
ANNUAL FINANCIAL REPORT UNION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



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

DEPARTMENT OF AUDIT
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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, 2011

Scope

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

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 ten 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 and Best Practice

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

OFFICE OF COUNTY MAYOR

- ◆ Material audit adjustments were required for proper financial statement presentation of the General and General Debt Service funds.
- ◆ Expenditures exceeded appropriations in several major categories of the General Fund.
- ◆ The office had not established a formal purchase order system.
- ◆ Union County did not account for American Recovery and Reinvestment Act (ARRA) grants separately from other county funds.

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The Highway Department had not established a formal purchase order system.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department did not solicit competitive bids for computers and telephone equipment for a new elementary school.

- ◆ Unpaid lunch charges had not been reimbursed to the School Nutrition Program.
 - ◆ Expenditures exceeded appropriations in five major categories of the General Purpose School Fund.
-

OTHER FINDINGS

- ◆ Union County has a material recurring audit finding.
 - ◆ 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.
-

BEST PRACTICE

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

INTRODUCTORY SECTION

Union County Officials

June 30, 2011

Officials

Micheal Williams, 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	Jonathan Goforth
Sheila Buckner	Brenda Jessee
Dean Hill	R.L. Jones
J.M. Bailey	Janet Holloway
Bill Cox	Joyce Meltabarger
Stanley Boles	Mike Sexton
Dawn Flatford	Wayne Roach
Jeffrey Brantley	Doyle Welch
Chris Upton	

Highway Commission

Darrell Dyer, Chairman	Harold Brantley
Allen Collins	Chester Sturgeon
Troy Muncey	Jimmy DeVault
James Breeding	

Board of Education

Brian Oaks, Chairman	David Coppock
Billy Sexton	Gerald Smith
Mark DeVault	Danny Collins
Don Morgan	

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 23, 2011

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, 2011, 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, as of June 30, 2011, 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, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011, 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 adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

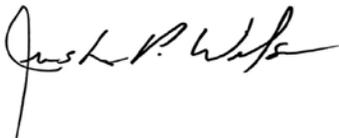
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 63 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Union County School Department
<u>ASSETS</u>		
Cash	\$ 878	\$ 411,399
Equity in Pooled Cash and Investments	4,561,347	457,332
Accounts Receivable	351,379	7,119
Allowance for Uncollectibles	(214,993)	0
Due from Other Governments	615,459	1,011,254
Due from Primary Government	0	2,040
Property Taxes Receivable	3,781,715	2,604,388
Allowance for Uncollectible Property Taxes	(192,246)	(132,395)
Prepaid Items	46,343	0
Notes Receivable - Current	50,478	0
Notes Receivable - Long-term	71,756	0
Capital Assets:		
Assets Not Depreciated:		
Land	566,080	1,605,849
Construction in Progress	158,450	7,764,235
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,229,946	10,824,015
Infrastructure	3,164,706	16,800
Other Capital Assets	338,137	431,572
Total Assets	<u>\$ 15,529,435</u>	<u>\$ 25,003,608</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 109,408	\$ 175,799
Accrued Payroll	8,054	0
Accrued Interest Payable	90,654	0
Contracts Payable	71,613	148,769
Retainage Payable	8,415	0
Payroll Deductions Payable	6,589	0
Due to Component Units	2,040	0
Due to State of Tennessee	992	908
Other Current Liabilities	0	479,226
Deferred Revenue - Property Taxes	3,376,894	2,325,597
Noncurrent Liabilities:		
Due Within One Year	1,420,668	21,978
Due in More Than One Year	14,407,370	1,061,028
Total Liabilities	<u>\$ 19,502,697</u>	<u>\$ 4,213,305</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Union County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 5,597,521	\$ 20,548,737
Restricted for:		
Highways	520,354	0
Debt Service	1,358,982	0
Capital Projects	77,001	196,829
Finance	61,758	0
Administration of Justice	78,301	0
Public Safety	33,063	0
Education	0	591,308
Unrestricted	<u>(11,700,242)</u>	<u>(546,571)</u>
Total Net Assets (Deficit)	<u>\$ (3,973,262)</u>	<u>\$ 20,790,303</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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Governmental Activities		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Union County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,152,766	\$ 370,784	\$ 8,379	\$ 0	\$ (773,603)	\$ 0
Finance	693,324	394,081	14,302	0	(284,941)	0
Administration of Justice	533,655	357,422	9,000	0	(167,233)	0
Public Safety	2,365,916	328,340	13,200	216,058	(1,808,318)	0
Public Health and Welfare	1,820,278	1,034,647	75,346	0	(710,285)	0
Social, Cultural, and Recreational Services	212,714	1,737	5,284	0	(205,693)	0
Agriculture and Natural Resources	84,162	0	0	0	(84,162)	0
Other Operations	903,621	0	0	598,855	(304,766)	0
Highways	2,362,444	19,176	1,372,842	331,954	(638,472)	0
Support Services	24,424	0	0	0	(24,424)	0
Education	1,138,000	0	0	0	(1,138,000)	0
Interest on Long-term Debt	436,303	0	0	0	(436,303)	0
Debt Service	21,360	0	0	0	(21,360)	0
Total Primary Government	\$ 11,748,967	\$ 2,506,187	\$ 1,498,353	\$ 1,146,867	\$ (6,597,560)	\$ 0
Component Unit:						
Union County School Department	\$ 26,786,063	\$ 363,606	\$ 4,493,638	\$ 1,240,191	\$ 0	\$ (20,688,628)
Total Component Unit	\$ 26,786,063	\$ 363,606	\$ 4,493,638	\$ 1,240,191	\$ 0	\$ (20,688,628)

