
ANNUAL FINANCIAL REPORT UNION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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ANNUAL FINANCIAL REPORT
UNION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009

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

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Audit Highlights
Annual Financial Report
Union County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Union County as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include two component units whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in 13 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

- ◆ Union County does not have the resources to produce financial statements and notes to the financial statements.

OFFICE OF COUNTY MAYOR

- ◆ The General and General Debt Service funds required material audit adjustments for proper financial statement presentation.
 - ◆ The office had accounting deficiencies.
 - ◆ Unclaimed funds were not reported and paid to the state.
 - ◆ Expenditures exceeded appropriations at the major appropriation category level of control in the General and General Debt Service funds.
 - ◆ The office had not established a formal purchase order system.
-

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ Several Highway Department employees do not participate in the Tennessee Consolidated Retirement System.
 - ◆ The department paid health insurance premiums for a former employee.
 - ◆ Expenditures exceeded appropriations in one major appropriation category in the Highway/Public Works Fund.
 - ◆ A material audit adjustment was required for proper financial statement presentation.
 - ◆ The office had not established a formal purchase order system.
-

OTHER FINDINGS

- ◆ Duties were not segregated adequately among the officials and employees at the Ambulance Service and in the Offices of 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

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Union County Officials

June 30, 2009

Officials

Larry Lay, County Mayor
Clayton Helms, Highway Superintendent
Wayne Goforth, Director of Schools
Gina Buckner, Trustee
Donna Jones, Assessor of Property
Pam Ailor, County Clerk
Barbara Williams, Circuit and General Sessions Courts Clerk
Beulah Warwick, 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

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

Board of Education

Brian Oaks, Chairman	David Coppock
Billy Sexton	Gerald Smith
Mark DeVault	Chris Upton
Don Morgan	

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

September 23, 2009

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, 2009, 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.

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. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

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 preceding 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, 2009, 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.

Additionally, in our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2009, on our consideration of Union County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

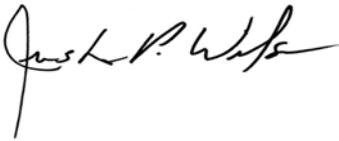
As described in Note V.B., Union County has implemented the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management of Union County did not prepare a management's discussion and analysis. The management's discussion and analysis section 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, pension, and postemployment benefits information on pages 71 through 77 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 by us 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Union County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government Governmental Activities	Component Unit Union County School Department
<u>ASSETS</u>		
Cash	\$ 50	\$ 0
Equity in Pooled Cash and Investments	3,776,466	333,687
Accounts Receivable	400,174	42,293
Allowance for Uncollectibles	(233,155)	0
Due from Other Governments	422,068	710,035
Due from Primary Government	0	852
Property Taxes Receivable	3,682,594	2,536,127
Allowance for Uncollectible Property Taxes	(186,321)	(128,316)
Prepaid Items	208,529	0
Notes Receivable - Current	48,540	0
Notes Receivable - Long-term	171,974	0
Capital Assets:		
Assets Not Depreciated:		
Land	566,080	1,345,209
Construction in Progress	244,608	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,440,254	11,729,365
Infrastructure	3,090,896	23,100
Other Capital Assets	571,881	531,576
Total Assets	<u>\$ 15,204,638</u>	<u>\$ 17,123,928</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 50,867	\$ 9,275
Accrued Payroll	38,859	0
Accrued Interest Payable	82,018	0
Contracts Payable	27,117	0
Payroll Deductions Payable	11,397	0
Due to Component Units	852	0
Due to State of Tennessee	20	0
Other Current Liabilities	0	342,402
Deferred Revenue - Property Taxes	3,286,020	2,263,014
Noncurrent Liabilities:		
Due Within One Year	924,420	20,207
Due in More than One Year	8,742,625	671,783
Total Liabilities	<u>\$ 13,164,195</u>	<u>\$ 3,306,681</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Union County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 5,576,910	\$ 13,494,236
Restricted for:		
Ambulance Service	150,532	0
Highways	468,550	0
Debt Service	1,621,232	0
Capital Projects	104,341	0
Drug Control	86,771	0
Computerized Systems	54,500	0
Courthouse and Jail Maintenance	82,909	0
Victims Assistance	20,086	0
Library	15,000	0
Sexual Offender Registration	6,020	0
Archives and Records Management	10,919	0
State and Federal Assistance Programs	0	387,767
Unrestricted	<u>(6,157,327)</u>	<u>(64,756)</u>
Total Net Assets	<u>\$ 2,040,443</u>	<u>\$ 13,817,247</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, 2009

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Component		
						Union County School Department	Department	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,199,781	\$ 241,465	\$ 45,947	\$ 0	\$ (912,369)	\$ 0	0	0
Finance	636,817	369,131	11,520	0	(256,166)	0	0	0
Administration of Justice	565,641	431,595	11,775	0	(122,271)	0	0	0
Public Safety	2,032,514	228,950	22,394	0	(1,781,170)	0	0	0
Public Health and Welfare	1,723,831	1,020,946	102,465	0	(600,420)	0	0	0
Social, Cultural, and Recreational Services	237,391	16,368	22,552	0	(198,471)	0	0	0
Agriculture and Natural Resources	65,224	0	0	0	(65,224)	0	0	0
Other Operations	151,466	0	83,634	0	(67,832)	0	0	0
Highways	2,119,342	16,920	1,342,525	385,183	(374,714)	0	0	0
Support Services	31,237	0	0	0	(31,237)	0	0	0
Operation of Non-Instructional Services	8,207	0	0	0	(8,207)	0	0	0
Interest on Long-term Debt	368,130	0	0	0	(368,130)	0	0	0
Debt Service	14,256	0	0	0	(14,256)	0	0	0
Total Primary Government	\$ 9,153,837	\$ 2,325,375	\$ 1,642,812	\$ 385,183	\$ (4,800,467)	\$ 0	0	0
Component Unit:								
Union County School Department	\$ 24,564,013	\$ 419,792	\$ 3,653,191	\$ 0	\$ 0	\$ (20,491,030)	0	0
Total Component Unit	\$ 24,564,013	\$ 419,792	\$ 3,653,191	\$ 0	\$ 0	\$ (20,491,030)	0	0

(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	Component Unit	
				Primary Governmental Activities	Union County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,241,034	\$ 2,296,927
Property Taxes Levied for Ambulance Service				341,941	0
Property Taxes Levied for Highways				245,658	0
Property Taxes Levied for Debt Service				473,689	0
Local Option Sales Taxes				284,189	862,930
Business Tax				66,036	0
Wholesale Beer Tax				112,490	0
Mineral Severance Tax				46,108	0
Litigation Tax - General				35,696	0
Litigation Tax - Special Purpose				35,064	0
Other Local Taxes				17,610	2,134
Grants and Contributions Not Restricted to Specific Programs				1,296,746	16,987,100
Unrestricted Investment Income				147,808	852
Miscellaneous				20,371	22,434
Total General Revenues				\$ 5,364,440	\$ 20,172,377
Change in Net Assets				\$ 563,973	\$ (318,653)
Net Assets, July 1, 2008				(119,563)	14,135,900
Prior-period Adjustment				1,596,033	0
Net Assets, June 30, 2009				\$ 2,040,443	\$ 13,817,247

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

Union County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	50	
Cash	\$ 1,983,767	0	0	0	0	\$ 50	\$ 3,776,466
Equity in Pooled Cash and Investments	10,404	285,003	118,613	1,317,628	71,455		400,174
Accounts Receivable	0	351,706	0	0	38,064		(233,155)
Allowance for Uncollectibles	190,021	(233,155)	0	0	0	0	422,068
Due from Other Governments	5,180	0	232,047	0	0	0	76,767
Due from Other Funds	2,501,385	382,156	277,931	71,587	0	0	3,682,594
Property Taxes Receivable	(126,558)	(19,335)	(14,062)	521,122	0	0	(186,321)
Allowance for Uncollectible Property Taxes	67,513	0	137,309	(26,366)	0	0	208,529
Prepaid Items	0	0	0	3,707	0	0	48,540
Notes Receivable - Current	0	0	0	20,207	28,333	0	146,413
Advances to Other Funds	0	0	0	146,413	0	0	171,974
Notes Receivable - Long-term	0	0	0	114,807	57,167		
Total Assets	\$ 4,631,712	\$ 766,375	\$ 751,838	\$ 2,169,105	\$ 195,069	\$ 8,514,099	

LIABILITIES AND FUND BALANCES

Liabilities	\$ 26,036	\$ 16,661	\$ 8,170	\$ 0	\$ 0	\$ 50,867	
Accounts Payable	0	38,859	0	0	0	38,859	
Accrued Payroll	11,299	98	0	0	0	11,397	
Payroll Deductions Payable	0	0	27,117	0	0	27,117	
Contracts Payable	0	0	0	5,159	0	5,159	
Accrued Interest Payable	0	72,810	0	0	3,957	76,767	
Due to Other Funds	0	0	0	852	0	852	
Due to Component Units	0	0	0	0	0	20	
Due to State of Tennessee	20	0	0	0	0	0	
Advances Payable to Other Funds	0	146,413	0	0	0	146,413	
Deferred Revenue - Current Property Taxes	2,232,014	341,002	248,001	465,003	0	3,286,020	
Deferred Revenue - Delinquent Property Taxes	133,562	20,406	14,840	27,826	0	196,634	
Other Deferred Revenues	50,695	61,604	109,761	0	0	222,060	
Total Liabilities	\$ 2,453,626	\$ 697,853	\$ 407,889	\$ 488,840	\$ 3,957	\$ 4,062,165	

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	6,020	0	0	0	0	0	6,020
Reserved for Sexual Offender Registration	20,086	0	0	0	0	0	20,086
Reserved for Victims Assistance Programs	29,067	0	0	0	0	0	29,067
Reserved for Computer System - Register	7,231	0	0	0	0	0	7,231
Reserved for Automation Purposes - General Sessions Court	4,893	0	0	0	0	0	4,893
Reserved for Automation Purposes - Chancery Court	13,309	0	0	0	0	0	13,309
Reserved for Automation Purposes - Sheriff	10,919	0	0	0	0	0	10,919
Reserved for Archives and Records Management - County Clerk	0	0	0	146,413	0	0	146,413
Reserved for Long-term Notes Receivable	0	0	0	114,807	57,167	0	171,974
Reserved for Other General Purposes	97,909	0	0	0	0	0	97,909
Unreserved, Reported In:							
General Fund	1,988,652	0	0	0	0	0	1,988,652
Special Revenue Funds	0	68,522	343,949	0	86,771	0	499,242
Debt Service Funds	0	0	0	1,409,045	0	0	1,409,045
Capital Projects Funds	0	0	0	0	47,174	0	47,174
Total Fund Balances	\$ 2,178,086	\$ 68,522	\$ 343,949	\$ 1,670,265	\$ 191,112	\$ 0	\$ 4,451,934
Total Liabilities and Fund Balances	\$ 4,631,712	\$ 766,375	\$ 751,838	\$ 2,169,105	\$ 195,069	\$ 0	\$ 8,514,099

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, 2009

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)		\$ 4,451,934
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 566,080	
Add: construction in progress	244,608	
Add: buildings and improvements net of accumulated depreciation	2,440,254	
Add: other capital assets net of accumulated depreciation	571,881	
Add: infrastructure net of accumulated depreciation	<u>3,090,896</u>	6,913,719
(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	\$ (1,607,045)	
Less: other loans payable	(1,905,000)	
Less: bonds payable	(6,155,000)	
Less: accrued interest on bonds and other loans	<u>(76,859)</u>	(9,743,904)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>418,694</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 2,040,443</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, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway/ Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 3,018,164	\$ 341,794	\$ 291,659	\$ 473,490	\$ 0	\$ 0	\$ 4,125,107
Licenses and Permits	48,884	0	0	0	0	0	48,884
Fines, Forfeitures, and Penalties	110,824	0	0	0	55,596	0	166,420
Charges for Current Services	78,096	1,020,069	830	0	2,698	0	1,101,693
Other Local Revenues	103,037	0	16,963	147,847	495	0	268,342
Fees Received from County Officials	723,886	0	0	0	0	0	723,886
State of Tennessee	1,160,712	0	1,711,972	0	1,114	0	2,873,798
Federal Government	108,138	0	0	0	0	0	108,138
Other Governments and Citizens Groups	50,451	0	0	272,037	0	0	322,488
Total Revenues	\$ 5,402,192	\$ 1,361,863	\$ 2,021,424	\$ 893,374	\$ 59,903	\$ 0	\$ 9,738,756
<u>Expenditures</u>							
Current:							
General Government	\$ 1,007,455	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,007,455
Finance	581,916	0	0	0	0	0	581,916
Administration of Justice	417,651	0	0	0	2,698	0	420,349
Public Safety	1,882,994	0	0	0	27,591	0	1,910,585
Public Health and Welfare	293,391	1,563,605	0	0	0	0	1,856,996
Social, Cultural, and Recreational Services	216,448	0	0	0	0	0	216,448
Agriculture and Natural Resources	61,286	0	0	0	0	0	61,286
Other Operations	614,768	0	0	0	0	0	614,768
Highways	42,894	0	2,215,195	0	0	0	2,258,089
Support Services	31,237	0	0	0	0	0	31,237
Operation of Non-Instructional Services	8,207	0	0	0	0	0	8,207
Debt Service:							
Principal on Debt	0	0	7,845	894,640	0	0	902,485
Interest on Debt	0	0	139	381,161	0	0	381,300
Other Debt Service	0	0	0	14,256	0	0	14,256
Capital Projects	0	0	0	0	10,318	0	10,318
Total Expenditures	\$ 5,158,247	\$ 1,563,605	\$ 2,223,179	\$ 1,290,057	\$ 40,607	\$ 0	\$ 10,275,695
Excess (Deficiency) of Revenues Over Expenditures	\$ 243,945	\$ (201,742)	\$ (201,755)	\$ (396,683)	\$ 19,296	\$ 0	\$ (536,939)

(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 Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 64,009	\$ 5,001	\$ 69,010	
Transfers Out	(5,001)	(64,009)	0	0	0	(69,010)	
Total Other Financing Sources (Uses)	\$ (5,001)	\$ (64,009)	\$ 0	\$ 64,009	\$ 5,001	\$ 0	
Net Change in Fund Balances	\$ 238,944	\$ (265,751)	\$ (201,755)	\$ (332,674)	\$ 24,297	\$ (536,939)	
Fund Balance, July 1, 2008	1,939,142	334,273	545,704	2,002,939	166,815	4,988,873	
Fund Balance, June 30, 2009	\$ 2,178,086	\$ 68,522	\$ 343,949	\$ 1,670,265	\$ 191,112	\$ 4,451,934	

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, 2009

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)		\$ (536,939)
(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	\$ 539,883	
Less: current year depreciation expense	<u>(333,680)</u>	206,203
(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, 2009	\$ 418,694	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(439,640)</u>	(20,946)
(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.		
Add: principal payments on notes	\$ 314,640	
Add: principal payments on other loans	230,000	
Add: principal payments on bonds	350,000	
Add: principal payments on capital leases	<u>7,845</u>	902,485
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable		<u>13,170</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 563,973</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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 867,887
Accounts Receivable	15
Due from Other Governments	<u>97,646</u>
Total Assets	<u>\$ 965,548</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 97,646
Due to Litigants, Heirs, and Others	<u>867,902</u>
Total Liabilities	<u>\$ 965,548</u>

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

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UNION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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
901 Main Street, Suite 219
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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. 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.

