes, and other loans outstanding as of June 30, 2005, will be retired from the General Debt Service Fund, with the exception of the 1997 Street and Road Improvement Loans outstanding of \$244,854, which will be retired from the Highway/Public Works Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds -			
Refunding	2 to 3.7%	\$ 7,710,000	\$ 7,495,000
Capital Outlay Notes	3.5 to 4.25	243,731	109,089
Other Loans	Varies	5,000,000	3,019,854
Capital Leases	4.25	101,822	70,087

Union County has entered into a loan agreement with the Public Building Authority of Sevier County, Tennessee. Under this loan agreement, the authority has issued variable rate bonds of \$4,000,000 and loaned the proceeds to Union County for various renovation and construction projects. This loan is repayable at a variable interest rate based on the Bond Market Association Municipal Index (BMA). In addition, the county pays various fees (liquidity fees, trustee fees, remarketing fees, and issuer fees) in connection with this loan. At June 30, 2005, the variable rate was 2.3 percent, and other fees were approximately .49 percent.

During the 1996-97 year, Union County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$1,000,000 to Union County for paving and improving Union County roads. The interest rate 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 fees, debt remarketing fees, etc.) in connection with this loan. At June 30, 2005, the variable interest rate was 2.3 percent based on the remarketing agent's weekly rate and other fees were approximately .53 percent of the outstanding balance.

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2005, including interest payments, are presented in the following table. Annual principal requirements, along with estimated interest payments and estimated other fees, for the loans payable are also reflected in the table.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 320,000	\$ 231,760	\$ 82,877	\$ 4,053
2007	330,000	225,360	26,212	917
2008	340,000	218,760	0	0
2009	350,000	211,960	0	0
2010	355,000	204,085	0	0
2011-2015	2,000,000	860,135	0	0
2016-2019	3,800,000	441,515	0	0
Total	\$ 7,495,000	\$ 2,393,575	\$ 109,089	\$ 4,970

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2006	\$ 324,000	\$ 69,457	\$ 14,895	408,352
2007	340,854	62,005	13,260	416,119
2008	220,000	54,165	11,540	285,705
2009	230,000	49,105	10,462	289,567
2010	240,000	43,815	9,335	293,150
2011-2015	1,360,000	131,560	28,028	1,519,588
2016	305,000	7,015	1,495	313,510
Total	\$ 3,019,854	\$ 417,122	\$ 89,015	3,525,991

During the year, the Union County School Department contributed \$500,000 to the primary government's General Debt Service Fund to be applied toward the retirement of general obligation debt that was issued by the county for school capital purposes. The School Department has pledged a minimum of \$500,000 per year to be paid toward that debt over the next 15 years.

There is \$1,742,534 available in the General Debt Service Fund to service general long-term debt. General bonded debt per capita amounted to \$421, based on the 2000 federal census. Total debt per capita, including bonds, notes, and other loans outstanding, amounted to \$597, based on the 2000 federal census.

Primary Government

The following is a summary of changes in long-term debt for the year ended June 30, 2005.

	Bonds	Notes	Capital Leases
Balance, July 1, 2004	\$ 7,795,000	\$ 219,119	\$ 89,445
Additions	0	0	0
Deductions	(300,000)	(110,030)	(19,358)
Balance, June 30, 2005	\$ 7,495,000	\$ 109,089	\$ 70,087
Balance Due Within One Year	\$ 320,000	\$ 82,877	\$ 20,196

	Other Loans	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2004	\$ 3,332,854	\$ 1,596,033
Additions	0	0
Deductions	(313,000)	0
Balance, June 30, 2005	<u>\$ 3,019,854</u>	<u>\$ 1,596,033</u>
Balance Due Within One Year	<u>\$ 324,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 12,290,063
Less: Balance Due Within One Year	<u>(747,073)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,542,990</u>

Capital leases will be retired from the Highway/Public Works Fund. See Note IV.D. for discussion of the payment of landfill closure/postclosure care costs.

Defeasance of Prior Debt

In prior years, Union County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled or until called and retired. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. The refunded bonds were called and retired by the trustee on April 1, 2005.

G. Short-term Debt

Primary Government

During the year, the primary government issued revenue anticipation notes, from its General Debt Service Fund of \$700,000 to provide temporary operating funds for the General Fund. These notes were retired prior to June 30, 2005, as required by state statutes, and therefore have not been reflected in the financial statements of this report. A schedule of short-term debt follows:

	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
Revenue				
Anticipation Notes	\$ 0	\$ 700,000	\$ 700,000	\$ 0

Discretely Presented Union County School Department

During the year, the School Department issued revenue anticipation notes of \$100,000 to provide temporary operating funds for the School Federal Projects Fund. These notes were retired prior to June 30, 2005, as required by state statutes, and therefore have not been reflected in the financial statements of this report. A schedule of short-term debt follows:

	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
Revenue				
Anticipation Notes	\$ 0	\$ 100,000	\$ 100,000	\$ 0

V. OTHER INFORMATION

A. Risk Management

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

Union County also participates in public entity risk pools for general liability, property, casualty (Tennessee School Boards Risk Management Trust), and workers' compensation (Local Government Insurance Pool). These pools are to be self-sustaining through member premiums.

The School Department continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty workers' compensation and environmental. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Accounting Changes

At the beginning of the year, Union County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. In the prior year, the county had only elected to implement the provisions of Statement 34 that related to the fund financial statements.

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

C. Contingent Liabilities

There are several pending lawsuits in which the county is involved. Management has purchased insurance to provide for potential claims and judgments that may arise. Based on a letter from the county attorney, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

D. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. During the 1995-96 year, operations of the landfill were transferred from Union County to the discretely presented Union County Solid Waste Authority. The Union County Solid Waste Authority then contracted landfill operation to a private company for a term of 20 years. The county continues to recognize the estimated landfill closure and postclosure care costs (\$1,596,033) as long-term debt. However, if the landfill is closed during or at the end of the contract term, the contractor is liable for the closure/postclosure care costs.

Union County has entered into a contract with the state Department of Environment and Conservation for \$2,771,349 in lieu of performance bond to ensure the funding of closure and postclosure care required by Section 68-31-116, Tennessee Code Annotated. In turn, the contractor has posted a bond for \$1,596,033 with Union County to ensure the obligation is met.

E. Joint Venture

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the District Attorney General of the 8th Judicial District; Scott, Campbell, Fentress, Claiborne, and Union Counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the Board of Directors, including the district attorney general and the sheriffs and police chiefs of participating law enforcement agencies within each judicial district. Union County made no contributions to the DTF for the year ended June 30, 2005, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from their administrative office at the following address:

District Attorney General's Office
8th Judicial District
P. O. Box 10
Huntsville, TN 37756

F. Retirement Commitments

Plan Description

Employees of Union 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 Union County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

General County Employees

Union County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 4.16 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Union County is established and may be amended by the TCRS Board of Trustees.

Board of Education Employees

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

Annual Pension Cost

General County Employees

For the year ended June 30, 2005, Union County's annual pension cost of \$92,330 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Union County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	\$ 92,330	100%	\$ 0
June 30, 2004	53,096	100	0
June 30, 2003	44,249	100	0

Board of Education Employees

For the year ended June 30, 2005, Union County's annual pension cost of \$0 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Union County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	\$ 0	100%	\$ 0
June 30, 2004	3	100	0
June 30, 2003	0	100	0

Required Supplementary Information
Schedule of Funding Progress for Union County

General County Employees

(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)
6-30-2003	\$ 1,731	\$ 1,740	\$ 9	99.48%	\$ 1,616	0.56%
6-30-2001	1,457	1,457	0	100	1,193	0
6-30-1999	1,194	1,194	0	100	953	0

Board of Education Employees

(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)
6-30-2003	\$ 4,299	\$ 4,299	\$ 0	100%	\$ 1,627	0%
6-30-2001	4,074	4,074	0	100	1,672	0
6-30-1999	3,556	3,556	0	100	1,510	0

SCHOOL TEACHERS

Plan Description

The Union 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/Schools/>.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Union County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Union County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2005, 2004, and 2003, were, \$602,326, \$323,508, and \$286,969, respectively, equal to the required contributions for each year.

G. Purchasing Laws

Office of County Mayor

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

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by Chapter 154, Private Acts of 1943 and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated, 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 Union County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the county 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 competitive bids to be solicited through newspaper advertisement on all purchases estimated to exceed \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,030,491	\$ 1,871,140	\$ 1,903,640	\$ 126,851
Licenses and Permits	32,108	20,500	20,500	11,608
Fines, Forfeitures and Penalties	116,044	81,400	86,527	29,517
Charges for Current Services	28,184	50,525	45,205	(17,021)
Other Local Revenues	111,137	54,686	72,176	38,961
Fees Received from County Officials	639,456	512,000	522,000	117,456
State of Tennessee	808,269	713,000	749,075	59,194
Federal Government	95,496	30,000	44,580	50,916
Other Governments and Citizens Groups	25,735	23,140	22,790	2,945
Total Revenues	\$ 3,886,920	\$ 3,356,391	\$ 3,466,493	\$ 420,427
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 58,375	\$ 59,516	\$ 59,539	\$ 1,164
Board of Equalization	1,080	1,080	1,080	0
Budget and Finance Committee	900	900	900	0
Other Boards and Committees	0	1,000	1,000	1,000
County Mayor	143,491	144,476	144,476	985
County Attorney	16,160	11,160	16,160	0
Election Commission (Including Voter Registration)	126,707	123,869	129,422	2,715
Register of Deeds	112,390	111,999	115,499	3,109
Development	8,688	9,245	9,245	557
County Buildings	224,766	238,204	252,348	27,582
Other General Administration	111,372	109,000	116,350	4,978
<u>Finance</u>				
Property Assessor's Office	73,952	75,051	74,746	794
Reappraisal Program	57,232	52,550	57,256	24
County Trustee's Office	133,393	134,603	135,703	2,310
County Clerk's Office	153,288	154,399	157,910	4,622
Other Finance	44,424	38,000	41,000	(3,424)
<u>Administration of Justice</u>				
Circuit Court	145,285	150,486	151,278	5,993
General Sessions Court	60,905	62,143	62,143	1,238
Chancery Court	92,845	92,666	94,563	1,718
<u>Public Safety</u>				
Sheriff's Department	756,317	772,054	782,460	26,143
Jail	279,472	295,827	304,327	24,855
Juvenile Services	36,065	32,918	35,178	(887)
Fire Prevention and Control	33,616	34,000	34,000	384
Rescue Squad	16,000	16,000	16,000	0
County Coroner/Medical Examiner	24,700	5,000	23,400	(1,300)
<u>Public Health and Welfare</u>				
Local Health Center	108,078	109,381	136,822	28,744

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Rabies and Animal Control	\$ 5,000	\$ 5,000	\$ 5,000	\$ 0
Crippled Children Services	869	1,000	1,000	131
Appropriation to State	22,500	22,500	22,500	0
Other Local Welfare Services	0	1,826	1,826	1,826
Sanitation Management	2,797	3,000	3,000	203
Convenience Centers	17,719	15,786	17,718	(1)
<u>Social, Cultural and Recreational Services</u>				
Senior Citizens Assistance	61,953	67,004	67,249	5,296
Libraries	42,337	44,386	44,386	2,049
Parks and Fair Boards	24,706	20,962	24,962	256
Other Social, Cultural and Recreational	4,593	5,500	5,500	907
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	20,626	31,600	31,600	10,974
Forest Service	500	500	500	0
Soil Conservation	30,500	30,322	30,750	250
<u>Other Operations</u>				
Veterans' Services	17,108	12,600	17,600	492
Contributions to Other Agencies	0	1,700	1,700	1,700
Employee Benefits	280,657	271,000	297,023	16,366
Payments to Cities	10,000	10,000	10,000	0
Miscellaneous	108,519	30,000	43,295	(65,224)
<u>Highways</u>				
Litter and Trash Collection	37,196	35,110	38,260	1,064
Total Expenditures	\$ 3,507,081	\$ 3,445,323	\$ 3,616,674	\$ 109,593
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 379,839	\$ (88,932)	\$ (150,181)	\$ 530,020
Net Change in Fund Balance				
Fund Balance, July 1, 2004	\$ 531,626	\$ 462,681	\$ 462,681	\$ 68,945
Fund Balance, June 30, 2005	\$ 911,465	\$ 373,749	\$ 312,500	\$ 598,965