(Continued)

Exhibit B

Union County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component		
					Expenses	Governmental School Department	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 2,409,838	\$	2,427,724	
Property Taxes Levied for Ambulance Service				364,288		0	
Property Taxes Levied for Highways				263,683		0	
Property Taxes Levied for Debt Service				496,912		0	
Local Option Sales Taxes				341,291		898,030	
Wheel Tax				465,396		0	
Business Tax				64,332		0	
Wholesale Beer Tax				86,190		0	
Mineral Severance Tax				98,180		0	
Litigation Tax - General				35,838		0	
Litigation Tax - Special Purpose				35,818		0	
Litigation Tax - Jail, Workhouse, or Courthouse				14,827		0	
Other Local Taxes				6,384		1,204	
Grants and Contributions Not Restricted to Specific Programs				1,660,338		17,632,517	
Unrestricted Investment Income				64,853		0	
Miscellaneous				158,515		15,176	
Total General Revenues				\$ 6,566,683	\$	20,974,651	
Change in Net Assets				(30,877)	\$	286,023	
Net Assets (Deficit), July 1, 2010				(3,942,385)		20,504,280	
Net Assets (Deficit), June 30, 2011				(3,973,262)	\$	20,790,303	

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

Exhibit C-1

Union County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General		Other Governmental Funds	Total Governmental Funds	
				Debt Service	Capital Projects			
\$	0	0	0	0	0	878	878	
Cash	2,533,139	192,878	265,643	1,207,922	301,075	60,690	4,561,347	
Equity in Pooled Cash and Investments	6,174	345,205	0	0	0	0	351,379	
Accounts Receivable	0	(214,993)	0	0	0	0	(214,993)	
Allowance for Uncollectibles	171,962	0	284,703	0	158,449	345	615,459	
Due from Other Governments	589,911	0	0	73,752	0	0	663,663	
Due from Other Funds	2,568,712	392,442	285,413	535,148	0	0	3,781,715	
Property Taxes Receivable	(130,582)	(19,950)	(14,509)	(27,205)	0	0	(192,246)	
Allowance for Uncollectible Property Taxes	0	0	0	46,343	0	0	46,343	
Prepaid Items	0	0	0	21,978	0	28,500	50,478	
Notes Receivable - Current	0	0	0	71,756	0	0	71,756	
Notes Receivable - Long-term	0	0	0	0	0	0	0	
Total Assets	\$ 5,739,316	\$ 695,582	\$ 821,250	\$ 1,929,694	\$ 459,524	\$ 90,413	\$ 9,735,779	

ASSETS

LIABILITIES AND FUND BALANCES

\$	72,967	0	35,685	0	0	756	109,408
Accounts Payable	0	8,054	0	0	0	0	8,054
Accrued Payroll	6,589	0	0	0	0	0	6,589
Payroll Deductions Payable	0	0	0	0	71,613	0	71,613
Contracts Payable	0	0	0	0	8,415	0	8,415
Retainage Payable	0	73,752	0	2,196	586,837	878	663,663
Due to Other Funds	2,040	0	0	0	0	0	2,040
Due to Component Units	992	0	0	0	0	0	992
Due to State of Tennessee	2,293,739	350,433	254,860	477,862	0	0	3,376,894
Deferred Revenue - Current Property Taxes	136,346	20,830	15,150	28,405	0	0	200,731
Deferred Revenue - Delinquent Property Taxes	56,182	56,474	125,675	0	0	0	238,331
Other Deferred Revenues	2,568,855	509,543	431,370	508,463	666,865	1,634	4,686,730
Total Liabilities							