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 fund:

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

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

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds 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

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 that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/due from other funds.

Advances from other 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. Ambulance Service receivables for uncollectibles are comprised of estimated amounts for write-offs involving Medicare and Medicaid and estimated amounts of other collections based on the history of the source of receipt (i.e., insurance companies and private citizens). The allowance for uncollectible property taxes is equal to 2.8 percent of total taxes levied.

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes

are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

Most payables are disaggregated on the face of the financial statements. Other current liabilities in the discretely presented General Purpose School Fund (\$342,402) 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 (\$67,513) and the Highway/Public Works Fund (\$137,309) represent amounts paid for insurance premiums for the 2009-10 year. The prepaid item in the General Debt Service Fund (\$3,707) represents an amount paid for principal and interest on debt due July 1, 2009.

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, equipment, and infrastructure (roads) 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
Infrastructure	10-40

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 other postemployment benefits, 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, 2009, Union County had \$8,330,236 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, in addition to the Reserve for Advances to Other Funds already noted in the primary government, 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.

8. Prior-period Adjustment

Net assets of the prior year have been increased by \$1,596,000. This was the result of removing a liability for landfill closure/postclosure care costs from the financial statements and reflecting the county's commitment as a contingent liability. See note IV.F. for further discussion.

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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, if any, is presented on the face of each budgetary schedule.

B. Expenditures Exceeded Appropriations

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Property Assessor's Office	\$ 102
Other Finance	5,234
Rabies and Animal Control	900
Highway/Public Works:	
Employee Benefits	23,424
General Debt Service:	
Interest on Debt - Education	5,159

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by excess appropriations in other major categories of expenditures and available fund balances.

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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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, 2009.

B. Notes Receivable

The note receivable in the General Debt Service Fund on June 30, 2009, resulted from the primary government financing projects for the discretely presented Union County School Department. This note is reflected as a current note receivable (\$20,207) representing the amount due within one year and a long-term note receivable (\$114,807) representing the amount due beyond one year. A reserve for the noncurrent portion of the note receivable was established since this amount is not available to meet current obligations.

The note receivable in the Community Development/Industrial Park Fund on June 30, 2009, resulted from the county financing projects for the City of Maynardville. This note is reflected as a current note receivable (\$28,333) representing the amount due within one year and a long-term note receivable (\$57,167) representing the amount due beyond one year. A reserve for the noncurrent portion of the note receivable was established since this amount is not available to meet current obligations.

C. Capital Assets

Primary Government

Capital assets activity for the year ended June 30, 2009, was as follows.

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 566,080	\$ 0	\$ 0	\$ 566,080
Construction in Progress	0	244,608	0	244,608
Total Capital Assets Not Depreciated	\$ 566,080	\$ 244,608	\$ 0	\$ 810,688
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,491,524	\$ 0	\$ 0	\$ 3,491,524
Infrastructure (Roads)	3,334,000	0	0	3,334,000
Other Capital Assets	1,001,458	295,275	0	1,296,733
Total Capital Assets Depreciated	\$ 7,826,982	\$ 295,275	\$ 0	\$ 8,122,257
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 946,116	\$ 105,154	\$ 0	\$ 1,051,270
Infrastructure (Roads)	159,754	83,350	0	243,104
Other Capital Assets	579,676	145,176	0	724,852
Total Accumulated Depreciation	\$ 1,685,546	\$ 333,680	\$ 0	\$ 2,019,226
Total Capital Assets Depreciated, Net	\$ 6,141,436	\$ (38,405)	\$ 0	\$ 6,103,031
Governmental Activities Capital Assets, Net	\$ 6,707,516	\$ 206,203	\$ 0	\$ 6,913,719

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

Governmental Activities:

General Government	\$ 37,046
Public Safety	86,578
Public Health and Welfare	102,895
Social, Cultural, and Recreational Services	1,300
Highway	<u>105,861</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 333,680</u>

Discretely Presented Union County School Department

Capital assets activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 1,345,209	\$ 0	\$ 1,345,209
Total Capital Assets Not Depreciated	<u>\$ 1,345,209</u>	<u>\$ 0</u>	<u>\$ 1,345,209</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,913,817	\$ 33,975	\$ 19,947,792
Infrastructure	31,500	0	31,500
Other Capital Assets	773,532	92,648	866,180
Total Capital Assets Depreciated	<u>\$ 20,718,849</u>	<u>\$ 126,623</u>	<u>\$ 20,845,472</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 7,721,895	\$ 496,532	\$ 8,218,427
Infrastructure	5,250	3,150	8,400
Other Capital Assets	223,634	110,970	334,604
Total Accumulated Depreciation	<u>\$ 7,950,779</u>	<u>\$ 610,652</u>	<u>\$ 8,561,431</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,768,070</u>	<u>\$ (501,737)</u>	<u>\$ 12,266,333</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,113,279</u>	<u>\$ (501,737)</u>	<u>\$ 13,611,542</u>

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

Governmental Activities:

Instruction	\$ 76,739
Support Services	<u>533,913</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 610,652</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Debt Service	Ambulance Service	\$ 71,587
General	Nonmajor governmental	3,957
"	Ambulance Service	1,223

The balance reflected in the General Debt Service Fund as due from the Ambulance Service Fund is the amount of an interfund loan scheduled to be received in the next fiscal year. The other balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component unit: School Department - Central Cafeteria	Primary government: General Debt Service	\$ 852

Advances to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Debt Service	Ambulance Service	\$ 146,413

During the year, the General Debt Service Fund loaned the Ambulance Service Fund \$218,000 to partially fund the purchase of ambulances and other equipment. The amount of this loan expected to be repaid within one year (\$71,587) is reflected as due to/from other funds. The remainder (\$146,413) is reflected as advances to/from other funds and is expected to be repaid during the 2010-11 and 2011-12 fiscal years.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government:

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
Ambulance Service Fund	\$ 64,009	\$ 0
General Fund	0	5,001
Total	\$ 64,009	\$ 5,001

Discretely Presented Union County School Department:

Transfer Out	Transfer In
	General Purpose School
Nonmajor governmental fund	\$ 28,051

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

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, 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, 2009, will be retired from the General Debt Service Fund.

General obligation bonds, notes, other loans, and capital leases outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds -			
School Refunding	2 to 3.7 %	\$ 7,710,000	\$ 6,155,000
Capital Outlay Notes	4.29 to 4.75	2,167,700	1,607,045
Other Loans - School			
Building and Improvements	Variable	4,000,000	1,905,000

In the 1995-96 year, Union County entered into a loan agreement with the Public Building Authority (PBA) of Sevier County, Tennessee. Under this loan agreement, the authority loaned \$4,000,000 to Union County for various renovation and construction projects. Originally this loan was repayable at a variable interest rate based on the Bond Market Association (BMA) Municipal Index. In addition, on a quarterly basis the county paid interest and other fees (liquidity, trustee, remarketing, and issuer) in connection with this loan. However, due to the downgrading of the PBA's bond insurer's credit rating, the PBA was unable to remarket the variable rate bonds upon which the loan agreement was based. Consequently, the bonds were purchased by KBC Bank under a standby bond purchase agreement. That agreement requires that interest be accrued based on the prime rate and paid monthly to KBC Bank. At June 30, 2009, the county paid interest of 3.25 percent under this loan agreement. The county continues to pay certain other fees associated with the debt, but not the liquidity and remarketing fees. Fees totaled .34 percent of the balance of the outstanding debt at June 30, 2009.

The annual requirements to amortize all bonds, notes, and other loans outstanding as of June 30, 2009, including interest payments and other fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 329,420	\$ 69,313	\$ 398,733
2011	279,475	54,514	333,989
2012	232,996	42,186	275,182
2013	243,699	32,118	275,817
2014	253,460	21,605	275,065
2015-16	267,995	10,683	278,678
Total	\$ 1,607,045	\$ 230,419	\$ 1,837,464

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2010	\$ 240,000	\$ 61,271	\$ 6,563	\$ 307,834
2011	250,000	53,445	5,736	309,181
2012	260,000	45,293	4,875	310,168
2013	270,000	36,816	3,979	310,795
2014	285,000	28,001	3,049	316,050
2015-16	600,000	27,810	3,118	630,928
Total	\$ 1,905,000	\$ 252,636	\$ 27,320	\$ 2,184,956

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2015-19	3,345,000	556,465	3,901,465
2020	885,000	32,745	917,745
Total	\$ 6,155,000	\$ 1,505,735	\$ 7,660,735

There is \$1,670,265 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$345, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases outstanding totaled \$542, 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, 2009:

Governmental Activities:	Bonds	Notes	Capital Leases
Balance, July 1, 2008	\$ 6,505,000	\$ 1,921,685	\$ 7,845
Deductions	(350,000)	(314,640)	(7,845)
Balance, June 30, 2009	<u>\$ 6,155,000</u>	<u>\$ 1,607,045</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 355,000</u>	<u>\$ 329,420</u>	<u>\$ 0</u>
		Other Loans	Landfill Closure/ Postclosure Care Cost
Balance, July 1, 2008		\$ 2,135,000	\$ 1,596,033
Deductions		(230,000)	(1,596,033)
Balance June 30, 2009		<u>\$ 1,905,000</u>	<u>\$ 0</u>
Balance Due Within One Year		<u>\$ 240,000</u>	<u>\$ 0</u>

The deduction to the Landfill Closure/Postclosure Care Cost is the result of a restatement to remove the liability from the financial statements and to report it as a contingency. For additional discussion, see notes I.D.(8) and V.F.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 9,667,045
Less: Balance Due Within One Year	<u>(924,420)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,742,625</u>

Discretely Presented Union County School Department

In a previous year, as a prerequisite to the primary government issuing a specific debt, which included funding for various school renovations totaling \$345,440, the governing bodies of the primary government and the School Department executed an agreement that the School Department would provide one-half of the funding needed to service that debt. This agreement has been reflected as a note payable in the financial statements of the School Department.

The annual requirements to amortize the note outstanding as of June 30, 2009, including interest payments, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 20,207	\$ 5,793	\$ 26,000
2011	21,074	4,926	26,000
2012	21,978	4,022	26,000
2013	22,921	3,079	26,000
2014	23,905	2,095	26,000
2015	24,930	1,070	26,000
Total	\$ 135,015	\$ 20,985	\$ 156,000

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

Governmental Activities:

	Notes	Other Post Employment Benefits	Other Long-term Liabilities
Balance, July 1, 2008	\$ 154,391	\$ 269,718	\$ 415,093
Additions	0	362,323	0
Deductions	(19,376)	(75,066)	(415,093)
Balance, June 30, 2009	\$ 135,015	\$ 556,975	\$ 0
Balance Due Within One Year	\$ 20,207	\$ 0	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 691,990
Less: Balance Due Within One Year	<u>(20,207)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 671,783</u>

The other long-term liability represents the amount that was agreed upon to settle a dispute raised by the teacher's association regarding the School Department's share of health insurance costs for prior years. This liability was liquidated during the year.

F. Pledge of Future Revenues

Component Unit Revenues Pledged for Primary Government Debt

In addition to the amount reflected as a note payable discussed in note IV.E., the School Department has pledged to pay a minimum of \$500,000 from its future revenues to the primary government's General Debt Service Fund to be applied toward the retirement of other school debt. However, for the last two years, the County Commission agreed to accept lower contributions. During the current fiscal year, the amount of the contribution was \$272,037. The related debt was issued by the primary government for various school capital projects and is payable through 2020. Total principal, interest, and other fees remaining on the debt is \$10,193,473 with annual requirements ranging from \$919,070 in the next fiscal year to \$917,745 in the final year.

G. On-Behalf Payments – Discretely Presently Union County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Union County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$26,579 and \$8,875, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Union County issued revenue anticipation notes in advance of revenue collected and deposited the proceeds in the General Purpose School and School Federal Projects funds of the discretely presented School Department. These notes were necessary to provide cash flow until the expected revenues were received. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance			Balance
	7-1-08	Issued	Paid	6-30-09
General Purpose School	\$ 0	\$ 225,000	\$ (225,000)	\$ 0
School Federal Projects	0	300,000	(300,000)	0

The School Federal Projects Fund borrowed the funds from the General Purpose School Fund. The General Purpose School Fund borrowed the funds from the primary government's General Debt Service Fund.

V. OTHER INFORMATION

A. Risk Management

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

The primary government, with the exception of the Highway Department, provides health insurance coverage through a commercial insurance provider. Settled claims during this year and the previous year (first year coverage provided), did not exceed commercial insurance coverage.

Union County also participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays an annual premium to the TN-RMT for general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-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. Accounting Changes

Governmental Accounting Standards Board (GASB) Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of

five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Union County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Union County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Union County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Union County could have endowment investments in subsequent years.

C. Subsequent Events

On August 10, 2009, the Union County Commission approved a resolution declaring its intent to appropriate funds and/or secure loans totaling \$13,797,000 to finance the construction of two new elementary schools and renovations to existing schools. The School Department was subsequently awarded financing of \$7,047,736 through the Qualified School Construction Bonds program administered by the state School Bond Authority. No further financing has been approved as of the date of this report.

On August 14, 2009, the county's General Debt Service Fund loaned \$800,000 (revenue anticipation note) to the School Department's General Purpose School Fund for temporary operating funds. The General Purpose School Fund subsequently loaned \$200,000 to the School Federal Projects Fund to provide temporary operating funds.

Subsequent to June 30, 2009, the County Commission approved the issuance of \$300,000 of capital outlay notes to fund the purchase of land for the School Department. Those notes have not been issued as of the date of this report.

D. 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 letters from the attorneys of the primary government and the School Department, management believes that the potential claims against the county and School Department not covered by insurance resulting from such litigation would not materially affect the financial statements.

Union County is contingently liable for landfill postclosure costs as discussed in Note V.F.

E. Changes in Administration

Charles Thomas retired as director of schools on August 11, 2008, and was succeeded by Wayne Goforth.

Doris Seymour retired from the Office of Clerk and Master on August 31, 2008, and was succeeded by Beulah Warwick.

Ronald Irick retired from the Office of Assessor of Property on August 31, 2008, and was succeeded by Donna Jones.

F. Landfill Closure/Postclosure Care Costs

During the 1995-96 year, operations of the landfill transferred from Union County to the discretely presented Union County Solid Waste Authority, a component unit of Union County. The Union County Solid Waste Authority subsequently contracted with a private company to operate and assume responsibility for closure and postclosure cost. The landfill was closed in 1999.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county, or in this case the component unit, reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Union County is contingently liable for postclosure costs if not paid by the component unit. These future postclosure costs are estimated to be \$480,940 at June 30, 2009. The amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

G. 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, 2009, 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

H. 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 www.tn.gov/treasury/tcrs.

Funding Policy

County Employees

Union County requires employees to contribute five percent of earnable compensation. Union County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 5.42 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.

