
ANNUAL FINANCIAL REPORT UNION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2007



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

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

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

Scope

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

Results

Our report on Union County's financial statements expresses an adverse opinion on the governmental activities because the Highway Department's capital assets, the county's infrastructure, and the related depreciation on those assets and infrastructure 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 seven findings and recommendations, which we have reviewed with Union County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

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

- ◆ A formal purchase order system had not been established.
-

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ A formal purchase order system had not been established.
 - ◆ The road list submitted by the highway superintendent to the County Commission was not in compliance with state statute.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Deficiencies were noted in the administration of the School Federal Projects Fund.
-

OTHER FINDINGS

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

INTRODUCTORY SECTION

Union County Officials

June 30, 2007

Officials

Larry Lay, County Mayor
Clayton Helms, Highway Superintendent
Charles Thomas, Director of Schools
Gina Buckner, Trustee
Ronald Irick, Assessor of Property
Pam Ailor, County Clerk
Barbara Williams, Circuit and General Sessions Courts Clerk
Doris Seymour, Clerk and Master
Mary Kitts, Register
Earl Loy, Jr., Sheriff

Board of County Commissioners

Gary England, Chairman	Kenny Hill
Greg Davis	Brenda Jessee
Dean Hill	R. L. Jones
Elmer Bailey	Janet Holloway
Lynn Beeler	Joyce Meltabarger
Stanley Boles	Mike Sexton
Wayne Cole	J.T. Washam
Wayne Collins	Doyle Welch
Charlie Cox	

Highway Commission

Joe Bailey	Jimmy McElhaney
Darrell Dyer	Johnny Raley
Paul Hill	Jimmy DeVault
Jack Simmons	

Board of Education

David Coppock, Chairman	Brian Oaks
Billy Sexton	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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INDEPENDENT AUDITOR'S REPORT

October 16, 2007

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, 2007, 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 the Highway Department's capital assets and the county's 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 capital assets 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 and the county's 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, 2007, and the changes in financial position thereof for the year then ended.

Additionally, 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, 2007, 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, 2007, 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 October 16, 2007, 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.

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 and pension information on pages 57 through 63 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/rc

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Union County School Department
<u>ASSETS</u>		
Cash	\$ 139	\$ 0
Equity in Pooled Cash and Investments	4,268,174	413,551
Accounts Receivable	626,491	65,471
Allowance for Uncollectibles	(174,297)	0
Due from Other Governments	445,445	945,386
Due from Primary Government	0	1,077
Property Taxes Receivable	2,360,429	2,313,689
Allowance for Uncollectible Property Taxes	(106,227)	(104,125)
Prepaid Items	208,706	0
Notes Receivable - Current	18,332	0
Notes Receivable - Long-term	154,390	0
Capital Assets:		
Assets Not Depreciated:		
Land	466,080	1,345,209
Construction in Progress	642,395	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,009,620	12,622,357
Infrastructure	0	29,400
Other Capital Assets	243,807	618,050
Total Assets	<u>\$ 10,163,484</u>	<u>\$ 18,250,065</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 26,921	\$ 0
Accrued Payroll	27,071	0
Contracts Payable	156,913	0
Retainage Payable	7,091	0
Accrued Interest Payable	94,182	0
Cash Overdraft	0	177,215
Payroll Deductions Payable	674	1,213
Due to Component Units	1,077	0
Other Current Liabilities	0	341,967
Deferred Revenue - Property Taxes	2,118,082	2,076,138
Noncurrent Liabilities:		
Due Within One Year	798,559	18,332
Due in More than One Year	11,734,192	880,808
Total Liabilities	<u>\$ 14,964,762</u>	<u>\$ 3,495,673</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	\$ 1,391,982	\$ 14,442,294
Restricted for:		
Ambulance Service	503,169	0
Highway	576,695	0
Debt Service	2,146,332	0
Capital Projects	217,345	0
Drug Control	37,293	0
Computerized Systems	70,913	0
Courthouse and Jail Maintenance	53,871	0
Federal Assistance Programs	0	230,418
Unrestricted	<u>(9,798,878)</u>	<u>81,680</u>
Total Net Assets	<u>\$ (4,801,278)</u>	<u>\$ 14,754,392</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, 2007

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
Primary Government:						
Governmental Activities:						
General Government	\$ 1,090,455	\$ 225,175	\$ 16,586	\$ 0	\$ (848,694)	\$ 0
Finance	577,589	346,609	8,493	0	(222,487)	0
Administration of Justice	441,970	360,519	9,000	0	(72,451)	0
Public Safety	1,643,191	98,433	24,950	7,047	(1,512,761)	0
Public Health and Welfare	1,597,604	970,735	432,492	146,555	(47,822)	0
Social, Cultural, and Recreational Services	187,386	1,410	24,238	0	(161,738)	0
Agricultural and Natural Resources	67,605	0	0	0	(67,605)	0
Other Operations	323,783	0	158,320	9,985	(155,478)	0
Highways	2,281,582	401,778	1,433,866	278,176	(167,762)	0
Education	172,718	0	0	0	(172,718)	0
Interest on Long-term Debt	368,754	0	0	0	(368,754)	0
Debt Service	15,928	0	0	0	(15,928)	0
Total Primary Government	\$ 8,768,565	\$ 2,404,659	\$ 2,107,945	\$ 441,763	\$ (3,814,198)	\$ 0
Component Unit:						
Union County School Department	\$ 24,549,150	\$ 425,208	\$ 3,571,906	\$ 446,052	\$ 0	\$ (20,105,984)
Total Component Unit	\$ 24,549,150	\$ 425,208	\$ 3,571,906	\$ 446,052	\$ 0	\$ (20,105,984)

(Continued)

Exhibit B

Union County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary	Component
				Governmental	Unit
			Grants and Contributions	Union County School Department	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 1,447,458	\$ 2,171,098
Property Taxes Levied for Ambulance Service				241,008	0
Property Taxes Levied for Highways				66,131	0
Property Taxes Levied for Debt Service				459,059	0
Local Option Sales Taxes				306,596	797,103
Other Local Taxes				342,252	2,948
Grants and Contributions Not Restricted to Specific Programs				1,384,519	16,026,933
Unrestricted Investment Income				151,830	1,077
Miscellaneous				14,509	26,713
Total General Revenues				\$ 4,413,362	\$ 19,025,872
Change in Net Assets				\$ 599,164	\$ (1,080,112)
Net Assets, July 1, 2006				(5,400,442)	15,834,504
Net Assets, June 30, 2007				\$ (4,801,278)	\$ 14,754,392

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, 2007

	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	\$ 139	\$ 139
Equity in Pooled Cash and Investments	913,846	256,246	172,717	2,040,567	884,798	4,268,174
Accounts Receivable	191,614	433,763	1,114	0	0	626,491
Allowance for Uncollectibles	0	(174,297)	0	0	0	(174,297)
Due from Other Governments	179,211	0	266,234	0	0	445,445
Due from Other Funds	66,577	0	0	0	0	66,577
Property Taxes Receivable	1,542,459	257,076	70,112	490,782	0	2,360,429
Allowance for Uncollectible Property Taxes	(69,416)	(11,569)	(3,155)	(22,087)	0	(106,227)
Prepaid Items	67,755	0	140,951	0	0	208,706
Notes Receivable - Current	0	0	0	18,332	0	18,332
Notes Receivable - Long-Term	0	0	0	154,390	0	154,390
Total Assets	\$ 2,892,046	\$ 761,219	\$ 647,973	\$ 2,681,984	\$ 884,937	\$ 7,868,159
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 18,324	\$ 233	\$ 8,364	\$ 0	\$ 0	\$ 26,921
Accrued Payroll	0	27,071	0	0	0	27,071
Payroll Deductions Payable	610	64	0	0	0	674
Contracts Payable	22,155	0	0	0	134,758	156,913
Retainage Payable	0	0	0	0	7,091	7,091
Due to Other Funds	0	0	0	0	66,577	66,577
Due to Component Units	0	0	0	1,077	0	1,077
Deferred Revenue - Current Property Taxes	1,384,093	230,682	62,914	440,393	0	2,118,082
Deferred Revenue - Delinquent Property Taxes	83,104	13,851	3,777	26,442	0	127,174
Other Deferred Revenues	48,846	118,443	119,768	0	0	287,057
Total Liabilities	\$ 1,557,132	\$ 390,344	\$ 194,823	\$ 467,912	\$ 208,426	\$ 2,818,637
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 474,347	\$ 474,347
Reserved for Computer System - Register	34,268	0	0	0	0	34,268
Reserved for Automation Purposes - General Sessions Court	24,869	0	0	0	0	24,869

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Ambulance Service	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Automation Purposes - Chancery Court	\$ 1,787	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,787
Reserved for Automation Purposes - Sheriff	9,989	0	0	0	0	9,989
Reserved for Long-Term Notes Receivable	0	0	0	154,390	0	154,390
Reserved for Other General Purposes	53,871	0	0	0	0	53,871
Unreserved, Reported In:						
General Fund	1,210,130	0	0	0	0	1,210,130
Special Revenue Funds	0	370,875	453,150	0	37,293	861,318
Debt Service Funds	0	0	0	2,059,682	0	2,059,682
Capital Projects Funds	0	0	0	0	164,871	164,871
Total Fund Balances	<u>\$ 1,334,914</u>	<u>\$ 370,875</u>	<u>\$ 453,150</u>	<u>\$ 2,214,072</u>	<u>\$ 676,511</u>	<u>\$ 5,049,522</u>
Total Liabilities and Fund Balances	<u>\$ 2,892,046</u>	<u>\$ 761,219</u>	<u>\$ 647,973</u>	<u>\$ 2,681,984</u>	<u>\$ 884,937</u>	<u>\$ 7,868,159</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, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,049,522
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	466,080	
Add: construction in progress		642,395	
Add: buildings and improvements net of accumulated depreciation		1,009,620	
Add: other capital assets net of accumulated depreciation		<u>243,807</u>	2,361,902
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,707,900)	
Less: other loans payable		(2,355,000)	
Less: capital leases payable		(28,818)	
Less: bonds payable		(6,845,000)	
Less: landfill closure/postclosure care costs payable		(1,596,033)	
Less: accrued interest on bonds and other loans		<u>(94,182)</u>	(12,626,933)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>414,231</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>(4,801,278)</u></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, 2007

	Major Funds				Nonmajor	Total
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 2,190,467	\$ 240,064	\$ 171,323	\$ 457,259	\$ 0	\$ 3,059,113
Licenses and Permits	57,483	0	0	0	0	57,483
Fines, Forfeitures, and Penalties	108,769	0	0	0	22,820	131,589
Charges for Current Services	28,283	1,002,118	570	0	298	1,031,269
Other Local Revenues	93,292	0	29,537	151,830	1,000	275,659
Fees Received from County Officials	696,264	0	0	0	0	696,264
State of Tennessee	922,533	0	1,669,995	0	0	2,592,528
Federal Government	666,677	0	0	0	0	666,677
Other Governments and Citizens Groups	0	0	372,414	500,000	0	872,414
Total Revenues	\$ 4,763,768	\$ 1,242,182	\$ 2,243,839	\$ 1,109,089	\$ 24,118	\$ 9,382,996
<u>Expenditures</u>						
Current:						
General Government	\$ 968,758	\$ 0	\$ 0	\$ 0	\$ 0	\$ 968,758
Finance	538,340	0	0	0	218	538,558
Administration of Justice	338,598	0	0	0	80	338,678
Public Safety	1,428,149	0	0	0	20,603	1,448,752
Public Health and Welfare	224,271	1,313,630	0	0	0	1,537,901
Social, Cultural, and Recreational Services	179,379	0	0	0	0	179,379
Agricultural and Natural Resources	64,805	0	0	0	0	64,805
Other Operations	429,420	0	0	0	65,967	495,387
Highways	38,027	0	2,243,555	0	0	2,281,582
Capital Outlay	0	0	0	0	172,718	172,718
Debt Service:						
Principal on Debt	0	0	146,926	571,212	0	718,138
Interest on Debt	0	0	6,229	332,555	0	338,784
Other Debt Service	0	0	1,601	14,327	0	15,928
Capital Projects	509,306	0	0	0	765,687	1,274,993
Total Expenditures	\$ 4,719,053	\$ 1,313,630	\$ 2,398,311	\$ 918,094	\$ 1,025,273	\$ 10,374,361

(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	
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,715	\$ (71,448)	\$ (154,472)	\$ 190,995	\$ (1,001,155)	\$ (991,365)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 174,900	\$ 0	\$ 172,722	\$ 1,360,278	\$ 1,707,900
Transfers In	0	0	0	0	56,181	56,181
Transfers Out	(56,181)	0	0	0	0	(56,181)
Total Other Financing Sources (Uses)	\$ (56,181)	\$ 174,900	\$ 0	\$ 172,722	\$ 1,416,459	\$ 1,707,900
Net Change in Fund Balances	\$ (11,466)	\$ 103,452	\$ (154,472)	\$ 363,717	\$ 415,304	\$ 716,535
Fund Balance, July 1, 2006	1,346,380	267,423	607,622	1,850,355	261,207	4,332,987
Fund Balance, June 30, 2007	\$ 1,334,914	\$ 370,875	\$ 453,150	\$ 2,214,072	\$ 676,511	\$ 5,049,522

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

Exhibit C-4

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, 2007

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 716,535
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,036,837	
Less: current year depreciation expense	<u>(119,209)</u>	917,628
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 414,231	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(429,498)</u>	(15,267)
<p>(3) 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.</p>		
Less: note proceeds	\$ (1,707,900)	
Add: principal payments on notes	26,212	
Add: principal payments on other loans	340,854	
Add: principal payments on bonds	330,000	
Add: principal payments on capital leases	<u>21,072</u>	(989,762)
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable		<u>(29,970)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 599,164</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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 722,188
Due from Other Governments	<u>78,043</u>
Total Assets	<u>\$ 800,231</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 78,043
Due to Litigants, Heirs, and Others	<u>722,188</u>
Total Liabilities	<u>\$ 800,231</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, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Union County's financial statements are presented in accordance with generally accepted accounting principles (GAAP), except as discussed in the following paragraph and as discussed in Note I.A. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

Management has not recorded the Highway Department's capital assets and the county's infrastructure in the governmental activities and, accordingly, has not recorded depreciation expense on these assets and infrastructure. This departure from GAAP results in an incomplete presentation and has caused Union County's auditor to issue an adverse opinion on the financial statements of the governmental activities.