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
\$	0	0	0	46,343	0	0	46,343
61,758	0	0	0	0	0	0	61,758
78,301	0	0	0	0	0	0	78,301
21,285	0	0	0	0	0	11,778	33,063
0	0	389,880	0	0	0	0	389,880
0	0	0	1,374,888	0	0	0	1,374,888
0	0	0	0	0	0	77,001	77,001
0	186,039	0	0	0	0	0	186,039
19,005	0	0	0	0	0	0	19,005
2,990,112	0	0	0	0	(207,341)	0	2,782,771
\$ 3,170,461	\$ 186,039	\$ 389,880	\$ 1,421,231	\$ (207,341)	\$ 88,779	\$ 5,049,049	
\$ 5,739,316	\$ 695,582	\$ 821,250	\$ 1,929,694	\$ 459,524	\$ 90,413	\$ 9,735,779	

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances	
Nonexpendable:	
Prepaid Items	
Restricted:	
Restricted for Finance	
Restricted for Administration of Justice	
Restricted for Public Safety	
Restricted for Highways/Public Works	
Restricted for Debt Service	
Restricted for Capital Projects	
Committed:	
Committed for Public Health and Welfare	
Assigned:	
Assigned for Administration of Justice	
Unassigned	
Total Fund Balances	

Total Liabilities and Fund Balances

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, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,049,049
(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		158,450	
Add: buildings and improvements net of accumulated depreciation		2,229,946	
Add: other capital assets net of accumulated depreciation		338,137	
Add: infrastructure net of accumulated depreciation		<u>3,164,706</u>	6,457,319
(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	\$	(2,184,998)	
Less: other loans payable		(1,415,000)	
Less: bonds payable		(12,217,689)	
Less: other postemployment benefits liability		(10,351)	
Less: accrued interest on bonds, notes, and other loans		<u>(90,654)</u>	(15,918,692)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>439,062</u>
Net assets (deficit) of governmental activities (Exhibit A)			<u>\$ (3,973,262)</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, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
Revenues								
Local Taxes	\$ 3,230,195	\$ 366,892	\$ 363,756	\$ 965,858	\$ 0	\$ 0	\$ 0	\$ 4,926,701
Licenses and Permits	55,252	0	0	0	0	0	0	55,252
Fines, Forfeitures, and Penalties	99,277	0	0	0	0	0	5,658	104,935
Charges for Current Services	151,569	1,038,294	80,272	0	0	0	7,764	1,277,899
Other Local Revenues	126,242	3,290	48,895	64,853	0	0	2,890	246,170
Fees Received from County Officials	714,201	0	0	0	0	0	0	714,201
State of Tennessee	1,361,378	0	1,702,674	0	0	0	0	3,064,052
Federal Government	656,464	0	0	0	158,449	0	0	814,913
Other Governments and Citizens Groups	43,429	0	0	500,000	0	0	0	543,429
Total Revenues	\$ 6,438,007	\$ 1,408,476	\$ 2,195,597	\$ 1,530,711	\$ 158,449	\$ 0	\$ 16,312	\$ 11,747,552
Expenditures								
Current:								
General Government	\$ 1,082,748	0	0	0	0	0	0	\$ 1,082,748
Finance	661,027	0	0	0	0	0	0	661,027
Administration of Justice	501,083	0	0	0	0	0	7,764	508,847
Public Safety	2,190,404	0	0	0	0	0	18,464	2,208,868
Public Health and Welfare	298,652	1,330,384	0	0	0	0	0	1,629,036
Social, Cultural, and Recreational Services	200,480	0	0	0	0	0	0	200,480
Agriculture and Natural Resources	75,558	0	0	0	0	0	0	75,558
Other Operations	910,295	0	0	0	194,167	0	13,500	1,117,962
Highways	15,533	0	2,297,468	0	0	0	0	2,313,001
Support Services	24,424	0	0	0	0	0	0	24,424
Debt Service:								
Principal on Debt	0	0	20,151	1,274,770	0	0	0	1,294,921
Interest on Debt	0	0	2,362	422,646	0	0	0	425,008
Other Debt Service	0	0	0	21,360	0	0	0	21,360
Capital Projects	880	0	0	0	1,353,254	0	0	1,354,134
Total Expenditures	\$ 5,961,084	\$ 1,330,384	\$ 2,319,981	\$ 1,718,776	\$ 1,547,421	\$ 0	\$ 39,728	\$ 12,917,374
Excess (Deficiency) of Revenues Over Expenditures	\$ 476,923	\$ 78,092	\$ (124,384)	\$ (188,065)	\$ (1,388,972)	\$ 0	\$ (23,416)	\$ (1,169,822)