School Department Employees

The Union County School Department requires employees to contribute five percent of earnable compensation. The department is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 4.41 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Union County School Department is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Employees

For the year ended June 30, 2009, Union County's annual pension cost of \$158,252 to TCRS was equal to Union County's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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, 2007, was eight years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$158,252	100%	\$0
6-30-08	137,381	100	0
6-30-07	105,544	100	0

School Department Employees

For the year ended June 30, 2009, the Union County School Department's annual pension cost of \$112,642 to TCRS was equal to the department's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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. The Union County School Department's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$112,642	100%	\$0
6-30-08	65,313	100	0
6-30-07	64,387	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2007, the most recent actuarial valuation date, the plan was 89.19 percent funded. The actuarial accrued liability for benefits was \$3.12 million, and the actuarial value of assets was \$2.79 million, resulting in

an unfunded actuarial accrued liability (UAAL) of \$.33 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2 million, and the ratio of the UAAL to the covered payroll was 13.91 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Department Employees

As of July 1, 2007, the most recent actuarial valuation date, the plan was 99.17 percent funded. The actuarial accrued liability for benefits was \$5.18 million, and the actuarial value of assets was \$5.14 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.04 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2 million, and the ratio of the UAAL to the covered payroll was 1.86 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Teachers

Plan Description

The Union County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple-employer defined benefit pension plan administered by

the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

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, 2009, was 6.42 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 ended June 30, 2009, 2008, and 2007, were \$783,601, \$741,066, and \$715,271, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education

employees. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retired teachers ranges from 35 to 75 percent based on the years of service. During the year ended June 30, 2009, the discretely presented Union County School Department contributed \$75,066 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	\$ 362,000
Interest on the NPO	12,137
Adjustment to the ARC	(11,814)
Annual OPEB cost	<u>\$ 362,323</u>
Amount of contribution	<u>(75,066)</u>
Increase/decrease in NPO	\$ 287,257
Net OPEB obligation, 7-1-08	<u>269,718</u>
Net OPEB obligation, 6-30-09	<u><u>\$ 556,975</u></u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 359,000	25 %	\$ 269,718
6-30-09	"	362,323	21	556,975

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-07
Actuarial accrued liability (AAL)	\$ 2,730,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,730,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 11,756,628
UAAL as a % of covered payroll	23%

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

Actuarial Methods and Assumptions

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

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual

healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on a closed basis over a 30-year period beginning with June 30, 2008.

J. 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 \$10,000 (excluding emergency purchases) 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.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,018,164	\$ 2,961,106	\$ 3,013,106	\$ 5,058
Licenses and Permits	48,884	49,676	52,176	(3,292)
Fines, Forfeitures, and Penalties	110,824	73,600	85,403	25,421
Charges for Current Services	78,096	23,400	37,159	40,937
Other Local Revenues	103,037	24,187	116,312	(13,275)
Fees Received from County Officials	723,886	710,844	692,230	31,656
State of Tennessee	1,160,712	1,368,514	2,397,936	(1,237,224)
Federal Government	108,138	0	108,138	0
Other Governments and Citizen Groups	50,451	0	0	50,451
Total Revenues	\$ 5,402,192	\$ 5,211,327	\$ 6,502,460	\$ (1,100,268)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 57,146	\$ 57,588	\$ 58,087	\$ 941
Board of Equalization	780	800	800	20
Budget and Finance Committee	900	1,200	1,200	300
County Mayor/Executive	162,628	165,630	165,630	3,002
County Attorney	15,747	13,837	16,922	1,175
Election Commission	145,245	149,663	150,566	5,321
Register of Deeds	130,246	134,493	133,101	2,855
Development	13,232	15,167	15,167	1,935
County Buildings	332,289	273,567	342,053	9,764
Other General Administration	149,242	288,000	156,055	6,813
<u>Finance</u>				
Property Assessor's Office	88,851	88,749	88,749	(102)
Reappraisal Program	48,925	58,473	51,473	2,548
County Trustee's Office	159,573	165,023	164,153	4,580
County Clerk's Office	214,333	212,566	222,313	7,980
Other Finance	70,234	65,000	65,000	(5,234)
<u>Administration of Justice</u>				
Circuit Court	202,315	202,477	205,665	3,350
General Sessions Court	99,737	100,512	100,612	875
Chancery Court	115,599	116,516	117,281	1,682
<u>Public Safety</u>				
Sheriff's Department	973,802	825,728	995,643	21,841
Special Patrols	37,959	0	82,554	44,595
Drug Enforcement	0	0	1,500	1,500
Jail	708,304	635,299	713,601	5,297
Juvenile Services	69,039	69,701	69,701	662
Fire Prevention and Control	64,978	65,000	65,000	22
Rescue Squad	19,812	20,000	20,000	188
County Coroner/Medical Examiner	9,100	12,000	12,000	2,900
<u>Public Health and Welfare</u>				
Local Health Center	152,619	187,324	187,324	34,705

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Rabies and Animal Control	\$ 10,900	\$ 10,000	\$ 10,000	\$ (900)
Appropriation to State	22,500	22,500	22,500	0
Sanitation Management	5,819	6,000	6,000	181
Convenience Centers	101,553	108,412	108,412	6,859
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	88,132	92,548	97,519	9,387
Libraries	89,399	69,552	93,449	4,050
Parks and Fair Boards	33,917	39,451	44,932	11,015
Other Social, Cultural, and Recreational	5,000	5,000	5,000	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	26,157	40,818	37,840	11,683
Forest Service	500	500	500	0
Soil Conservation	34,629	34,904	34,904	275
<u>Other Operations</u>				
Veterans' Services	13,661	13,704	13,704	43
Other Charges	70,400	22,500	71,916	1,516
Contributions to Other Agencies	1,496	0	1,496	0
Employee Benefits	463,302	522,403	520,332	57,030
Payments to Cities	21,000	21,000	21,000	0
Miscellaneous	44,909	263,093	273,363	228,454
<u>Highways</u>				
Litter and Trash Collection	42,894	43,028	43,028	134
<u>Support Services</u>				
Vocational Education Program	31,237	0	61,867	30,630
Other Programs	0	0	111,460	111,460
<u>Operation of Non-Instructional Services</u>				
Community Services	8,207	0	8,207	0
<u>Capital Projects</u>				
Other General Government Projects	0	14,837	9,836	9,836
Education Capital Projects	0	0	478,210	478,210
Total Expenditures	\$ 5,158,247	\$ 5,254,563	\$ 6,277,625	\$ 1,119,378
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 243,945	\$ (43,236)	\$ 224,835	\$ 19,110
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (5,001)	\$ 0	\$ (5,001)	\$ 0
Total Other Financing Sources (Uses)	\$ (5,001)	\$ 0	\$ (5,001)	\$ 0
Net Change in Fund Balance				
	\$ 238,944	\$ (43,236)	\$ 219,834	\$ 19,110
Fund Balance, July 1, 2008	1,939,142	1,074,420	1,074,420	864,722
Fund Balance, June 30, 2009				
	\$ 2,178,086	\$ 1,031,184	\$ 1,294,254	\$ 883,832

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 341,794	\$ 330,342	\$ 334,342	\$ 7,452
Charges for Current Services	1,020,069	1,100,000	1,100,000	(79,931)
Total Revenues	<u>\$ 1,361,863</u>	<u>\$ 1,430,342</u>	<u>\$ 1,434,342</u>	<u>\$ (72,479)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,563,605	\$ 1,718,985	\$ 1,721,985	\$ 158,380
Total Expenditures	<u>\$ 1,563,605</u>	<u>\$ 1,718,985</u>	<u>\$ 1,721,985</u>	<u>\$ 158,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (201,742)</u>	<u>\$ (288,643)</u>	<u>\$ (287,643)</u>	<u>\$ 85,901</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 360,000	\$ 360,000	\$ (360,000)
Transfers Out	(64,009)	(65,000)	(65,000)	991
Total Other Financing Sources (Uses)	<u>\$ (64,009)</u>	<u>\$ 295,000</u>	<u>\$ 295,000</u>	<u>\$ (359,009)</u>
Net Change in Fund Balance	\$ (265,751)	\$ 6,357	\$ 7,357	\$ (273,108)
Fund Balance, July 1, 2008	<u>334,273</u>	<u>300,000</u>	<u>300,000</u>	<u>34,273</u>
Fund Balance, June 30, 2009	<u><u>\$ 68,522</u></u>	<u><u>\$ 306,357</u></u>	<u><u>\$ 307,357</u></u>	<u><u>\$ (238,835)</u></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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 291,659	\$ 470,512	\$ 330,704	\$ (39,045)
Charges for Current Services	830	0	0	830
Other Local Revenues	16,963	32,000	32,000	(15,037)
State of Tennessee	1,711,972	1,579,793	1,797,284	(85,312)
Other Governments and Citizens Groups	0	150,000	150,000	(150,000)
Total Revenues	<u>\$ 2,021,424</u>	<u>\$ 2,232,305</u>	<u>\$ 2,309,988</u>	<u>\$ (288,564)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 123,588	\$ 127,327	\$ 127,827	\$ 4,239
Highway and Bridge Maintenance	1,080,254	1,148,837	1,237,529	157,275
Operation and Maintenance of Equipment	125,139	181,300	183,700	58,561
Ferry Operations	46,675	46,700	46,700	25
Other Charges	166,917	215,900	178,700	11,783
Employee Benefits	413,924	360,500	390,500	(23,424)
Capital Outlay	258,698	139,572	292,063	33,365
<u>Principal on Debt</u>				
Highways and Streets	7,845	13,500	15,300	7,455
<u>Interest on Debt</u>				
Highways and Streets	139	0	11,500	11,361
Total Expenditures	<u>\$ 2,223,179</u>	<u>\$ 2,233,636</u>	<u>\$ 2,483,819</u>	<u>\$ 260,640</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (201,755)</u>	<u>\$ (1,331)</u>	<u>\$ (173,831)</u>	<u>\$ (27,924)</u>
Net Change in Fund Balance	\$ (201,755)	\$ (1,331)	\$ (173,831)	\$ (27,924)
Fund Balance, July 1, 2008	<u>545,704</u>	<u>81,331</u>	<u>173,831</u>	<u>371,873</u>
Fund Balance, June 30, 2009	<u>\$ 343,949</u>	<u>\$ 80,000</u>	<u>\$ 0</u>	<u>\$ 343,949</u>

Exhibit E-4

Union County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Union County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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Primary Government

6-30-08	6-30-07	\$ 2,790	\$ 3,128	338	89.19 %	\$ 2,430	13.91 %
6-30-09	6-30-07	2,790	3,128	338	89.19	2,430	13.91

School Department

6-30-08	6-30-07	5,140	5,183	43	99.17	2,317	1.86
6-30-09	6-30-07	5,140	5,183	43	99.17	2,317	1.86

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 year; therefore, only two years of data are presented.

Exhibit E-5

Union County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Union County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group Plan	6-30-08	\$ 0	2,730 \$	2,730	0 %	11,528	24 %
"	6-30-09	0	2,730	2,730	0	11,528	24

*Data only available for two years.

UNION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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 in the following major appropriation categories (the legal level of control) of the following funds:

Fund/Major Category	Amount Overspent
General:	
Property Assessor's Office	\$ 102
Other Finance	5,234
Rabies and Animal Control	900
Highway/Public Works:	
Employee Benefits	23,424

Such overexpenditures are a violation of state law. These overexpenditures were funded by excess appropriations in other major categories and by available fund balances.

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

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

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

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Exhibit F-1

Union County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
\$	0	50	50	0	0	0	50
Cash	0	50	50	0	0	0	50
Equity in Pooled Cash and Investments	52,614	0	52,614	13,840	5,001	18,841	71,455
Accounts Receivable	34,157	3,907	38,064	0	0	0	38,064
Notes Receivable - Current	0	0	0	0	28,333	28,333	28,333
Notes Receivable - Long-term	0	0	0	0	57,167	57,167	57,167
Total Assets	\$ 86,771	\$ 3,957	\$ 90,728	\$ 13,840	\$ 90,501	\$ 104,341	\$ 195,069

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Notes Receivable - Current
 Notes Receivable - Long-term

Total Assets

LIABILITIES AND FUND BALANCES

\$	0	3,957	3,957	0	0	0	3,957
Liabilities	0	3,957	3,957	0	0	0	3,957
Due to Other Funds	0	3,957	3,957	0	0	0	3,957
Total Liabilities	\$ 0	\$ 3,957	\$ 3,957	\$ 0	\$ 0	\$ 0	\$ 3,957
Fund Balances	0	0	0	0	57,167	57,167	57,167
Reserved for Long-term Notes Receivable	0	0	0	0	57,167	57,167	57,167
Unreserved	86,771	0	86,771	13,840	33,334	47,174	133,945
Total Fund Balances	\$ 86,771	\$ 0	\$ 86,771	\$ 13,840	\$ 90,501	\$ 104,341	\$ 191,112
Total Liabilities and Fund Balances	\$ 86,771	\$ 3,957	\$ 90,728	\$ 13,840	\$ 90,501	\$ 104,341	\$ 195,069

Liabilities
 Due to Other Funds
 Total Liabilities
 Fund Balances
 Reserved for Long-term Notes Receivable
 Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

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, 2009

	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	\$ 55,596	0	55,596	0	0	0	55,596
Charges for Current Services	0	2,698	2,698	0	0	0	2,698
Other Local Revenues	495	0	495	0	0	0	495
State of Tennessee	1,114	0	1,114	0	0	0	1,114
Total Revenues	\$ 57,205	\$ 2,698	\$ 59,903	\$ 0	\$ 0	\$ 0	\$ 59,903
<u>Expenditures</u>							
Current:							
Administration of Justice	0	2,698	2,698	0	0	0	2,698
Public Safety	27,591	0	27,591	0	0	0	27,591
Capital Projects	0	0	0	10,318	0	10,318	10,318
Total Expenditures	\$ 27,591	\$ 2,698	\$ 30,289	\$ 10,318	\$ 0	\$ 10,318	\$ 40,607
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,614	\$ 0	\$ 29,614	\$ (10,318)	\$ 0	\$ (10,318)	\$ 19,296
<u>Other Financing Sources (Uses)</u>							
Transfers In	0	0	0	0	5,001	5,001	5,001
Total Other Financing Sources (Uses)	0	0	0	0	5,001	5,001	5,001
Net Change in Fund Balances	\$ 29,614	\$ 0	\$ 29,614	\$ (10,318)	\$ 5,001	\$ (5,317)	\$ 24,297
Fund Balance, July 1, 2008	57,157	0	57,157	24,158	85,500	109,658	166,815
Fund Balance, June 30, 2009	\$ 86,771	\$ 0	\$ 86,771	\$ 13,840	\$ 90,501	\$ 104,341	\$ 191,112

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 55,596	\$ 45,000	\$ 45,000	\$ 10,596
Other Local Revenues	495	0	0	495
State of Tennessee	1,114	0	0	1,114
Total Revenues	<u>\$ 57,205</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 12,205</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 27,591	\$ 45,000	\$ 80,625	\$ 53,034
Total Expenditures	<u>\$ 27,591</u>	<u>\$ 45,000</u>	<u>\$ 80,625</u>	<u>\$ 53,034</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,614</u>	<u>\$ 0</u>	<u>\$ (35,625)</u>	<u>\$ 65,239</u>
Net Change in Fund Balance	\$ 29,614	\$ 0	\$ (35,625)	\$ 65,239
Fund Balance, July 1, 2008	<u>57,157</u>	<u>37,000</u>	<u>37,000</u>	<u>20,157</u>
Fund Balance, June 30, 2009	<u>\$ 86,771</u>	<u>\$ 37,000</u>	<u>\$ 1,375</u>	<u>\$ 85,396</u>

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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.