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 the County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The 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, and the County Commission appoints a majority of members of its governing body. 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 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:

Administrative Offices:

Union County Emergency Communications District
130 Veterans Street
Maynardville, TN 37807

Union County Solid Waste Authority
P.O. Box 727
Maynardville, TN 37807

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. Net debt issues (\$172,718) were contributed by the county to the School Department during the year ended June 30, 2007.

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, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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 grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded as a liability when incurred, regardless of the timing of related cash flows.

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.

Highway/Public Works Fund – This fund is used to account for transactions of the county’s Highway Department.

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

Additionally, Union County reports the following fund types:

Capital Projects Funds – These funds are used to account for financial resources to be used in the acquisition and construction of major capital projects.

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.

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovation cost.

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

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 and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. 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 with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.4 percent of total taxes levied. Ambulance Service receivables for uncollectibles 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.

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 (\$67,755) and the Highway/Public Works Fund (\$140,951) represent amounts paid for insurance premiums for the 2007-08 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>
Building and Improvements	10-50
Other Capital Assets	3-40

The Highway Department has not prepared records of its capital assets and the county's infrastructure and related depreciation amounts. Therefore, the capital assets of the Highway Department and the county's infrastructure 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental 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 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, 2007, Union County had \$9,544,925 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. The Reserved for Other General Purposes in the General Fund represents amounts reserved for courthouse and jail maintenance.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Union County School Department

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

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds

with the change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Union County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of the 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 County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Overdraft

The discretely presented School Department's School Federal Projects Fund had a cash overdraft of \$177,215 at June 30, 2007. This cash overdraft resulted from the issuance of warrants in excess of cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2007.

C. Revenue Anticipation Note Not Liquidated Prior to June 30, 2007

To provide adequate cash flow for the operations of the School Federal Projects Fund, management borrowed a \$200,000 revenue anticipation note from the General Purpose School Fund. State statutes require such interim financing be liquidated by the end of the fiscal year. However, because adequate federal funding had not been requested and received in a timely manner, the School Federal Projects Fund was unable to repay this note by June 30, 2007. Therefore, this note is shown as an interfund receivable in the General Purpose School Fund and an interfund payable in the School Federal Projects Fund at June 30, 2007.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
County Coroner/Medical Examiner	\$ 1,000
Other Finance	4,224

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.

E. Prior Year Theft (\$5,902.58) in the Office of General Sessions Court Clerk

As reported in the 2005-06 annual financial report, a theft of \$5,908.28 occurred in the Office of General Sessions Court Clerk on August 28, 2006. The clerk reported the theft to the Sheriff's Department which investigated the theft. That investigation resulted in an individual (not an employee of the office) pleading guilty to one count of theft in excess of \$1,000. The funds were restored by insurance coverage (\$4,435.74), by customers stopping payment and reissuing their checks (\$966.84), and by the insurance deductible paid personally by the general sessions court clerk (\$500).

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 represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity 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, 2007.

B. Note Receivable

The note receivable of \$172,722 in the General Debt Service Fund on June 30, 2007, resulted from the county (primary government) financing projects for the Union County School Department. This note is split into a current note receivable (\$18,332) representing the amount due within one year and a long-term note receivable (\$154,390) representing the amount due beyond one year.

A reserve for the noncurrent portion of the note was established since this amount is not available to meet current obligations.

C. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2007, was as follows. As previously noted, these amounts do not include the capital assets of the Highway Department and the county's infrastructure.

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 606,080	\$ 0	(140,000)	\$ 466,080
Construction in Progress	42,532	642,395	(42,532)	642,395
Total Capital Assets Not Depreciated	<u>\$ 648,612</u>	<u>\$ 642,395</u>	<u>\$ (182,532)</u>	<u>\$ 1,108,475</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,448,024	\$ 443,500	\$ 0	\$ 1,891,524
Other Capital Assets	557,485	133,474	0	690,959
Total Capital Assets Depreciated	<u>\$ 2,005,509</u>	<u>\$ 576,974</u>	<u>\$ 0</u>	<u>\$ 2,582,483</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 850,486	\$ 31,418	\$ 0	\$ 881,904
Other Capital Assets	359,361	87,791	0	447,152
Total Accumulated Depreciation	<u>\$ 1,209,847</u>	<u>\$ 119,209</u>	<u>\$ 0</u>	<u>\$ 1,329,056</u>

Governmental Activities (Cont.):

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Total Capital Assets Depreciated, Net	\$ 795,662	\$ 457,765	\$ 0	\$ 1,253,427
Governmental Activities Capital Assets, Net	\$ 1,444,274	\$ 1,100,160	\$ (182,532)	\$ 2,361,902

The \$642,395 reflected above as Construction in Progress is the amount of construction costs associated with the uncompleted jail renovation capital project.

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

Governmental Activities:

General Government	\$ 24,863
Public Safety	46,016
Public Health and Welfare	47,788
Social, Cultural, and Recreational Services	542
Total Depreciation Expense - Governmental Activities	<u>\$ 119,209</u>

Discretely Presented Union County School Department

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

Governmental Activities:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 1,345,209	\$ 0	\$ 1,345,209
Total Capital Assets Not Depreciated	\$ 1,345,209	\$ 0	\$ 1,345,209
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,378,512	\$ 471,537	\$ 19,850,049
Infrastructure	0	31,500	31,500
Other Capital Assets	331,369	408,953	740,322
Total Capital Assets Depreciated	\$ 19,709,881	\$ 911,990	\$ 20,621,871

Governmental Activities (Cont):

	Balance 7-1-06	Increases	Balance 6-30-07
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 6,751,395	\$ 476,297	\$ 7,227,692
Infrastructure	0	2,100	2,100
Other Capital Assets	77,541	44,731	122,272
Total Accumulated Depreciation	<u>\$ 6,828,936</u>	<u>\$ 523,128</u>	<u>\$ 7,352,064</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,880,945</u>	<u>\$ 388,862</u>	<u>\$ 13,269,807</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,226,154</u>	<u>\$ 388,862</u>	<u>\$ 14,615,016</u>

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

Governmental Activities:

Instruction	\$ 27,809
Support Services	<u>495,319</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 523,128</u>

D. Construction Commitments

At June 30, 2007, the General Capital Projects Fund had uncompleted construction contracts of approximately \$474,347 for the renovation of the county jail. Funding for these future expenditures has been received from capital outlay note proceeds.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 66,577
Discretely Presented School Department:		
General Purpose School	School Federal Projects	200,000

The receivable in the General Purpose School Fund (\$200,000) represents the unpaid balance of an internal revenue anticipation note due from the School Federal Projects Fund as of June 30, 2007.

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

Due to/from primary government and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component unit: Central Cafeteria	Primary government: General Debt Service	\$ 1,077

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In Nonmajor Governmental Funds</u>
General Fund	\$ 56,181
Total	<u>\$ 56,181</u>

Discretely Presented Union County School Department

<u>Transfers Out</u>	<u>Transfers In General Purpose School Fund</u>
School Federal Projects Fund	\$ 14,947
Total	<u>\$ 14,947</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.

The transfer of \$56,181 from the General Fund to the nonmajor governmental funds was to provide additional funding for the jail renovation project.

F. 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 require 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 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 Highway Department's failure to record its capital assets.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2008	\$ 21,773
2009	7,985
Total Minimum Lease Payments	<u>\$ 29,758</u>
Amount Representing Interest	<u>(940)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 28,818</u></u>

G. 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 other loans outstanding were issued for original terms of up to 17 years for bonds, up to eight years for notes, and up to 21 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All general obligation bonds, notes, and other loans outstanding as of June 30, 2007, will be retired from the General Debt Service Fund or the Ambulance Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds -			
School Refunding	2 to 3.7%	\$ 7,710,000	\$ 6,845,000
Capital Outlay Notes	4.29 to 4.75	1,727,000	1,707,900
Other Loans - School			
Building and Improvements	Variable	4,000,000	2,355,000
Capital Leases	4.25	101,822	28,818

Union County has entered into a loan agreement with the Public Building Authority of Sevier County, Tennessee. Under this loan agreement, the authority 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 (BMA) Municipal Index. In addition, the county pays various fees (liquidity, trustee, remarketing, and issuer) in connection with this loan. At June 30, 2007, the variable rate was 3.76 percent, and other fees were approximately .56 percent.

The annual requirements to amortize all bonds, notes, and other loans outstanding as of June 30, 2007, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 340,000	\$ 218,760	\$ 217,585	\$ 73,275
2009	350,000	211,960	230,247	84,578
2010	355,000	204,085	241,068	54,378
2011	370,000	195,210	187,000	43,715
2012	385,000	184,110	195,000	35,693
2013-2017	2,485,000	733,835	637,000	55,384
2018-2020	2,560,000	188,495	0	0
Total	\$ 6,845,000	\$ 1,936,455	\$ 1,707,900	\$ 347,023

Year Ending June 30	Other Loans (\$4,000,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 220,000	\$ 88,548	\$ 13,188	\$ 321,736
2009	230,000	80,276	11,956	322,232
2010	240,000	71,628	10,668	322,296
2011	250,000	62,604	9,324	321,928
2012	260,000	53,204	7,924	321,128
2013-2016	1,155,000	110,732	16,492	1,282,224
Total	\$ 2,355,000	\$ 466,992	\$ 69,552	2,891,544

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 13 years.

There is \$2,214,072 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$384, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases outstanding totaled \$614, based on the 2000 federal census.

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

Governmental Activities:	Bonds	Notes	Capital Leases
Balance, July 1, 2006	\$ 7,175,000	\$ 26,212	\$ 49,890
Additions	0	1,707,900	0
Deductions	(330,000)	(26,212)	(21,072)
Balance, June 30, 2007	\$ 6,845,000	\$ 1,707,900	28,818
Balance Due Within One Year	\$ 340,000	\$ 217,585	\$ 20,973

	Other Loans	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2006	\$ 2,695,854	\$ 1,596,033
Deductions	(340,854)	0
Balance, June 30, 2007	<u>\$ 2,355,000</u>	<u>\$ 1,596,033</u>
Balance Due Within One Year	<u>\$ 220,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 12,532,751
Less: Balance Due Within One Year	<u>(798,559)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,734,192</u>

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

Discretely Presented Union County School Department

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

Governmental Activities:	Notes	Other Long-term Liabilities
Balance, July 1, 2006	\$ 0	\$ 0
Additions	172,722	726,418
Balance, June 30, 2007	<u>\$ 172,722</u>	<u>726,418</u>
Balance Due Within One Year	<u>\$ 18,332</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 899,140
Less: Balance Due Within One Year	<u>(18,332)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 880,808</u>

The annual requirements to amortize the note outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2008	\$ 18,332	\$ 7,307
2009	19,376	6,623
2010	20,207	5,792
2011	21,074	4,925
2012	21,978	4,022
2013-2015	<u>71,755</u>	<u>6,243</u>
Total	<u>\$ 172,722</u>	<u>\$ 34,912</u>

The other long-term liability represents the amount that has been agreed upon to settle a dispute raised by the teacher's association regarding the county's share of health insurance costs for prior years. At this time, no formal payment schedule has been accepted by the association. Therefore, the amount of liability due within one year has not been determined. However, the entire amount is due before December 2008.

V. OTHER INFORMATION

A. Risk Management

The Highway Department and the discretely presented Union County School Department have joined the Local Government Group Insurance Fund (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 was 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.

The Ambulance Service Department provides health insurance coverage for its employees through a commercial insurance provider. Health insurance is not provided for other employees of the primary government, with the exception of the Highway Department discussed above.

Union County also participates in the Tennessee School Boards Risk Management Trust (TSB-RMT) which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The county pays an annual premium to the TSB-RMT for general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

The School Department carries commercial insurance for 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. Subsequent Event

On July 2, 2007, Union County issued a capital outlay note (\$300,100) for the purchase of a building and other capital expenditures.

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. Changes in Administration

On August 31, 2006, Jim Houston left the Office of County Clerk and was succeeded by Pam Ailor, and Willie Evans left the Office of Sheriff and was succeeded by Earl Loy, Jr.

E. 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 the 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 a 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.

F. 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 Eighth 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, 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, 2007, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Eighth Judicial District
P.O. Box 10
Huntsville, TN 37756

G. Retirement Commitments

Employees

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 <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, 2007, was 5.17 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, 2007, was 2.71 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, 2007, Union County's annual pension cost of \$105,544 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion

attributable to the effects of inflation on salaries), (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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$105,544	100%	\$0
6-30-06	79,835	100	0
6-30-05	92,330	100	0

Board of Education Employees

For the year ended June 30, 2007, Union County's annual pension cost of \$64,387 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$64,387	100%	\$0
6-30-06	0	100	0
6-30-05	0	100	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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.treasury.state.tn.us/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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$715,271, \$599,144, and \$602,326, respectively, equal to the required contributions for each year.