(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	General Capital Projects	Other Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 69,000	\$ 0	\$ 1,138,000	\$ 0	\$ 1,207,000
Insurance Recovery	19,596	0	0	0	0	0	19,596
Total Other Financing Sources (Uses)	\$ 19,596	\$ 0	\$ 69,000	\$ 0	\$ 1,138,000	\$ 0	\$ 1,226,596
Net Change in Fund Balances	\$ 496,519	\$ 78,092	\$ (55,384)	\$ (188,065)	\$ (250,972)	\$ (23,416)	\$ 56,774
Fund Balance, July 1, 2010	2,673,942	107,947	445,264	1,609,296	43,631	112,195	4,992,275
Fund Balance, June 30, 2011	\$ 3,170,461	\$ 186,039	\$ 389,880	\$ 1,421,231	\$ (207,341)	\$ 88,779	\$ 5,049,049

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, 2011

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 56,774
(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	\$ 227,450	
Less: current year depreciation expense	<u>(337,487)</u>	(110,037)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 439,062	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(488,120)</u>	(49,058)
(3) The issuance of long-term debt (e.g., bonds, 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	\$ 302,610	
Add: principal payments on other loans	250,000	
Add: principal payments on bonds	742,311	
Less: note proceeds	<u>(1,207,000)</u>	87,921
(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	\$ (11,295)	
Change in other postemployment benefits liability	<u>(5,182)</u>	<u>(16,477)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (30,877)</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 496,048
Accounts Receivable	138
Due from Other Governments	<u>94,248</u>
Total Assets	<u>\$ 590,434</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 94,248
Due to Litigants, Heirs, and Others	<u>496,186</u>
Total Liabilities	<u>\$ 590,434</u>

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

UNION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

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 oversees the area's solid waste disposal operations, including services provided through a private contractor. The County Commission appoints a majority of members of the authority's governing body. 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 School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority were not available in time for inclusion as previously mentioned. Complete financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Union County Emergency Communications District
130 Veteran Street
Suite A
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. Net debt issues of \$1,138,000 were contributed by the county to the School Department during the year ended June 30, 2011.

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. An emphasis is placed on major funds within the governmental category. Union County has no proprietary funds to report.

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 in total are reported 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 wheel taxes, 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 special revenue fund is used to account for transactions related to the ambulance service provided by the county. Patient charges are the foundational revenues of this fund.

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

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

General Capital Projects Fund – This fund is used to account for general capital expenditures of the county, and for debt issued by Union County that is subsequently contributed to the discretely presented School Department for construction and renovation projects.

Additionally, Union County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Union County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

Educational Capital Projects Fund – This fund is used to account for American Recovery Reinvestment Act funding for the School Department's building construction and renovation.

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.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies;

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

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

Cash on deposit with paying agent in the Education Capital Projects Fund represents bond proceeds held by the State School Bond Authority on behalf of the Union County School Department. Those funds are transferred to the county trustee as payments become due on school construction contracts.

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.

Notes receivable, as reported in the General Debt Service Fund, are included in restricted fund balance.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance 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 (\$479,226) 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. Prepaids are offset in the nonspendable fund balance account in governmental funds.

The prepaid item in the General Debt Service Fund (\$46,343) represents an amount paid for principal and interest on debt due subsequent to June 30, 2011.

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 of more than 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 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 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 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, 2011, Union County had \$14,957,889 in outstanding debt for capital purposes for the discretely presented Union County School Department. The debt is a liability of Union County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Union County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

These classifications may consist of the following:

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

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

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

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

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification

represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

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 was 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 each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, 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.

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

Funds	Description	Amount
Primary Government:		
Major Fund:		
General Capital Projects	Energy Efficiency Improvements	\$ 83,998
General Capital Projects	Sewer Line Construction	495,566
School Department:		
Major Fund:		
Education Capital Projects	New School Construction	14,496
Education Capital Projects	Bleachers	27,559
Nonmajor Fund:		
Other Capital Projects	School Additions	7,776

B. Fund Deficit

The General Capital Projects Fund had a negative unassigned fund balance of \$207,341 at June 30, 2011. This negative unassigned fund balance resulted from expenditures incurred for sewer line construction that will eventually be

funded by a \$488,000 Rural Development Community Facilities Loan authorized under the American Recovery and Reinvestment Act. The loan has been approved; however, funding will not be received until the county has incurred costs on the project equal to 80 percent of the loan amount (\$390,400). The deficit will be liquidated when these funds have been received.

C. Expenditures Exceeded Appropriations

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

Fund/Major Category	Amount Overspent
General:	
Register of Deeds	\$ 3,842
Other Finance	3,778
General Sessions Court	241
Chancery Court	5,856
Drug Enforcement	1,030
Housing and Urban Development	66
Other Charges	10,886
Highway/Public Works:	
Ferry Operations	531
General Purpose School:	
Special Education Program	2,368
Vocational Education Program	12,500
Board of Education	923
Operation of Plant	8,986
Transportation	387

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund and by available fund balance in the Highway/Public Works and General Purpose School funds.