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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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 473,490	\$ 462,395	\$ 462,395	\$ 11,095
Other Local Revenues	147,847	130,000	130,000	17,847
Other Governments and Citizens Groups	272,037	298,024	325,987	(53,950)
Total Revenues	<u>\$ 893,374</u>	<u>\$ 890,419</u>	<u>\$ 918,382</u>	<u>\$ (25,008)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 275,882	\$ 274,746	\$ 278,682	\$ 2,800
Education	618,758	594,200	618,758	0
<u>Interest on Debt</u>				
General Government	70,199	46,747	72,219	2,020
Education	310,962	335,211	305,803	(5,159)
<u>Other Debt Service</u>				
General Government	14,256	17,000	32,000	17,744
Total Expenditures	<u>\$ 1,290,057</u>	<u>\$ 1,267,904</u>	<u>\$ 1,307,462</u>	<u>\$ 17,405</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (396,683)</u>	<u>\$ (377,485)</u>	<u>\$ (389,080)</u>	<u>\$ (7,603)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 64,009	\$ 0	\$ 0	\$ 64,009
Total Other Financing Sources (Uses)	<u>\$ 64,009</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64,009</u>
Net Change in Fund Balance	\$ (332,674)	\$ (377,485)	\$ (389,080)	\$ 56,406
Fund Balance, July 1, 2008	<u>2,002,939</u>	<u>1,827,267</u>	<u>1,827,267</u>	<u>175,672</u>
Fund Balance, June 30, 2009	<u>\$ 1,670,265</u>	<u>\$ 1,449,782</u>	<u>\$ 1,438,187</u>	<u>\$ 232,078</u>

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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.

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Exhibit H-1

Union County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 867,887	\$ 867,887
Accounts Receivable	0	15	15
Due from Other Governments	97,646	0	97,646
Total Assets	<u>\$ 97,646</u>	<u>\$ 867,902</u>	<u>\$ 965,548</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 97,646	\$ 0	\$ 97,646
Due to Litigants, Heirs, and Others	0	867,902	867,902
Total Liabilities	<u>\$ 97,646</u>	<u>\$ 867,902</u>	<u>\$ 965,548</u>

Exhibit H-2

Union County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 594,733	\$ 594,733	\$ 0
Due from Other Governments	113,420	97,646	113,420	97,646
Total Assets	\$ 113,420	\$ 692,379	\$ 708,153	\$ 97,646
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 113,420	\$ 692,379	\$ 708,153	\$ 97,646
Total Liabilities	\$ 113,420	\$ 692,379	\$ 708,153	\$ 97,646
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 527,245	\$ 2,782,256	\$ 2,441,614	\$ 867,887
Accounts Receivable	0	15	0	15
Total Assets	\$ 527,245	\$ 2,782,271	\$ 2,441,614	\$ 867,902
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 527,245	\$ 2,782,271	\$ 2,441,614	\$ 867,902
Total Liabilities	\$ 527,245	\$ 2,782,271	\$ 2,441,614	\$ 867,902
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 527,245	\$ 2,782,256	\$ 2,441,614	\$ 867,887
Equity in Pooled Cash and Investments	0	594,733	594,733	0
Accounts Receivable	0	15	0	15
Due from Other Governments	113,420	97,646	113,420	97,646
Total Assets	\$ 640,665	\$ 3,474,650	\$ 3,149,767	\$ 965,548
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 113,420	\$ 692,379	\$ 708,153	\$ 97,646
Due to Litigants, Heirs, and Others	527,245	2,782,271	2,441,614	867,902
Total Liabilities	\$ 640,665	\$ 3,474,650	\$ 3,149,767	\$ 965,548

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 and two Special Revenue Funds.

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 the 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.

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Exhibit I-1

Union County, Tennessee
 Statement of Activities
 Discretely Presented Union County School Department
 For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Charges for Services	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:								
Instruction	\$ 14,421,179	\$ 0	\$ 1,637,391	\$ 0	\$ 0	\$ 0	\$ (12,783,788)	
Support Services	8,320,619	43,151	858,892				(7,418,576)	
Operation of Non-Instructional Services	1,543,555	376,641	1,156,908				(10,006)	
Debt Service	278,660	0	0				(278,660)	
Total Governmental Activities	\$ 24,564,013	\$ 419,792	\$ 3,653,191	\$ 0	\$ 0	\$ 0	\$ (20,491,030)	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes							\$ 2,296,927	
Local Option Sales Taxes							862,930	
Other Local Taxes							2,134	
Grants and Contributions Not Restricted to Specific Programs							16,987,100	
Unrestricted Investment Income							852	
Miscellaneous							22,434	
Total General Revenues							\$ 20,172,377	
Change in Net Assets							\$ (318,653)	
Net Assets, July 1, 2008							14,135,900	
Net Assets, June 30, 2009							\$ 13,817,247	

Exhibit I-2

Union County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Union County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 171,063	\$ 162,624	\$ 333,687
Accounts Receivable	42,293	0	42,293
Due from Other Governments	592,502	117,533	710,035
Due from Primary Government	0	852	852
Property Taxes Receivable	2,536,127	0	2,536,127
Allowance for Uncollectible Property Taxes	(128,316)	0	(128,316)
Total Assets	\$ 3,213,669	\$ 281,009	\$ 3,494,678
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 9,275	\$ 9,275
Other Current Liabilities	342,402	0	342,402
Deferred Revenue - Current Property Taxes	2,263,014	0	2,263,014
Deferred Revenue - Delinquent Property Taxes	135,417	0	135,417
Other Deferred Revenues	73,798	0	73,798
Total Liabilities	\$ 2,814,631	\$ 9,275	\$ 2,823,906
<u>Fund Balances</u>			
Reserved for Basic Education Program	\$ 116,033	\$ 0	\$ 116,033
Reserved for Title I Grants to Local Education Agencies	0	5,574	5,574
Reserved for Special Education - Grants to States	0	6,712	6,712
Other Federal Reserves	0	7,101	7,101
Unreserved, Reported In:			
General Fund	283,005	0	283,005
Special Revenue Funds	0	252,347	252,347
Total Fund Balances	\$ 399,038	\$ 271,734	\$ 670,772
Total Liabilities and Fund Balances	\$ 3,213,669	\$ 281,009	\$ 3,494,678

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, 2009

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)		\$	670,772
(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		11,729,365	
Add: infrastructure net of accumulated depreciation		23,100	
Add: other capital assets net of accumulated depreciation		<u>531,576</u>	13,629,250
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			209,215
(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	\$	(135,015)	
Less: other postemployment benefits liability		<u>(556,975)</u>	<u>(691,990)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 13,817,247</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, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,248,468	\$ 0	\$ 3,248,468
Licenses and Permits	1,795	0	1,795
Charges for Current Services	43,151	376,641	419,792
Other Local Revenues	73,831	852	74,683
State of Tennessee	16,776,245	16,147	16,792,392
Federal Government	736,736	2,844,663	3,581,399
Other Governments and Citizens Groups	37,569	0	37,569
Total Revenues	<u>\$ 20,917,795</u>	<u>\$ 3,238,303</u>	<u>\$ 24,156,098</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,304,189	\$ 1,242,085	\$ 14,546,274
Support Services	7,187,024	631,343	7,818,367
Operation of Non-Instructional Services	114,149	1,326,103	1,440,252
Capital Outlay	20,964	0	20,964
Debt Service:			
Principal on Debt	19,376	0	19,376
Interest on Debt	6,623	0	6,623
Other Debt Service	272,037	0	272,037
Total Expenditures	<u>\$ 20,924,362</u>	<u>\$ 3,199,531</u>	<u>\$ 24,123,893</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,567)</u>	<u>\$ 38,772</u>	<u>\$ 32,205</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 3,700	\$ 0	\$ 3,700
Transfers In	28,051	0	28,051
Transfers Out	0	(28,051)	(28,051)
Total Other Financing Sources (Uses)	<u>\$ 31,751</u>	<u>\$ (28,051)</u>	<u>\$ 3,700</u>
Net Change in Fund Balances	\$ 25,184	\$ 10,721	\$ 35,905
Fund Balance, July 1, 2008	<u>373,854</u>	<u>261,013</u>	<u>634,867</u>
Fund Balance, June 30, 2009	<u>\$ 399,038</u>	<u>\$ 271,734</u>	<u>\$ 670,772</u>

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, 2009

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)		\$	35,905
(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	\$	126,623	
Less: current year depreciation expense		<u>(610,652)</u>	(484,029)
(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, 2009	\$	209,215	
Less: deferred delinquent property taxes and other deferred June 30, 2008		<u>(226,956)</u>	(17,741)
(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.			
Add: principal payments on note			19,376
(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.			
Less: change in other postemployment benefits liability		(287,257)	
Add: change in other long-term liabilities		<u>415,093</u>	<u>127,836</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (318,653)</u>

Union County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Union County School Department
June 30, 2009

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	
\$	1,120 \$	161,504 \$	162,624 \$	162,624
	27,542	89,991	117,533	117,533
	0	852	852	852
\$	28,662 \$	252,347 \$	281,009 \$	281,009

ASSETS

Equity in Pooled Cash and Investments
 Due from Other Governments
 Due from Primary Government

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Total Liabilities

Fund Balances

Reserved for Title I Grants to Local Education Agencies
 Reserved for Special Education - Grants to States
 Other Federal Reserves
 Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	9,275 \$	0 \$	9,275 \$	9,275
\$	9,275 \$	0 \$	9,275 \$	9,275
\$	5,574 \$	0 \$	5,574 \$	5,574
	6,712	0	6,712	6,712
	7,101	0	7,101	7,101
	0	252,347	252,347	252,347
\$	19,387 \$	252,347 \$	271,734 \$	271,734
\$	28,662 \$	252,347 \$	281,009 \$	281,009

Exhibit I-7

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, 2009

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 376,641	\$ 376,641	\$ 376,641
Other Local Revenues	0	852	852	852
State of Tennessee	0	16,147	16,147	16,147
Federal Government	1,861,765	982,898	2,844,663	2,844,663
Total Revenues	<u>\$ 1,861,765</u>	<u>\$ 1,376,538</u>	<u>\$ 3,238,303</u>	<u>\$ 3,238,303</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 1,242,085	\$ 0	\$ 1,242,085	\$ 1,242,085
Support Services	631,343	0	631,343	631,343
Operation of Non-Instructional Services	0	1,326,103	1,326,103	1,326,103
Total Expenditures	<u>\$ 1,873,428</u>	<u>\$ 1,326,103</u>	<u>\$ 3,199,531</u>	<u>\$ 3,199,531</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>\$ (11,663)</u>	<u>\$ 50,435</u>	<u>\$ 38,772</u>	<u>\$ 38,772</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (28,051)	\$ 0	\$ (28,051)	\$ (28,051)
Total Other Financing Sources (Uses)	<u>\$ (28,051)</u>	<u>\$ 0</u>	<u>\$ (28,051)</u>	<u>\$ (28,051)</u>
Net Change in Fund Balances				
Fund Balance, July 1, 2008	\$ 59,101	\$ 201,912	\$ 261,013	\$ 261,013
Fund Balance, June 30, 2009	<u>\$ 19,387</u>	<u>\$ 252,347</u>	<u>\$ 271,734</u>	<u>\$ 271,734</u>

Exhibit I-8

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,248,468	\$ 3,298,689	\$ 3,298,689	\$ (50,221)
Licenses and Permits	1,795	1,250	1,250	545
Charges for Current Services	43,151	23,000	42,972	179
Other Local Revenues	73,831	11,259	67,741	6,090
State of Tennessee	16,776,245	16,752,986	16,780,986	(4,741)
Federal Government	736,736	298,672	786,115	(49,379)
Other Governments and Citizens Groups	37,569	0	37,569	0
Total Revenues	\$ 20,917,795	\$ 20,385,856	\$ 21,015,322	\$ (97,527)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 10,436,469	\$ 9,825,123	\$ 10,436,487	\$ 18
Special Education Program	1,922,979	1,922,994	1,922,994	15
Vocational Education Program	901,102	951,359	951,359	50,257
Adult Education Program	43,639	46,336	46,336	2,697
<u>Support Services</u>				
Health Services	53,771	55,216	55,216	1,445
Other Student Support	370,762	347,771	370,764	2
Regular Instruction Program	1,323,729	1,255,620	1,358,171	34,442
Special Education Program	251,231	251,236	251,236	5
Vocational Education Program	117,832	117,831	117,831	(1)
Adult Programs	91,194	94,317	94,317	3,123
Other Programs	35,454	0	35,454	0
Board of Education	356,527	354,086	356,540	13
Director of Schools	161,673	161,786	161,786	113
Office of the Principal	1,239,716	1,211,704	1,239,720	4
Fiscal Services	188,466	189,695	189,695	1,229
Operation of Plant	1,540,494	1,602,846	1,540,507	13
Maintenance of Plant	284,402	298,923	293,579	9,177
Transportation	1,059,722	1,175,195	1,062,452	2,730
Central and Other	112,051	117,768	117,768	5,717
<u>Operation of Non-Instructional Services</u>				
Food Service	5,956	9,389	9,389	3,433
Community Services	108,193	116,471	116,471	8,278
<u>Capital Outlay</u>				
Regular Capital Outlay	20,964	10,565	20,965	1
<u>Principal on Debt</u>				
Education	19,376	297,676	19,376	0
<u>Interest on Debt</u>				
Education	6,623	0	6,623	0
<u>Other Debt Service</u>				
Education	272,037	0	272,037	0
Total Expenditures	\$ 20,924,362	\$ 20,413,907	\$ 21,047,073	\$ 122,711

(Continued)

Exhibit I-8

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	
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,567)	\$ (28,051)	\$ (31,751)	\$ 25,184
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,700	\$ 0	\$ 3,700	\$ 0
Transfers In	28,051	28,051	28,051	0
Total Other Financing Sources (Uses)	\$ 31,751	\$ 28,051	\$ 31,751	\$ 0
Net Change in Fund Balance	\$ 25,184	\$ 0	\$ 0	\$ 25,184
Fund Balance, July 1, 2008	373,854	364,678	364,678	9,176
Fund Balance, June 30, 2009	\$ 399,038	\$ 364,678	\$ 364,678	\$ 34,360

Exhibit I-9

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,861,765	\$ 2,350,828	\$ 2,466,929	\$ (605,164)
Total Revenues	\$ 1,861,765	\$ 2,350,828	\$ 2,466,929	\$ (605,164)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 722,663	\$ 730,370	\$ 905,123	\$ 182,460
Special Education Program	463,345	701,569	706,431	243,086
Vocational Education Program	56,077	56,033	56,077	0
<u>Support Services</u>				
Other Student Support	36,165	38,562	38,478	2,313
Regular Instruction Program	416,606	563,626	504,638	88,032
Special Education Program	48,699	68,770	73,689	24,990
Transportation	129,873	163,847	154,442	24,569
Total Expenditures	\$ 1,873,428	\$ 2,322,777	\$ 2,438,878	\$ 565,450
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,663)	\$ 28,051	\$ 28,051	\$ (39,714)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (28,051)	\$ (28,051)	\$ (28,051)	\$ 0
Total Other Financing Sources (Uses)	\$ (28,051)	\$ (28,051)	\$ (28,051)	\$ 0
Net Change in Fund Balance	\$ (39,714)	\$ 0	\$ 0	\$ (39,714)
Fund Balance, July 1, 2008	59,101	0	0	59,101
Fund Balance, June 30, 2009	\$ 19,387	\$ 0	\$ 0	\$ 19,387