H. Other Post-employment Benefits

In addition to the retirement commitments described above, the School Department also provides post-retirement health care benefits and \$10,000 of life and accidental death and dismemberment coverage, in accordance with contract provisions, to employees with at least 25 years of service in Union County, who retire after September 1, 2004. The retirees may continue their coverage for seven years or to the age of 65, whichever comes first. Currently, five retirees meet these eligibility requirements. The School Department pays an average of \$85 per month for each eligible retiree's insurance premiums. During the year, expenditures were recognized for post-employment health care totaling \$5,117.

I. 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 (TCA), which provide for purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by Chapter 154, Private Acts of 1943 and the Uniform Road Law, Section 54-7-113, TCA, which provide 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, TCA, 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 \$10,000.

**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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,190,467	\$ 2,025,065	\$ 2,025,065	\$ 165,402
Licenses and Permits	57,483	70,000	70,000	(12,517)
Fines, Forfeitures, and Penalties	108,769	103,695	103,695	5,074
Charges for Current Services	28,283	44,500	44,500	(16,217)
Other Local Revenues	93,292	25,000	58,142	35,150
Fees Received from County Officials	696,264	588,500	588,500	107,764
State of Tennessee	922,533	1,345,600	927,224	(4,691)
Federal Government	666,677	32,000	702,000	(35,323)
Other Governments and Citizens Groups	0	30,461	0	0
Total Revenues	\$ 4,763,768	\$ 4,264,821	\$ 4,519,126	\$ 244,642
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 53,835	\$ 63,339	\$ 63,449	\$ 9,614
Board of Equalization	780	1,080	1,080	300
Budget and Finance Committee	900	1,200	1,200	300
County Mayor/Executive	152,512	153,547	153,547	1,035
County Attorney	12,663	12,548	13,048	385
Election Commission	263,727	122,927	265,968	2,241
Register of Deeds	116,921	122,769	123,058	6,137
Development	9,186	10,743	10,743	1,557
County Buildings	238,792	265,497	250,336	11,544
Other General Administration	119,442	128,870	126,934	7,492
<u>Finance</u>				
Property Assessor's Office	80,279	80,782	80,722	443
Reappraisal Program	76,377	95,508	87,508	11,131
County Trustee's Office	150,188	151,435	153,913	3,725
County Clerk's Office	180,272	182,355	183,354	3,082
Other Finance	51,224	47,000	47,000	(4,224)
<u>Administration of Justice</u>				
Circuit Court	160,874	164,386	167,312	6,438
General Sessions Court	76,236	73,562	76,758	522
Chancery Court	101,488	104,945	104,795	3,307
<u>Public Safety</u>				
Sheriff's Department	801,445	865,827	860,203	58,758
Jail	474,897	409,634	489,014	14,117
Juvenile Services	58,807	63,799	63,799	4,992
Fire Prevention and Control	60,000	65,000	65,000	5,000
Rescue Squad	20,000	20,000	20,000	0
County Coroner/Medical Examiner	13,000	12,000	12,000	(1,000)
<u>Public Health and Welfare</u>				
Local Health Center	146,226	169,812	178,312	32,086
Rabies and Animal Control	15,900	15,000	16,417	517

(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>				
Crippled Children Services	\$ 1,000	\$ 1,000	\$ 1,000	\$ 0
Appropriation to State	22,500	22,500	22,500	0
Sanitation Management	4,593	5,000	5,000	407
Convenience Centers	34,052	26,577	34,177	125
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	92,316	80,485	96,225	3,909
Libraries	55,016	61,062	61,062	6,046
Parks and Fair Boards	27,047	45,962	35,922	8,875
Other Social, Cultural, and Recreational	5,000	5,000	5,000	0
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	31,916	38,410	38,410	6,494
Forest Service	500	500	500	0
Soil Conservation	32,389	33,261	33,261	872
<u>Other Operations</u>				
Veterans' Services	12,912	13,049	13,049	137
Contributions to Other Agencies	1,500	1,500	1,500	0
Employee Benefits	329,374	301,692	336,035	6,661
Payments to Cities	21,000	21,000	21,000	0
Miscellaneous	64,634	51,420	121,420	56,786
<u>Highways</u>				
Litter and Trash Collection	38,027	39,375	40,011	1,984
<u>Capital Projects</u>				
Other General Government Projects	509,306	542,446	619,684	110,378
Total Expenditures	<u>\$ 4,719,053</u>	<u>\$ 4,693,804</u>	<u>\$ 5,101,226</u>	<u>\$ 382,173</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,715	\$ (428,983)	\$ (582,100)	\$ 626,815
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (56,181)	\$ 0	\$ (56,181)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (56,181)</u>	<u>\$ 0</u>	<u>\$ (56,181)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (11,466)	\$ (428,983)	\$ (638,281)	\$ 626,815
Fund Balance, July 1, 2006	1,346,380	1,273,849	1,273,849	72,531
Fund Balance, June 30, 2007	<u>\$ 1,334,914</u>	<u>\$ 844,866</u>	<u>\$ 635,568</u>	<u>\$ 699,346</u>

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 240,064	\$ 215,105	\$ 239,105	\$ 959
Charges for Current Services	1,002,118	912,000	967,000	35,118
Total Revenues	<u>\$ 1,242,182</u>	<u>\$ 1,127,105</u>	<u>\$ 1,206,105</u>	<u>\$ 36,077</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,313,630	\$ 1,150,350	\$ 1,402,250	\$ 88,620
Total Expenditures	<u>\$ 1,313,630</u>	<u>\$ 1,150,350</u>	<u>\$ 1,402,250</u>	<u>\$ 88,620</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (71,448)	\$ (23,245)	\$ (196,145)	\$ 124,697
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 174,900	\$ 0	\$ 174,900	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 174,900</u>	<u>\$ 0</u>	<u>\$ 174,900</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 103,452	\$ (23,245)	\$ (21,245)	\$ 124,697
Fund Balance, July 1, 2006	<u>267,423</u>	<u>350,287</u>	<u>350,287</u>	<u>(82,864)</u>
Fund Balance, June 30, 2007	<u>\$ 370,875</u>	<u>\$ 327,042</u>	<u>\$ 329,042</u>	<u>\$ 41,833</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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 171,323	\$ 167,000	\$ 167,000	\$ 4,323
Charges for Current Services	570	0	0	570
Other Local Revenues	29,537	28,500	28,500	1,037
State of Tennessee	1,669,995	1,555,423	1,555,423	114,572
Other Governments and Citizens Groups	372,414	30,000	372,414	0
Total Revenues	\$ 2,243,839	\$ 1,780,923	\$ 2,123,337	\$ 120,502
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 111,949	\$ 116,826	\$ 116,376	\$ 4,427
Highway and Bridge Maintenance	1,407,097	870,009	1,469,793	62,696
Operation and Maintenance of Equipment	124,698	159,100	134,100	9,402
Ferry Operations	41,567	41,808	41,808	241
Other Charges	172,250	207,100	207,935	35,685
Employee Benefits	348,549	322,500	359,000	10,451
Capital Outlay	37,445	137,989	116,917	79,472
<u>Principal on Debt</u>				
Highways and Streets	146,926	126,000	147,072	146
<u>Interest on Debt</u>				
Highways and Streets	6,229	11,500	11,500	5,271
<u>Other Debt Service</u>				
Highways and Streets	1,601	2,000	2,000	399
Total Expenditures	\$ 2,398,311	\$ 1,994,832	\$ 2,606,501	\$ 208,190
Excess (Deficiency) of Revenues Over Expenditures	\$ (154,472)	\$ (213,909)	\$ (483,164)	\$ 328,692
Net Change in Fund Balance	\$ (154,472)	\$ (213,909)	\$ (483,164)	\$ 328,692
Fund Balance, July 1, 2006	607,622	213,909	483,164	124,458
Fund Balance, June 30, 2007	\$ 453,150	\$ 0	\$ 0	\$ 453,150

Exhibit E-4

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

Required Supplementary Information
 Schedule of Funding Progress for Union County

(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	UAAL as a Percentage of Covered Payroll ((b-a)/c)
--------------------------------	--	---	--------------------------------------	--------------------------	--------------------	---

General County Employees

6-30-05	\$ 2,141	\$ 2,150	\$ 9	99.62 %	\$ 2,204	0.37 %
6-30-03	1,731	1,740	9	99.48	1,616	0.56
6-30-01	1,457	1,457	0	100.00	1,193	0.00

Board of Education Employees

6-30-05	4,591	4,591	0	100.00	1,896	0.00
6-30-03	4,299	4,299	0	100.00	1,627	0.00
6-30-01	4,074	4,074	0	100.00	1,672	0.00

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

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

<u>Major Category</u>	<u>Amount Overspent</u>
County Coroner/Medical Examiner	\$ 1,000
Other Finance	4,224

Such overexpenditures are a violation of state law. These overexpenditures were funded by excess funds resulting from expenditures being below estimates in other major categories and available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for 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 Funds

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

General Capital Projects – The General Capital Projects Fund is used to account for expenditures related to the renovation of the county jail.

Community Development/Industrial Park 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, 2007

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	<u>Total</u>	<u>General Capital Projects</u>	<u>Community Development/ Industrial Park</u>	<u>Total</u>	
<u>ASSETS</u>							
Cash	\$ 0	\$ 139	\$ 139	\$ 0	\$ 0	\$ 0	139
Equity in Pooled Cash and Investments	37,293	0	37,293	686,341	161,164	847,505	884,798
Total Assets	\$ 37,293	\$ 139	\$ 37,432	\$ 686,341	\$ 161,164	\$ 847,505	\$ 884,937
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 134,758	\$ 0	\$ 134,758	134,758
Retainage Payable	0	0	0	7,091	0	7,091	7,091
Due to Other Funds	0	139	139	66,438	0	66,438	66,577
Total Liabilities	\$ 0	\$ 139	\$ 139	\$ 208,287	\$ 0	\$ 208,287	\$ 208,426
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 474,347	\$ 0	\$ 474,347	474,347
Unreserved	37,293	0	37,293	3,707	161,164	164,871	202,164
Total Fund Balances	\$ 37,293	\$ 0	\$ 37,293	\$ 478,054	\$ 161,164	\$ 639,218	\$ 676,511
Total Liabilities and Fund Balances	\$ 37,293	\$ 139	\$ 37,432	\$ 686,341	\$ 161,164	\$ 847,505	\$ 884,937

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, 2007

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 22,820	\$ 0	\$ 22,820	\$ 0	\$ 0	\$ 0	\$ 22,820
Charges for Current Services	0	298	298	0	0	0	298
Other Local Revenues	1,000	0	1,000	0	0	0	1,000
Total Revenues	\$ 23,820	\$ 298	\$ 24,118	\$ 0	\$ 0	\$ 0	\$ 24,118
<u>Expenditures</u>							
Current:							
Finance	\$ 0	\$ 218	\$ 218	\$ 0	\$ 0	\$ 0	\$ 218
Administration of Justice	0	80	80	0	0	0	80
Public Safety	20,603	0	20,603	0	0	0	20,603
Other Operations	0	0	0	0	65,967	65,967	65,967
Capital Outlay	0	0	0	172,718	0	172,718	172,718
Capital Projects	0	0	0	765,687	0	765,687	765,687
Total Expenditures	\$ 20,603	\$ 298	\$ 20,901	\$ 938,405	\$ 65,967	\$ 1,004,372	\$ 1,025,273
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,217	\$ 0	\$ 3,217	\$ (938,405)	\$ (65,967)	\$ (1,004,372)	\$ (1,001,155)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,360,278	\$ 0	\$ 1,360,278	\$ 1,360,278
Transfers In	0	0	0	56,181	0	56,181	56,181
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 1,416,459	\$ 0	\$ 1,416,459	\$ 1,416,459
Net Change in Fund Balances	\$ 3,217	\$ 0	\$ 3,217	\$ 478,054	\$ (65,967)	\$ 412,087	\$ 415,304
Fund Balance, July 1, 2006	34,076	0	34,076	0	227,131	227,131	261,207
Fund Balance, June 30, 2007	\$ 37,293	\$ 0	\$ 37,293	\$ 478,054	\$ 161,164	\$ 639,218	\$ 676,511

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 22,820	\$ 12,500	\$ 12,500	\$ 10,320
Other Local Revenues	1,000	0	0	1,000
Total Revenues	<u>\$ 23,820</u>	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ 11,320</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 0	\$ 500	\$ 0	\$ 0
<u>Public Safety</u>				
Drug Enforcement	20,603	17,800	25,347	4,744
Total Expenditures	<u>\$ 20,603</u>	<u>\$ 18,300</u>	<u>\$ 25,347</u>	<u>\$ 4,744</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,217</u>	<u>\$ (5,800)</u>	<u>\$ (12,847)</u>	<u>\$ 16,064</u>
Net Change in Fund Balance	\$ 3,217	\$ (5,800)	\$ (12,847)	\$ 16,064
Fund Balance, July 1, 2006	<u>34,076</u>	<u>34,899</u>	<u>34,899</u>	<u>(823)</u>
Fund Balance, June 30, 2007	<u>\$ 37,293</u>	<u>\$ 29,099</u>	<u>\$ 22,052</u>	<u>\$ 15,241</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