Exhibit E-2

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 232,881	\$ 194,992	\$ 194,992	\$ 37,889
Charges for Current Services	803,607	780,000	770,000	33,607
Other Local Revenues	8	0	0	8
Total Revenues	<u>\$ 1,036,496</u>	<u>\$ 974,992</u>	<u>\$ 964,992</u>	<u>\$ 71,504</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,010,973	\$ 956,652	\$ 1,039,847	\$ 28,874
Total Expenditures	<u>\$ 1,010,973</u>	<u>\$ 956,652</u>	<u>\$ 1,039,847</u>	<u>\$ 28,874</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 25,523</u>	<u>\$ 18,340</u>	<u>\$ (74,855)</u>	<u>\$ 100,378</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (49,470)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (49,470)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 25,523	\$ (31,130)	\$ (74,855)	\$ 100,378
Fund Balance, July 1, 2004	(25,630)	338,765	338,765	(364,395)
Fund Balance, June 30, 2005	<u>\$ (107)</u>	<u>\$ 307,635</u>	<u>\$ 263,910</u>	<u>\$ (264,017)</u>

Exhibit E-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 163,627	\$ 149,400	\$ 149,400	\$ 14,227
Charges for Current Services	150	0	0	150
Other Local Revenues	75,761	25,000	25,000	50,761
State of Tennessee	1,509,908	1,555,423	1,555,423	(45,515)
Other Governments and Citizens Groups	53,000	35,000	35,000	18,000
Total Revenues	<u>\$ 1,802,446</u>	<u>\$ 1,764,823</u>	<u>\$ 1,764,823</u>	<u>\$ 37,623</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 92,655	\$ 97,715	\$ 97,915	\$ 5,260
Highway and Bridge Maintenance	830,713	911,924	961,724	131,011
Operation and Maintenance of Equipment	86,593	116,000	130,100	43,507
Ferry Operations	39,706	39,104	39,104	(602)
Other Charges	196,989	200,900	231,150	34,161
Employee Benefits	239,666	264,500	274,500	34,834
Capital Outlay	23,604	148,200	128,842	105,238
<u>Principal</u>				
Highways and Streets	132,358	123,000	132,358	0
<u>Interest</u>				
Highways and Streets	10,643	0	10,800	157
<u>Other Debt Service</u>				
Highways and Streets	2,196	0	2,225	29
Total Expenditures	<u>\$ 1,655,123</u>	<u>\$ 1,901,343</u>	<u>\$ 2,008,718</u>	<u>\$ 353,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 147,323</u>	<u>\$ (136,520)</u>	<u>\$ (243,895)</u>	<u>\$ 391,218</u>
Net Change in Fund Balance	\$ 147,323	\$ (136,520)	\$ (243,895)	\$ 391,218
Fund Balance, July 1, 2004	423,638	136,520	243,895	179,743
Fund Balance, June 30, 2005	<u>\$ 570,961</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 570,961</u>

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

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the governing body 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. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission at the major category level of control (the legal level of control) in the General Fund and Highway/Public Works Fund as follows:

Fund	Major Category	Amount Overspent
General	Other Finance	\$ 3,424
General	Juvenile Services	887
General	County Coroner	1,300
General	Miscellaneous	65,224
Highway/Public Works	Ferry Operations	602

Such overexpenditures are a violation of state law. These overexpenditures were funded from available fund balance. Total expenditures for both of these funds were held within total appropriations.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Fund

The Community Development/Industrial Park Fund is used to account for capital projects related to industrial development.

Exhibit F-1

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Drug</u> <u>Control</u>	<u>Constitu -</u> <u>tional</u> <u>Officers -</u> <u>Fees</u>	<u>Total</u>	<u>Community</u> <u>Development/</u> <u>Industrial</u> <u>Park</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 50	\$ 50	\$ 0	\$ 50
Equity in Pooled Cash and Investments	25,493	0	25,493	191,269	216,762
Due from Other Governments	0	0	0	7,341	7,341
Notes Receivable - Long-Term	0	0	0	67,396	67,396
Total Assets	\$ 25,493	\$ 50	\$ 25,543	\$ 266,006	\$ 291,549
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 25,712	\$ 25,712
Retainage Payable	0	0	0	21,484	21,484
Due to Other Funds	0	50	50	0	50
Other Deferred Revenues	0	0	0	67,396	67,396
Total Liabilities	\$ 0	\$ 50	\$ 50	\$ 114,592	\$ 114,642
<u>Fund Balances</u>					
Unreserved	\$ 25,493	\$ 0	\$ 25,493	\$ 151,414	\$ 176,907
Total Fund Balances	\$ 25,493	\$ 0	\$ 25,493	\$ 151,414	\$ 176,907
Total Liabilities and Fund Balances	\$ 25,493	\$ 50	\$ 25,543	\$ 266,006	\$ 291,549

Exhibit F-2

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

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 26,683	\$ 0	\$ 26,683	\$ 0	\$ 26,683
Charges for Current Services	0	3,046	3,046	0	3,046
Other Local Revenues	50	0	50	9,618	9,668
State of Tennessee	0	0	0	154,256	154,256
Total Revenues	<u>\$ 26,733</u>	<u>\$ 3,046</u>	<u>\$ 29,779</u>	<u>\$ 163,874</u>	<u>\$ 193,653</u>
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 92	\$ 92	\$ 0	\$ 92
Administration of Justice	0	2,954	2,954	0	2,954
Public Safety	8,841	0	8,841	0	8,841
Other Operations	0	0	0	225,763	225,763
Total Expenditures	<u>\$ 8,841</u>	<u>\$ 3,046</u>	<u>\$ 11,887</u>	<u>\$ 225,763</u>	<u>\$ 237,650</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,892</u>	<u>\$ 0</u>	<u>\$ 17,892</u>	<u>\$ (61,889)</u>	<u>\$ (43,997)</u>
Net Change in Fund Balances	\$ 17,892	\$ 0	\$ 17,892	\$ (61,889)	\$ (43,997)
Fund Balance, July 1, 2004	7,601	0	7,601	213,303	220,904
Fund Balance, June 30, 2005	<u>\$ 25,493</u>	<u>\$ 0</u>	<u>\$ 25,493</u>	<u>\$ 151,414</u>	<u>\$ 176,907</u>

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 26,683	\$ 14,922	\$ 14,922	\$ 11,761
Other Local Revenues	50	0	0	50
Total Revenues	<u>\$ 26,733</u>	<u>\$ 14,922</u>	<u>\$ 14,922</u>	<u>\$ 11,811</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 8,841	\$ 14,922	\$ 14,922	\$ 6,081
Total Expenditures	<u>\$ 8,841</u>	<u>\$ 14,922</u>	<u>\$ 14,922</u>	<u>\$ 6,081</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,892</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,892</u>
Net Change in Fund Balance	\$ 17,892	\$ 0	\$ 0	\$ 17,892
Fund Balance, July 1, 2004	<u>7,601</u>	<u>0</u>	<u>0</u>	<u>7,601</u>
Fund Balance, June 30, 2005	<u><u>\$ 25,493</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 25,493</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G-1

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 441,594	\$ 410,262	\$ 410,262	\$ 31,332
Other Local Revenues	102,785	50,000	50,000	52,785
Other Governments and Citizens Groups	500,000	575,470	575,470	(75,470)
Total Revenues	<u>\$ 1,044,379</u>	<u>\$ 1,035,732</u>	<u>\$ 1,035,732</u>	<u>\$ 8,647</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 110,030	\$ 245,835	\$ 266,835	\$ 156,805
Education	500,000	280,000	500,000	0
<u>Interest</u>				
General Government	8,293	22,605	22,605	14,312
Education	303,923	396,985	176,985	(126,938)
<u>Other Debt Service</u>				
General Government	14,201	21,000	21,000	6,799
Total Expenditures	<u>\$ 936,447</u>	<u>\$ 966,425</u>	<u>\$ 987,425</u>	<u>\$ 50,978</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 107,932</u>	<u>\$ 69,307</u>	<u>\$ 48,307</u>	<u>\$ 59,625</u>
Net Change in Fund Balance	\$ 107,932	\$ 69,307	\$ 48,307	\$ 59,625
Fund Balance, July 1, 2004	1,634,602	1,880,941	1,880,941	(246,339)
Fund Balance, June 30, 2005	<u>\$ 1,742,534</u>	<u>\$ 1,950,248</u>	<u>\$ 1,929,248</u>	<u>\$ (186,714)</u>

Agency 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 areas 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.

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 and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Union County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 687,914	\$ 687,914
Due from Other Governments	64,802	0	64,802
Total Assets	<u>\$ 64,802</u>	<u>\$ 687,914</u>	<u>\$ 752,716</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 64,802	\$ 0	\$ 64,802
Due to Litigants, Heirs, and Others	0	687,914	687,914
Total Liabilities	<u>\$ 64,802</u>	<u>\$ 687,914</u>	<u>\$ 752,716</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 355,760	\$ 355,760	\$ 0
Due From Other Governments	59,412	64,802	59,412	64,802
Total Assets	\$ 59,412	\$ 420,562	\$ 415,172	\$ 64,802
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 59,412	\$ 420,562	\$ 415,172	\$ 64,802
Total Liabilities	\$ 59,412	\$ 420,562	\$ 415,172	\$ 64,802
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 588,604	\$ 3,167,090	\$ 3,067,780	\$ 687,914
Total Assets	\$ 588,604	\$ 3,167,090	\$ 3,067,780	\$ 687,914
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 588,604	\$ 3,167,090	\$ 3,067,780	\$ 687,914
Total Liabilities	\$ 588,604	\$ 3,167,090	\$ 3,067,780	\$ 687,914
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 355,760	\$ 355,760	\$ 0
Cash	588,604	3,167,090	3,067,780	687,914
Due From Other Governments	59,412	64,802	59,412	64,802
Total Assets	\$ 648,016	\$ 3,587,652	\$ 3,482,952	\$ 752,716
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 59,412	\$ 420,562	\$ 415,172	\$ 64,802
Due to Litigants, Heirs, and Others	588,604	3,167,090	3,067,780	687,914
Total Liabilities	\$ 648,016	\$ 3,587,652	\$ 3,482,952	\$ 752,716

Union County School Department

This section presents combining and individual fund financial statements for the Union County School Department, a discretely presented component unit.