Exhibit I-10

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 376,641	\$ 419,000	\$ 376,641	\$ 0
Other Local Revenues	852	0	0	852
State of Tennessee	16,147	17,000	16,147	0
Federal Government	982,898	928,500	986,344	(3,446)
Total Revenues	<u>\$ 1,376,538</u>	<u>\$ 1,364,500</u>	<u>\$ 1,379,132</u>	<u>\$ (2,594)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,326,103	\$ 1,364,500	\$ 1,329,848	\$ 3,745
Total Expenditures	<u>\$ 1,326,103</u>	<u>\$ 1,364,500</u>	<u>\$ 1,329,848</u>	<u>\$ 3,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 50,435</u>	<u>\$ 0</u>	<u>\$ 49,284</u>	<u>\$ 1,151</u>
Net Change in Fund Balance	\$ 50,435	\$ 0	\$ 49,284	\$ 1,151
Fund Balance, July 1, 2008	<u>201,912</u>	<u>201,912</u>	<u>201,912</u>	<u>0</u>
Fund Balance, June 30, 2009	<u><u>\$ 252,347</u></u>	<u><u>\$ 201,912</u></u>	<u><u>\$ 251,196</u></u>	<u><u>\$ 1,151</u></u>

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MISCELLANEOUS SCHEDULES

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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, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
PRIMARY GOVERNMENT							
NOTES PAYABLE							
Payable through General Debt Service Fund							
Jail and Courthouse Renovations (\$1,187,560)	\$ 1,533,000	4.29 %	2-6-07	2-1-15	\$ 1,371,000	\$ 172,000	\$ 1,199,000
and School Renovations (\$345,440)	174,000	4.75	10-24-06	10-24-09	119,315	58,247	61,068
Ambulance Vehicles	100,000	4.75	12-14-07	12-14-10	100,000	31,770	68,230
Land and Convenience Center	60,600	4.75	12-14-07	12-14-10	60,600	19,252	41,348
Sheriff's Vehicles	200,000	4.29	7-2-07	7-1-15	180,453	22,240	158,213
Building/Courthouse Annex	100,100	4.29	7-2-07	7-1-15	90,317	11,131	79,186
Jail Project/Parking Lot Paving							
Total Notes Payable					\$ 1,921,685	\$ 314,640	\$ 1,607,045
OTHER LOANS PAYABLE							
Payable through General Debt Service Fund							
School Buildings and Facilities	4,000,000	Variable	12-1-1995	6-30-16	\$ 2,135,000	\$ 230,000	\$ 1,905,000
Total Other Loans Payable					\$ 2,135,000	\$ 230,000	\$ 1,905,000
CAPITAL LEASES PAYABLE							
Payable through Highway/Public Works Fund							
Road Equipment (Tractor and Mower)	48,050	4.25	4-1-04	3-1-09	\$ 7,845	\$ 7,845	\$ 0
Total Capital Leases Payable					\$ 7,845	\$ 7,845	\$ 0
BONDS PAYABLE							
Payable through General Debt Service Fund							
Schools Refunding Bond 2003 Series	7,710,000	2 to 3.7	6-27-03	4-1-20	\$ 6,505,000	\$ 350,000	\$ 6,155,000
Total Bonds Payable					\$ 6,505,000	\$ 350,000	\$ 6,155,000

(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 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
<u>DISCRETELY PRESENTED UNION COUNTY SCHOOL DEPARTMENT</u>							
<u>NOTES PAYABLE</u>							
Payable through General Purpose School Fund							
Schools Renovations - Borrowed from Primary Government	\$ 172,722	4.29 %	2-6-07	2-1-15	\$ 154,391	\$ 19,376	\$ 135,015
Total Notes Payable					\$ 154,391	\$ 19,376	\$ 135,015

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2010	\$ 329,420	\$ 69,313	\$ 398,733
2011	279,475	54,514	333,989
2012	232,996	42,186	275,182
2013	243,699	32,118	275,817
2014	253,460	21,605	275,065
2015	264,300	10,670	274,970
2016	3,695	13	3,708
Total	<u>\$ 1,607,045</u>	<u>\$ 230,419</u>	<u>\$ 1,837,464</u>

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Other Loan Requirements
2010	\$ 240,000	\$ 61,271	\$ 6,563	\$ 307,834
2011	250,000	53,445	5,736	309,181
2012	260,000	45,293	4,875	310,168
2013	270,000	36,816	3,979	310,795
2014	285,000	28,001	3,049	316,050
2015	295,000	18,712	2,067	315,779
2016	305,000	9,098	1,051	315,149
Total	<u>\$ 1,905,000</u>	<u>\$ 252,636</u>	<u>\$ 27,320</u>	<u>\$ 2,184,956</u>

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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	<u>\$ 6,155,000</u>	<u>\$ 1,505,735</u>	<u>\$ 7,660,735</u>

DISCRETELY PRESENTED UNION SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2010	\$ 20,207	\$ 5,793	\$ 26,000
2011	21,074	4,926	26,000
2012	21,978	4,022	26,000
2013	22,921	3,079	26,000
2014	23,905	2,095	26,000
2015	24,930	1,070	26,000
Total	<u>\$ 135,015</u>	<u>\$ 20,985</u>	<u>\$ 156,000</u>

Exhibit J-3

Union County, Tennessee
Schedule of Notes Receivable
June 30, 2009

<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 (1)	Union County School Department	\$ 172,722	2-6-07	2-1-15	4.29%	\$ 135,014
<u>Community Development/Industrial Park Fund</u>	City of Maynardville	85,500	2-29-08	7-1-11	0	85,500
<u>Total Notes Receivable</u>						<u>\$ 220,514</u>

(1) The county previously 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, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Ambulance Service	General Debt Service	Debt service	\$ 64,009
General	Community Development/Industrial Park	Operations	<u>5,001</u>
Total Transfers Primary Government			<u>\$ 69,010</u>
<u>DISCRETELY PRESENTED</u>			
<u>UNION COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 28,051</u>
Total Transfers Discretely Presented Union County School Department			<u>\$ 28,051</u>

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, 2009

Official	Authorization for Salary	\$	Salary Paid During Period	\$	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$	66,702	\$	50,000	Auto Owners Insurance Company
Director of Schools:						
Charles Thomas (7-1-08 through 8-10-08)	State Board of Education and County Board of Education		8,572	(2)		
Wayne Goforth (8-11-08 through 6-30-09)	State Board of Education and County Board of Education		67,964	(1)	(2)	
Highway Superintendent	Section 8-24-102, <u>TCA</u>		63,527		100,000	"
Trustee	Section 8-24-102, <u>TCA</u>		57,751		700,000	"
Assessor of Property:						
Ronald Irick (7-1-08 through 8-31-08)	Section 8-24-102, <u>TCA</u>		9,625		15,000	"
Donna Jones (9-1-08 through 6-30-09)	Section 8-24-102, <u>TCA</u>		48,126		15,000	"
County Clerk	Section 8-24-102, <u>TCA</u>		57,751		50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>		57,751		50,000	"
Clerk and Master:						
Doris Seymour (7-1-08 through 8-31-08)	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge		9,625	(3)	50,000	"
Beulah Warwick (9-1-08 through 6-30-09)	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge		48,126	(4)	50,000	"
Register	Section 8-24-102, <u>TCA</u>		57,751		25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>		63,527	(5)	25,000	"
Employee Blanket Bond - County and School Employees: Errors and Omissions Policy					1,000,000	Next Generation Underwriters

- (1) Includes chief executive officer training supplement of \$1,000.
- (2) Coverage is provided through the Employee Blanket Bond - County and School Employees.
- (3) Does not include special commissioner fees of \$372.
- (4) Does not include special commissioner fees of \$2,325.
- (5) Does not include a law enforcement training supplement of \$600.

Exhibit J-6

Union County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2009

	Special Revenue Funds					Debt Service Fund	Total
	General	Ambulance Service	Drug Control	Constituti- onal Officers - Fees	Highway/ Public Works		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 2,039,641	\$ 310,231	\$ 0	\$ 0	\$ 226,627	\$ 424,922	\$ 3,001,421
Trustee's Collections - Prior Year	124,317	20,376	0	0	13,813	25,924	184,430
Circuit/Clerk & Master Collections - Prior Years	50,961	7,343	0	0	2,316	17,402	78,022
Interest and Penalty	21,147	3,231	0	0	2,349	4,406	31,133
Pick-up Taxes	4,013	613	0	0	446	836	5,908
Payments in-Lieu-of Taxes - T.V.A.	4,595	0	0	0	0	0	4,595
Payments in-Lieu-of Taxes - Local Utilities	211,724	0	0	0	0	0	211,724
<u>County Local Option Taxes</u>							
Local Option Sales Tax	294,794	0	0	0	0	0	294,794
Litigation Tax - General	35,696	0	0	0	0	0	35,696
Litigation Tax - Special Purpose	35,064	0	0	0	0	0	35,064
Litigation Tax - Jail, Workhouse, or Courthouse	14,463	0	0	0	0	0	14,463
Business Tax	66,036	0	0	0	0	0	66,036
Mineral Severance Tax	0	0	0	0	46,108	0	46,108
<u>Statutory Local Taxes</u>							
Wholesale Beer Tax	112,490	0	0	0	0	0	112,490
Beer Privilege Tax	1,615	0	0	0	0	0	1,615
Interstate Telecommunications Tax	1,608	0	0	0	0	0	1,608
Total Local Taxes	\$ 3,018,164	\$ 341,794	\$ 0	\$ 0	\$ 291,659	\$ 473,490	\$ 4,125,107
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 31,166	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,166
<u>Permits</u>							
Beer Permits	1,188	0	0	0	0	0	1,188
Building Permits	16,530	0	0	0	0	0	16,530
Total Licenses and Permits	\$ 48,884	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,884

(Continued)

Exhibit J-6

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

	General	Special Revenue Funds					Total
		Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 12,128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,128
Fines for Littering	95	0	0	0	0	0	95
Officers Costs	4,162	0	0	0	0	0	4,162
Game and Fish Fines	225	0	0	0	0	0	225
Drug Control Fines	0	11,928	0	0	0	0	11,928
District Attorney General Fees	58	0	0	0	0	0	58
Data Entry Fee - Circuit Court	695	0	0	0	0	0	695
Victims Assistance Assessments	1,756	0	0	0	0	0	1,756
<u>Criminal Court</u>							
Courtroom Security Fee	149	0	0	0	0	0	149
<u>General Sessions Court</u>							
Fines	23,720	0	0	0	0	0	23,720
Officers Costs	25,533	0	0	0	0	0	25,533
Game and Fish Fines	1,158	0	0	0	0	0	1,158
Drug Control Fines	0	8,543	0	0	0	0	8,543
Jail Fees	73	0	0	0	0	0	73
Data Entry Fee - General Sessions Court	10,218	0	0	0	0	0	10,218
Courtroom Security Fee	1,008	0	0	0	0	0	1,008
Victims Assistance Assessments	16,056	0	0	0	0	0	16,056
<u>Juvenile Court</u>							
Fines	1,209	0	776	0	0	0	1,985
Officers Costs	3,488	0	0	0	0	0	3,488
Drug Control Fines	294	0	192	0	0	0	486
Data Entry Fee - Juvenile Court	621	0	0	0	0	0	621
Victims Assistance Assessments	2,274	0	0	0	0	0	2,274
<u>Chancery Court</u>							
Officers Costs	4,270	0	0	0	0	0	4,270
Data Entry Fee - Chancery Court	1,499	0	0	0	0	0	1,499
<u>Other Courts - In-county</u>							
District Attorney General Fees	117	0	0	0	0	0	117

(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		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	\$ 18	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18
Other Fines, Forfeitures, and Penalties	0	0	34,157	0	0	0	34,157
Proceeds from Confiscated Property							
Total Fines, Forfeitures, and Penalties	\$ 110,824	\$ 0	\$ 55,596	\$ 0	\$ 0	\$ 0	\$ 166,420
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 405	\$ 0	405
Patient Charges	0	1,020,069	0	0	0	0	1,020,069
Other General Service Charges	98	0	0	0	0	0	98
Fees							
Engineer Review Fees	2,605	0	0	0	0	0	2,605
Copy Fees	2,884	0	0	0	0	0	2,884
Library Fees	3,141	0	0	0	0	0	3,141
Archives and Records Management Fee - County Clerk	13,227	0	0	0	0	0	13,227
Special Commissioner Fees/Special Master Fees	0	0	0	2,698	0	0	2,698
Data Processing Fee - Register	7,506	0	0	0	0	0	7,506
Data Processing Fee - Sheriff	3,102	0	0	0	0	0	3,102
Sexual Offender Registration Fees - Sheriff	2,350	0	0	0	0	0	2,350
Data Processing Fee - County Clerk	1,230	0	0	0	0	0	1,230
<u>Other Charges for Services</u>							
Other Charges for Services	41,953	0	0	0	425	0	42,378
Total Charges for Current Services	\$ 78,096	\$ 1,020,069	\$ 0	\$ 2,698	\$ 830	\$ 0	\$ 1,101,693
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 147,808	147,808
Lease/Rentals	51,038	0	0	0	0	0	51,038
Sale of Gasoline	0	0	0	0	16,920	0	16,920
Miscellaneous Refunds	13,149	0	0	0	43	39	13,231

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Total	
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items</u>								
Damages Recovered from Individuals	\$ 225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	225
Contributions and Gifts	34,915	0	0	0	0	0	0	34,915
<u>Other Local Revenues</u>								
Other Local Revenues	3,710	0	495	0	0	0	0	4,205
Total Other Local Revenues	\$ 103,037	\$ 0	\$ 495	\$ 0	\$ 16,963	\$ 147,847	\$ 0	\$ 268,342
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 163,056	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 163,056
Circuit Court Clerk	60,803	0	0	0	0	0	0	60,803
Criminal Court Clerk	4,819	0	0	0	0	0	0	4,819
General Sessions Court Clerk	126,882	0	0	0	0	0	0	126,882
Clerk and Master	69,973	0	0	0	0	0	0	69,973
Probate Court Clerk	153	0	0	0	0	0	0	153
Register	84,787	0	0	0	0	0	0	84,787
Sheriff	7,338	0	0	0	0	0	0	7,338
Trustee	206,075	0	0	0	0	0	0	206,075
Total Fees Received from County Officials	\$ 723,886	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 723,886
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 11,775	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,775
Aging Programs	2,376	0	0	0	0	0	0	2,376
Other General Government Grants	5,697	0	0	0	0	0	0	5,697
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	8,400	0	0	0	0	0	0	8,400
Health and Welfare Grants								
Public Health Nurses	52,257	0	0	0	0	0	0	52,257
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	217,491	0	0	217,491

(Continued)