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 457,259	\$ 449,045	\$ 449,045	\$ 8,214
Other Local Revenues	151,830	60,000	60,000	91,830
Other Governments and Citizens Groups	500,000	500,000	500,000	0
Total Revenues	<u>\$ 1,109,089</u>	<u>\$ 1,009,045</u>	<u>\$ 1,009,045</u>	<u>\$ 100,044</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 26,212	\$ 26,250	\$ 26,250	\$ 38
Education	545,000	670,854	545,000	0
<u>Interest on Debt</u>				
General Government	917	917	917	0
Education	331,638	287,365	413,219	81,581
<u>Other Debt Service</u>				
General Government	14,327	33,260	33,260	18,933
Total Expenditures	<u>\$ 918,094</u>	<u>\$ 1,018,646</u>	<u>\$ 1,018,646</u>	<u>\$ 100,552</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 190,995</u>	<u>\$ (9,601)</u>	<u>\$ (9,601)</u>	<u>\$ 200,596</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 172,722	0	\$ 172,722	0
Total Other Financing Sources (Uses)	<u>\$ 172,722</u>	<u>\$ 0</u>	<u>\$ 172,722</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 363,717	\$ (9,601)	\$ 163,121	\$ 200,596
Fund Balance, July 1, 2006	<u>1,850,355</u>	<u>1,823,259</u>	<u>1,823,259</u>	<u>27,096</u>
Fund Balance, June 30, 2007	<u>\$ 2,214,072</u>	<u>\$ 1,813,658</u>	<u>\$ 1,986,380</u>	<u>\$ 227,692</u>

Fiduciary Funds

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

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

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, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 722,188	\$ 722,188
Due from Other Governments	78,043	0	78,043
Total Assets	<u>\$ 78,043</u>	<u>\$ 722,188</u>	<u>\$ 800,231</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 78,043	\$ 0	\$ 78,043
Due to Litigants, Heirs, and Others	0	722,188	722,188
Total Liabilities	<u>\$ 78,043</u>	<u>\$ 722,188</u>	<u>\$ 800,231</u>

Exhibit H-2

Union County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 479,421	\$ 479,421	\$ 0
Due from Other Governments	83,513	78,043	83,513	78,043
Total Assets	\$ 83,513	\$ 557,464	\$ 562,934	\$ 78,043
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 83,513	\$ 557,464	\$ 562,934	\$ 78,043
Total Liabilities	\$ 83,513	\$ 557,464	\$ 562,934	\$ 78,043
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 819,179	\$ 2,856,096	\$ 2,953,087	\$ 722,188
Total Assets	\$ 819,179	\$ 2,856,096	\$ 2,953,087	\$ 722,188
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 819,179	\$ 2,856,096	\$ 2,953,087	\$ 722,188
Total Liabilities	\$ 819,179	\$ 2,856,096	\$ 2,953,087	\$ 722,188
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 819,179	\$ 2,856,096	\$ 2,953,087	\$ 722,188
Equity in Pooled Cash and Investments	0	479,421	479,421	0
Due from Other Governments	83,513	78,043	83,513	78,043
Total Assets	\$ 902,692	\$ 3,413,560	\$ 3,516,021	\$ 800,231
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 83,513	\$ 557,464	\$ 562,934	\$ 78,043
Due to Litigants, Heirs, and Others	819,179	2,856,096	2,953,087	722,188
Total Liabilities	\$ 902,692	\$ 3,413,560	\$ 3,516,021	\$ 800,231

Union County School Department

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

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

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

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

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

Exhibit I-1

Union County, Tennessee
Statement of Activities
Discretely Presented Union County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:					
Instruction	\$ 14,783,927	\$ 0	\$ 2,111,198	\$ 0	\$ (12,672,729)
Support Services	7,847,335	215	397,775	446,052	(7,003,293)
Operation of Non-Instructional Services	1,417,888	424,993	1,062,933	0	70,038
Debt Service	500,000	0	0	0	(500,000)
Total Governmental Activities	<u>\$ 24,549,150</u>	<u>\$ 425,208</u>	<u>\$ 3,571,906</u>	<u>\$ 446,052</u>	<u>\$ (20,105,984)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,171,098
Local Option Sales Tax					797,103
Other Local Taxes					2,948
Grants and Contributions Not Restricted to Specific Programs					16,026,933
Unrestricted Investment Income					1,077
Miscellaneous					26,713
Total General Revenues					<u>\$ 19,025,872</u>
Change in Net Assets					\$ (1,080,112)
Net Assets, July 1, 2006					<u>15,834,504</u>
Net Assets, June 30, 2007					<u>\$ 14,754,392</u>

Exhibit I-2

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

	Major Funds		Nonmajor	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
ASSETS				
Equity in Pooled Cash and Investments	\$ 209,236	\$ 0	\$ 204,315	\$ 413,551
Accounts Receivable	65,471	0	0	65,471
Due from Other Governments	543,145	388,231	14,010	945,386
Due from Other Funds	200,000	0	0	200,000
Due from Primary Government	0	0	1,077	1,077
Property Taxes Receivable	2,313,689	0	0	2,313,689
Allowance for Uncollectible Property Taxes	(104,125)	0	0	(104,125)
Total Assets	\$ 3,227,416	\$ 388,231	\$ 219,402	\$ 3,835,049
LIABILITIES AND FUND BALANCES				
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 1,213	\$ 0	\$ 0	\$ 1,213
Cash Overdraft	0	177,215	0	177,215
Due to Other Funds	0	200,000	0	200,000
Other Current Liabilities	341,967	0	0	341,967
Deferred Revenue - Current Property Taxes	2,076,138	0	0	2,076,138
Deferred Revenue - Delinquent Property Taxes	124,657	0	0	124,657
Other Deferred Revenues	82,172	0	0	82,172
Total Liabilities	\$ 2,626,147	\$ 377,215	\$ 0	\$ 3,003,362
<u>Fund Balances</u>				
Reserved for Special Education - Grants to States	\$ 0	\$ 8,250	\$ 0	\$ 8,250
Other Federal Reserves	0	2,766	0	2,766
Unreserved, Reported In:				
General Fund	601,269	0	0	601,269
Special Revenue Funds	0	0	219,402	219,402
Total Fund Balances	\$ 601,269	\$ 11,016	\$ 219,402	\$ 831,687
Total Liabilities and Fund Balances	\$ 3,227,416	\$ 388,231	\$ 219,402	\$ 3,835,049

Exhibit I-3

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, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	831,687
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,345,209	
Add: building and improvements net of accumulated depreciation		12,622,357	
Add: infrastructure net of accumulated depreciation		29,400	
Add: other capital assets net of accumulated depreciation		<u>618,050</u>	14,615,016
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			206,829
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(172,722)	
Less: other long-term liabilities		<u>(726,418)</u>	<u>(899,140)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 14,754,392</u>

Exhibit I-4

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, 2007

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,016,318	\$ 0	\$ 0	\$ 3,016,318
Licenses and Permits	2,155	0	0	2,155
Charges for Current Services	25,464	0	399,744	425,208
Other Local Revenues	85,374	0	1,077	86,451
State of Tennessee	15,668,028	0	17,071	15,685,099
Federal Government	905,007	2,192,481	908,543	4,006,031
Other Governments and Citizens Groups	0	0	172,718	172,718
Total Revenues	\$ 19,702,346	\$ 2,192,481	\$ 1,499,153	\$ 23,393,980
<u>Expenditures</u>				
Current:				
Instruction	\$ 12,431,029	\$ 1,628,652	\$ 0	\$ 14,059,681
Support Services	7,255,620	566,870	0	7,822,490
Operation of Non-Instructional Services	116,256	0	1,243,163	1,359,419
Capital Outlay	65,019	1,076	345,440	411,535
Debt Service:				
Other Debt Service	500,000	0	0	500,000
Total Expenditures	\$ 20,367,924	\$ 2,196,598	\$ 1,588,603	\$ 24,153,125
Excess (Deficiency) of Revenues Over Expenditures	\$ (665,578)	\$ (4,117)	\$ (89,450)	\$ (759,145)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 172,722	\$ 172,722
Transfers In	14,947	0	0	14,947
Transfers Out	0	(14,947)	0	(14,947)
Total Other Financing Sources (Uses)	\$ 14,947	\$ (14,947)	\$ 172,722	\$ 172,722
Net Change in Fund Balances	\$ (650,631)	\$ (19,064)	\$ 83,272	\$ (586,423)
Fund Balance, July 1, 2006	1,251,900	30,080	136,130	1,418,110
Fund Balance, June 30, 2007	\$ 601,269	\$ 11,016	\$ 219,402	\$ 831,687

Exhibit I-5

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, 2007

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(586,423)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	911,990	
Less: current year depreciation expense		<u>(523,128)</u>	388,862
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$	206,829	
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(190,240)</u>	16,589
(3) The issuance of long-term debt (e.g., notes) 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.			
Less: note proceeds			(172,722)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other long-term liabilities			<u>(726,418)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>(1,080,112)</u>

Exhibit I-6

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

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 399,744	\$ 0	\$ 399,744
Other Local Revenues	1,077	0	1,077
State of Tennessee	17,071	0	17,071
Federal Government	908,543	0	908,543
Other Governments and Citizens Groups	0	172,718	172,718
Total Revenues	<u>\$ 1,326,435</u>	<u>\$ 172,718</u>	<u>\$ 1,499,153</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,243,163	\$ 0	\$ 1,243,163
Capital Outlay	0	345,440	345,440
Total Expenditures	<u>\$ 1,243,163</u>	<u>\$ 345,440</u>	<u>\$ 1,588,603</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 83,272</u>	<u>\$ (172,722)</u>	<u>\$ (89,450)</u>
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 0	\$ 172,722	\$ 172,722
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 172,722</u>	<u>\$ 172,722</u>
Net Change in Fund Balances	\$ 83,272	\$ 0	\$ 83,272
Fund Balance, July 1, 2006	136,130	0	136,130
Fund Balance, June 30, 2007	<u>\$ 219,402</u>	<u>\$ 0</u>	<u>\$ 219,402</u>

Exhibit I-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,016,318	\$ 3,036,247	\$ 3,113,677	\$ (97,359)
Licenses and Permits	2,155	2,000	2,000	155
Charges for Current Services	25,464	19,000	25,240	224
Other Local Revenues	85,374	21,000	94,101	(8,727)
State of Tennessee	15,668,028	15,429,412	15,811,762	(143,734)
Federal Government	905,007	23,222	853,778	51,229
Total Revenues	\$ 19,702,346	\$ 18,530,881	\$ 19,900,558	\$ (198,212)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 9,443,668	\$ 8,559,295	\$ 9,444,029	\$ 361
Special Education Program	2,003,191	2,012,892	2,015,392	12,201
Vocational Education Program	873,444	855,684	873,884	440
Adult Education Program	110,726	91,841	111,126	400
<u>Support Services</u>				
Health Services	51,584	51,130	51,702	118
Other Student Support	322,971	315,485	323,061	90
Regular Instruction Program	1,789,848	1,063,933	1,789,945	97
Special Education Program	109,375	109,573	109,573	198
Vocational Education Program	119,673	119,906	119,906	233
Adult Programs	88,187	90,698	90,638	2,451
Board of Education	386,087	382,086	386,086	(1)
Director of Schools	154,989	155,352	155,352	363
Office of the Principal	1,132,002	1,077,793	1,132,005	3
Fiscal Services	172,804	172,188	172,903	99
Operation of Plant	1,375,945	1,375,946	1,375,946	1
Maintenance of Plant	384,277	305,777	384,277	0
Transportation	1,056,794	1,041,359	1,057,638	844
Central and Other	111,084	112,519	112,519	1,435
<u>Operation of Non-Instructional Services</u>				
Food Service	5,568	8,557	8,557	2,989
Community Services	110,688	123,867	123,867	13,179
<u>Capital Outlay</u>				
Regular Capital Outlay	65,019	5,000	80,000	14,981
<u>Other Debt Service</u>				
Education	500,000	500,000	500,000	0
Total Expenditures	\$ 20,367,924	\$ 18,530,881	\$ 20,418,406	\$ 50,482
Excess (Deficiency) of Revenues Over Expenditures	\$ (665,578)	\$ 0	\$ (517,848)	\$ (147,730)

(Continued)

Exhibit I-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 14,947	\$ 0	\$ 14,940	\$ 7
Total Other Financing Sources (Uses)	\$ 14,947	\$ 0	\$ 14,940	\$ 7
Net Change in Fund Balance	\$ (650,631)	\$ 0	\$ (502,908)	\$ (147,723)
Fund Balance, July 1, 2006	1,251,900	1,241,659	1,241,659	10,241
Fund Balance, June 30, 2007	\$ 601,269	\$ 1,241,659	\$ 738,751	\$ (137,482)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,192,481	\$ 2,601,127	\$ 2,601,127	\$ (408,646)
Total Revenues	\$ 2,192,481	\$ 2,601,127	\$ 2,601,127	\$ (408,646)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 906,673	\$ 987,814	\$ 1,012,322	\$ 105,649
Special Education Program	659,928	815,675	825,014	165,086
Vocational Education Program	62,051	67,441	62,056	5
<u>Support Services</u>				
Health Services	0	7,732	4,262	4,262
Other Student Support	25,398	15,345	30,379	4,981
Regular Instruction Program	317,767	385,307	352,133	34,366
Special Education Program	45,202	57,970	72,995	27,793
Transportation	163,519	187,913	180,530	17,011
Central and Other	14,984	38,205	23,711	8,727
<u>Capital Outlay</u>				
Regular Capital Outlay	1,076	1,076	1,076	0
Total Expenditures	\$ 2,196,598	\$ 2,564,478	\$ 2,564,478	\$ 367,880
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,117)	\$ 36,649	\$ 36,649	\$ (40,766)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (14,947)	\$ (36,649)	\$ (36,649)	\$ 21,702
Total Other Financing Sources (Uses)	\$ (14,947)	\$ (36,649)	\$ (36,649)	\$ 21,702
Net Change in Fund Balance	\$ (19,064)	\$ 0	\$ 0	\$ (19,064)
Fund Balance, July 1, 2006	30,080	0	0	30,080
Fund Balance, June 30, 2007	\$ 11,016	\$ 0	\$ 0	\$ 11,016