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

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

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

Exhibit I-1

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Govern-</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>mental</u>
				<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 618,468	\$ 404,435	\$ 131,365	\$ 1,154,268
Accounts Receivable	29,612	0	0	29,612
Due from Other Governments	498,992	119,236	8,109	626,337
Due from Primary Government	0	0	1,970	1,970
Property Taxes Receivable	2,219,513	0	0	2,219,513
Allowance for Uncollectible Property Taxes	(147,918)	0	0	(147,918)
Total Assets	<u>\$ 3,218,667</u>	<u>\$ 523,671</u>	<u>\$ 141,444</u>	<u>\$ 3,883,782</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 1,600	\$ 0	\$ 0	\$ 1,600
Accrued Payroll	1,132	0	0	1,132
Other Current Liabilities	183,660	0	0	183,660
Deferred Revenue - Current Property Taxes	1,970,569	0	0	1,970,569
Deferred Revenue - Delinquent Property Taxes	91,675	0	0	91,675
Other Deferred Revenues	62,685	0	0	62,685
Total Liabilities	<u>\$ 2,311,321</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,311,321</u>

(Continued)

Exhibit I-1

Union County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Union County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total Govern- mental Funds</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>				
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 51,790	\$ 0	\$ 51,790
Reserved for Title I Grants to Local Education Agencies	0	23,096	0	23,096
Reserved for Special Education - Grants to States	0	332,030	0	332,030
Other Federal Reserves	0	116,755	0	116,755
Unreserved, Reported In:				
General Fund	907,346	0	0	907,346
Special Revenue Funds	0	0	141,444	141,444
Total Fund Balances	<u>\$ 907,346</u>	<u>\$ 523,671</u>	<u>\$ 141,444</u>	<u>\$ 1,572,461</u>
Total Liabilities and Fund Balances	<u>\$ 3,218,667</u>	<u>\$ 523,671</u>	<u>\$ 141,444</u>	<u>\$ 3,883,782</u>

Exhibit I-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-1)	\$ 1,572,461
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	14,518,509
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	<u>154,360</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 16,245,330</u>

Exhibit I-3

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

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 2,799,263	\$ 0	\$ 0	\$ 2,799,263
Licenses and Permits	6,799	0	0	6,799
Charges for Current Services	25,259	0	414,146	439,405
Other Local Revenues	40,668	0	9,107	49,775
State of Tennessee	14,213,354	0	17,594	14,230,948
Federal Government	808,173	2,108,129	814,777	3,731,079
Total Revenues	<u>\$ 17,893,516</u>	<u>\$ 2,108,129</u>	<u>\$ 1,255,624</u>	<u>\$ 21,257,269</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 11,435,286	\$ 1,491,400	\$ 0	\$ 12,926,686
Support Services	6,443,126	404,741	0	6,847,867
Operation of Non-Instructional Services	154,945	0	1,261,407	1,416,352
Capital Outlay	350,197	3,296	0	353,493
Debt Service:				
Other Debt Service	500,000	0	0	500,000
Total Expenditures	<u>\$ 18,883,554</u>	<u>\$ 1,899,437</u>	<u>\$ 1,261,407</u>	<u>\$ 22,044,398</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (990,038)</u>	<u>\$ 208,692</u>	<u>\$ (5,783)</u>	<u>\$ (787,129)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 17,843	\$ 0	\$ 6,000	\$ 23,843
Transfers Out	(6,000)	(17,843)	0	(23,843)
Total Other Financing Sources (Uses)	<u>\$ 11,843</u>	<u>\$ (17,843)</u>	<u>\$ 6,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (978,195)	\$ 190,849	\$ 217	\$ (787,129)
Fund Balance, July 1, 2004	<u>1,885,541</u>	<u>332,822</u>	<u>141,227</u>	<u>2,359,590</u>
Fund Balance, June 30, 2005	<u>\$ 907,346</u>	<u>\$ 523,671</u>	<u>\$ 141,444</u>	<u>\$ 1,572,461</u>

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

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

Net change in fund balances - total governmental funds (Exhibit I-3)		\$ (787,129)
(1) Governmental funds report capital outlay 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 amount that capital outlays exceeded depreciation is itemized as follows:		
Add: Capital outlays in the current period	\$ 528,050	
Less: Current year depreciation	<u>(471,908)</u>	56,142
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$ (186,656)	
For the year ended June 30, 2005	<u>154,360</u>	<u>(32,296)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (763,283)</u>

Exhibit I-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,799,263	\$ 0	\$ 2,799,263	\$ 2,550,443	\$ 2,550,443	\$ 248,820
Licenses and Permits	6,799	0	6,799	2,000	2,000	4,799
Charges for Current Services	25,259	0	25,259	19,000	19,000	6,259
Other Local Revenues	40,668	0	40,668	61,000	64,784	(24,116)
State of Tennessee	14,213,354	0	14,213,354	14,112,264	14,347,939	(134,585)
Federal Government	808,173	0	808,173	23,500	782,728	25,445
Total Revenues	\$ 17,893,516	\$ 0	\$ 17,893,516	\$ 16,768,207	\$ 17,766,894	\$ 126,622
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 8,731,263	\$ 0	\$ 8,731,263	\$ 7,740,280	\$ 8,876,716	\$ 145,453
Special Education Program	1,903,659	0	1,903,659	1,827,041	1,904,730	1,071
Vocational Education Program	718,623	0	718,623	731,959	766,872	48,249
Adult Education Program	81,741	0	81,741	101,632	81,791	50
<u>Support Services</u>						
Health Services	46,801	0	46,801	45,100	47,301	500
Other Student Support	294,790	0	294,790	224,753	294,790	0
Regular Instruction Program	1,416,847	0	1,416,847	1,013,031	1,530,980	114,133
Special Education Program	105,653	0	105,653	84,961	105,708	55
Vocational Education Program	110,344	0	110,344	93,876	112,731	2,387
Adult Programs	89,332	0	89,332	81,458	93,170	3,838
Board of Education	392,856	0	392,856	379,616	392,996	140
Director of Schools	138,841	0	138,841	142,480	142,480	3,639
Office of the Principal	970,455	0	970,455	927,276	1,003,318	32,863
Fiscal Services	154,831	0	154,831	154,458	154,858	27
Operation of Plant	1,224,267	0	1,224,267	1,205,454	1,224,484	217

(Continued)

Exhibit I-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Maintenance of Plant	\$ 448,418	\$ (52,882)	\$ 395,536	\$ 370,554	\$ 395,554	\$ 18
Transportation	945,944	0	945,944	905,645	948,295	2,351
Central and Other	103,747	0	103,747	103,763	103,763	16
<u>Operation of Non-Instructional Services</u>						
Food Service	6,032	0	6,032	6,037	6,037	5
Community Services	148,913	0	148,913	117,833	159,643	10,730
<u>Capital Outlay</u>						
Regular Capital Outlay	350,197	0	350,197	5,000	350,219	22
<u>Other Debt Service</u>						
Education	500,000	0	500,000	500,000	500,000	0
Total Expenditures	\$ 18,883,554	\$ (52,882)	\$ 18,830,672	\$ 16,762,207	\$ 19,196,436	\$ 365,764
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (990,038)	\$ 52,882	\$ (937,156)	\$ 6,000	\$ (1,429,542)	\$ 492,386
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 17,843	\$ 0	\$ 17,843	\$ 0	\$ 0	\$ 17,843
Transfers Out	(6,000)	0	(6,000)	(6,000)	(6,000)	0
Total Other Financing Sources (Uses)	\$ 11,843	\$ 0	\$ 11,843	\$ (6,000)	\$ (6,000)	\$ 17,843
Net Change in Fund Balance						
Fund Balance, July 1, 2004	\$ (978,195)	\$ 52,882	\$ (925,313)	\$ 0	\$ (1,435,542)	\$ 510,229
	1,885,541	(52,882)	1,832,659	503,510	1,435,542	397,117
Fund Balance, June 30, 2005						
	\$ 907,346	\$ 0	\$ 907,346	\$ 503,510	\$ 0	\$ 907,346

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,108,129	\$ 0	\$ 2,108,129	\$ 2,241,839	\$ 2,998,298	\$ (890,169)
Total Revenues	\$ 2,108,129	\$ 0	\$ 2,108,129	\$ 2,241,839	\$ 2,998,298	\$ (890,169)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 957,061	\$ 0	\$ 957,061	\$ 961,615	\$ 1,346,780	\$ 389,719
Special Education Program	449,163	0	449,163	655,333	833,727	384,564
Vocational Education Program	85,176	0	85,176	82,378	85,186	10
Student Body Education Program	0	0	0	36,678	0	0
<u>Support Services</u>						
Health Services	1,236	0	1,236	17,166	15,993	14,757
Other Student Support	149	0	149	8,338	9,332	9,183
Regular Instruction Program	186,424	0	186,424	250,657	315,251	128,827
Special Education Program	35,524	0	35,524	20,719	50,184	14,660
Transportation	146,513	0	146,513	162,461	176,631	30,118
Central and Other	34,895	0	34,895	18,875	50,020	15,125
<u>Capital Outlay</u>						
Regular Capital Outlay	3,296	51,790	55,086	0	90,000	34,914
Total Expenditures	\$ 1,899,437	\$ 51,790	\$ 1,951,227	\$ 2,214,220	\$ 2,973,104	\$ 1,021,877
Excess (Deficiency) of Revenues Over Expenditures	\$ 208,692	\$ (51,790)	\$ 156,902	\$ 27,619	\$ 25,194	\$ 131,708

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (17,843)	\$ 0	\$ (17,843)	\$ (27,619)	\$ (25,190)	\$ 7,347
Total Other Financing Sources (Uses)	\$ (17,843)	\$ 0	\$ (17,843)	\$ (27,619)	\$ (25,190)	\$ 7,347
Net Change in Fund Balance	\$ 190,849	\$ (51,790)	\$ 139,059	\$ 0	\$ 4	\$ 139,055
Fund Balance, July 1, 2004	332,822	0	332,822	0	0	332,822
<hr/>						
Fund Balance, June 30, 2005	\$ 523,671	\$ (51,790)	\$ 471,881	\$ 0	\$ 4	\$ 471,877

Exhibit I-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 414,146	\$ 426,500	\$ 414,146	\$ 0
Other Local Revenues	9,107	0	16,000	(6,893)
State of Tennessee	17,594	19,000	17,594	0
Federal Government	814,777	737,000	814,777	0
Total Revenues	<u>\$ 1,255,624</u>	<u>\$ 1,182,500</u>	<u>\$ 1,262,517</u>	<u>\$ (6,893)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,261,407	\$ 1,188,500	\$ 1,270,883	\$ 9,476
Total Expenditures	<u>\$ 1,261,407</u>	<u>\$ 1,188,500</u>	<u>\$ 1,270,883</u>	<u>\$ 9,476</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,783)</u>	<u>\$ (6,000)</u>	<u>\$ (8,366)</u>	<u>\$ 2,583</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 6,000	\$ 6,000	\$ 6,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 217	\$ 0	\$ (2,366)	\$ 2,583
Fund Balance, July 1, 2004	<u>141,227</u>	<u>0</u>	<u>2,366</u>	<u>138,861</u>
Fund Balance, June 30, 2005	<u>\$ 141,444</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 141,444</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Roof Repairs	\$ 35,000	4.97 %	10-8-01	10-8-04	\$ 12,236	\$ 0	\$ 12,236	\$ 0
Courthouse Security and Repairs	49,160	3.5	1-25-02	1-25-05	16,953	0	16,953	0
Sheriff Vehicles	83,769	4.25	1-31-03	1-31-06	56,998	0	28,403	28,595
Construction of a Senior Citizens Center	83,962	3.5	6-11-03	6-10-06	56,932	0	27,976	28,956
Sheriff Vehicles	76,000	3.5	2-12-04	2-12-07	76,000	0	24,462	51,538
Total Payable through General Debt Service Fund					<u>\$ 219,119</u>	<u>\$ 0</u>	<u>\$ 110,030</u>	<u>\$ 109,089</u>
Total Notes Payable					<u>\$ 219,119</u>	<u>\$ 0</u>	<u>\$ 110,030</u>	<u>\$ 109,089</u>
OTHER LOANS PAYABLE								
<u>Public Building Authority Loan Agreement:</u>								
<u>Payable through Highway/Public Works Fund</u>								
Street and Road Improvements	1,000,000	Variable	3-7-1997	7-1-07	\$ 357,854	\$ 0	\$ 113,000	\$ 244,854
Total Payable through Highway/Public Works Fund					<u>\$ 357,854</u>	<u>\$ 0</u>	<u>\$ 113,000</u>	<u>\$ 244,854</u>
<u>Payable through General Debt Service Fund</u>								
School Buildings and Facilities	4,000,000	Variable	12-1-1995	12-1-16	\$ 2,975,000	\$ 0	\$ 200,000	\$ 2,775,000
Total Payable through General Debt Service Fund					<u>\$ 2,975,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 2,775,000</u>
Total Other Loans Payable					<u>\$ 3,332,854</u>	<u>\$ 0</u>	<u>\$ 313,000</u>	<u>\$ 3,019,854</u>
CAPITALIZED LEASES								
<u>Payable through Highway/Public Works Fund</u>								
Road Equipment (Backhoe)	53,772	4.25	7-20-03	5-20-08	\$ 43,725	\$ 0	\$ 10,483	\$ 33,242
Road Equipment (Tractor and Mower)	48,050	4.25	4-1-04	3-1-09	45,720	0	8,875	36,845
Total Capitalized Leases					<u>\$ 89,445</u>	<u>\$ 0</u>	<u>\$ 19,358</u>	<u>\$ 70,087</u>