Exhibit J-6

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

	Special Revenue Funds					Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>State of Tennessee (Cont.)</u>						
Public Works Grants (Cont.)						
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 167,692	\$ 167,692
Litter Program	27,426	0	0	0	0	27,426
Other State Revenues						
Income Tax	32,211	0	0	0	0	32,211
Beer Tax	18,701	0	0	0	0	18,701
Alcoholic Beverage Tax	27,257	0	0	0	0	27,257
State Revenue Sharing - T.V.A.	702,578	0	0	0	0	702,578
Contracted Prisoner Boarding	216,160	0	0	0	0	216,160
Gasoline and Motor Fuel Tax	0	0	0	0	1,313,679	1,313,679
Petroleum Special Tax	0	0	0	0	13,110	13,110
Reappraisal Program Reimbursement	11,520	0	0	0	0	11,520
Registrar's Salary Supplement	12,285	0	0	0	0	12,285
Other State Grants	32,069	0	679	0	0	32,748
Other State Revenues	0	0	435	0	0	435
Total State of Tennessee	\$ 1,160,712	\$ 0	\$ 1,114	\$ 0	\$ 1,711,972	\$ 2,873,798
<u>Federal Government</u>						
Federal Through State						
Job Training Partnership Act	\$ 29,457	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,457
Homeland Security Grants	13,994	0	0	0	0	13,994
Other Federal through State	64,687	0	0	0	0	64,687
Total Federal Government	\$ 108,138	\$ 0	\$ 0	\$ 0	\$ 0	\$ 108,138
<u>Other Governments and Citizens Groups</u>						
Other Governments						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 272,037
Contracted Services	50,451	0	0	0	0	50,451
Total Other Governments and Citizens Groups	\$ 50,451	\$ 0	\$ 0	\$ 0	\$ 0	\$ 272,037
Total	\$ 5,402,192	\$ 1,361,863	\$ 57,205	\$ 2,698	\$ 2,021,424	\$ 9,738,756

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, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,067,966	\$ 0	\$ 0	\$ 2,067,966
Trustee's Collections - Prior Year	126,043	0	0	126,043
Circuit/Clerk & Master Collections - Prior Years	76,441	0	0	76,441
Interest and Penalty	21,440	0	0	21,440
Pick-up Taxes	4,068	0	0	4,068
<u>County Local Option Taxes</u>				
Local Option Sales Tax	881,640	0	0	881,640
<u>Statutory Local Taxes</u>				
Bank Excise Tax	68,736	0	0	68,736
Interstate Telecommunications Tax	2,134	0	0	2,134
Total Local Taxes	\$ 3,248,468	\$ 0	\$ 0	\$ 3,248,468
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,454	\$ 0	\$ 0	\$ 1,454
<u>Permits</u>				
Other Permits	341	0	0	341
Total Licenses and Permits	\$ 1,795	\$ 0	\$ 0	\$ 1,795
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 279,766	\$ 279,766
Lunch Payments - Adults	0	0	24,891	24,891
Income from Breakfast	0	0	7,724	7,724
A la carte Sales	0	0	64,260	64,260
Receipts from Individual Schools	42,976	0	0	42,976
<u>Other Charges for Services</u>				
Other Charges for Services	175	0	0	175
Total Charges for Current Services	\$ 43,151	\$ 0	\$ 376,641	\$ 419,792
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 852	\$ 852
Miscellaneous Refunds	67,316	0	0	67,316
<u>Nonrecurring Items</u>				
Contributions and Gifts	5,965	0	0	5,965
<u>Other Local Revenues</u>				
Other Local Revenues	550	0	0	550
Total Other Local Revenues	\$ 73,831	\$ 0	\$ 852	\$ 74,683
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 35,454	\$ 0	\$ 0	\$ 35,454
<u>State Education Funds</u>				
Basic Education Program	15,714,061	0	0	15,714,061
School Food Service	0	0	16,147	16,147
Driver Education	13,548	0	0	13,548
Other State Education Funds	100,504	0	0	100,504

(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	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder Program	\$ 144,935	\$ 0	\$ 0	\$ 144,935
Career Ladder - Extended Contract	44,300	0	0	44,300
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	175,644	0	0	175,644
Other State Grants	547,799	0	0	547,799
Total State of Tennessee	<u>\$ 16,776,245</u>	<u>\$ 0</u>	<u>\$ 16,147</u>	<u>\$ 16,792,392</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 696,714	\$ 696,714
Breakfast	0	0	265,758	265,758
USDA - Other	0	0	20,426	20,426
Adult Education State Grant Program	64,900	0	0	64,900
Vocational Education - Basic Grants to States	0	71,633	0	71,633
Title I Grants to Local Education Agencies	104,508	921,185	0	1,025,693
Innovative Education Program Strategies	0	1,171	0	1,171
Special Education - Grants to States	34,740	601,925	0	636,665
Special Education Preschool Grants	0	19,359	0	19,359
English Language Acquisition Grants	0	1,870	0	1,870
Rural Education	0	52,121	0	52,121
Eisenhower Professional Development State Grants	0	171,797	0	171,797
Other Federal through State	532,588	20,704	0	553,292
Total Federal Government	<u>\$ 736,736</u>	<u>\$ 1,861,765</u>	<u>\$ 982,898</u>	<u>\$ 3,581,399</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contracted Services	\$ 37,569	\$ 0	\$ 0	\$ 37,569
Total Other Governments and Citizens Groups	<u>\$ 37,569</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,569</u>
Total	<u>\$ 20,917,795</u>	<u>\$ 1,861,765</u>	<u>\$ 1,376,538</u>	<u>\$ 24,156,098</u>

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	50,985	
Audit Services		5,342	
Printing, Stationery, and Forms		819	
Total County Commission			\$ 57,146

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	\$	66,702	
Accountants/Bookkeepers		62,574	
Part-time Personnel		14,079	
Data Processing Services		6,459	
Legal Notices, Recording, and Court Costs		441	
Printing, Stationery, and Forms		1,207	
Travel		2,864	
Office Supplies		6,403	
Other Charges		482	
Data Processing Equipment		65	
Office Equipment		1,352	
Total County Mayor/Executive			162,628

County Attorney

County Official/Administrative Officer	\$	11,163	
Legal Services		4,584	
Total County Attorney			15,747

Election Commission

County Official/Administrative Officer	\$	57,675	
Deputy(ies)		20,112	
Election Commission		2,200	
Election Workers		32,137	
Data Processing Services		9,050	
Legal Notices, Recording, and Court Costs		5,504	
Maintenance and Repair Services - Equipment		154	

(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.)

Printing, Stationery, and Forms	\$	3,800	
Travel		3,163	
Other Contracted Services		5,537	
Office Supplies		5,031	
Other Charges		193	
Office Equipment		689	
Total Election Commission			\$ 145,245

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		52,021	
Data Processing Services		10,335	
Office Supplies		6,302	
Other Charges		122	
Office Equipment		3,715	
Total Register of Deeds			130,246

Development

Board and Committee Members Fees	\$	4,226	
Consultants		9,006	
Total Development			13,232

County Buildings

Custodial Personnel	\$	20,786	
Maintenance Personnel		35,732	
Maintenance Agreements		3,640	
Maintenance and Repair Services - Buildings		62,184	
Pest Control		1,527	
Custodial Supplies		17,135	
Electricity		93,884	
Natural Gas		14,919	
Water and Sewer		27,365	
Other Supplies and Materials		1,917	
Building and Contents Insurance		48,444	
Other Charges		819	
Furniture and Fixtures		3,937	
Total County Buildings			332,289

Other General Administration

Communication	\$	74,904	
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(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 (Cont.)

Dues and Memberships	\$	7,710	
Maintenance and Repair Services - Office Equipment		4,700	
Maintenance and Repair Services - Vehicles		1,640	
Postal Charges		32,804	
Duplicating Supplies		6,416	
Gasoline		2,269	
Other Charges		8,561	
Administration Equipment		10,238	
Total Other General Administration			\$ 149,242

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		28,088	
Printing, Stationery, and Forms		473	
Travel		1,235	
Office Supplies		595	
Premiums on Corporate Surety Bonds		60	
Office Equipment		649	
Total Property Assessor's Office			88,851

Reappraisal Program

Clerical Personnel	\$	23,508	
Other Salaries and Wages		18,776	
Contracts with Other Public Agencies		4,203	
Data Processing Services		630	
Travel		1,738	
Other Charges		70	
Total Reappraisal Program			48,925

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		82,366	
Data Processing Services		4,246	
Legal Notices, Recording, and Court Costs		613	
Maintenance and Repair Services - Office Equipment		158	
Printing, Stationery, and Forms		10,785	
Travel		291	
Office Supplies		2,374	
Office Equipment		989	
Total County Trustee's Office			159,573

(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	\$	57,751	
Clerical Personnel		132,915	
Data Processing Services		12,963	
Travel		4,286	
Office Supplies		2,880	
Office Equipment		3,538	
Total County Clerk's Office			\$ 214,333

Other Finance

Trustee's Commission	\$	70,234	
Total Other Finance			70,234

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		92,175	
Jury and Witness Fees		14,035	
Data Processing Services		14,270	
Travel		328	
Library Books/Media		15,296	
Office Supplies		8,460	
Total Circuit Court			202,315

General Sessions Court

Judge(s)	\$	79,312	
Other Salaries and Wages		18,169	
Travel		2,000	
Office Supplies		256	
Total General Sessions Court			99,737

Chancery Court

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		49,790	
Office Supplies		7,149	
Premiums on Corporate Surety Bonds		909	
Total Chancery Court			115,599

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
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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.)

Sheriff's Department (Cont.)

Deputy(ies)	\$	404,441	
Investigator(s)		122,122	
Salary Supplements		8,400	
Secretary(ies)		39,660	
Contracts with Government Agencies		151,000	
Data Processing Services		350	
Maintenance and Repair Services - Equipment		3,728	
Maintenance and Repair Services - Office Equipment		902	
Maintenance and Repair Services - Vehicles		28,332	
Travel		3,607	
Tuition		3,782	
Gasoline		75,285	
Law Enforcement Supplies		7,120	
Office Supplies		10,325	
Tires and Tubes		9,567	
Uniforms		9,651	
Vehicle Parts		18,217	
Gravel and Chert		434	
Other Charges		1,388	
Motor Vehicles		3,000	
Office Equipment		2,195	
Special Education Equipment		1,147	
State Aid Projects		5,622	
Total Sheriff's Department			\$ 973,802

Special Patrols

Deputy(ies)	\$	37,959	
Total Special Patrols			37,959

Jail

Medical Personnel	\$	6,144	
Guards		308,382	
Cafeteria Personnel		44,125	
Maintenance and Repair Services - Buildings		8,008	
Medical and Dental Services		120,129	
Pest Control		112	
Other Contracted Services		46,500	
Custodial Supplies		13,350	
Drugs and Medical Supplies		38,114	
Food Preparation Supplies		277	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Food Supplies	\$	122,026	
Other Charges		187	
Food Service Equipment		950	
Total Jail			\$ 708,304

Juvenile Services

Youth Service Officer(s)	\$	22,112	
Psychological Personnel		33,912	
Contracts with Private Agencies		9,978	
Travel		1,246	
Office Supplies		1,791	
Total Juvenile Services			69,039

Fire Prevention and Control

Contributions	\$	64,978	
Total Fire Prevention and Control			64,978

Rescue Squad

Contributions	\$	19,812	
Total Rescue Squad			19,812

County Coroner/Medical Examiner

Other Contracted Services	\$	9,100	
Total County Coroner/Medical Examiner			9,100

Public Health and Welfare

Local Health Center

Medical Personnel	\$	103,649	
Contributions		46,905	
Travel		1,065	
Other Charges		1,000	
Total Local Health Center			152,619

Rabies and Animal Control

Board and Committee Members Fees	\$	900	
Contributions		10,000	
Total Rabies and Animal Control			10,900

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	\$ 5,819	
Total Sanitation Management		\$ 5,819

Convenience Centers

Laborers	\$ 101,553	
Total Convenience Centers		101,553

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 23,850	
Secretary(ies)	31,278	
Custodial Personnel	7,154	
Contributions	7,055	
Maintenance and Repair Services - Buildings	1,479	
Maintenance and Repair Services - Equipment	196	
Maintenance and Repair Services - Vehicles	1,797	
Pest Control	340	
Travel	1,246	
Custodial Supplies	1,574	
Gasoline	2,064	
Office Supplies	1,280	
Water and Sewer	944	
Other Supplies and Materials	1,614	
State Aid Projects	6,261	
Total Senior Citizens Assistance		88,132

Libraries

Librarians	\$ 39,855	
Other Salaries and Wages	22,932	
Contracts with Public Carriers	225	
Contributions	380	
Travel	698	
Office Supplies	4,737	
Other Charges	3,066	
State Aid Projects	17,506	
Total Libraries		89,399

Parks and Fair Boards

Other Salaries and Wages	\$ 28,570	
Maintenance and Repair Services - Buildings	5,220	

(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.)

Parks and Fair Boards (Cont.)

State Aid Projects	\$ 127	
Total Parks and Fair Boards		\$ 33,917

Other Social, Cultural, and Recreational

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

Agriculture and Natural Resources

Agriculture Extension Service

Contracts with Government Agencies	\$ 15,701	
Contracts with Private Agencies	3,349	
Operating Lease Payments	6,000	
Travel	385	
Office Supplies	665	
Other Charges	57	
Total Agriculture Extension Service		26,157

Forest Service

Contributions	\$ 500	
Total Forest Service		500

Soil Conservation

Secretary(ies)	\$ 28,904	
Rentals	3,000	
Other Charges	2,725	
Total Soil Conservation		34,629

Other Operations

Veterans' Services

Supervisor/Director	\$ 13,079	
Travel	534	
Office Supplies	48	
Total Veterans' Services		13,661

Other Charges

Other Salaries and Wages	\$ 11,126	
Evaluation and Testing	1,728	
Travel	2,227	
Other Contracted Services	33,404	
Office Supplies	672	
Other Charges	243	
Contributions	21,000	
Total Other Charges		70,400

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 1,496	
Total Contributions to Other Agencies		1,496

Employee Benefits

Social Security	\$ 209,299	
State Retirement	125,437	
Medical Insurance	98,570	
Unemployment Compensation	8,067	
Workers' Compensation Insurance	21,929	
Total Employee Benefits		\$ 463,302

Payments to Cities

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

Miscellaneous

Other Charges	\$ 3,644	
State Aid Projects	41,265	
Total Miscellaneous		44,909

Highways

Litter and Trash Collection

Foremen	\$ 23,950	
Other Salaries and Wages	11,477	
Maintenance and Repair Services - Vehicles	1,456	
Travel	1,827	
Gasoline	2,497	
Office Supplies	1,610	
Other Charges	77	
Total Litter and Trash Collection		42,894

Support Services

Vocational Education Program

Salary Supplements	\$ 875	
Temporary Personnel	27,656	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Communication	\$	478	
Contracts with Government Agencies		99	
Postal Charges		86	
Travel		1,429	
Office Supplies		614	
Total Vocational Education Program			\$ 31,237

Operation of Non-Instructional Services

Community Services

Contracts with Government Agencies	\$	8,207	
Total Community Services			8,207

Total General Fund \$ 5,158,247

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	46,570
Clerical Personnel		47,388
Attendants		729,683
In-Service Training		1,348
Social Security		61,477
State Retirement		32,156
Medical Insurance		28,380
Communication		11,797
Data Processing Services		3,963
Dues and Memberships		424
Legal Notices, Recording, and Court Costs		108
Licenses		2,150
Maintenance and Repair Services - Buildings		1,925
Maintenance and Repair Services - Vehicles		28,629
Postal Charges		1,245
Printing, Stationery, and Forms		762
Travel		4,486
Disposal Fees		1,239
Other Contracted Services		8,400
Custodial Supplies		1,272
Data Processing Supplies		1,826
Diesel Fuel		45,504
Drugs and Medical Supplies		34,289

(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.)