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 Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase

agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2011.

B. Notes Receivable

The note receivable of \$93,734 in the General Debt Service Fund on June 30, 2011, resulted from the primary government financing projects for the discretely presented Union County School Department. The amount of the note that is not expected to be collected within one year is \$71,756 and is included in the restricted fund balance account.

The note receivable in the Community Development/Industrial Park Fund on June 30, 2011, resulted from the county financing projects for the City of Maynardville. This note is reflected as a current note receivable because the entire balance (\$28,500) is due within one year.

C. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 566,080	\$ 0	\$ 566,080
Construction in Progress	0	158,450	158,450
Total Capital Assets Not Depreciated	<u>\$ 566,080</u>	<u>\$ 158,450</u>	<u>\$ 724,530</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 3,491,524	\$ 0	\$ 3,491,524
Infrastructure	3,587,168	0	3,587,168
Other Capital Assets	1,312,789	69,000	1,381,789
Total Capital Assets Depreciated	<u>\$ 8,391,481</u>	<u>\$ 69,000</u>	<u>\$ 8,460,481</u>

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Balance 6-30-11
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,156,425	\$ 105,153	\$ 1,261,578
Infrastructure	332,783	89,679	422,462
Other Capital Assets	900,997	142,655	1,043,652
Total Accumulated Depreciation	<u>\$ 2,390,205</u>	<u>\$ 337,487</u>	<u>\$ 2,727,692</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,001,276</u>	<u>\$ (268,487)</u>	<u>\$ 5,732,789</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,567,356</u>	<u>\$ (110,037)</u>	<u>\$ 6,457,319</u>

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

Governmental Activities:

General Government	\$ 38,269
Public Safety	75,047
Public Health and Welfare	109,610
Social, Cultural, and Recreational Services	1,300
Highway	<u>113,261</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 337,487</u>

Discretely Presented Union County School Department**Governmental Activities:**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,617,038	\$ 0	\$ (11,189)	\$ 1,605,849
Construction in Progress	890,345	6,873,890	0	7,764,235
Total Capital Assets Not Depreciated	<u>\$ 2,507,383</u>	<u>\$ 6,873,890</u>	<u>\$ (11,189)</u>	<u>\$ 9,370,084</u>

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,947,792	\$ 70,069	\$ 0	\$ 20,017,861
Infrastructure	31,500	0	0	31,500
Other Capital Assets	929,015	89,059	0	1,018,074
Total Capital Assets Depreciated	<u>\$ 20,908,307</u>	<u>\$ 159,128</u>	<u>\$ 0</u>	<u>\$ 21,067,435</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,708,910	\$ 484,936	\$ 0	\$ 9,193,846
Infrastructure	11,550	3,150	0	14,700
Other Capital Assets	454,535	131,967	0	586,502
Total Accumulated Depreciation	<u>\$ 9,174,995</u>	<u>\$ 620,053</u>	<u>\$ 0</u>	<u>\$ 9,795,048</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,733,312</u>	<u>\$ (460,925)</u>	<u>\$ 0</u>	<u>\$ 11,272,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,240,695</u>	<u>\$ 6,412,965</u>	<u>\$ (11,189)</u>	<u>\$ 20,642,471</u>

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

Governmental Activities:

Instruction	\$ 79,283
Support Services	538,681
Operation of Non-Instructional Services	<u>2,089</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 620,053</u></u>

D. Construction Commitments

At June 30, 2011, the county had uncompleted construction contracts of approximately \$83,998 for energy efficiency improvements, and \$495,566 for sewer line construction. Both projects are accounted for in the General Capital Projects Fund. Funding for these future expenditures is expected to be received from federal grants and federal loans.

At June 30, 2011, the discretely presented School Department had uncompleted construction contracts of approximately \$22,272 for the construction of a new

school and additional renovations to various other schools. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General Debt Service	Ambulance Service	\$ 73,752
General	General Debt Service	2,196
"	General Capital Projects	586,837
"	Nonmajor Governmental	878

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 Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:	Primary Government:	
School Department	General	\$ 2,040

Interfund Transfers:

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

Discretely Presented Union County School Department:

<u>Transfer Out</u>	<u>Transfers In</u>	
	<u>General Purpose School</u>	<u>Nonmajor Governmental Funds</u>
School Federal Projects Fund	\$ 8,017	\$ 0
General Purpose School		36,165
Total	<u>\$ 8,017</u>	<u>\$ 36,165</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, notes, and other loans outstanding were issued for original terms of up to 17 years for bonds, up to 12 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. One outstanding note totaling \$48,849 will be retired from the Highway/Public Works Fund. All bonds, notes, and other loans outstanding as of June 30, 2011, will be retired from the General Debt Service Fund.