Exhibit I-9

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 399,744	\$ 440,500	\$ 399,744	\$ 0
Other Local Revenues	1,077	0	0	1,077
State of Tennessee	17,071	19,000	17,071	0
Federal Government	908,543	779,500	912,533	(3,990)
Total Revenues	<u>\$ 1,326,435</u>	<u>\$ 1,239,000</u>	<u>\$ 1,329,348</u>	<u>\$ (2,913)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,243,163	\$ 1,245,000	\$ 1,264,999	\$ 21,836
Total Expenditures	<u>\$ 1,243,163</u>	<u>\$ 1,245,000</u>	<u>\$ 1,264,999</u>	<u>\$ 21,836</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 83,272</u>	<u>\$ (6,000)</u>	<u>\$ 64,349</u>	<u>\$ 18,923</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 6,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 6,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 83,272	\$ 0	\$ 64,349	\$ 18,923
Fund Balance, July 1, 2006	136,130	136,130	136,130	0
Fund Balance, June 30, 2007	<u>\$ 219,402</u>	<u>\$ 136,130</u>	<u>\$ 200,479</u>	<u>\$ 18,923</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Union County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Union County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Sheriff Vehicles	\$ 76,000	3.5 %	2-12-04	2-12-07	\$ 26,212	\$ 0	\$ 26,212	\$ 0
Jail & Courthouse Renovations (\$1,187,560) and School Renovations (\$345,440)	1,533,000	4.29	2-6-07	2-1-15	0	1,533,000	0	1,533,000
Total Payable through General Debt Service Fund					<u>\$ 26,212</u>	<u>\$ 1,533,000</u>	<u>\$ 26,212</u>	<u>\$ 1,533,000</u>
<u>Payable through Ambulance Service Fund</u>								
Ambulance Vehicles	174,000	4.75	10-24-06	10-24-09	\$ 0	\$ 174,900	\$ 0	\$ 174,900
Total Payable through Ambulance Service Fund					<u>\$ 0</u>	<u>\$ 174,900</u>	<u>\$ 0</u>	<u>\$ 174,900</u>
Total Notes Payable					<u>\$ 26,212</u>	<u>\$ 1,707,900</u>	<u>\$ 26,212</u>	<u>\$ 1,707,900</u>
<u>OTHER LOANS PAYABLE</u>								
<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	\$ 125,854	\$ 0	\$ 125,854	\$ 0
Total Payable through Highway/Public Works Fund					<u>\$ 125,854</u>	<u>\$ 0</u>	<u>\$ 125,854</u>	<u>\$ 0</u>
<u>Payable through General Debt Service Fund</u>								
School Buildings and Facilities	4,000,000	Variable	12-1-1995	12-1-16	\$ 2,570,000	\$ 0	\$ 215,000	\$ 2,355,000
Total Payable through General Debt Service Fund					<u>\$ 2,570,000</u>	<u>\$ 0</u>	<u>\$ 215,000</u>	<u>\$ 2,355,000</u>
Total Other Loans Payable					<u>\$ 2,695,854</u>	<u>\$ 0</u>	<u>\$ 340,854</u>	<u>\$ 2,355,000</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Road Equipment (Backhoe)	53,772	4.25	7-20-03	5-20-08	\$ 22,305	\$ 0	\$ 11,411	\$ 10,894
Road Equipment (Tractor and Mower)	48,050	4.25	4-1-04	3-1-09	27,585	0	9,661	17,924
Total Capital Leases Payable					<u>\$ 49,890</u>	<u>\$ 0</u>	<u>\$ 21,072</u>	<u>\$ 28,818</u>

(Continued)

Exhibit J-1

Union County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Union County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT (Cont.)</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Schools Refunding Bond 2003 Series	\$ 7,710,000	2 to 3.7 %	6-27-03	4-1-20	\$ 7,175,000	\$ 0	\$ 330,000	\$ 6,845,000
Total Bonds Payable					\$ 7,175,000	\$ 0	\$ 330,000	\$ 6,845,000
<u>DISCRETELY PRESENTED UNION COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Schools Renovations - Borrowed from Primary Government	172,722	4.29	2-6-07	2-1-15	\$ 0	\$ 172,722	\$ 0	\$ 172,722
Total Notes Payable					\$ 0	\$ 172,722	\$ 0	\$ 172,722

Exhibit J-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
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	\$ 6,845,000	\$ 1,936,455	\$ 8,781,455

Exhibit J-3

Union County, Tennessee
Schedule of Notes Receivable
Primary Government
June 30, 2007

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
<u>General Debt Service Fund</u>						
Capital Outlay Note	Union County School Department	\$ 172,722	2-6-07	2-1-15	4.29%	<u>\$ 172,722</u>
Total Notes Receivable						<u>\$ 172,722</u>

The county borrowed funds through capital outlay notes and loaned a portion of the proceeds to the Union County School Department

Exhibit J-4

Union County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Union County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	General Capital Projects	To provide funds for jail renovation project	\$ <u>56,181</u>
Total Transfers Primary Government			\$ <u><u>56,181</u></u>
<u>Discretely Presented Union County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>14,947</u>
Total Transfers Discretely Presented Union County School Department			\$ <u><u>14,947</u></u>

Exhibit J-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 60,139	\$ 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>	57,276	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	52,069	513,800	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	52,069	15,000	"
County Clerk:				
Jim Houston (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	8,653	50,000	"
Pam Ailor (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	43,416	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	52,069	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	52,069	50,000	"
Register	Section 8-24-102, <u>TCA</u>	52,069	25,000	"
Sheriff:				
Willie Evans (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,518	50,000	"
Earl Loy, Jr. (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	47,758	50,000	"
Employee Blanket Bond - County and School Employees: Errors and Omissions Policy			1,000,000	Next Generation Underwriters

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

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,294,701	\$ 215,752	\$ 0	\$ 0	\$ 59,191	\$ 410,842	\$ 1,980,486
Trustee's Collections - Prior Year	85,839	14,304	0	0	3,904	27,310	131,357
Circuit/Clerk & Master Collections - Prior Years	45,506	7,397	0	0	2,068	14,121	69,092
Interest and Penalty	12,719	2,106	0	0	574	4,021	19,420
Pick-up Taxes	3,033	505	0	0	138	965	4,641
Payments in-Lieu-of Taxes - T.V.A.	4,595	0	0	0	0	0	4,595
Payments in-Lieu-of Taxes - Local Utilities	199,255	0	0	0	0	0	199,255
<u>County Local Option Taxes</u>							
Local Option Sales Tax	307,977	0	0	0	0	0	307,977
Litigation Tax - General	33,395	0	0	0	0	0	33,395
Litigation Tax - Special Purpose	32,704	0	0	0	0	0	32,704
Litigation Tax - Jail, Workhouse, or Courthouse	13,650	0	0	0	0	0	13,650
Business Tax	59,163	0	0	0	0	0	59,163
Mineral Severance Tax	0	0	0	0	105,448	0	105,448
<u>Statutory Local Taxes</u>							
Wholesale Beer Tax	95,781	0	0	0	0	0	95,781
Interstate Telecommunications Tax	2,149	0	0	0	0	0	2,149
Total Local Taxes	\$ 2,190,467	\$ 240,064	\$ 0	\$ 0	\$ 171,323	\$ 457,259	\$ 3,059,113
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 26,558	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,558
<u>Permits</u>							
Beer Permits	750	0	0	0	0	0	750
Building Permits	30,175	0	0	0	0	0	30,175
Total Licenses and Permits	\$ 57,483	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,483
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 17,581	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,581
Fines for Littering	190	0	0	0	0	0	190
Officers Costs	2,703	0	0	0	0	0	2,703

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Control Fines	\$ 0	\$ 0	\$ 10,596	\$ 0	\$ 0	\$ 0	10,596
District Attorney General Fees	282	0	0	0	0	0	282
Data Entry Fee - Circuit Court	1,564	0	0	0	0	0	1,564
<u>Criminal Court</u>							
Fines	2,728	0	0	0	0	0	2,728
<u>General Sessions Court</u>							
Fines	29,265	0	0	0	0	0	29,265
Officers Costs	26,567	0	0	0	0	0	26,567
Game and Fish Fines	1,370	0	0	0	0	0	1,370
Drug Control Fines	0	0	7,591	0	0	0	7,591
Jail Fees	1,163	0	0	0	0	0	1,163
Data Entry Fee - General Sessions Court	14,080	0	0	0	0	0	14,080
Courtroom Security Fee	639	0	0	0	0	0	639
<u>Juvenile Court</u>							
Fines	2,716	0	0	0	0	0	2,716
Officers Costs	978	0	0	0	0	0	978
Drug Control Fines	0	0	23	0	0	0	23
Data Entry Fee - Juvenile Court	160	0	0	0	0	0	160
<u>Chancery Court</u>							
Officers Costs	4,996	0	0	0	0	0	4,996
Data Entry Fee - Chancery Court	1,787	0	0	0	0	0	1,787
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	4,610	0	0	0	4,610
Total Fines, Forfeitures, and Penalties	\$ 108,769	\$ 0	\$ 22,820	\$ 0	\$ 0	\$ 0	131,589
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 570	\$ 0	570
Patient Charges	0	1,002,118	0	0	0	0	1,002,118
Other General Service Charges	140	0	0	0	0	0	140
<u>Fees</u>							
Engineer Review Fees	2,264	0	0	0	0	0	2,264

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Copy Fees	\$ 3,999	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,999
Library Fees	1,410	0	0	0	0	0	1,410
Telephone Commissions	881	0	0	0	0	0	881
Constitutional Officers' Fees and Commissions	0	0	0	298	0	0	298
Data Processing Fee - Register	9,546	0	0	0	0	0	9,546
Data Processing Fee - Sheriff	2,534	0	0	0	0	0	2,534
Sexual Offender Registration Fees - Sheriff	2,200	0	0	0	0	0	2,200
<u>Other Charges for Services</u>							
Other Charges for Services	5,309	0	0	0	0	0	5,309
Total Charges for Current Services	\$ 28,283	\$ 1,002,118	\$ 0	\$ 298	\$ 570	\$ 0	\$ 1,031,269
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 151,830	\$ 151,830
Lease/Rentals	31,080	0	0	0	0	0	31,080
Sale of Gasoline	0	0	0	0	29,364	0	29,364
Miscellaneous Refunds	49,215	0	1,000	0	173	0	50,388
<u>Nonrecurring Items</u>							
Sale of Equipment	20	0	0	0	0	0	20
Damages Recovered from Individuals	1,248	0	0	0	0	0	1,248
Contributions & Gifts	7,428	0	0	0	0	0	7,428
<u>Other Local Revenues</u>							
Other Local Revenues	4,301	0	0	0	0	0	4,301
Total Other Local Revenues	\$ 93,292	\$ 0	\$ 1,000	\$ 0	\$ 29,537	\$ 151,830	\$ 275,659
<u>Fees Received from County Officials</u>							
<u>Fees-In-Lieu of Salary</u>							
County Clerk	\$ 170,618	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	170,618
Circuit Court Clerk	52,122	0	0	0	0	0	52,122
General Sessions Court Clerk	87,112	0	0	0	0	0	87,112
Clerk and Master	89,398	0	0	0	0	0	89,398
Register	114,613	0	0	0	0	0	114,613

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees-In-Lieu of Salary (Cont.)</u>							
Sheriff	\$ 6,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,410
Trustee	175,991	0	0	0	0	0	175,991
Total Fees Received from County Officials	\$ 696,264	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 696,264
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	2,927	0	0	0	0	0	2,927
Other General Government Grants	3,990	0	0	0	0	0	3,990
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	8,400	0	0	0	0	0	8,400
<u>Health and Welfare Grants</u>							
Public Health Nurses	82,770	0	0	0	0	0	82,770
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	269,867	0	269,867
Litter Program	29,237	0	0	0	0	0	29,237
<u>Other State Revenues</u>							
Income Tax	18,178	0	0	0	0	0	18,178
Beer Tax	18,753	0	0	0	0	0	18,753
Alcoholic Beverage Tax	24,835	0	0	0	0	0	24,835
State Revenue Sharing - T.V.A.	606,391	0	0	0	0	0	606,391
Contracted Prisoner Boarding	87,289	0	0	0	0	0	87,289
Gasoline and Motor Fuel Tax	0	0	0	0	1,385,803	0	1,385,803
Petroleum Special Tax	0	0	0	0	14,325	0	14,325
Reappraisal Program Reimbursement	8,493	0	0	0	0	0	8,493
Registrar's Salary Supplement	12,285	0	0	0	0	0	12,285
Other State Grants	9,728	0	0	0	0	0	9,728
Other State Revenues	257	0	0	0	0	0	257
Total State of Tennessee	\$ 922,533	\$ 0	\$ 0	\$ 0	\$ 1,669,995	\$ 0	\$ 2,592,528