(Continued)

Exhibit J-1

Union County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capitalized Leases and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<u>GENERAL BONDED DEBT</u>								
<u>Payable through General Debt Service Fund</u>								
Schools	\$ 8,500,000	4.7 to 5.25	% 12-1-1995	4-1-05	\$ 220,000	\$ 0	\$ 220,000	\$ 0
Schools Refunding Bond 2003 Series	7,710,000	2 to 3.7	6-27-03	4-1-20	7,575,000	0	80,000	7,495,000
Total General Bonded Debt					<u>\$ 7,795,000</u>	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 7,495,000</u>

Exhibit J-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 320,000	\$ 231,760	\$ 551,760
2007	330,000	225,360	555,360
2008	340,000	218,760	558,760
2009	350,000	211,960	561,960
2010	355,000	204,085	559,085
2011	370,000	195,210	565,210
2012	385,000	184,110	569,110
2013	400,000	172,560	572,560
2014	415,000	160,560	575,560
2015	430,000	147,695	577,695
2016	450,000	133,935	583,935
2017	790,000	119,085	909,085
2018	820,000	92,225	912,225
2019	855,000	63,525	918,525
2020	885,000	32,745	917,745
Total	\$ 7,495,000	\$ 2,393,575	\$ 9,888,575

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

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance
Community Development/Industrial Park Fund: Industrial Property	JSJ Properties	\$ 75,000	2/3/04	2/3/14	6 %	<u>\$ 67,396</u>
Total Notes Receivable						<u><u>\$ 67,396</u></u>

Exhibit J-4

Union County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Component Unit
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Purpose School	Central Cafeteria	To provide funds for operations	\$ 6,000
School Federal Projects	General Purpose School	To transfer indirect costs	<u>17,843</u>
Total Transfers			<u>\$ 23,843</u>

Exhibit J-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 55,403	\$ 50,000	Auto Owners Insurance Company
Director of Schools	State Board of Education and County Board of Education	76,000 (1)	50,000	"
Highway Superintendent	Section 8-24-102, <u>TCA</u>	52,765	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	47,969	513,800	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	47,969	15,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	47,969	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	47,969	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	50,843 (2)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	47,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	52,766	50,000	"
Employee Blanket Bond - County Employees: Errors and Omissions Policy			1,000,000	Next Generation Underwriters
Employee Blanket Bond - School Employees: Errors and Omissions Policy			1,000,000	"

(1) Includes chief executive officer supplement of \$1,000.

(2) Includes special commissioner fees of \$2,874.

Exhibit J-6

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

	Special Revenue Funds					Debt	Capital	Total
	General	Ambulance Service	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works	Service Fund	Projects Fund	
						General Debt Service	Community Development/ Industrial Park	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,165,041	\$ 193,841	\$ 0	\$ 0	\$ 53,210	\$ 369,977	\$ 0	\$ 1,782,069
Trustee's Collections - Prior Year	69,928	16,722	0	0	4,245	31,924	0	122,819
Circuit/Clerk & Master Collections - Prior Years	115,658	19,858	0	0	5,000	34,999	0	175,515
Interest and Penalty	9,476	2,140	0	0	561	4,084	0	16,261
Pick-up Taxes	1,410	320	0	0	87	610	0	2,427
Payments in Lieu of Taxes - T.V.A.	4,595	0	0	0	0	0	0	4,595
Payments in Lieu of Taxes - Local Utilities	6,071	0	0	0	0	0	0	6,071
Payments in Lieu of Taxes - Other	132,095	0	0	0	0	0	0	132,095
<u>County Local Option Taxes</u>								
Local Option Sales Tax	311,223	0	0	0	0	0	0	311,223
Litigation Tax - General	30,751	0	0	0	0	0	0	30,751
Litigation Tax - Special Purpose	27,774	0	0	0	0	0	0	27,774
Litigation Tax - Jail, Workhouse, or Courthouse	13,156	0	0	0	0	0	0	13,156
Business Tax	52,640	0	0	0	0	0	0	52,640
Mineral Severance Tax	0	0	0	0	100,524	0	0	100,524
<u>Statutory Local Taxes</u>								
Wholesale Beer Tax	88,306	0	0	0	0	0	0	88,306
Interstate Telecommunications Tax	2,367	0	0	0	0	0	0	2,367
Total Local Taxes	\$ 2,030,491	\$ 232,881	\$ 0	\$ 0	\$ 163,627	\$ 441,594	\$ 0	\$ 2,868,593
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 23,683	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,683
<u>Permits</u>								
Building Permits	8,425	0	0	0	0	0	0	8,425
Total Licenses and Permits	\$ 32,108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,108
<u>Fines, Forfeitures and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 29,845	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,845
Officers Costs	2,424	0	0	0	0	0	0	2,424
Game and Fish Fines	112	0	0	0	0	0	0	112

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/Industrial Park	
<u>Fines, Forfeitures and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Drug Control Fines	\$ 0	\$ 0	\$ 18,311	\$ 0	\$ 0	\$ 0	\$ 0	18,311
Jail Fees	58	0	0	0	0	0	0	58
Data Entry Fee - Circuit Court	368	0	0	0	0	0	0	368
<u>Criminal Court</u>								
Fines	614	0	0	0	0	0	0	614
<u>General Sessions Court</u>								
Fines	30,127	0	0	0	0	0	0	30,127
Officers Costs	24,695	0	0	0	0	0	0	24,695
Game and Fish Fines	644	0	0	0	0	0	0	644
Drug Control Fines	0	0	4,418	0	0	0	0	4,418
Jail Fees	54	0	0	0	0	0	0	54
Data Entry Fee - General Sessions Court	15,434	0	0	0	0	0	0	15,434
<u>Juvenile Court</u>								
Fines	2,133	0	0	0	0	0	0	2,133
Officers Costs	1,610	0	0	0	0	0	0	1,610
<u>Chancery Court</u>								
Officers Costs	7,409	0	0	0	0	0	0	7,409
Data Entry Fee - Chancery Court	517	0	0	0	0	0	0	517
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	3,954	0	0	0	0	3,954
Total Fines, Forfeitures and Penalties	\$ 116,044	\$ 0	\$ 26,683	\$ 0	\$ 0	\$ 0	\$ 0	142,727
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150	\$ 0	\$ 0	150
Solid Waste Disposal Fee	246	0	0	0	0	0	0	246
Patient Charges	0	803,607	0	0	0	0	0	803,607
Service Charges	2,999	0	0	0	0	0	0	2,999
<u>Fees</u>								
Engineer Review Fees	2,813	0	0	0	0	0	0	2,813
Copy Fees	4,109	0	0	0	0	0	0	4,109
Library Fees	1,501	0	0	0	0	0	0	1,501

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/Industrial Park	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Telephone Commissions	\$ 750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	750
Constitutional Officers' Fees and Commissions	0	0	0	172	0	0	0	172
Special Commissioner Fees/Special Master Fees	0	0	0	2,874	0	0	0	2,874
Data Processing Fee - Register	11,588	0	0	0	0	0	0	11,588
Data Processing Fee - Sheriff	2,606	0	0	0	0	0	0	2,606
Sexual Offender Registration Fee	900	0	0	0	0	0	0	900
<u>Other Charges for Services</u>								
Other Charges for Services	672	0	0	0	0	0	0	672
Total Charges for Current Services	\$ 28,184	\$ 803,607	\$ 0	\$ 3,046	\$ 150	\$ 0	\$ 0	834,987
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	102,768	\$ 0	102,768
Lease/Rentals	59,119	0	0	0	0	0	3,851	62,970
Sale of Gasoline	0	0	0	0	13,417	0	0	13,417
Miscellaneous Refunds	31,656	8	50	0	62,344	17	0	94,075
<u>Nonrecurring Items</u>								
Insurance Recovery	7,022	0	0	0	0	0	0	7,022
Sale of Property	0	0	0	0	0	0	5,767	5,767
Damages Recovered from Individuals	499	0	0	0	0	0	0	499
Contributions & Gifts	4,910	0	0	0	0	0	0	4,910
<u>Other Local Revenues</u>								
Other Local Revenues	7,931	0	0	0	0	0	0	7,931
Total Other Local Revenues	\$ 111,137	\$ 8	\$ 50	\$ 0	\$ 75,761	\$ 102,785	\$ 9,618	299,359
<u>Fees Received from County Officials</u>								
<u>Fees In Lieu of Salary</u>								
County Clerk	\$ 170,327	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	170,327
Circuit Court Clerk	48,403	0	0	0	0	0	0	48,403
General Sessions Court Clerk	50,634	0	0	0	0	0	0	50,634
Clerk and Master	68,434	0	0	0	0	0	0	68,434
Register	129,715	0	0	0	0	0	0	129,715

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees In Lieu of Salary (Cont.)</u>								
Sheriff	\$ 6,545	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,545
Trustee	165,398	0	0	0	0	0	0	165,398
Total Fees Received from County Officials	\$ 639,456	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 639,456
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	3,365	0	0	0	0	0	0	3,365
Alternative School Program	1,203	0	0	0	0	0	0	1,203
Other General Government Grants	3,459	0	0	0	0	0	0	3,459
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	15,943	0	0	0	0	0	0	15,943
<u>Health and Welfare Grants</u>								
Public Health Nurses	88,041	0	0	0	0	0	0	88,041
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	129,331	0	0	129,331
Litter Program	32,735	0	0	0	0	0	0	32,735
<u>Other State Revenues</u>								
Income Tax	4,122	0	0	0	0	0	0	4,122
Beer Tax	16,778	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	20,422	0	0	0	0	0	0	20,422
State Revenue Sharing - T.V.A.	520,567	0	0	0	0	0	0	520,567
Contracted Prisoner Boarding	67,236	0	0	0	0	0	0	67,236
Gasoline and Motor Fuel Tax	0	0	0	0	1,365,058	0	0	1,365,058
Petroleum Special Tax	0	0	0	0	15,519	0	0	15,519
Reappraisal Program Reimbursement	8,058	0	0	0	0	0	0	8,058
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	154,256	154,256
Other State Revenues	960	0	0	0	0	0	0	960
Total State of Tennessee	\$ 808,269	\$ 0	\$ 0	\$ 0	\$ 1,509,908	\$ 0	\$ 154,256	\$ 2,472,433