Electricity	\$	11,429	
Natural Gas		2,425	
Office Supplies		1,803	
Tires and Tubes		6,305	
Uniforms		6,292	
Water and Sewer		894	
Other Supplies and Materials		7,993	
Building and Contents Insurance		3,477	
Liability Insurance		9,868	
Trustee's Commission		17,281	
Vehicle and Equipment Insurance		10,038	
Workers' Compensation Insurance		49,870	
Building Improvements		4,756	
Communication Equipment		3,660	
Data Processing Equipment		8,787	
Furniture and Fixtures		1,421	
Motor Vehicles		244,823	
Health Equipment		77,462	
Total Ambulance/Emergency Medical Services			\$ 1,563,605
Total Ambulance Service Fund			\$ 1,563,605

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	1,046	
Law Enforcement Supplies		11,144	
Office Supplies		9	
Trustee's Commission		207	
Other Charges		290	
Motor Vehicles		13,520	
Office Equipment		1,375	
Total Drug Enforcement			\$ 27,591
Total Drug Control Fund			27,591

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	2,698	
Total Chancery Court			\$ 2,698
Total Constitutional Officers - Fees Fund			2,698

(Continued)

Exhibit J-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
Accountants/Bookkeepers		7,000	
Secretary(ies)		32,500	
Board and Committee Members Fees		16,800	
Advertising		471	
Dues and Memberships		150	
Office Supplies		3,140	
Total Administration			\$ 123,588

Highway and Bridge Maintenance

Foremen	\$	53,244	
Equipment Operators		24,638	
Equipment Operators - Heavy		91,317	
Equipment Operators - Light		133,141	
Truck Drivers		65,157	
Laborers		147,142	
Rentals		250	
Other Contracted Services		65,519	
Asphalt - Cold Mix		45,773	
Asphalt - Hot Mix		432,287	
Crushed Stone		18,712	
Other Road Supplies		840	
Pipe - Metal		953	
Road Signs		366	
Other Supplies and Materials		915	
Total Highway and Bridge Maintenance			1,080,254

Operation and Maintenance of Equipment

Mechanic(s)	\$	26,622	
Other Contracted Services		2,402	
Diesel Fuel		27,739	
Equipment Parts - Heavy		5,261	
Equipment Parts - Light		14,878	
Garage Supplies		3,049	
Gasoline		35,327	
Lubricants		3,943	
Tires and Tubes		5,438	
Other Supplies and Materials		480	
Total Operation and Maintenance of Equipment			125,139

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Ferry Operations

Equipment Operators - Heavy	\$ 46,675	
Total Ferry Operations		\$ 46,675

Other Charges

Communication	\$ 2,321	
Electricity	2,858	
Fuel Oil	2,619	
Water and Sewer	412	
Excess Risk Insurance	18,711	
Premiums on Corporate Surety Bonds	792	
Trustee's Commission	18,821	
Vehicle and Equipment Insurance	70,826	
Workers' Compensation Insurance	49,557	
Total Other Charges		166,917

Employee Benefits

Social Security	\$ 53,679	
State Retirement	7,929	
Employee and Dependent Insurance	352,316	
Total Employee Benefits		413,924

Capital Outlay

Bridge Construction	\$ 258,698	
Total Capital Outlay		258,698

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$ 7,845	
Total Highways and Streets		7,845

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$ 139	
Total Highways and Streets		139

Total Highway/Public Works Fund		\$ 2,223,179
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(Continued)

Exhibit J-8

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 275,882	
Total General Government		\$ 275,882

Education

Principal on Bonds	\$ 350,000	
Principal on Notes	38,758	
Principal on Other Loans	<u>230,000</u>	
Total Education		618,758

Interest on Debt

General Government

Interest on Notes	\$ 70,199	
Total General Government		70,199

Education

Interest on Bonds	\$ 211,960	
Interest on Notes	13,253	
Interest on Other Loans	<u>85,749</u>	
Total Education		310,962

Other Debt Service

General Government

Other Contracted Services	\$ 2,982	
Trustee's Commission	<u>11,274</u>	
Total General Government		<u>14,256</u>

Total General Debt Service Fund		\$ 1,290,057
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General Capital Projects Fund

Capital Projects

Other General Government Projects

Other Construction	\$ 10,318	
Total Other General Government Projects		<u>\$ 10,318</u>

Total General Capital Projects Fund		<u>10,318</u>
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Total Governmental Funds - Primary Government		<u>\$ 10,275,695</u>
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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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,505,727	
Career Ladder Program	95,962	
Career Ladder Extended Contracts	51,609	
Homebound Teachers	15,326	
Clerical Personnel	13,061	
Educational Assistants	243,820	
Other Salaries and Wages	72,771	
Certified Substitute Teachers	56,350	
Non-certified Substitute Teachers	108,728	
Social Security	487,988	
State Retirement	503,277	
Life Insurance	4,131	
Medical Insurance	748,238	
Unemployment Compensation	26,762	
Employer Medicare	114,984	
Maintenance and Repair Services - Equipment	495	
Other Contracted Services	30,003	
Instructional Supplies and Materials	201,581	
Textbooks	98,314	
Other Supplies and Materials	54,877	
In Service/Staff Development	1,000	
Regular Instruction Equipment	1,465	
Total Regular Instruction Program		\$ 10,436,469

Special Education Program

Teachers	\$ 940,738
Career Ladder Program	10,910
Homebound Teachers	5,138
Educational Assistants	150,036
Speech Pathologist	138,968
Other Salaries and Wages	169,538
Certified Substitute Teachers	10,077
Non-certified Substitute Teachers	17,461
Social Security	86,354
State Retirement	87,679
Life Insurance	793
Medical Insurance	141,126
Unemployment Compensation	5,264
Employer Medicare	20,360

(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.)

Maintenance and Repair Services - Equipment	\$	455	
Other Contracted Services		79,881	
Instructional Supplies and Materials		21,857	
Other Supplies and Materials		25,409	
Special Education Equipment		10,935	
Total Special Education Program			\$ 1,922,979

Vocational Education Program

Teachers	\$	668,962	
Career Ladder Program		3,990	
Certified Substitute Teachers		3,526	
Non-certified Substitute Teachers		11,311	
Social Security		40,578	
State Retirement		43,386	
Life Insurance		319	
Medical Insurance		76,940	
Unemployment Compensation		2,205	
Employer Medicare		9,500	
Maintenance and Repair Services - Equipment		1,763	
Instructional Supplies and Materials		18,616	
Textbooks		5,000	
Other Supplies and Materials		8,717	
Vocational Instruction Equipment		6,289	
Total Vocational Education Program			901,102

Adult Education Program

Teachers	\$	12,699	
Clerical Personnel		3,002	
Other Salaries and Wages		20,867	
Social Security		1,562	
State Retirement		1,000	
Unemployment Compensation		222	
Employer Medicare		530	
Instructional Supplies and Materials		3,757	
Total Adult Education Program			43,639

Support Services

Health Services

Medical Personnel	\$	39,414	
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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.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	2,063	
State Retirement		2,530	
Medical Insurance		7,332	
Unemployment Compensation		126	
Employer Medicare		483	
Travel		1,286	
Other Supplies and Materials		537	
Total Health Services			\$ 53,771

Other Student Support

Career Ladder Program	\$	958	
Guidance Personnel		291,005	
Social Security		17,551	
State Retirement		18,596	
Life Insurance		137	
Medical Insurance		21,641	
Unemployment Compensation		754	
Employer Medicare		4,105	
Evaluation and Testing		15,986	
Travel		29	
Total Other Student Support			370,762

Regular Instruction Program

Supervisor/Director	\$	237,236	
Career Ladder Program		3,952	
Librarians		165,152	
Clerical Personnel		480	
Other Salaries and Wages		268,515	
Certified Substitute Teachers		353	
Social Security		39,598	
State Retirement		36,945	
Life Insurance		203	
Medical Insurance		32,983	
Unemployment Compensation		1,993	
Employer Medicare		9,667	
Communication		909	
Maintenance and Repair Services - Equipment		60,000	
Travel		64,545	
Other Contracted Services		82,959	

(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.)

Library Books/Media	\$	243	
Other Supplies and Materials		232,573	
In Service/Staff Development		39,846	
Other Equipment		45,577	
Total Regular Instruction Program			\$ 1,323,729

Special Education Program

Supervisor/Director	\$	72,542	
Career Ladder Program		1,000	
Psychological Personnel		89,495	
Social Security		9,712	
State Retirement		10,467	
Life Insurance		23	
Medical Insurance		17,280	
Unemployment Compensation		392	
Employer Medicare		2,271	
Travel		10,092	
Other Supplies and Materials		15,174	
In Service/Staff Development		22,783	
Total Special Education Program			251,231

Vocational Education Program

Supervisor/Director	\$	65,540	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		5,462	
Secretary(ies)		25,194	
Social Security		6,122	
State Retirement		5,856	
Life Insurance		23	
Unemployment Compensation		252	
Employer Medicare		1,432	
Travel		4,951	
Total Vocational Education Program			117,832

Adult Programs

Supervisor/Director	\$	71,124	
Career Ladder Program		1,000	
Social Security		4,454	
State Retirement		4,630	

(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.)

Life Insurance	\$	23	
Medical Insurance		5,527	
Unemployment Compensation		126	
Employer Medicare		1,042	
Other Supplies and Materials		2,552	
In Service/Staff Development		716	
Total Adult Programs			\$ 91,194

Other Programs

On-Behalf Payments to OPEB	\$	35,454	
Total Other Programs			35,454

Board of Education

Board and Committee Members Fees	\$	16,800	
Social Security		1,042	
Employer Medicare		244	
Audit Services		6,375	
Dues and Memberships		9,809	
Legal Services		198	
Travel		947	
Other Supplies and Materials		64,439	
Liability Insurance		78,028	
Trustee's Commission		82,310	
Workers' Compensation Insurance		96,335	
Total Board of Education			356,527

Director of Schools

County Official/Administrative Officer	\$	75,536	
Career Ladder Program		1,000	
Secretary(ies)		28,202	
Social Security		6,165	
State Retirement		6,150	
Life Insurance		535	
Medical Insurance		7,332	
Unemployment Compensation		126	
Employer Medicare		1,442	
Communication		17,611	
Postal Charges		3,558	
Travel		2,659	

(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.)

Director of Schools (Cont.)

Other Contracted Services	\$	5,227	
Office Supplies		6,130	
Total Director of Schools			\$ 161,673

Office of the Principal

Principals	\$	445,081	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		12,254	
Assistant Principals		200,146	
Secretary(ies)		242,612	
Clerical Personnel		15,110	
Social Security		55,157	
State Retirement		54,118	
Life Insurance		251	
Medical Insurance		54,692	
Unemployment Compensation		2,999	
Employer Medicare		12,900	
Communication		25,307	
Other Supplies and Materials		111,089	
Total Office of the Principal			1,239,716

Fiscal Services

Accountants/Bookkeepers	\$	110,584	
Clerical Personnel		30,564	
Other Salaries and Wages		2,400	
Social Security		8,402	
State Retirement		7,604	
Medical Insurance		7,786	
Unemployment Compensation		386	
Employer Medicare		2,000	
Travel		578	
Other Contracted Services		8,167	
Data Processing Supplies		2,452	
Other Supplies and Materials		7,543	
Total Fiscal Services			188,466

Operation of Plant

Custodial Personnel	\$	368,355	
Social Security		22,828	

(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.)

State Retirement	\$	13,298	
Unemployment Compensation		3,050	
Employer Medicare		5,339	
Other Contracted Services		67,127	
Custodial Supplies		40,884	
Electricity		673,620	
Natural Gas		160,983	
Water and Sewer		61,048	
Boiler Insurance		6,655	
Building and Contents Insurance		117,307	
Total Operation of Plant			\$ 1,540,494

Maintenance of Plant

Maintenance Personnel	\$	83,942	
Social Security		5,204	
State Retirement		3,435	
Unemployment Compensation		378	
Employer Medicare		1,217	
Maintenance and Repair Services - Buildings		18,815	
Maintenance and Repair Services - Vehicles		637	
Other Supplies and Materials		170,774	
Total Maintenance of Plant			284,402

Transportation

Other Salaries and Wages	\$	26,925	
Social Security		1,669	
Unemployment Compensation		296	
Employer Medicare		390	
Contracts with Vehicle Owners		1,012,254	
Maintenance and Repair Services - Vehicles		4,492	
Diesel Fuel		7,696	
Other Supplies and Materials		3,000	
Vehicle and Equipment Insurance		3,000	
Total Transportation			1,059,722

Central and Other

Other Salaries and Wages	\$	94,582	
Social Security		5,864	
State Retirement		4,504	

(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.)

Central and Other (Cont.)

Medical Insurance	\$	908	
Unemployment Compensation		535	
Employer Medicare		1,371	
Other Supplies and Materials		4,287	
Total Central and Other			\$ 112,051

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	5,257	
Social Security		326	
State Retirement		232	
Unemployment Compensation		65	
Employer Medicare		76	
Total Food Service			5,956

Community Services

Supervisor/Director	\$	44,921	
Other Salaries and Wages		30,738	
Social Security		4,511	
State Retirement		4,232	
Medical Insurance		16,117	
Unemployment Compensation		252	
Employer Medicare		1,055	
Travel		1,843	
Other Supplies and Materials		4,524	
Total Community Services			108,193

Capital Outlay

Regular Capital Outlay

Architects	\$	10,564	
Land		10,400	
Total Regular Capital Outlay			20,964

Principal on Debt

Education

Principal on Notes	\$	19,376	
Total Education			19,376

(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.)

Interest on Debt

Education

Interest on Notes	\$ 6,623	
Total Education		\$ 6,623

Other Debt Service

Education

Other Debt Service	\$ 272,037	
Total Education		<u>272,037</u>

Total General Purpose School Fund \$ 20,924,362

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 345,452	
Educational Assistants	129,305	
Certified Substitute Teachers	62	
Non-certified Substitute Teachers	11,630	
Social Security	29,535	
State Retirement	27,589	
Medical Insurance	14,122	
Unemployment Compensation	1,299	
Employer Medicare	6,821	
Other Contracted Services	1,749	
Instructional Supplies and Materials	75,079	
Other Supplies and Materials	<u>80,020</u>	
Total Regular Instruction Program		\$ 722,663

Special Education Program

Teachers	\$ 177,936	
Educational Assistants	122,748	
Speech Pathologist	1,797	
Other Salaries and Wages	94,276	
Social Security	22,444	
State Retirement	18,549	
Unemployment Compensation	1,290	
Employer Medicare	5,685	
Evaluation and Testing	376	
Instructional Supplies and Materials	8,000	
Other Supplies and Materials	<u>10,244</u>	
Total Special Education Program		463,345

(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.)