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-11</u>
General Obligation Bonds -			
School Refunding	2 to 3.7 %	\$ 7,710,000	\$ 5,430,000
Capital Outlay Notes	3.84 to 4.29	3,040,100	2,184,998
Other Loans - School			
Building and Improvements	Variable	4,000,000	1,415,000
Qualified School Construction			
Bonds	1.515	7,160,000	6,787,689

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, administrator, and issuer) in connection with this loan. However, in the prior year, 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 required that interest be accrued based on the prime rate and paid monthly to KBC Bank. The county continued to pay certain fees associated with the debt, but not the liquidity and remarketing fees. For most of the current year, the county paid according to this agreement, with interest of 3.25 percent. During the final quarter of the fiscal year, the PBA was able to remarket all outstanding bonds and payment terms reverted to the original agreement. At June 30, 2011, according to the terms of the original agreement, the variable interest rate was 2.09 percent, and other fees totaled approximately .04 percent (liquidity), .04 percent (remarketing) .02 percent (trustee), .29 percent (administrator), and .05 percent (issuer) of the outstanding loan principal.

In the prior year, Qualified School Construction Bonds were issued through the Tennessee State School Bond Authority and the proceeds loaned to Union County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee to the Tennessee School Bond Authority. The administrative fee totals \$1,193 per month through January 2013 and \$597 per month thereafter. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 328,895	\$ 85,964	\$ 414,859
2013	347,609	71,985	419,594
2014	338,499	57,718	396,217
2015	350,300	43,553	393,853
2016	92,695	29,704	122,399

Year Ending June 30	Notes (Cont.)		
	Principal	Interest	Total
2017-2021	\$ 499,000	\$ 93,140	\$ 592,140
2022-2023	228,000	8,832	236,832
Total	<u>\$ 2,184,998</u>	<u>\$ 390,896</u>	<u>\$ 2,575,894</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 260,000	\$ 29,574	\$ 6,226	\$ 295,800
2013	270,000	24,140	5,082	299,222
2014	285,000	18,497	3,894	307,391
2015	295,000	12,540	2,640	310,180
2016	305,000	6,375	1,342	312,717
Total	<u>\$ 1,415,000</u>	<u>\$ 91,126</u>	<u>\$ 19,184</u>	<u>\$ 1,525,310</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 831,773	\$ 292,584	\$ 1,124,357
2013	846,773	281,034	1,127,807
2014	861,773	269,034	1,130,807
2015	876,773	256,169	1,132,942
2016	896,773	242,409	1,139,182
2017-2021	5,583,865	849,950	6,433,815
2022-2026	2,277,844	542,370	2,820,214
2027	42,115	9,040	51,155
Total	<u>\$ 12,217,689</u>	<u>\$ 2,742,590</u>	<u>\$ 14,960,279</u>

There is \$1,421,231 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$639, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans outstanding totaled \$828, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 12,960,000	\$ 1,280,608	\$ 1,665,000
Additions	0	1,207,000	0
Deductions	(742,311)	(302,610)	(250,000)
Balance, June 30, 2011	<u>\$ 12,217,689</u>	<u>\$ 2,184,998</u>	<u>\$ 1,415,000</u>
Balance Due Within One Year	<u>\$ 831,773</u>	<u>\$ 328,895</u>	<u>\$ 260,000</u>

	Other Postemployment Benefits
Balance, July 1, 2010	\$ 5,169
Additions	12,013
Deductions	<u>(6,831)</u>
Balance, June 30, 2011	<u>\$ 10,351</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 15,828,038
Less: Balance Due Within One Year	<u>(1,420,668)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 14,407,370</u>

Other postemployment benefits will be paid from the Highway/Public Works Fund.

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, 2011, including interest payments, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 93,734	\$ 10,266	\$ 104,000

Debt per capita totaled \$5, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Notes	Other Postemployment Benefits
Balance, July 1, 2010	\$ 114,808	\$ 776,342
Additions	0	360,846
Deductions	(21,074)	(147,916)
Balance, June 30, 2011	\$ 93,734	\$ 989,272
Balance Due Within One Year	\$ 21,978	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 1,083,006
Less: Balance Due Within One Year	<u>(21,978)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,061,028</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

G. Pledge of Future Revenues

Wheel Tax Approved by the County Commission

The County Commission approved a wheel tax for vehicle title registrations or renewals channeled through the Office of County Clerk effective January 1, 2010, and pledged the collections generated from this wheel tax to pay the debt service requirements of the \$7,160,000 Qualified School Construction Bonds. The bonds are also guaranteed by the general obligation pledge of the county in the event the wheel tax revenue is insufficient to meet the debt service requirements on the bonds. The County Commission resolution noted that the wheel tax levy and collections would stop once adequate funding has been provided to retire the bonds. As of June 30, 2011, future requirements for principal, interest, and administrative fees on the bonds total \$8,544,366 payable on a monthly basis through September 1, 2026. For the current year, principal, interest, and fees paid and wheel tax revenues generated (net of trustee's commission) totaled \$481,372 and \$460,742 respectively. The unexpended portion of the wheel tax revenues since January 2010 (\$153,256) is included in restricted fund balance on the financial statements of the General Debt Service Fund.