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 261,845	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	261,845
Disaster Relief	8,309	0	0	0	0	0	8,309
Homeland Security Grants	16,550	0	0	0	0	0	16,550
Other Federal through State	379,973	0	0	0	0	0	379,973
Total Federal Government	\$ 666,677	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	666,677
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	372,414	\$ 0	372,414
Contributions	0	0	0	0	0	500,000	500,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	372,414	\$ 500,000	872,414
Total	\$ 4,763,768	\$ 1,242,182	\$ 23,820	\$ 298	\$ 2,243,839	\$ 1,109,089	\$ 9,382,996

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,952,322	\$ 0	\$ 0	\$ 0	\$ 1,952,322
Trustee's Collections - Prior Year	118,520	0	0	0	118,520
Circuit/Clerk & Master Collections - Prior Years	68,260	0	0	0	68,260
Interest and Penalty	18,955	0	0	0	18,955
Pick-up Taxes	4,549	0	0	0	4,549
<u>County Local Option Taxes</u>					
Local Option Sales Tax	801,218	0	0	0	801,218
<u>Statutory Local Taxes</u>					
Bank Excise Tax	49,546	0	0	0	49,546
Interstate Telecommunications Tax	2,948	0	0	0	2,948
Total Local Taxes	\$ 3,016,318	\$ 0	\$ 0	\$ 0	\$ 3,016,318
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,876	\$ 0	\$ 0	\$ 0	\$ 1,876
<u>Permits</u>					
Other Permits	279	0	0	0	279
Total Licenses and Permits	\$ 2,155	\$ 0	\$ 0	\$ 0	\$ 2,155
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 262,502	\$ 0	\$ 262,502
Lunch Payments - Adults	0	0	26,780	0	26,780
Income from Breakfast	0	0	16,698	0	16,698
A la carte Sales	0	0	93,764	0	93,764
Receipts from Individual Schools	25,249	0	0	0	25,249
<u>Other Charges for Services</u>					
Other Charges for Services	215	0	0	0	215
Total Charges for Current Services	\$ 25,464	\$ 0	\$ 399,744	\$ 0	\$ 425,208
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 1,077	\$ 0	\$ 1,077
Miscellaneous Refunds	24,028	0	0	0	24,028
<u>Nonrecurring Items</u>					
Sale of Property	7,120	0	0	0	7,120
Contributions & Gifts	19,000	0	0	0	19,000
<u>Other Local Revenues</u>					
Other Local Revenues	35,226	0	0	0	35,226
Total Other Local Revenues	\$ 85,374	\$ 0	\$ 1,077	\$ 0	\$ 86,451
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 14,794,527	\$ 0	\$ 0	\$ 0	\$ 14,794,527
School Food Service	0	0	17,071	0	17,071
Driver Education	3,190	0	0	0	3,190
Other State Education Funds	78,149	0	0	0	78,149
Career Ladder Program	151,275	0	0	0	151,275

(Continued)

Exhibit J-7

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	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder - Extended Contract	\$ 50,968	\$ 0	\$ 0	\$ 0	\$ 50,968
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	151,598	0	0	0	151,598
Other State Grants	388,383	0	0	0	388,383
Other State Revenues	49,938	0	0	0	49,938
Total State of Tennessee	\$ 15,668,028	\$ 0	\$ 17,071	\$ 0	\$ 15,685,099
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 643,768	\$ 0	\$ 643,768
Breakfast	0	0	244,284	0	244,284
USDA - Other	0	0	20,491	0	20,491
Adult Education State Grant Program	81,034	0	0	0	81,034
Vocational Education - Basic Grants to States	0	77,941	0	0	77,941
Title I Grants to Local Education Agencies	0	886,019	0	0	886,019
Innovative Education Program Strategies	0	124,088	0	0	124,088
Special Education - Grants to States	52,955	838,671	0	0	891,626
Special Education Preschool Grants	0	15,300	0	0	15,300
Eisenhower Professional Development State Grants	0	224,524	0	0	224,524
Other Federal through State	497,684	25,938	0	0	523,622
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	273,334	0	0	0	273,334
Total Federal Government	\$ 905,007	\$ 2,192,481	\$ 908,543	\$ 0	\$ 4,006,031
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 172,718	\$ 172,718
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 172,718	\$ 172,718
Total	\$ 19,702,346	\$ 2,192,481	\$ 1,326,435	\$ 172,718	\$ 23,393,980

Exhibit J-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	49,077	
Audit Services		4,167	
Printing, Stationery, and Forms		591	
Total County Commission			\$ 53,835

Board of Equalization

Board and Committee Members Fees	\$	780	
Total Board of Equalization			780

Budget and Finance Committee

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

County Mayor/Executive

County Official/Administrative Officer	\$	60,139	
Accountants/Bookkeepers		59,546	
Part-time Personnel		13,400	
Data Processing Services		6,688	
Legal Notices, Recording, and Court Costs		152	
Maintenance & Repair Services - Equipment		1,147	
Printing, Stationery, and Forms		1,864	
Travel		1,850	
Office Supplies		4,922	
Premiums on Corporate Surety Bonds		174	
Other Charges		238	
Data Processing Equipment		877	
Office Equipment		1,515	
Total County Mayor/Executive			152,512

County Attorney

County Official/Administrative Officer	\$	11,163	
Legal Services		1,500	
Total County Attorney			12,663

Election Commission

County Official/Administrative Officer	\$	51,920	
Deputy(ies)		18,392	
Election Commission		3,175	
Election Workers		30,258	
Data Processing Services		3,000	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Legal Notices, Recording, and Court Costs	\$	1,829	
Printing, Stationery, and Forms		5,202	
Travel		1,276	
Office Supplies		1,088	
Other Charges		790	
Office Equipment		146,797	
Total Election Commission			\$ 263,727

Register of Deeds

County Official/Administrative Officer	\$	52,069	
Clerical Personnel		49,515	
Data Processing Services		10,350	
Travel		320	
Office Supplies		4,297	
Premiums on Corporate Surety Bonds		220	
Other Charges		150	
Total Register of Deeds			116,921

Development

Board and Committee Members Fees	\$	1,443	
Consultants		7,743	
Total Development			9,186

County Buildings

Custodial Personnel	\$	20,091	
Maintenance Personnel		26,182	
Other Salaries & Wages		3,801	
Maintenance Agreements		4,316	
Maintenance & Repair Services - Buildings		28,937	
Pest Control		392	
Custodial Supplies		9,478	
Electricity		71,630	
Natural Gas		10,613	
Water and Sewer		13,362	
Other Supplies and Materials		2,996	
Building and Contents Insurance		40,000	
Other Charges		597	
Building Improvements		5,857	
Furniture and Fixtures		540	
Total County Buildings			238,792

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Communication	\$	60,688	
Dues and Memberships		7,154	
Maintenance & Repair Services - Office Equipment		4,793	
Maintenance & Repair Services - Vehicles		1,098	
Postal Charges		27,970	
Duplicating Supplies		4,428	
Gasoline		4,226	
Other Charges		703	
Administration Equipment		8,382	
Total Other General Administration			\$ 119,442

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,069	
Clerical Personnel		26,202	
Printing, Stationery, and Forms		363	
Travel		995	
Office Supplies		650	
Total Property Assessor's Office			80,279

Reappraisal Program

Clerical Personnel	\$	22,375	
Other Salaries & Wages		30,900	
Contracts with Other Public Agencies		11,230	
Data Processing Services		5,953	
Travel		937	
Other Charges		4,982	
Total Reappraisal Program			76,377

County Trustee's Office

County Official/Administrative Officer	\$	52,069	
Clerical Personnel		78,434	
Data Processing Services		3,325	
Legal Notices, Recording, and Court Costs		1,710	
Printing, Stationery, and Forms		7,651	
Travel		781	
Office Supplies		2,048	
Premiums on Corporate Surety Bonds		3,785	
Office Equipment		385	
Total County Trustee's Office			150,188

(Continued)

Exhibit J-8

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	\$	52,069	
Clerical Personnel		113,196	
Data Processing Services		9,337	
Maintenance & Repair Services - Office Equipment		71	
Travel		1,808	
Office Supplies		3,395	
Premiums on Corporate Surety Bonds		396	
Total County Clerk's Office			\$ 180,272

Other Finance

Trustee's Commission	\$	51,224	
Total Other Finance			51,224

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,069	
Clerical Personnel		65,726	
Jury and Witness Fees		8,290	
Data Processing Services		10,000	
Travel		169	
Library Books/Media		12,742	
Office Supplies		7,138	
Premiums on Corporate Surety Bonds		426	
Office Equipment		4,314	
Total Circuit Court			160,874

General Sessions Court

Judge(s)	\$	74,758	
Travel		1,465	
Office Supplies		13	
Total General Sessions Court			76,236

Chancery Court

County Official/Administrative Officer	\$	52,069	
Clerical Personnel		43,589	
Travel		116	
Office Supplies		5,408	
Premiums on Corporate Surety Bonds		75	
Office Equipment		231	
Total Chancery Court			101,488

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,276	
Deputy(ies)		368,164	
Investigator(s)		95,318	
Salary Supplements		8,400	
Dispatchers/Radio Operators		90,962	
Secretary(ies)		37,762	
Maintenance & Repair Services - Equipment		1,898	
Maintenance & Repair Services - Office Equipment		924	
Maintenance & Repair Services - Vehicles		16,064	
Travel		3,735	
Tuition		1,682	
Gasoline		51,490	
Law Enforcement Supplies		5,000	
Office Supplies		9,658	
Tires and Tubes		7,819	
Uniforms		24,494	
Vehicle Parts		13,658	
Premiums on Corporate Surety Bonds		220	
Other Charges		5,489	
Office Equipment		1,432	
Total Sheriff's Department			\$ 801,445

Jail

Guards	\$	200,570	
Cafeteria Personnel		34,337	
Maintenance & Repair Services - Buildings		7,628	
Medical and Dental Services		92,514	
Pest Control		196	
Other Contracted Services		44,950	
Custodial Supplies		11,248	
Drugs and Medical Supplies		26,481	
Food Preparation Supplies		404	
Food Supplies		51,588	
Instructional Supplies and Materials		4,043	
Other Charges		209	
Food Service Equipment		729	
Total Jail			474,897

Juvenile Services

Youth Service Officer(s)	\$	12,692	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Psychological Personnel	\$	36,593	
Contracts with Private Agencies		2,640	
Travel		1,599	
Office Supplies		4,976	
Office Equipment		307	
Total Juvenile Services			\$ 58,807

Fire Prevention and Control

Contributions	\$	60,000	
Total Fire Prevention and Control			60,000

Rescue Squad

Contributions	\$	20,000	
Total Rescue Squad			20,000

County Coroner/Medical Examiner

Other Contracted Services	\$	13,000	
Total County Coroner/Medical Examiner			13,000

Public Health and Welfare

Local Health Center

Medical Personnel	\$	99,507	
Contributions		44,107	
Travel		2,612	
Total Local Health Center			146,226

Rabies and Animal Control

Board and Committee Members Fees	\$	900	
Contributions		15,000	
Total Rabies and Animal Control			15,900

Crippled Children Services

Contributions	\$	1,000	
Total Crippled Children Services			1,000

Appropriation to State

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management

Contracts with Private Agencies	\$	4,593	
Total Sanitation Management			\$ 4,593

Convenience Centers

Laborers	\$	34,052	
Total Convenience Centers			34,052

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	22,704	
Secretary(ies)		29,772	
Custodial Personnel		6,711	
Contributions		15,963	
Maintenance & Repair Services - Buildings		1,618	
Maintenance & Repair Services - Vehicles		1,435	
Pest Control		196	
Travel		328	
Custodial Supplies		1,217	
Gasoline		2,155	
Office Supplies		1,896	
Water and Sewer		557	
Other Supplies and Materials		1,247	
Motor Vehicles		6,517	
Total Senior Citizens Assistance			92,316

Libraries

Librarians	\$	38,054	
Other Salaries & Wages		13,944	
Contracts with Public Carriers		175	
Contributions		664	
Travel		513	
Office Supplies		1,666	
Total Libraries			55,016

Parks and Fair Boards

Other Salaries & Wages	\$	11,228	
Maintenance & Repair Services - Office Equipment		1,003	
Building Construction		12,316	
Other Construction		2,500	
Total Parks and Fair Boards			27,047

(Continued)

Exhibit J-8

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	\$ 5,000	
Total Other Social, Cultural, and Recreational		\$ 5,000

Agriculture & Natural Resources

Agriculture Extension Service

Contracts with Government Agencies	\$ 21,642	
Contracts with Private Agencies	1,575	
Operating Lease Payments	5,855	
Office Supplies	<u>2,844</u>	
Total Agriculture Extension Service		31,916

Forest Service

Contributions	\$ 500	
Total Forest Service		500

Soil Conservation

Secretary(ies)	\$ 27,511	
Rentals	2,750	
Other Charges	<u>2,128</u>	
Total Soil Conservation		32,389

Other Operations

Veterans' Services

Supervisor/Director	\$ 12,416	
Travel	378	
Office Supplies	<u>118</u>	
Total Veterans' Services		12,912

Contributions to Other Agencies

Contributions	\$ 1,500	
Total Contributions to Other Agencies		1,500

Employee Benefits

Social Security	\$ 184,161	
State Retirement	106,156	
Unemployment Compensation	9,521	
Workers' Compensation Insurance	<u>29,536</u>	
Total Employee Benefits		329,374

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Payments to Cities

Contributions	\$ 21,000	
Total Payments to Cities		\$ 21,000

Miscellaneous

Contributions	\$ 30,500	
Vehicle and Equipment Insurance	8,658	
Other Charges	9,985	
State Aid Projects	15,491	
Total Miscellaneous		64,634

Highways

Litter and Trash Collection

Foremen	\$ 22,037	
Other Salaries & Wages	10,101	
Maintenance & Repair Services - Vehicles	1,297	
Travel	293	
Gasoline	1,125	
Office Supplies	2,958	
Other Charges	216	
Total Litter and Trash Collection		38,027

Capital Projects

Other General Government Projects

Maintenance & Repair Services - Buildings	\$ 157,770	
Water and Sewer	51,000	
Building Construction	300,536	
Total Other General Government Projects		509,306

Total General Fund		\$ 4,719,053
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Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 43,680
Clerical Personnel	26,000
Attendants	612,728
In-Service Training	1,206
Social Security	49,930
State Retirement	26,871
Medical Insurance	63,229

(Continued)

Exhibit J-8

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.)