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 62,883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,883
Homeland Security Grants	3,248	0	0	0	0	0	0	3,248
Other Federal through State	17,610	0	0	0	0	0	0	17,610
<u>Direct Federal Revenue</u>								
Public Safety Partnership and Community Policing - COPS	11,755	0	0	0	0	0	0	11,755
Total Federal Government	\$ 95,496	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 95,496
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,000	\$ 0	\$ 0	\$ 53,000
Contributions	0	0	0	0	0	500,000	0	500,000
Contracted Services	349	0	0	0	0	0	0	349
<u>Other</u>								
Other	25,386	0	0	0	0	0	0	25,386
Total Other Governments and Citizens Groups	\$ 25,735	\$ 0	\$ 0	\$ 0	\$ 53,000	\$ 500,000	\$ 0	\$ 578,735
Total	\$ 3,886,920	\$ 1,036,496	\$ 26,733	\$ 3,046	\$ 1,802,446	\$ 1,044,379	\$ 163,874	\$ 7,963,894

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,744,285	\$ 0	\$ 0	\$ 1,744,285
Trustee's Collections - Prior Year	159,422	0	0	159,422
Circuit/Clerk & Master Collections - Prior Years	170,433	0	0	170,433
Interest and Penalty	18,624	0	0	18,624
Pick-up Taxes	2,876	0	0	2,876
<u>County Local Option Taxes</u>				
Local Option Sales Tax	669,734	0	0	669,734
<u>Statutory Local Taxes</u>				
Bank Excise Tax	31,114	0	0	31,114
Interstate Telecommunications Tax	2,775	0	0	2,775
Total Local Taxes	\$ 2,799,263	\$ 0	\$ 0	\$ 2,799,263
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,622	\$ 0	\$ 0	\$ 1,622
<u>Permits</u>				
Other Permits	5,177	0	0	5,177
Total Licenses and Permits	\$ 6,799	\$ 0	\$ 0	\$ 6,799
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 684	\$ 0	\$ 0	\$ 684
Lunch Payments - Children	0	0	200,562	200,562
Lunch Payments - Adults	0	0	39,056	39,056
Income from Breakfast	0	0	60,767	60,767
A la carte Sales	0	0	113,761	113,761
Receipts from Individual Schools	23,625	0	0	23,625
<u>Other Charges for Services</u>				
Other Charges for Services	950	0	0	950
Total Charges for Current Services	\$ 25,259	\$ 0	\$ 414,146	\$ 439,405
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,000	\$ 1,000
Miscellaneous Refunds	12,260	0	0	12,260
<u>Nonrecurring Items</u>				
Resale of Materials - T&I House	14,078	0	0	14,078
<u>Other Local Revenues</u>				
Other Local Revenues	14,330	0	8,107	22,437
Total Other Local Revenues	\$ 40,668	\$ 0	\$ 9,107	\$ 49,775
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 13,633,183	\$ 0	\$ 0	\$ 13,633,183
School Food Service	0	0	17,594	17,594
Other State Education Funds	133,689	0	0	133,689
Career Ladder Program	160,156	0	0	160,156
Career Ladder - Extended Contract	51,010	0	0	51,010

(Continued)

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 130,142	\$ 0	\$ 0	\$ 130,142
Other State Grants	105,174	0	0	105,174
Total State of Tennessee	\$ 14,213,354	\$ 0	\$ 17,594	\$ 14,230,948
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 573,429	\$ 573,429
Breakfast	0	0	238,237	238,237
USDA - Other	0	0	3,111	3,111
Adult Education State Grant Program	71,415	0	0	71,415
Vocational Education - Basic Grants to States	0	85,325	0	85,325
Title I Grants to Local Education Agencies	0	863,163	0	863,163
Innovative Education Program Strategies	0	103,175	0	103,175
Special Education - Grants to States	63,853	772,240	0	836,093
Special Education Preschool Grants	0	22,981	0	22,981
Eisenhower Professional Development State Grants	0	192,548	0	192,548
Other Federal through State	672,905	68,697	0	741,602
Total Federal Government	\$ 808,173	\$ 2,108,129	\$ 814,777	\$ 3,731,079
Total	\$ 17,893,516	\$ 2,108,129	\$ 1,255,624	\$ 21,257,269

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	45,244	
Audit Services		4,223	
Contracts with Government Agencies		6,000	
Dues and Memberships		1,250	
Printing, Stationery and Forms		1,658	
Total County Commission			\$ 58,375

Board of Equalization

Board and Committee Members Fees	\$	1,080	
Total Board of Equalization			1,080

Budget and Finance Committee

Board and Committee Members Fees	\$	900	
Total Budget and Finance Committee			900

County Mayor

County Official/Administrative Officer	\$	55,403	
Accountants/Bookkeepers		55,183	
Part-time Personnel		12,417	
Data Processing Services		5,847	
Legal Notices, Recording and Court Costs		336	
Maintenance & Repair Services- Equipment		1,143	
Printing, Stationery and Forms		1,750	
Travel		718	
Office Supplies		4,970	
Premiums on Corporate Surety Bonds		270	
Landfill Closure/Postclosure Care Costs		441	
Other Charges		299	
Data Processing Equipment		1,578	
Office Equipment		3,136	
Total County Mayor			143,491

County Attorney

County Official/Administrative Officer	\$	11,160	
Other Charges		5,000	
Total County Attorney			16,160

Election Commission (Including Voter Registration)

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		18,500	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Including Voter Registration) (Cont.)

Election Commission	\$	3,375	
Election Workers		23,711	
Data Processing Services		3,000	
Legal Notices, Recording and Court Costs		135	
Maintenance & Repair Services- Equipment		44	
Printing, Stationery and Forms		10,825	
Travel		1,341	
Other Contracted Services		15,933	
Office Supplies		1,874	

Total Election Commission (Including Voter Registration) \$ 126,707

Register of Deeds

County Official/Administrative Officer	\$	47,969	
Clerical Personnel		45,894	
Data Processing Services		11,285	
Office Supplies		4,252	
Premiums on Corporate Surety Bonds		136	
Other Charges		1,000	
Office Equipment		1,854	

Total Register of Deeds 112,390

Development

Board and Committee Members Fees	\$	1,440	
Consultants		7,248	

Total Development 8,688

County Buildings

Custodial Personnel	\$	18,261	
Maintenance Personnel		24,264	
Maintenance Agreements		3,881	
Maintenance & Repair Services- Buildings		23,943	
Pest Control		506	
Custodial Supplies		7,814	
Electricity		68,045	
Natural Gas		6,609	
Water and Sewer		8,047	
Other Supplies and Materials		2,570	
Building and Contents Insurance		53,144	
Building Improvements		7,385	
Furniture and Fixtures		297	

Total County Buildings 224,766

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Communication	\$	59,984	
Dues and Memberships		6,611	
Maintenance Agreements		194	
Maintenance & Repair Services- Office Equipment		4,500	
Maintenance & Repair Services- Vehicles		788	
Postal Charges		26,994	
Duplicating Supplies		2,225	
Gasoline		1,856	
Other Charges		284	
Administration Equipment		7,836	
Office Equipment		100	
Total Other General Administration	\$		111,372

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	47,969	
Clerical Personnel		24,283	
Travel		1,280	
Office Supplies		324	
Premiums on Corporate Surety Bonds		96	
Total Property Assessor's Office			73,952

Reappraisal Program

Clerical Personnel	\$	20,739	
Other Salaries & Wages		17,172	
Contracts with Other Public Agencies		9,225	
Travel		359	
Other Charges		9,737	
Total Reappraisal Program			57,232

County Trustee's Office

County Official/Administrative Officer	\$	47,969	
Clerical Personnel		72,627	
Data Processing Services		3,401	
Legal Notices, Recording and Court Costs		1,544	
Travel		90	
Office Supplies		3,142	
Premiums on Corporate Surety Bonds		2,774	
Office Equipment		1,846	
Total County Trustee's Office			133,393

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	47,969	
Clerical Personnel		100,090	
Maintenance & Repair Services- Office Equipment		398	
Travel		1,266	
Office Supplies		3,132	
Premiums on Corporate Surety Bonds		270	
Office Equipment		163	
Total County Clerk's Office			\$ 153,288

Other Finance

Trustee's Commission	\$	44,424	
Total Other Finance			44,424

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	47,969	
Clerical Personnel		60,906	
Jury and Witness Fees		8,145	
Data Processing Services		9,185	
Travel		153	
Library Books/Media		9,212	
Office Supplies		7,426	
Premiums on Corporate Surety Bonds		270	
Office Equipment		2,019	
Total Circuit Court			145,285

General Sessions Court

Judge(s)	\$	59,943	
Travel		957	
Office Supplies		5	
Total General Sessions Court			60,905

Chancery Court

County Official/Administrative Officer	\$	47,969	
Clerical Personnel		40,627	
Office Supplies		3,653	
Premiums on Corporate Surety Bonds		96	
Office Equipment		500	
Total Chancery Court			92,845

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	52,766	
Deputy(ies)		356,712	
Investigator(s)		89,725	
Salary Supplements		15,943	
Dispatchers/Radio Operators		84,643	
Secretary(s)		32,354	
Other Salaries & Wages		22,598	
Data Processing Services		3,638	
Maintenance & Repair Services- Equipment		1,639	
Maintenance & Repair Services- Office Equipment		736	
Maintenance & Repair Services- Vehicles		15,364	
Transportation - Other than Students		218	
Travel		2,282	
Tuition		492	
Gasoline		40,632	
Law Enforcement Supplies		488	
Office Supplies		6,633	
Tires and Tubes		5,416	
Uniforms		8,000	
Vehicle Parts		9,065	
Premiums on Corporate Surety Bonds		386	
Other Charges		5,130	
Office Equipment		1,457	
Total Sheriff's Department	\$		756,317

Jail

Guards	\$	99,270	
Cafeteria Personnel		34,290	
Maintenance & Repair Services- Buildings		2,930	
Medical and Dental Services		39,424	
Pest Control		299	
Other Contracted Services		45,525	
Custodial Supplies		4,653	
Drugs and Medical Supplies		14,120	
Food Preparation Supplies		466	
Food Supplies		36,884	
Other Charges		871	
Food Service Equipment		740	
Total Jail			279,472

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Psychological Personnel	\$	29,918	
Contracts with Private Agencies		4,320	
Travel		695	
Office Supplies		971	
Office Equipment		161	
Total Juvenile Services			\$ 36,065

Fire Prevention and Control

Contributions	\$	33,616	
Total Fire Prevention and Control			33,616

Rescue Squad

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

County Coroner/Medical Examiner

Other Contracted Services	\$	24,700	
Total County Coroner/Medical Examiner			24,700

Public Health and Welfare

Local Health Center

Medical Personnel	\$	72,781	
Contributions		33,222	
Travel		2,075	
Total Local Health Center			108,078

Rabies and Animal Control

Contributions	\$	5,000	
Total Rabies and Animal Control			5,000

Crippled Children Services

Contributions	\$	869	
Total Crippled Children Services			869

Appropriation to State

Contracts with Government Agencies	\$	22,500	
Total Appropriation to State			22,500

Sanitation Management

Contracts with Private Agencies	\$	2,797	
Total Sanitation Management			2,797

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers

Laborers	\$	8,786	
Maintenance Personnel		8,933	
Total Convenience Centers			\$ 17,719