Vocational Education Program

Travel	\$	1,350	
Instructional Supplies and Materials		18,756	
Other Supplies and Materials		9,393	
Vocational Instruction Equipment		26,578	
Total Vocational Education Program			\$ 56,077

Support Services

Other Student Support

Other Salaries and Wages	\$	18,015	
Social Security		1,117	
State Retirement		291	
Unemployment Compensation		116	
Employer Medicare		261	
Travel		9,000	
In Service/Staff Development		6,556	
Other Charges		809	
Total Other Student Support			36,165

Regular Instruction Program

Supervisor/Director	\$	78,943	
Clerical Personnel		30,151	
Other Salaries and Wages		159,493	
Social Security		15,849	
State Retirement		16,630	
Medical Insurance		22,743	
Unemployment Compensation		507	
Employer Medicare		3,717	
Travel		15,220	
Other Supplies and Materials		9,018	
In Service/Staff Development		40,428	
Other Charges		20,795	
Other Equipment		3,112	
Total Regular Instruction Program			416,606

Special Education Program

Speech Pathologist	\$	2,700	
Other Salaries and Wages		15,300	
Social Security		1,117	
State Retirement		873	

(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.)

Special Education Program (Cont.)

Employer Medicare	\$	289	
Travel		1,089	
Other Supplies and Materials		2,777	
In Service/Staff Development		24,554	
Total Special Education Program			\$ 48,699

Transportation

Contracts with Parents	\$	3,359	
Contracts with Vehicle Owners		125,674	
Diesel Fuel		500	
In Service/Staff Development		340	
Total Transportation			<u>129,873</u>

Total School Federal Projects Fund \$ 1,873,428

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	44,219	
Accountants/Bookkeepers		22,279	
Cafeteria Personnel		441,052	
Social Security		31,468	
State Retirement		18,324	
Unemployment Compensation		1,929	
Employer Medicare		7,359	
Communication		5,046	
Maintenance and Repair Services - Equipment		30,164	
Travel		1,348	
Other Contracted Services		19,164	
Food Preparation Supplies		82,488	
Food Supplies		577,153	
Office Supplies		7,850	
Other Supplies and Materials		1,696	
Other Charges		10,160	
Food Service Equipment		24,404	
Total Food Service			<u>\$ 1,326,103</u>

Total Central Cafeteria Fund 1,326,103

Total Governmental Funds - Union County School Department \$ 24,123,893

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, 2009

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 594,733
Total Cash Receipts	<u>\$ 594,733</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 588,786
Trustee's Commission	5,947
Total Cash Disbursements	<u>\$ 594,733</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2008	<u>0</u>
Cash Balance, June 30, 2009	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION

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

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

September 23, 2009

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, 2009, which collectively comprise Union County's basic financial statements and have issued our report thereon dated September 23, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority, which were not available from other auditors as of the date of this report. 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: 09.01, 09.02, 09.03, 09.06, 09.10, 09.11, and 09.12.

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, of the significant deficiencies described above, we consider items 09.01, 09.02, and 09.10 to be material weaknesses.

Compliance and Other Matters

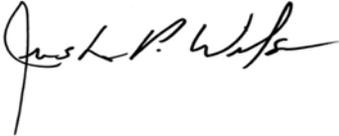
As part of obtaining reasonable assurance about whether Union County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 are described in the accompanying Schedule of Findings and Questioned Costs as items 09.04, 09.05, 09.07, 09.08 and 09.09.

We consider item 09.13 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations.

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

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, Highway Commission, 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

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

September 23, 2009

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, 2009. 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, 2009.

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.

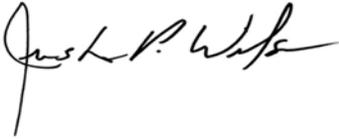
Schedule of Expenditures of Federal Awards

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, 2009, and have issued our report thereon dated September 23, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority, which were not available from other auditors as of the date of this report. 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, Highway Commission, others within Union County, 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, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Union County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

Federal/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 103,303 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	265,758
National School Lunch Program	10.555	N/A	700,586 (3)
Passed-through East Tennessee Human Resource Agency:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	16,554
Total U.S. Department of Agriculture			\$ 1,086,201
U.S. Department of Transportation			
Passed-through State Department of Transportation			
State and Community Highway Safety	20.600	(2)	\$ 5,000
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	GG-08-24837-00	3,280
Total U.S. Department of Transportation			\$ 8,280
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 944,552
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	656,203
Special Education - Preschool Grants	84.173	N/A	20,457
Career and Technical Education - Basic Grants to States	84.048	N/A	71,633
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	20,608
State Grants for Innovative Programs	84.298	N/A	1,171
Education Technology State Grants	84.318	(2)	9,128
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	(2)	120,000
Reading First State Grants	84.357	(2)	328,198 (6)
Rural Education	84.358	N/A	48,730
Improving Teacher Quality State Grants	84.367	N/A	161,715
English Language Acquisition Grants	84.365	N/A	2,022
School Improvement Grants	84.377	(2)	104,508
Passed-through The University of Tennessee:			
Reading First State Grants	84.357	(2)	63,130 (6)
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(4)	64,899
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	21,260
Total U.S. Department of Education			\$ 2,638,214
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)	\$ 14,479
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	Z-09-213770	50,208
Total U.S. Department of Health and Human Services			\$ 64,687

(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 Homeland Security: Passed-through State Department of Military: Homeland Security Grant Program	97.067	GG-08-24135-00	\$ 10,714
Total U.S. Department of Homeland Security			\$ 10,714
Total Expenditures of Federal Awards			\$ 3,808,096
<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 11,775
State Reappraisal - Comptroller of the Treasury	N/A	(2)	11,520
Health Department Programs - State Department of Health	N/A	Z-09-213770	52,257
Litter Grant - State Department of Transportation	N/A	(2)	27,426
Senoir Center Grant - East Tennessee Area Agency on Aging and Disability	N/A	(2)	5,697
Safety Grant - State Department of Education	N/A	(2)	20,100
Adult Education - State Department of Labor and Workforce Development	N/A	(5)	24,821
Early Childhood Education Grants - State Department of Education	N/A	(2)	306,286
Family Resource Center - State Department of Education	N/A	(2)	33,300
STOP Tobacco Use Prevention and Cessation Program - State Higher Education Commission	N/A	(2)	65,000
Community Enhancement Grants - Tennessee Secretary of State	N/A	(2)	7,000
Coordinated School Health Grant - State Department of Education	N/A	(2)	94,623
AOC Grant - State Court Systems Administrator	N/A	(2)	21,069
Total State Grants			\$ 680,874

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$803,889.
- (4) Z-08-020837-00: \$13,755; Z-09-213518-00: \$51,144.
- (5) Z-08-020837-00: \$4,585; Z-09-213518-00: \$17,048; Z-09-217288-00: \$3,188.
- (6) Total for CFDA No. 84.357 is \$391,328.

Union County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

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, for the year ended June 30, 2008, which have not been corrected.

UNION COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	166	Union County does not have the resources to produce financial statements and notes to the financial statements

OFFICE OF COUNTY MAYOR

08.02	167	The General Fund required material audit adjustments for proper financial statement presentation
08.03	167	A formal purchase order system had not been established
08.04	168	The general ledger payroll liability account for health insurance was not reconciled with billings

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.05	168-169	Material audit adjustments were required for proper financial statement presentation
08.06	169	A formal purchase order system had not been established

Union County, Tennessee
Schedule of Audit Findings Not Corrected (Cont)

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.09	171	Duties were not segregated adequately at the Ambulance Service and in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff
08.10	171	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, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Union County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed three 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); the Title I Grants to Local Education Agencies (CFDA No. 84.010); the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); and Reading First State Grants (CFDA 84.357) 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; however, management did not provide responses for inclusion in this report.

UNION COUNTY

FINDING 09.01 **UNION COUNTY DOES NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Union County's financial statements be the product of a financial reporting system that offers reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the county's external auditors, to assist Union County in preparing financial statements and notes as a matter of convenience as long as the county has the skills needed to prepare its financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Union County should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

OFFICE OF COUNTY MAYOR

**FINDING 09.02 **THE GENERAL AND GENERAL DEBT SERVICE FUNDS
REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER
FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing
Standards)**

At June 30, 2009, certain general ledger account balances in the General and General Debt Service funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Union County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 09.03 **THE OFFICE HAD ACCOUNTING DEFICIENCIES
(Internal Control – Significant Deficiency Under Government Auditing
Standards)**

Our audit revealed the following accounting deficiencies that are a strong indicator of a weakness in internal controls over the maintenance of the office's accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. These deficiencies can be attributed to a lack of management oversight.

- A. The bookkeeper did not post the May and June 2009 trustee's receipts to the funds' general ledgers on a current basis. Consequently, reconciliations of the funds' cash balances with the trustee's reports were not performed timely. The failure to post receipts and reconcile the general ledger cash accounts with the county trustee's reports currently is an internal control weakness that could result in posting errors not being discovered and corrected in a timely manner.

- B. Effective January 31, 2009, the county instituted direct deposit for employees' payroll. The automated payroll system posted the total net payroll to a general liability account then the bookkeeper would manually issue a check to transfer the net payroll to its service provider for distribution

to individual employee's bank accounts. During our interim fieldwork, it was discovered that manually issued checks for the first five payroll periods had not been posted to the accounting records. Instead, the total amount of these transfer warrants was reflected as a reconciling item when the bookkeeper attempted to reconcile the general ledger cash account. Management posted a correcting entry of approximately \$99,000 to adjust the cash balance account during March 2009. Subsequent to March 2009, we discovered that the bookkeeper failed to post other transfer warrants. When these subsequent errors were reviewed with management, steps were taken to correct the records.

- C. The following payroll liability account posting errors were detected:
1. The September 2008 and the March 2009 remittances of employee retirement deductions were posted incorrectly to a payroll deduction liability account for employee insurance. We presented adjustments to management that they accepted to correct these errors.
 2. A payroll deduction account used for one health insurance provider has consistently reflected a balance in excess of \$9,000. Also, payroll deduction accounts for garnishments and levies continually reflected smaller balances. Management has not determined the reasons for these balances.

The failure to regularly and accurately post and reconcile account balances is a significant deficiency that increases the risk that financial statement amounts will be materially misstated.

RECOMMENDATION

Officials should ensure that all transactions are accurately posted to the accounting records currently. General ledger account balances should be reconciled with supporting documentation monthly, and any errors discovered should be corrected promptly.

FINDING 09.04 UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE
(Noncompliance Under Government Auditing Standards)

The office did not report and pay to the state unclaimed funds (old outstanding warrants) totaling \$45,895. The Unclaimed Property Act, Section 66-29-101 et seq., Tennessee Code Annotated, provides that any funds held for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. Management stated that they were aware of the old outstanding warrants, but did not know the process of remitting the funds to the state Treasurer's Office.

RECOMMENDATION

The office should report and pay to the state unclaimed funds held for more than one year as required by state statute.

FINDING 09.05 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) in the General and General Debt Service funds.

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Property Assessor's Office	\$ 102
Other Finance	5,234
Rabies and Animal Control	900
General Debt Service:	
Interest on Debt - Education	5,159

Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limit authorized by the County Commission, which results in unauthorized expenditures.

RECOMMENDATION

County officials should ensure that expenditures are held within appropriations approved by the County Commission.

FINDING 09.06 **THE OFFICE HAD NOT ESTABLISHED A FORMAL
PURCHASE ORDER SYSTEM**
(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 office and to document purchasing commitments. This deficiency exists because management failed to correct the

finding noted in the prior-year audit report. The absence of a formal purchase order system increases the risk of unauthorized purchases.

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 09.07 SEVERAL HIGHWAY DEPARTMENT EMPLOYEES DO NOT PARTICIPATE IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
(Material Noncompliance Under Government Auditing Standards)

As of August 2009, the Highway Department employed a superintendent and 27 full-time employees; however, only the superintendent and six employees were participating in the Tennessee Consolidated Retirement System (TCRS). Title 8, Chapters 34-37 of Tennessee Code Annotated (TCA), establish and govern the TCRS. These statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period. Highway Department officials advised that employees have always been told that participation in the TCRS is voluntary. This finding has been reported to the TCRS.

RECOMMENDATION

The Highway Department should comply with provisions of Title 8, Chapters 34-37, TCA, regarding employee participation in the TCRS. County officials should contact the TCRS to determine a corrective action plan.

FINDING 09.08 THE DEPARTMENT PAID HEALTH INSURANCE PREMIUMS FOR A FORMER EMPLOYEE
(Material Noncompliance Under Government Auditing Standards)

The highway superintendent's daughter left employment with the department in April 2007; however, the Highway Department continued to pay her health insurance premiums (\$17,924 through August 2009). During the period May 2007 through April 2009, the former employee remitted monthly amounts equal to the active employee rate totaling \$795 to continue her insurance coverage; however, she has not remitted any amounts since April 2009 but continues to receive coverage. Therefore, the Highway Department has expended \$17,129 for insurance coverage for this former employee.

The Highway Department has no authority to pay the cost of health insurance for former employees. The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) provides that employees who leave employment under certain conditions may continue

their health insurance coverage at the group rate for approximately 18 months; however, these participating former employees generally pay 100 percent of the cost of the coverage.

The highway superintendent advised that he was not aware that his daughter was still on the insurance plan, and the payroll clerk advised that she thought a former employee could remain on the plan for a limited time while contributing at the same rate as active employees. After we reviewed this finding with the highway superintendent, the superintendent reimbursed the county \$17,129 from personal funds for the insurance premiums paid on behalf of the former employee.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

The Highway Department should immediately discontinue paying health insurance premiums on this former employee. The Highway Department should ensure that any former employee who remains on the plan meets the eligibility requirements of COBRA or other authorizing statutes.

FINDING 09.09 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Material Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission by \$23,424 in the Employee Benefits major appropriation category (the legal level of control) in the Highway/Public Works Fund. Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limit authorized by the County Commission, which results in unauthorized expenditures.

RECOMMENDATION

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

FINDING 09.10 **A MATERIAL AUDIT ADJUSTMENT WAS REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION** (Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2009, certain general ledger accounts in the Highway/Public Works Fund were not materially correct, and a material audit adjustment was required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance

of its accounting records. Therefore, the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the Highway Department in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented an audit adjustment to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledger accounts are materially correct.

FINDING 09.11 **THE OFFICE HAD NOT ESTABLISHED A FORMAL PURCHASE ORDER SYSTEM**
(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. This deficiency exists because management failed to correct this finding noted in the prior-year audit report. The absence of a formal purchase order system increases the risk of unauthorized purchases.

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.12 **DUTIES WERE NOT SEGREGATED ADEQUATELY AMONG THE OFFICIALS AND EMPLOYEES AT THE AMBULANCE SERVICE AND IN THE OFFICES OF 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 Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting

records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 09.13 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

UNION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There are no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Director of Schools – Summary Schedule of Prior-year's Findings

FINDINGS 08.08 and 08.11

Corrective steps have been taken to resolve the 2007-08 audit findings concerning inappropriate payments to an education assistant using Special Education funds.

The \$10,102 for inappropriate payment of ESY services has been repaid through a 09-01 IDEA budget amendment. Based on the above explanations concerning this finding, we consider this matter to be resolved.