Communication	\$	10,672	
Data Processing Services		3,027	
Dues and Memberships		399	
Licenses		950	
Maintenance & Repair Services - Buildings		1,569	
Maintenance & Repair Services - Vehicles		20,771	
Medical and Dental Services		539	
Printing, Stationery, and Forms		3,298	
Travel		3,133	
Disposal Fees		1,742	
Other Contracted Services		6,000	
Custodial Supplies		1,983	
Data Processing Supplies		770	
Diesel Fuel		35,653	
Drugs and Medical Supplies		27,802	
Electricity		8,121	
Natural Gas		2,247	
Office Supplies		1,463	
Tires and Tubes		3,880	
Uniforms		4,598	
Water and Sewer		656	
Other Supplies and Materials		6,482	
Building and Contents Insurance		4,290	
Liability Insurance		10,500	
Trustee's Commission		15,227	
Vehicle and Equipment Insurance		10,680	
Workers' Compensation Insurance		51,500	
Interest on Notes		4,572	
Building Improvements		60,137	
Communication Equipment		192	
Data Processing Equipment		1,760	
Motor Vehicles		185,373	
Total Ambulance/Emergency Medical Services			\$ 1,313,630
Total Ambulance Service Fund			\$ 1,313,630

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	200	
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(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Travel	\$	1,530	
Veterinary Services		6	
Animal Food and Supplies		144	
Law Enforcement Supplies		9,960	
Office Supplies		122	
Trustee's Commission		228	
Other Charges		7,605	
Office Equipment		808	
Total Drug Enforcement			\$ 20,603

Total Drug Control Fund \$ 20,603

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	218	
Total County Clerk's Office			\$ 218

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	80	
Total Chancery Court			80

Total Constitutional Officers - Fees Fund 298

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,276	
Accountants/Bookkeepers		6,847	
Secretary(ies)		30,000	
Board and Committee Members Fees		14,525	
Advertising		696	
Dues and Memberships		150	
Office Supplies		2,455	
Total Administration			\$ 111,949

Highway and Bridge Maintenance

Foremen	\$	48,880
Equipment Operators		22,464

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators - Heavy	\$	81,766	
Equipment Operators - Light		116,857	
Truck Drivers		58,140	
Laborers		122,195	
Contracts with Vehicle Owners		250	
Engineering Services		34,739	
Other Contracted Services		152,483	
Asphalt - Cold Mix		2,872	
Asphalt - Hot Mix		739,288	
Crushed Stone		14,942	
Other Road Supplies		7,710	
Pipe - Metal		1,297	
Road Signs		732	
Wood Products		100	
Other Supplies and Materials		2,382	
Total Highway and Bridge Maintenance			\$ 1,407,097

Operation and Maintenance of Equipment

Mechanic(s)	\$	24,440	
Other Contracted Services		265	
Diesel Fuel		38,906	
Equipment Parts - Heavy		3,894	
Equipment Parts - Light		19,123	
Garage Supplies		3,334	
Gasoline		30,554	
Lubricants		1,269	
Tires and Tubes		2,814	
Other Supplies and Materials		99	
Total Operation and Maintenance of Equipment			124,698

Ferry Operations

Equipment Operators - Heavy	\$	41,567	
Total Ferry Operations			41,567

Other Charges

Communication	\$	2,294	
Electricity		2,093	
Fuel Oil		5,683	
Water and Sewer		233	
Excess Risk Insurance		79,620	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	18,285	
Vehicle and Equipment Insurance		13,407	
Workers' Compensation Insurance		50,635	
Total Other Charges			\$ 172,250

Employee Benefits

Social Security	\$	47,633	
Extension Service Medicare		2,285	
Employee and Dependent Insurance		298,631	
Total Employee Benefits			348,549

Capital Outlay

Highway Equipment	\$	37,045	
Office Equipment		400	
Total Capital Outlay			37,445

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	21,072	
Principal on Other Loans		125,854	
Total Highways and Streets			146,926

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	1,713	
Interest on Other Loans		4,516	
Total Highways and Streets			6,229

Other Debt Service

Highways and Streets

Other Charges	\$	1,601	
Total Highways and Streets			1,601

Total Highway/Public Works Fund \$ 2,398,311

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	26,212	
Total General Government			\$ 26,212

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 330,000	
Principal on Other Loans	<u>215,000</u>	
Total Education		\$ 545,000

Interest on Debt

General Government

Interest on Notes	\$ 918	
Total General Government		918

Education

Interest on Bonds	\$ 225,359	
Interest on Other Loans	<u>106,278</u>	
Total Education		331,637

Other Debt Service

General Government

Other Contracted Services	\$ 3,803	
Trustee's Commission	<u>10,524</u>	
Total General Government		<u>14,327</u>

Total General Debt Service Fund \$ 918,094

General Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Contributions	\$ 172,718	
Total Regular Capital Outlay		\$ 172,718

Capital Projects

Other General Government Projects

Other Construction	\$ 765,687	
Total Other General Government Projects		<u>765,687</u>

Total General Capital Projects Fund 938,405

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Other Contracted Services	\$ 3,682	
Site Development	55,000	

(Continued)

Exhibit J-8

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

<u>Community Development/Industrial Park Fund (Cont.)</u>		
<u>Other Operations (Cont.)</u>		
<u>Industrial Development (Cont.)</u>		
Other Construction	\$ 7,285	
Total Industrial Development		\$ 65,967
Total Community Development/Industrial Park Fund		\$ 65,967
Total Governmental Funds - Primary Government		\$ 10,374,361

Exhibit J-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,894,118	
Career Ladder Program	96,955	
Career Ladder Extended Contracts	63,816	
Homebound Teachers	26,610	
Clerical Personnel	11,232	
Educational Assistants	206,716	
Other Salaries & Wages	80,166	
Certified Substitute Teachers	49,793	
Non-certified Substitute Teachers	106,170	
Social Security	452,863	
State Retirement	444,184	
Life Insurance	4,163	
Medical Insurance	615,258	
Unemployment Compensation	13,184	
Employer Medicare	105,911	
Maintenance & Repair Services - Equipment	781	
Other Contracted Services	121	
Instructional Supplies and Materials	92,656	
Textbooks	158,951	
Other Supplies and Materials	19,690	
Regular Instruction Equipment	330	
Total Regular Instruction Program		\$ 9,443,668

Special Education Program

Teachers	\$ 1,225,865
Career Ladder Program	12,000
Homebound Teachers	29,598
Educational Assistants	170,798
Other Salaries & Wages	27,968
Certified Substitute Teachers	8,357
Non-certified Substitute Teachers	16,506
Social Security	89,793
State Retirement	79,877
Life Insurance	727
Medical Insurance	112,538
Unemployment Compensation	3,140
Employer Medicare	21,000
Maintenance & Repair Services - Equipment	2,014
Other Contracted Services	121,464

(Continued)

Exhibit J-9

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	\$	12,386	
Other Supplies and Materials		44,565	
Special Education Equipment		24,595	
Total Special Education Program			\$ 2,003,191

Vocational Education Program

Teachers	\$	631,244	
Career Ladder Program		7,000	
Career Ladder Extended Contracts		9,244	
Certified Substitute Teachers		3,960	
Non-certified Substitute Teachers		10,710	
Social Security		39,466	
State Retirement		38,978	
Life Insurance		319	
Medical Insurance		67,505	
Unemployment Compensation		982	
Employer Medicare		9,230	
Maintenance & Repair Services - Equipment		2,437	
Instructional Supplies and Materials		19,833	
T&I Construction Materials		12,212	
Textbooks		5,987	
Other Supplies and Materials		7,986	
Vocational Instruction Equipment		6,351	
Total Vocational Education Program			873,444

Adult Education Program

Teachers	\$	55,323	
Clerical Personnel		1,007	
Other Salaries & Wages		19,669	
Social Security		4,711	
State Retirement		3,910	
Life Insurance		23	
Medical Insurance		5,142	
Unemployment Compensation		120	
Employer Medicare		1,102	
Instructional Supplies and Materials		19,719	
Total Adult Education Program			110,726

(Continued)

Exhibit J-9

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

Health Services

Medical Personnel	\$	37,192	
Social Security		1,999	
State Retirement		2,292	
Medical Insurance		6,829	
Unemployment Compensation		56	
Employer Medicare		468	
Travel		2,256	
Other Supplies and Materials		492	
Total Health Services			\$ 51,584

Other Student Support

Career Ladder Program	\$	2,985	
Guidance Personnel		253,274	
Social Security		15,017	
State Retirement		15,824	
Life Insurance		137	
Medical Insurance		27,256	
Unemployment Compensation		350	
Employer Medicare		3,512	
Evaluation and Testing		3,916	
Travel		700	
Total Other Student Support			322,971

Regular Instruction Program

Supervisor/Director	\$	221,013	
Career Ladder Program		4,985	
Career Ladder Extended Contracts		4,001	
Librarians		164,492	
Other Salaries & Wages		210,213	
Social Security		36,930	
State Retirement		30,303	
Life Insurance		205	
Medical Insurance		29,276	
Unemployment Compensation		830	
Employer Medicare		8,637	
Maintenance & Repair Services - Equipment		55,782	
Travel		71,732	
Other Contracted Services		79,725	
Library Books/Media		5,636	

(Continued)

Exhibit J-9

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.)

Other Supplies and Materials	\$	376,303	
In Service/Staff Development		30,992	
Other Charges		1,800	
Other Equipment		456,993	
Total Regular Instruction Program			\$ 1,789,848

Special Education Program

Supervisor/Director	\$	76,817	
Career Ladder Program		1,000	
Social Security		4,813	
State Retirement		4,770	
Life Insurance		23	
Unemployment Compensation		56	
Employer Medicare		1,126	
Travel		15,596	
In Service/Staff Development		5,174	
Total Special Education Program			109,375

Vocational Education Program

Supervisor/Director	\$	62,806	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		11,514	
Secretary(ies)		22,749	
Social Security		6,176	
State Retirement		5,329	
Life Insurance		23	
Unemployment Compensation		112	
Employer Medicare		1,444	
Travel		6,520	
Total Vocational Education Program			119,673

Adult Programs

Supervisor/Director	\$	71,412
Career Ladder Program		1,000
Social Security		4,335
State Retirement		4,339
Life Insurance		23
Medical Insurance		5,161
Unemployment Compensation		56

(Continued)

Exhibit J-9

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	\$	1,014	
In Service/Staff Development		847	
Total Adult Programs			\$ 88,187

Board of Education

Board and Committee Members Fees	\$	16,800	
Social Security		1,042	
Employer Medicare		244	
Audit Services		5,675	
Dues and Memberships		9,642	
Legal Services		3,544	
Other Supplies and Materials		85,728	
Liability Insurance		86,559	
Trustee's Commission		75,723	
Workers' Compensation Insurance		101,130	
Total Board of Education			386,087

Director of Schools

County Official/Administrative Officer	\$	75,000	
Career Ladder Program		1,000	
Secretary(ies)		26,583	
Social Security		6,360	
State Retirement		5,347	
Life Insurance		3,095	
Unemployment Compensation		56	
Employer Medicare		1,487	
Communication		13,669	
Postal Charges		5,061	
Travel		2,757	
Other Contracted Services		5,644	
Office Supplies		8,930	
Total Director of Schools			154,989

Office of the Principal

Principals	\$	387,098	
Career Ladder Program		7,500	
Career Ladder Extended Contracts		10,920	
Assistant Principals		215,284	
Secretary(ies)		175,867	

(Continued)

Exhibit J-9

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.)