Component Unit Revenues Pledged for Primary Government Debt

In addition to the amount reflected as a note payable discussed in Note IV.F., the School Department has pledged to pay a minimum of \$500,000 annually from its future revenues to the primary government's General Debt Service Fund to be applied toward the retirement of other school debt. During the current fiscal year, the total contribution was \$500,000. 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 are \$8,061,750 with annual requirements ranging from \$864,910 in the next fiscal year to \$917,745 in the final year.

H. On-Behalf Payments – Discretely Presented 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, 2011, were \$26,859 and \$11,595, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. 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, 2011, was as follows:

Fund	Balance 7-1-10	Issued	Paid	Balance 6-30-11
General Purpose School	\$ 0	\$ 400,000	\$ (400,000)	\$ 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 participates in 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 Financial 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. The county does not allow retirees to participate in the commercial insurance

plan. Settled claims have not exceeded commercial insurance coverage for the past three fiscal years.

Union County and the discretely presented Union County School Department also participate 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 and School Department pay 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.

B. Accounting Change

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

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

C. Subsequent Events

In July 2011, pursuant to Section 49-16-101 et. seq., *Tennessee Code Annotated*, the Union County School Department entered into a contract with a company called K12 Virtual Schools L.L.C (K12). The contract calls for the creation and operation of a program called the Tennessee Virtual Academy, which shall enroll students from Union County and other districts, as students may apply, through the open enrollment program. This online school program will be available for K-8 students only in the first year, then adding grades 9-12 in future years.

The initial term of the agreement began July 1, 2011, and will terminate on June 30, 2014. After that time, the agreement may be renewed by action of the Board of Education, or either party may provide the other written notice of intent to non-renew the contract at least 180 days prior to the end of the initial term. K12 is responsible for providing educational products, and administrative and technology services according to the agreement. Union County public schools will be responsible for setting program policies, budget

adoption, and have final responsibility for regulatory compliance and financial reporting.

Also, subsequent to year end, the county's General Debt Service Fund loaned \$600,000 (revenue anticipation note) to the School Department's General Purpose School Fund for temporary operating funds.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

During the 1995-96 year, operations of the landfill transferred from Union County to the 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 costs. The landfill was closed in 1999. Union County is contingently liable for landfill postclosure costs as reported by the Union County Solid Waste Authority.

E. Change in Administration

On August 31, 2010, Larry Lay left the Office of County Mayor and was succeeded by Micheal Williams.

F. Joint Venture

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District; Scott, Campbell, Fentress, Claiborne, and Union counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the Board of Directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Union County made no contributions to the DTF for the year ended June 30, 2011, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

G. Retirement Commitments

Plan Description

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

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

Funding Policy

County Employees

Union County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 6.53 percent of annual covered payroll. The contribution requirement of

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

School Department Employees

Union County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 5.87 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees

Annual Pension Cost

County Employees

For the year ended June 30, 2011, the county’s annual pension cost of \$198,173 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$198,173	100%	\$0
6-30-10	166,002	100	0
6-30-09	158,252	100	0

School Department Employees

For the year ended June 30, 2011, the county's annual pension cost of \$199,017 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-11	\$199,017	100%	\$ 0
6-30-10	147,709	100	0
6-30-09	112,642	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 81.47 percent funded. The actuarial accrued liability for benefits was \$4 million, and the actuarial value of assets was \$3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3 million, and the ratio of the UAAL to the covered payroll was 26.35 percent.

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

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

School Department Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 92.61 percent funded. The actuarial accrued liability for benefits was \$6 million, and the actuarial value of assets was \$5 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. 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 17.46 percent.