Social, Cultural and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	21,040	
Secretary(s)		27,211	
Custodial Personnel		6,245	
Contributions		1,000	
Maintenance & Repair Services- Buildings		145	
Maintenance & Repair Services- Equipment		17	
Maintenance & Repair Services- Vehicles		1,110	
Pest Control		161	
Travel		311	
Custodial Supplies		744	
Gasoline		2,245	
Office Supplies		965	
Water and Sewer		383	
Other Supplies and Materials		376	
Total Senior Citizens Assistance			61,953

Libraries

Librarians	\$	35,431	
Other Salaries & Wages		1,593	
Contracts with Public Carriers		155	
Contributions		219	
Printing, Stationery and Forms		100	
Travel		488	
Office Supplies		3,260	
Other Charges		1,091	
Total Libraries			42,337

Parks and Fair Boards

Other Salaries & Wages	\$	13,008	
Maintenance Agreements		7,698	
Other Contracted Services		4,000	
Total Parks and Fair Boards			24,706

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Other Social, Cultural and Recreational

Contributions	\$ 4,593	
Total Other Social, Cultural and Recreational		\$ 4,593

Agriculture & Natural Resources

Agriculture Extension Service

Contracts with Government Agencies	\$ 18,431	
Operating Lease Payments	856	
Office Supplies	379	
Office Equipment	960	
Total Agriculture Extension Service		20,626

Forest Service

Contributions	\$ 500	
Total Forest Service		500

Soil Conservation

Secretary(s)	\$ 25,500	
Rentals	2,750	
Other Charges	2,250	
Total Soil Conservation		30,500

Other Operations

Veterans' Services

Supervisor/Director	\$ 12,000	
Contributions	5,000	
Office Supplies	108	
Total Veterans' Services		17,108

Employee Benefits

Social Security	\$ 165,899	
State Retirement	68,579	
Unemployment Compensation	10,274	
Workers' Compensation Insurance	35,905	
Total Employee Benefits		280,657

Payments to Cities

Contributions	\$ 10,000	
Total Payments to Cities		10,000

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contributions	\$	11,000	
Premiums on Corporate Surety Bonds		637	
Vehicle and Equipment Insurance		14,000	
Other Charges		4,611	
State Aid Projects		78,271	
Total Miscellaneous			\$ 108,519

Highways

Litter and Trash Collection

Foremen	\$	21,130	
Other Salaries & Wages		10,445	
Dues and Memberships		150	
Maintenance & Repair Services- Vehicles		951	
Travel		844	
Gasoline		1,046	
Office Supplies		2,481	
Other Charges		149	
Total Litter and Trash Collection			37,196

Total General Fund \$ 3,507,081

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	41,093	
Clerical Personnel		20,949	
Attendants		462,406	
Overtime Pay		83,394	
In-Service Training		2,377	
Social Security		47,532	
State Retirement		17,764	
Medical Insurance		53,735	
Communication		8,567	
Data Processing Services		2,482	
Dues and Memberships		305	
Licenses		650	
Maintenance & Repair Services- Buildings		1,575	
Maintenance & Repair Services- Vehicles		16,789	
Medical and Dental Services		335	
Printing, Stationery and Forms		3,182	

(Continued)

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Travel	\$	2,308	
Disposal Fees		1,252	
Other Contracted Services		6,000	
Custodial Supplies		1,780	
Data Processing Supplies		623	
Diesel Fuel		19,772	
Drugs and Medical Supplies		25,408	
Electricity		5,587	
Natural Gas		1,264	
Office Supplies		1,419	
Tires and Tubes		3,604	
Uniforms		6,146	
Water and Sewer		598	
Other Supplies and Materials		5,404	
Building and Contents Insurance		3,500	
Liability Insurance		10,000	
Trustee's Commission		12,666	
Vehicle and Equipment Insurance		4,440	
Workers' Compensation Insurance		46,115	
Other Charges		236	
Interest on Notes		6,390	
Communication Equipment		616	
Data Processing Equipment		5,639	
Furniture and Fixtures		841	
Motor Vehicles		76,230	
Total Ambulance/Emergency Medical Services			\$ 1,010,973

Total Ambulance Service Fund \$ 1,010,973

Drug Control Fund

Public Safety

Drug Enforcement

Veterinary Services	\$	232	
Animal Food and Supplies		96	
Law Enforcement Supplies		4,964	
Vehicle Parts		2,768	
Trustee's Commission		267	
Office Equipment		514	
Total Drug Enforcement			\$ 8,841

Total Drug Control Fund 8,841

(Continued)

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

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Other Charges	\$ 92	
Total County Clerk's Office		\$ 92

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 2,874	
Other Charges	80	
Total Chancery Court		<u>2,954</u>

Total Constitutional Officers - Fees Fund \$ 3,046

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 52,765	
Accountants/Bookkeepers	7,200	
Secretary(s)	28,000	
Board and Committee Members Fees	3,501	
Advertising	478	
Dues and Memberships	100	
Office Supplies	611	
Total Administration		\$ 92,655

Highway and Bridge Maintenance

Foremen	\$ 47,137
Equipment Operators	42,386
Equipment Operators - Heavy	76,253
Equipment Operators - Light	90,401
Truck Drivers	87,324
Laborers	79,816
Contracts with Vehicle Owners	7,486
Engineering Services	4,293
Rentals	250
Other Contracted Services	49,444
Asphalt - Cold Mix	55,757
Asphalt - Hot Mix	254,107
Crushed Stone	31,289
Other Road Supplies	1,822
Pipe - Metal	1,517
Road Signs	388

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Supplies and Materials	\$ 1,043	
Total Highway and Bridge Maintenance		\$ 830,713

Operation and Maintenance of Equipment

Other Contracted Services	\$ 3,650	
Diesel Fuel	26,870	
Equipment Parts - Heavy	5,566	
Equipment Parts - Light	22,690	
Garage Supplies	2,998	
Gasoline	19,427	
Lubricants	2,159	
Tires and Tubes	2,969	
Other Supplies and Materials	264	
Total Operation and Maintenance of Equipment		86,593

Ferry Operations

Equipment Operators - Heavy	\$ 39,706	
Total Ferry Operations		39,706

Other Charges

Communication	\$ 2,173	
Electricity	2,211	
Fuel Oil	4,040	
Water and Sewer	728	
Excess Risk Insurance	37,199	
Premiums on Corporate Surety Bonds	190	
Trustee's Commission	16,050	
Vehicle and Equipment Insurance	55,799	
Workers' Compensation Insurance	78,495	
Other Charges	104	
Total Other Charges		196,989

Employee Benefits

Social Security	\$ 43,078	
Extension Service Medicare	20	
Employee and Dependent Insurance	196,568	
Total Employee Benefits		239,666

Capital Outlay

Highway Equipment	\$ 23,604	
Total Capital Outlay		23,604

(Continued)

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

Highway/Public Works Fund (Cont.)

Principal

Highways and Streets

Principal on Capitalized Leases	\$	19,358	
Principal on Other Loans Payable		<u>113,000</u>	
Total Highways and Streets	\$		132,358

Interest

Highways and Streets

Interest on Capitalized Leases	\$	3,427	
Interest on Other Loans Payable		<u>7,216</u>	
Total Highways and Streets			10,643

Other Debt Service

Highways and Streets

Other Charges	\$	<u>2,196</u>	
Total Highways and Streets			<u>2,196</u>

Total Highway/Public Works Fund \$ 1,655,123

General Debt Service Fund

Principal

General Government

Principal on Notes	\$	<u>110,030</u>	
Total General Government	\$		110,030

Education

Principal on Bonds	\$	300,000	
Principal on Other Loans Payable		<u>200,000</u>	
Total Education			500,000

Interest

General Government

Interest on Notes	\$	<u>8,293</u>	
Total General Government			8,293

Education

Interest on Bonds	\$	243,700	
Interest on Other Loans Payable		<u>60,223</u>	
Total Education			303,923

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Other Contracted Services	\$ 3,794	
Trustee's Commission	10,243	
Other Charges	164	
Total General Government	<u>14,201</u>	\$ 14,201

Total General Debt Service Fund \$ 936,447

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Other Construction	\$ 225,763	
Total Industrial Development	<u>225,763</u>	\$ 225,763

Total Community Development/Industrial Park Fund 225,763

Total Governmental Funds - Primary Government \$ 7,347,274

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,568,534	
Career Ladder Program		102,008	
Career Ladder Extended Contracts		79,335	
Homebound Teachers		27,668	
Educational Assistants		65,379	
Other Salaries & Wages		66,871	
Certified Substitute Teachers		180,612	
Social Security		419,344	
State Retirement		370,431	
Life Insurance		4,063	
Medical Insurance		404,420	
Unemployment Compensation		16,345	
Employer Medicare		98,057	
Maintenance & Repair Services- Equipment		589	
Other Contracted Services		308	
Instructional Supplies and Materials		83,555	
Textbooks		212,025	
Other Supplies and Materials		24,066	
Regular Instruction Equipment		7,653	
Total Regular Instruction Program			\$ 8,731,263

Special Education Program

Teachers	\$	1,156,342
Career Ladder Program		17,180
Homebound Teachers		25,575
Clerical Personnel		22,089
Educational Assistants		153,548
Other Salaries & Wages		6,968
Certified Substitute Teachers		29,552
Social Security		81,980
State Retirement		66,181
Life Insurance		825
Medical Insurance		103,572
Unemployment Compensation		4,156
Employer Medicare		19,173
Contracts with Other Public Agencies		10,970
Contracts with Other School Systems		22,074
Maintenance & Repair Services- Equipment		500
Other Contracted Services		150,811

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	13,376	
Other Supplies and Materials		12,432	
Special Education Equipment		6,355	
Total Special Education Program			\$ 1,903,659

Vocational Education Program

Teachers	\$	537,340	
Career Ladder Program		6,000	
Certified Substitute Teachers		12,312	
Social Security		32,429	
State Retirement		28,717	
Life Insurance		296	
Medical Insurance		39,135	
Unemployment Compensation		1,157	
Employer Medicare		7,584	
Maintenance & Repair Services- Equipment		2,187	
Instructional Supplies and Materials		18,646	
T&I Construction Materials		14,078	
Textbooks		4,611	
Other Supplies and Materials		7,736	
Vocational Instruction Equipment		6,395	
Total Vocational Education Program			718,623

Adult Education Program

Teachers	\$	46,677	
Other Salaries & Wages		18,540	
Social Security		4,239	
State Retirement		2,827	
Life Insurance		23	
Medical Insurance		2,918	
Unemployment Compensation		143	
Employer Medicare		991	
Instructional Supplies and Materials		5,383	
Total Adult Education Program			81,741

Support Services

Health Services

Medical Personnel	\$	34,710	
Social Security		1,836	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

State Retirement	\$	1,909	
Medical Insurance		5,658	
Unemployment Compensation		70	
Employer Medicare		429	
Travel		1,888	
Other Supplies and Materials		301	
Total Health Services			\$ 46,801

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		241,207	
Social Security		14,301	
State Retirement		13,451	
Life Insurance		137	
Medical Insurance		16,402	
Unemployment Compensation		489	
Employer Medicare		3,344	
Evaluation and Testing		2,124	
Travel		335	
Total Other Student Support			294,790

Regular Instruction Program

Supervisor/Director	\$	217,003	
Career Ladder Program		5,000	
Librarians		152,825	
Instructional Computer Personnel		66,696	
Other Salaries & Wages		243,012	
Social Security		41,366	
State Retirement		30,456	
Life Insurance		182	
Medical Insurance		25,852	
Unemployment Compensation		1,210	
Employer Medicare		9,674	
Maintenance & Repair Services- Equipment		56,332	
Travel		54,101	
Other Contracted Services		110,971	
Library Books/Media		1,629	
Other Supplies and Materials		133,866	
In Service/Staff Development		29,082	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Regular Instruction Equipment	\$	2,550	
Special Education Equipment		9,838	
Other Equipment		225,202	
Total Regular Instruction Program			\$ 1,416,847