Clerical Personnel	\$	46,054	
Social Security		50,168	
State Retirement		43,717	
Life Insurance		251	
Medical Insurance		51,079	
Unemployment Compensation		1,466	
Employer Medicare		11,733	
Communication		27,810	
Other Supplies and Materials		103,055	
Total Office of the Principal			\$ 1,132,002

Fiscal Services

Accountants/Bookkeepers	\$	104,236	
Clerical Personnel		28,808	
Other Salaries & Wages		2,400	
Social Security		8,072	
State Retirement		5,927	
Medical Insurance		7,296	
Unemployment Compensation		171	
Employer Medicare		1,888	
Travel		1,213	
Other Contracted Services		8,009	
Data Processing Supplies		1,881	
Other Supplies and Materials		2,903	
Total Fiscal Services			172,804

Operation of Plant

Custodial Personnel	\$	358,257	
Social Security		22,185	
State Retirement		7,572	
Unemployment Compensation		1,801	
Employer Medicare		5,188	
Other Contracted Services		50,757	
Custodial Supplies		42,582	
Electricity		567,736	
Fuel Oil		57,820	
Natural Gas		85,439	
Water and Sewer		55,569	
Boiler Insurance		6,136	

(Continued)

Exhibit J-9

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	\$	108,161	
Plant Operation Equipment		<u>6,742</u>	
Total Operation of Plant			\$ 1,375,945

Maintenance of Plant

Maintenance Personnel	\$	70,915	
Social Security		4,480	
State Retirement		1,718	
Unemployment Compensation		218	
Employer Medicare		1,048	
Maintenance & Repair Services - Buildings		34,558	
Maintenance & Repair Services - Vehicles		15	
Other Supplies and Materials		<u>271,325</u>	
Total Maintenance of Plant			384,277

Transportation

Other Salaries & Wages	\$	24,308	
Social Security		1,507	
Unemployment Compensation		195	
Employer Medicare		352	
Contracts with Vehicle Owners		989,334	
Diesel Fuel		9,323	
Other Supplies and Materials		6,775	
Transportation Equipment		<u>25,000</u>	
Total Transportation			1,056,794

Central and Other

Other Salaries & Wages	\$	95,935	
Social Security		5,808	
State Retirement		2,492	
Unemployment Compensation		274	
Employer Medicare		1,358	
Travel		294	
Other Supplies and Materials		<u>4,923</u>	
Total Central and Other			111,084

Operation of Non-Instructional Services

Food Service

Other Salaries & Wages	\$	5,030	
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(Continued)

Exhibit J-9

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.)

Social Security	\$	312	
State Retirement		130	
Unemployment Compensation		23	
Employer Medicare		73	
Total Food Service		<u>538</u>	\$ 5,568

Community Services

Supervisor/Director	\$	33,195	
Other Salaries & Wages		29,186	
Social Security		3,712	
State Retirement		2,791	
Medical Insurance		10,063	
Unemployment Compensation		123	
Employer Medicare		868	
Travel		1,254	
Other Supplies and Materials		2,141	
Other Charges		<u>27,355</u>	
Total Community Services			110,688

Capital Outlay

Regular Capital Outlay

Building Construction	\$	<u>65,019</u>	
Total Regular Capital Outlay			65,019

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>500,000</u>	
Total Education			<u>500,000</u>

Total General Purpose School Fund \$ 20,367,924

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	429,787	
Educational Assistants		127,988	
Other Salaries & Wages		130,745	
Certified Substitute Teachers		3,803	
Non-certified Substitute Teachers		13,432	

(Continued)

Exhibit J-9

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.)

Social Security	\$	42,655	
State Retirement		37,164	
Medical Insurance		34,695	
Unemployment Compensation		1,365	
Employer Medicare		9,908	
Instructional Supplies and Materials		37,051	
Other Supplies and Materials		38,080	
Total Regular Instruction Program			\$ 906,673

Special Education Program

Teachers	\$	199,136	
Educational Assistants		118,366	
Other Salaries & Wages		149,174	
Non-certified Substitute Teachers		1,468	
Social Security		28,417	
State Retirement		19,610	
Medical Insurance		28,682	
Unemployment Compensation		1,152	
Employer Medicare		6,498	
Instructional Supplies and Materials		37,130	
Other Supplies and Materials		70,295	
Total Special Education Program			659,928

Vocational Education Program

Instructional Supplies and Materials	\$	36,441	
Other Supplies and Materials		4,995	
Vocational Instruction Equipment		20,615	
Total Vocational Education Program			62,051

Support Services

Other Student Support

Other Salaries & Wages	\$	5,378	
Social Security		333	
Unemployment Compensation		43	
Employer Medicare		78	
Travel		15,585	
Other Supplies and Materials		3,684	
In Service/Staff Development		297	
Total Other Student Support			25,398

(Continued)

Exhibit J-9

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.)

Regular Instruction Program

Supervisor/Director	\$	76,544	
Clerical Personnel		28,840	
Other Salaries & Wages		45,265	
Social Security		9,149	
State Retirement		8,281	
Medical Insurance		6,744	
Unemployment Compensation		167	
Employer Medicare		2,028	
Travel		19,166	
Other Supplies and Materials		62,591	
In Service/Staff Development		52,320	
Other Charges		5,691	
Other Equipment		981	
Total Regular Instruction Program			\$ 317,767

Special Education Program

Travel	\$	1,493	
In Service/Staff Development		43,709	
Total Special Education Program			45,202

Transportation

Other Salaries & Wages	\$	15,572	
Social Security		966	
State Retirement		403	
Unemployment Compensation		27	
Employer Medicare		226	
Contracts with Parents		18,063	
Contracts with Vehicle Owners		124,980	
In Service/Staff Development		3,282	
Total Transportation			163,519

Central and Other

Other Salaries & Wages	\$	3,838	
Social Security		236	
State Retirement		121	
Unemployment Compensation		3	
Employer Medicare		55	
Travel		3,304	
Other Supplies and Materials		6,927	

(Continued)

Exhibit J-9

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Central and Other (Cont.)</u>		
In Service/Staff Development	\$ 500	
Total Central and Other		\$ 14,984
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Building Construction	\$ 1,076	
Total Regular Capital Outlay		<u>1,076</u>
Total School Federal Projects Fund		\$ 2,196,598
<u>Central Cafeteria Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Food Service</u>		
Supervisor/Director	\$ 36,625	
Accountants/Bookkeepers	11,000	
Cafeteria Personnel	394,252	
Social Security	27,397	
State Retirement	10,516	
Unemployment Compensation	1,199	
Employer Medicare	6,408	
Communication	2,623	
Maintenance & Repair Services - Equipment	24,017	
Travel	5,408	
Other Contracted Services	12,762	
Food Preparation Supplies	73,468	
Food Supplies	609,242	
Office Supplies	4,870	
Other Supplies and Materials	5,526	
Other Charges	14,889	
Food Service Equipment	<u>2,961</u>	
Total Food Service		<u>\$ 1,243,163</u>
Total Central Cafeteria Fund		1,243,163
<u>Education Capital Projects Fund</u>		
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Building Improvements	\$ 345,440	
Total Regular Capital Outlay		<u>\$ 345,440</u>
Total Education Capital Projects Fund		<u>345,440</u>
Total Governmental Funds - Union County School Department		<u>\$ 24,153,125</u>

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, 2007

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 479,421
Total Cash Receipts	<u>\$ 479,421</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 474,627
Trustee's Commission	4,794
Total Cash Disbursements	<u>\$ 479,421</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

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

October 16, 2007

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, 2007, which collectively comprise Union County's basic financial statements and have issued our report thereon dated October 16, 2007. 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 component units was qualified due to the omission of two discretely presented component units whose reports were not available from other auditors as of the date of this report. 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 as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Union County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.02, 07.03, 07.05(A), and 07.06.

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

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

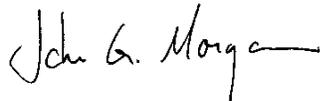
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items: 07.01, 07.04, and 07.05(B).

We consider item 07.07 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain other matters that we reported to the management of Union County in a separate communication.

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, County Commission, Board of Education, others within Union County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/rc



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

October 16, 2007

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, 2007. 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 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 of 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, 2007.

Internal Control Over Compliance

The management of Union County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Union County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Union County's internal control over compliance.

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County as of and for the year ended June 30, 2007, and have issued our report thereon dated October 16, 2007. 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 component units was qualified due to the omission of two discretely presented component units whose reports were not

available from other auditors as of the date of this report. Our opinion on each major fund and the aggregate remaining fund information was unqualified. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Union County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, County Commission, Board of Education, others within the entity, 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.

Yours very truly,

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/rc

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

Federal/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	\$ 273,334
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	58,469
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	244,284
National School Lunch Program	10.555	N/A	648,249
Passed-through East Tennessee Human Resource Agency:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	16,010
Total U.S. Department of Agriculture			\$ 1,240,346
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-05-11890-00	\$ 261,845
Passed-through Tennessee Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	158,320
Total U.S. Department of Housing and Urban Development			\$ 420,165
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 7,047
Total U.S. Department of Justice			\$ 7,047
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
Incentive Grants - WIA Section 503	17.267	(2)	\$ 1,466
Total U.S. Department of Labor			\$ 1,466
U.S. General Services Administration:			
Passed-through Tennessee Secretary of State's Office:			
Election Reform Payments	39.011	(2)	\$ 146,555
Total U.S. General Services Administration			\$ 146,555
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 887,323
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	908,873
Special Education - Preschool Grants	84.173	N/A	12,730
Vocational Education - Basic Grants to States	84.048	N/A	77,933
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	24,500
State Grants for Innovative Programs	84.298	N/A	5,186
Education Technology State Grants	84.318	(2)	24,697
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GG-07-12488-00	169,442

(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
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Reading First State Grants	84.357	(2)	\$ 222,045 (3)
Rural Education	84.358	N/A	118,891
Improving Teacher Quality State Grants	84.367	N/A	203,539
Passed-through Jefferson County Board of Education:			
English Language Acquisition Grants	84.365	N/A	826
Passed-through the University of Tennessee:			
Reading First State Grants	84.357	(2)	60,647 (3)
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-07-033748-00	73,609
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	45,550
Total U.S. Department of Education			\$ 2,835,791
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)	\$ 17,321
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-07-034268-00	7,424
Passed-through State Department of Health:			
Rural Health Services	93.913	Z-07-031577-01	50,730
Total U.S. Department of Health and Human Services			\$ 75,475
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022501-01	\$ 1,059
Disaster Grants- Public Assistance	97.036	(2)	8,309
Homeland Security Grant Program	97.067	Z-05-025216-00	15,491
Total U.S. Department of Homeland Security			\$ 24,859
Total Expenditures of Federal Awards			\$ 4,751,704

<u>State Grants</u>	Contract Number	Expenditures
Juvenile Service Program - State Commission on Children and Youth	N/A	(2) \$ 9,000
State Reappraisal - Comptroller of the Treasury	N/A	(2) 8,493
Health Department Programs - State Department of Health	N/A	Z-07-031577-01 82,770
Litter Grant - State Department of Transportation	N/A	(2) 29,237
Safety Grant - State Department of Education	N/A	(2) 20,368
Adult Education - State Department of Labor and Workforce Development	N/A	Z-07-033748-00 24,537
Early Childhood Education Grants- State Department of Education	N/A	(2) 295,790
Family Resource Center - State Department of Education	N/A	(2) 33,300
Families First - State Department of Labor and Workforce Development	N/A	Z-07-034268-00 13,788
Senior Center Grant - East TN Area Agency on Aging & Disability	N/A	(2) 3,990
Total State Grants		\$ 521,273

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

- (1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) - Information not available.
(3) - Total for Reading First State Grants (CFDA No. 84.357) was \$282,692.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Union County, Tennessee, and the Union County School Department for the year ended June 30, 2006, which have not been corrected.

UNION COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	138	Capital assets were not presented in accordance with generally accepted accounting principles

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	138	A formal purchase order system had not been established

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.03	139	A formal purchase order system had not been established
06.04	139	A complete list of county roads was not submitted to the County Commission for approval

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.06	140	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
06.07	141	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, 2007

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 significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed two instances of noncompliance that are material to the financial statements of Union County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. Our audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold 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 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 07.01 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 and equipment), the county's infrastructure, 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 and the county's infrastructure. 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 07.02 A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED
(Internal Control – Significant Deficiency 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 07.03 A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED
(Internal Control – Significant Deficiency 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 department 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 07.04 A COMPLETE LIST OF COUNTY ROADS WAS NOT SUBMITTED TO THE COUNTY COMMISSION FOR APPROVAL
(Noncompliance Under Government Auditing Standards)

The highway superintendent submitted a list of county roads to the County Commission; however, this listing was not in compliance with state statute. Section 54-10-103, Tennessee Code Annotated, provides that the list must include the classification of each road, the width, distance of each county road, and a summary of changes from the prior year, the date the change was approved by the County Commission, and the reason for the change. The list of county roads submitted by the highway superintendent included the roads by name but with no other information. A properly approved listing of county roads is necessary in order to determine on which roads the Highway 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 07.05 DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE SCHOOL FEDERAL PROJECTS FUND
(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Material Noncompliance Under Government Auditing Standards)

Our audit revealed the following deficiencies in the School Federal Projects Fund:

- A. The School Federal Projects Fund had a cash overdraft of \$177,215 at June 30, 2007. This cash overdraft resulted from the issuance of warrants in excess of cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2007, when additional federal funds were received.

- B. During the year under examination, the School Federal Projects Fund borrowed \$200,000 in revenue anticipation notes from the General Purpose School Fund. Section 9-21-801, Tennessee Code Annotated, requires such notes to be liquidated prior to the end of the fiscal year. However, the School Federal Projects Fund did not retire these revenue anticipation notes until after June 30, 2007. Therefore, these notes have been reflected as a receivable in the General Purpose School Fund and a current liability in the School Federal Project Fund in the financial statements of this report.

RECOMMENDATION

The School Department should not issue warrants in excess of cash on deposit with the county trustee. Revenue anticipation notes should be retired prior to the end of the fiscal year as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

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

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

RECOMMENDATION

County officials should consider adopting 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, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

UNION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007

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