Special Education Program

Supervisor/Director	\$	73,065	
Career Ladder Program		1,000	
Social Security		4,584	
State Retirement		4,074	
Life Insurance		23	
Unemployment Compensation		70	
Employer Medicare		1,072	
Travel		18,037	
In Service/Staff Development		3,728	
Total Special Education Program			105,653

Vocational Education Program

Supervisor/Director	\$	61,129	
Career Ladder Program		3,250	
Career Ladder Extended Contracts		8,789	
Secretary(s)		22,386	
Social Security		5,924	
State Retirement		4,024	
Life Insurance		23	
Unemployment Compensation		140	
Employer Medicare		1,386	
Travel		3,293	
Total Vocational Education Program			110,344

Adult Programs

Supervisor/Director	\$	70,350	
Career Ladder Program		1,000	
Other Salaries & Wages		2,923	
Social Security		4,256	
State Retirement		3,725	
Life Insurance		23	
Medical Insurance		2,971	
Unemployment Compensation		99	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Employer Medicare	\$	999	
Travel		458	
In Service/Staff Development		2,528	
Total Adult Programs			\$ 89,332

Board of Education

Board and Committee Members Fees	\$	17,200	
Social Security		1,066	
Employer Medicare		249	
Audit Services		5,500	
Dues and Memberships		9,979	
Legal Services		37,404	
Other Supplies and Materials		69,992	
Liability Insurance		84,279	
Trustee's Commission		78,191	
Workers' Compensation Insurance		88,996	
Total Board of Education			392,856

Director of Schools

County Official/Administrative Officer	\$	75,000	
Career Ladder Program		1,000	
Secretary(s)		11,382	
Social Security		5,418	
State Retirement		4,180	
Life Insurance		3,095	
Unemployment Compensation		35	
Employer Medicare		1,267	
Communication		21,943	
Postal Charges		4,710	
Travel		2,086	
Other Contracted Services		5,050	
Office Supplies		3,675	
Total Director of Schools			138,841

Office of the Principal

Principals	\$	393,111	
Career Ladder Program		8,250	
Career Ladder Extended Contracts		16,456	
Assistant Principals		129,115	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Secretary(s)	\$	138,133	
Clerical Personnel		46,091	
Social Security		44,343	
State Retirement		30,081	
Life Insurance		228	
Medical Insurance		21,423	
Unemployment Compensation		1,575	
Employer Medicare		10,371	
Communication		36,638	
Other Supplies and Materials		94,640	
Total Office of the Principal			\$ 970,455

Fiscal Services

Accountants/Bookkeepers	\$	101,031	
Clerical Personnel		21,453	
Other Salaries & Wages		2,400	
Social Security		7,407	
State Retirement		3,626	
Medical Insurance		6,062	
Unemployment Compensation		212	
Employer Medicare		1,732	
Travel		657	
Other Contracted Services		6,639	
Data Processing Supplies		878	
Other Supplies and Materials		2,734	
Total Fiscal Services			154,831

Operation of Plant

Custodial Personnel	\$	324,547	
Social Security		20,095	
Unemployment Compensation		2,216	
Employer Medicare		4,700	
Other Contracted Services		64,971	
Custodial Supplies		39,896	
Electricity		494,200	
Fuel Oil		54,890	
Natural Gas		77,578	
Water and Sewer		62,084	
Boiler Insurance		6,983	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Building and Contents Insurance	\$	70,608	
Plant Operation Equipment		<u>1,499</u>	
Total Operation of Plant			\$ 1,224,267

Maintenance of Plant

Maintenance Personnel	\$	110,113	
Social Security		6,296	
Unemployment Compensation		210	
Employer Medicare		1,473	
Maintenance & Repair Services- Buildings		57,764	
Travel		2,198	
Other Supplies and Materials		<u>270,364</u>	
Total Maintenance of Plant			448,418

Transportation

Other Salaries & Wages	\$	25,205	
Social Security		1,491	
Unemployment Compensation		241	
Employer Medicare		349	
Contracts with Vehicle Owners		887,804	
Other Supplies and Materials		26,830	
Transportation Equipment		<u>4,024</u>	
Total Transportation			945,944

Central and Other

Other Salaries & Wages	\$	91,250	
Social Security		4,814	
State Retirement		1,159	
Unemployment Compensation		481	
Employer Medicare		1,126	
Travel		126	
Other Supplies and Materials		<u>4,791</u>	
Total Central and Other			103,747

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	2,554	
Other Salaries & Wages		2,789	
Social Security		514	

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	55	
Employer Medicare		120	
Total Food Service		<u>175</u>	\$ 6,032

Community Services

Supervisor/Director	\$	67,868	
Other Salaries & Wages		27,523	
Social Security		5,446	
State Retirement		1,646	
Medical Insurance		14,960	
Unemployment Compensation		210	
Employer Medicare		1,274	
Travel		2,690	
Other Supplies and Materials		1,604	
Other Charges		25,692	
Total Community Services		<u>148,913</u>	148,913

Capital Outlay

Regular Capital Outlay

Building Construction	\$	147,815	
Building Improvements		168,882	
Other Capital Outlay		33,500	
Total Regular Capital Outlay		<u>350,197</u>	350,197

Other Debt Service

Education

Other Debt Service	\$	500,000	
Total Education		<u>500,000</u>	500,000

Total General Purpose School Fund \$ 18,883,554

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	449,349	
Educational Assistants		98,998	
Other Salaries & Wages		54,459	
Certified Substitute Teachers		12,147	
Social Security		36,518	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	23,341	
Medical Insurance		14,045	
Unemployment Compensation		2,065	
Employer Medicare		8,248	
Postal Charges		222	
Instructional Supplies and Materials		171,947	
Other Supplies and Materials		21,288	
In Service/Staff Development		646	
Regular Instruction Equipment		63,788	
Total Regular Instruction Program			\$ 957,061

Special Education Program

Teachers	\$	71,738	
Educational Assistants		121,981	
Other Salaries & Wages		116,667	
Certified Substitute Teachers		790	
Social Security		18,636	
State Retirement		5,922	
Medical Insurance		8,157	
Unemployment Compensation		1,149	
Employer Medicare		4,417	
Maintenance & Repair Services- Equipment		1,000	
Other Contracted Services		18,571	
Instructional Supplies and Materials		6,541	
Other Supplies and Materials		61,824	
Special Education Equipment		11,770	
Total Special Education Program			449,163

Vocational Education Program

Travel	\$	4,610	
Other Contracted Services		1,500	
Instructional Supplies and Materials		50,698	
Other Supplies and Materials		5,000	
Vocational Instruction Equipment		23,368	
Total Vocational Education Program			85,176

Support Services

Health Services

Other Supplies and Materials	\$	1,236	
Total Health Services			1,236

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support

In Service/Staff Development	\$ 149	
Total Other Student Support		\$ 149

Regular Instruction Program

Supervisor/Director	\$ 34,928	
Clerical Personnel	14,383	
Other Salaries & Wages	43,716	
Social Security	6,565	
State Retirement	5,068	
Medical Insurance	3,870	
Unemployment Compensation	139	
Employer Medicare	2,249	
Travel	4,458	
Instructional Supplies and Materials	13,800	
Other Supplies and Materials	3,192	
In Service/Staff Development	48,287	
Other Equipment	5,769	
Total Regular Instruction Program		186,424

Special Education Program

Travel	\$ 3,937	
In Service/Staff Development	31,587	
Total Special Education Program		35,524

Transportation

Other Salaries & Wages	\$ 590	
Social Security	37	
Unemployment Compensation	6	
Employer Medicare	9	
Contracts with Parents	27,283	
Contracts with Vehicle Owners	117,088	
In Service/Staff Development	1,500	
Total Transportation		146,513

Central and Other

Other Salaries & Wages	\$ 5,045	
Social Security	304	
Unemployment Compensation	44	
Employer Medicare	73	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Instructional Supplies and Materials	\$	10,749	
Other Supplies and Materials		10,802	
Other Equipment		<u>7,878</u>	
Total Central and Other			\$ 34,895

Capital Outlay

Regular Capital Outlay

Building Construction	\$	<u>3,296</u>	
Total Regular Capital Outlay			<u>3,296</u>

Total School Federal Projects Fund \$ 1,899,437

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	31,996	
Accountants/Bookkeepers		22,641	
Cafeteria Personnel		428,546	
Social Security		29,957	
Unemployment Compensation		1,383	
Employer Medicare		7,006	
Communication		2,896	
Maintenance & Repair Services- Equipment		13,287	
Travel		2,179	
Other Contracted Services		27,712	
Food Preparation Supplies		62,037	
Food Supplies		606,424	
Office Supplies		1,159	
Other Supplies and Materials		8,336	
Other Charges		7,571	
Food Service Equipment		<u>8,277</u>	
Total Food Service			\$ <u>1,261,407</u>

Total Central Cafeteria Fund 1,261,407

Total Governmental Funds - Union County School Department \$ 22,044,398

Exhibit J-10

Union County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2005

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 355,760
Total Cash Receipts	<u>\$ 355,760</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 352,202
Trustee's Commission	3,558
Total Cash Disbursements	<u>\$ 355,760</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2004	<u>0</u>
Cash Balance, June 30, 2005	<u><u>\$ 0</u></u>

STATISTICAL SECTION

Table 1

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

Year	Amount
1994	\$ 11,362
1995	13,612
1996	11,999
1997	7,328
1998	14,182
1999	15,006
2000	19,037
2001	28,103
2002	30,372
2003	<u>92,025</u>
Total	<u>\$ 243,026</u>

Table 2

Union County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.39	\$ 0.64	\$ 0.54	\$ 0.54	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.55	\$ 0.46	0.66
Highway/Public Works	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03
General Purpose School	1.74	1.74	1.33	1.33	1.27	1.27	1.27	0.99	0.99	0.99
General Debt Service	0.07	0.58	0.39	0.39	0.30	0.30	0.30	0.23	0.21	0.21
Ambulance Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.11
Total Tax Rate	\$ 2.25	\$ 3.01	\$ 2.30	\$ 1.80	\$ 1.80	2.00				
<u>Assessed Valuations</u>										
Real and Personal	\$ 82,206,156	\$ 85,759,875	\$ 116,366,386	\$ 118,869,264	\$ 125,656,003	\$ 129,152,162	\$ 134,377,278	\$ 176,481,202	\$ 181,132,035	\$ 187,697,985
Public Utilities	6,156,267	7,278,603	5,629,083	5,322,612	5,141,234	5,477,555	5,004,177	5,899,465	5,802,776	5,453,859
Total Assessed Valuation	\$ 88,362,423	\$ 93,038,478	\$ 121,995,469	\$ 124,191,876	\$ 130,797,237	\$ 134,629,717	\$ 139,381,455	\$ 182,380,667	\$ 186,934,811	\$ 193,151,844

SINGLE AUDIT SECTION



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

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

September 2, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Union County's basic financial statements and have issued our report thereon dated September 2, 2005. Our report expresses an adverse opinion on the financial statements of the governmental activities of Union County, Tennessee, because of the omission of the Highway Department's capital assets and the depreciation on those assets. Our opinion on the aggregate discretely presented components was qualified due to the omission of two discretely presented component units. Our opinion on each major fund and the aggregate remaining fund information was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Union County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items: 05.03, 05.04, 05.05, 05.06, 05.08, 05.09, 05.10, and 05.11.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05.03, 05.05, and 05.08 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union County's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.02, and 05.07.

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

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu



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

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

September 2, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Union County's compliance with those requirements.

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

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect Union County's ability to administer a federal program in accordance with applicable requirements of laws, regulations, contracts and grants. That reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as items 05.08 and 05.12.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above (05.08 and 05.12) to be a material weakness.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 2, 2005. Our report expresses an adverse opinion on the financial statements of the governmental activities of Union County, Tennessee, because of the omission of the Highway Department's capital assets and the depreciation on those assets. Our opinion on the aggregate discretely presented components was qualified due to the omission of two discretely presented component units. Our opinion on each major fund and the aggregate remaining fund information was unqualified. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial

statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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

Federal/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	(2)	\$ 64,745
Total Passed-through State Department of Agriculture			<u>\$ 64,745</u>
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	\$ 241,348
National School Lunch Program	10.555	(2)	573,429
Total Passed-through State Department of Education			<u>\$ 814,777</u>
Total U.S. Department of Agriculture			<u>\$ 879,522</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 62,883
Total Passed-through State Department of Economic and Community Development			<u>\$ 62,883</u>
U.S. Department of Justice:			
Direct Program:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 11,755
Total U.S. Department of Justice			<u>\$ 11,755</u>
U.S. Department of Labor			
Passed-through State Department of Labor and Workforce Development:			
WIA Incentive Grants-Section 503 Grants to States	17.267	Z-04-025669-01	\$ 2,563
Total U.S. Department of Labor			<u>\$ 2,563</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 895,272
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	697,506
Special Education - Preschool Grants	84.173	N/A	23,728
Vocational Education - Basic Grants to States	84.048	N/A	85,335
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	44,651
State Grants for Innovative Programs	84.298	N/A	32,212
Education Technology State Grants	84.318	Z-04-020858-00	322,004
Reading First Grants	84.357	(2)	305,500
Rural Education	84.358	N/A	3,296
Improving Teacher Quality State Grants	84.367	N/A	178,790
Total Passed-through State Department of Education			<u>\$ 2,588,294</u>
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 71,415
Total Passed-through State Department of Labor and Workforce Development			<u>\$ 71,415</u>

(Continued)

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

Federal/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	\$ 60,929
Total Passed-through State Department of Human Services			<u>\$ 60,929</u>
Total U.S. Department of Education			<u>\$ 2,720,638</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 16,805
Total Passed-through East Tennessee Human Resource Agency			<u>\$ 16,805</u>
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	(2)	\$ 2,252
Total Passed-through State Department of Labor and Workforce Development			<u>\$ 2,252</u>
Total U.S. Department of Health and Human Services			<u>\$ 19,057</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020153-00	\$ 3,248
Total U.S. Department of Homeland Security			<u>\$ 3,248</u>
Total Expenditures of Federal Awards			<u>\$ 3,699,666</u>
<u>State Grants</u>			
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
State Reappraisal - Comptroller of the Treasury	N/A	(2)	8,058
Litter Grant - State Department of Transportation	N/A	(2)	32,735
Safety Grant - State Department of Education	N/A	(2)	25,391
Model Dropout Prevention Grant- State Department of Education	N/A	(2)	22,712
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	18,984
Family Resource Center - State Department of Education	N/A	(2)	33,300
Families First - State Department of Labor and Workforce Development	N/A	(2)	4,786
Senior Center Grant- East TN Area Agency on Aging & Disability	N/A	(2)	4,662
			<u>\$ 159,628</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

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

(2) - Information not available.

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

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

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	14	Expenditures exceeded appropriations at the major category level of control in the general fund
04.03	14	The office had not established a formal purchase order system

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	15	The highway department had not established a formal purchase order system
04.06	15	The county road list was not prepared adequately

OTHER FINDINGS AND RECOMMENDATIONS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.09	17	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff
04.10	17	A central system of accounting, budgeting, and purchasing had not been adopted

UNION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the governmental activities of Union County. A qualified opinion was issued on the aggregate discretely presented component units, and an unqualified opinion was issued on each major fund and on the aggregate remaining fund information of Union County.
2. The audit of the financial statements of Union County disclosed reportable conditions in internal control. Three of these conditions were considered to be material weaknesses.
3. The audit disclosed two instances of noncompliance that are material to the financial statements of Union County.
4. The audit disclosed one reportable condition in internal control over major programs. This reportable condition was also considered to be a material weakness.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is 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); Title I Grants to Local Educational Agencies (CFDA No. 84.010); Education Technology State Grants (CFDA No. 84.318); and Reading First Grant (CFDA No. 84.357) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Union 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 have reviewed these findings and recommendations with management to provide an opportunity for their response. Management did not offer written responses to the findings and recommendations. Officials did offer oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

UNION COUNTY

FINDING 05.01 CAPITAL ASSETS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(Material Noncompliance Under Government Auditing Standards)

The Highway Department did not identify and determine the historical value of its capital assets (buildings, equipment, infrastructure, etc.) and the related depreciation amounts of these assets for the governmental activities of the primary government. This information is necessary to present government-wide financial statements for all of the county's activities, as required by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. As a result of this omission, the primary government's governmental activities included in the government-wide financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued an adverse opinion on this opinion unit.

RECOMMENDATION

The Highway Department should compile and maintain records that properly account for its capital assets. These records should document the historical costs of the capital assets and the related depreciation amounts of these assets. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

OFFICE OF COUNTY MAYOR

FINDING 05.02 EXPENDITURES EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL
(Material Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations at the major category level of control in the following funds:

Fund/Category	Amount
General:	
Other Finance	\$ 3,424
Juvenile Services	887
County Coroner/Medical Examiner	1,300
Miscellaneous	65,224
General Debt Service:	
Interest - Education	126,938

These expenditures exceeding appropriations resulted from the failure to properly amend the General Fund budget prior to year-end and posting errors in the General Debt Service Fund.

Section 5-9-401, Tennessee Code Annotated, states that “all funds ... including, but not limited to ... taxes, county aid funds, federal funds, and fines, which 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.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Budget amendments should be approved before the close of the fiscal year, and accounts should be accurately posted.

FINDING 05.03 THE ACTUAL FUND BALANCE OF THE GENERAL DEBT SERVICE FUND AT JULY 1, 2004, WAS LESS THAN THE ESTIMATED FUND BALANCE BY A MATERIAL AMOUNT
 (Internal Control – Material Weakness Under Government Auditing Standards)

The General Debt Service Fund’s actual fund balance at July 1, 2004, was \$1,634,602; however, the estimated fund balance reflected in the county’s budget at July 1, 2004, was \$1,880,941. Therefore, the actual fund balance was \$246,339 less than the estimated fund balance presented to the County Commission.

RECOMMENDATION

The estimated beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions.

FINDING 05.04 A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED
(Internal Control – Reportable Condition Under Government Auditing Standards)

The County Mayor’s Office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

The office should establish a formal purchase order system to improve internal controls over the purchasing process and to document purchasing commitments.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 05.05 THE ACTUAL FUND BALANCE OF THE HIGHWAY/PUBLIC WORKS FUND AT JULY 1, 2004, EXCEEDED THE ESTIMATED FUND BALANCE BY A MATERIAL AMOUNT
(Internal Control – Material Weakness Under Government Auditing Standards)

The Highway/Public Works Fund’s actual fund balance at July 1, 2004, was \$423,638; however, the estimated fund balance reflected in the county’s budget at July 1, 2004, was \$243,895. Therefore, the actual fund balance was \$179,743 more than the estimated fund balance presented to the County Commission.

RECOMMENDATION

The estimated beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions.

FINDING 05.06 A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Highway Department had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

The department should establish a formal purchase order system to improve internal controls over the purchasing process and to document purchasing commitments.

**FINDING 05.07 A COMPLETE LIST OF COUNTY ROADS WAS NOT
SUBMITTED TO THE COUNTY COMMISSION FOR
APPROVAL**
(Noncompliance Under Government Auditing Standards)

A complete list of all county roads was not submitted to the County Commission for approval. Instead, the highway superintendent only submitted a list of roads by road name. Section 54-10-103, Tennessee Code Annotated, requires the highway superintendent to submit a list of county roads to the County Commission for approval at the January session each year. This list must include the classification, width, distance of each county road maintained, and a summary of changes from the prior year that provides the road name, date the change was approved by the County Commission, and the reason for the change. Highway Department officials need a current, approved list of county roads to determine which roads the department is authorized to work.

RECOMMENDATION

The highway superintendent should submit to the County Commission a list of county roads that includes the classification, width, and distance of each road, and a summary of changes as required by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 05.08 CASH MANAGEMENT DEFICIENCIES WERE NOTED IN THE
SCHOOL FEDERAL PROJECTS FUND**
(Internal Control - Material Weakness Under Government Auditing
Standards and OMB Circular A-133)

School Department personnel did not adequately monitor cash needs of the various projects reflected in the School Federal Projects Fund. Reimbursements for certain projects were not requested on a timely basis, and excessive amounts were requested on certain projects. For example, expenditures of over \$175,000 and \$250,000 were incurred in the Special Education – Grants to States Program and the Title I Grants to Local Educational Agencies program, respectively, before requesting grant funds. Later in the year, the requests for funds for the Special Education – Grants to States Program were based on budgeted

amounts not actual needs; therefore, by year-end the program had an excessive cash balance.

The Office of Management and Budget's Circular A-133 and Circular A-102 require that recipients minimize the amount of time between requests for grant funds and disbursements.

RECOMMENDATION

School Department personnel should monitor cash needs of the various programs in the School Federal Projects Fund to minimize the time between the request for grant funds and disbursements as required by Circular A-133 and Circular A-102. Requests for grant funds should be filed timely and be based on realistic needs of the programs.

FINDING 05.09 **DEFICIENCIES EXISTED IN PAYMENTS MADE FOR ELECTRICAL SERVICES**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The School Department paid an individual over \$36,000 during the year for various electrical work; however, a written contract was not on file, and competitive bids were not solicited for the services. The School Department treated these payments as contracted services; however, the individual routinely filed invoices for exactly 80 hours of work plus travel each two weeks. Documentation did not exist to identify the nature and dates of the work performed, the job locations, or any materials used. The department did file a form 1099 on this individual.

RECOMMENDATION

Management should review this arrangement to ensure that the School Department meets the Internal Revenue Service requirements for treating these payments as contracted services rather than as an employer/employee relationship. All contracted services should be competitively bid, supported by written contracts, and contain detailed invoices for the work performed.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.10 **DUTIES WERE NOT SEGREGATED ADEQUATELY AT THE AMBULANCE SERVICE AND IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

FINDING 05.11 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

Union County officials should consider adopting the County Financial Management System of 1981 or a private act that would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

<u>Federal/Pass-through Agency</u>	<u>Finding Number</u>	<u>Federal CFDA Numbers</u>	<u>Criteria</u>	<u>Explanation</u>	<u>Amount Questioned</u>
U.S. Department of Education: Passed-through Tennessee Department of Education	05.12	84.010, 84.027	Circular A-133, Section 300(b), and Compliance Supplement Part 3 (c)	Material Weakness in Internal Control see Finding No. 05.08: Weaknesses Existed in Controls over Cash Management	\$ 0

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

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

Director of Schools – Corrective Action Plan for Current Year Finding

FINDINGS 05.08 and 05.12

Contact Person: Glenn Coppock

Corrective action planned: We will request our payroll reimbursements on a more timely schedule. This will correct the excessive expenditures before receiving grant funds. We will also monitor our Special Education and Title I employee positions and other expenditures and request funds based on cash needs. This will correct the excessive balances at year end.

Anticipated completion date: 2005-06