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

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

SCHOOL TEACHERS

Plan Description

The Union County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury

occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009 were \$1,115,108, 767,295, and \$783,601, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

The Union County Highway and School Departments participate in the state-administered Local Government Group Insurance Plan, Local Education Group Insurance Plan, and the Medicare Supplement 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, Section 8-27-207, *TCA*, for local governments, and Section 8-27-701, *TCA*, for the Medicare Supplement Plan. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in

the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide 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. Retirees in the Local Government Group Plan must pay the entire premium. Retirees in the Local Education Group Insurance plan contribute \$175 to \$200 per month depending on type of coverage. During the year ended June 30, 2011, the Highway Department and the discretely presented School Department contributed \$6,831 and \$147,916, respectively for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan	Education Medicare Supplement Plan
ARC	\$ 12,000	\$ 293,000	\$ 66,000
Interest on the NPO	233	32,031	2,905
Adjustment to the ARC	(220)	(30,339)	(2,751)
Annual OPEB cost	\$ 12,013	\$ 294,692	\$ 66,154
Amount of contribution	(6,831)	(147,466)	(450)
Increase/decrease in NPO	\$ 5,182	\$ 147,226	\$ 65,704
Net OPEB obligation, 7-1-10	5,169	711,792	64,550
Net OPEB obligation, 6-30-11	\$ 10,351	\$ 859,018	\$ 130,254

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group* \$	12,000	57 %	\$ 5,169
6-30-11	"	12,013	57	10,351
6-30-09	Local Education Group	362,323	21	556,975
6-30-10	"	286,324	46	711,792
6-30-11	"	294,692	50	859,018
6-30-10	Education Medicare Supplement*	65,000	1	64,550
6-30-11	"	66,154	1	130,254

* Data only available for two years.

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan	Education Medicare Supplement Plan
Actuarial valuation date	7-1-10	7-1-10	
Actuarial accrued liability (AAL)	\$ 93,000	\$ 2,326,000	
Actuarial value of plan assets	\$ 0	\$ 0	
Unfunded actuarial accrued liability (UAAL)	\$ 93,000	\$ 2,326,000	
Actuarial value of assets as a % of the AAL	0%	0%	
Covered payroll (active plan members)	\$ 693,606	\$ 11,645,308	
UAAL as a % of covered payroll	13%	20%	
Actuarial valuation date			7-1-10
Actuarial accrued liability (AAL)			\$ 668,000
Actuarial value of plan assets			\$ 0
Unfunded actuarial accrued liability (UAAL)			\$ 668,000
Actuarial value of assets as a % of the AAL			0%
Covered payroll (active plan members)			\$ 0
UAAL as a % of covered payroll			N/A

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

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for purchases exceeding \$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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,230,195	\$ 3,123,300	\$ 3,123,300	\$ 106,895
Licenses and Permits	55,252	50,000	50,000	5,252
Fines, Forfeitures, and Penalties	99,277	114,000	114,000	(14,723)
Charges for Current Services	151,569	152,600	152,600	(1,031)
Other Local Revenues	126,242	68,200	64,386	61,856
Fees Received from County Officials	714,201	716,500	716,500	(2,299)
State of Tennessee	1,361,378	1,111,400	1,045,200	316,178
Federal Government	656,464	132,120	698,320	(41,856)
Other Governments and Citizens Groups	43,429	16,300	16,300	27,129
Total Revenues	\$ 6,438,007	\$ 5,484,420	\$ 5,980,606	\$ 457,401
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 59,807	\$ 57,588	\$ 64,201	\$ 4,394
Board of Equalization	630	800	800	170
Beer Board	543	600	600	57
Budget and Finance Committee	300	1,200	1,200	900
County Mayor/Executive	181,823	162,677	197,267	15,444
County Attorney	11,571	13,837	13,867	2,296
Election Commission	165,850	99,238	169,063	3,213
Register of Deeds	151,223	134,493	147,381	(3,842)
Development	12,479	12,000	12,662	183
County Buildings	349,718	309,405	377,304	27,586
Other General Administration	148,804	318,000	164,806	16,002
<u>Finance</u>				
Property Assessor's Office	101,378	95,099	104,879	3,501
Reappraisal Program	61,447	61,923	64,913	3,466
County Trustee's Office	182,487	165,523	188,911	6,424
County Clerk's Office	241,937	222,566	257,070	15,133
Other Finance	73,778	70,000	70,000	(3,778)
<u>Administration of Justice</u>				
Circuit Court	208,412	202,477	211,937	3,525
General Sessions Court	127,441	103,728	127,200	(241)
Chancery Court	133,711	115,704	127,855	(5,856)
Victims Assistance Programs	31,519	16,458	35,519	4,000
<u>Public Safety</u>				
Sheriff's Department	1,144,399	889,915	1,189,787	45,388
Special Patrols	113,896	78,795	114,846	950
Drug Enforcement	1,030	0	0	(1,030)
Jail	747,651	642,876	787,020	39,369
Juvenile Services	67,099	69,701	73,259	6,160
Fire Prevention and Control	85,000	85,000	85,000	0
Rescue Squad	19,629	20,000	20,000	371

(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 Safety (Cont.)</u>				
County Coroner/Medical Examiner	\$ 11,700	\$ 12,000	\$ 12,000	\$ 300
<u>Public Health and Welfare</u>				
Local Health Center	163,507	196,100	204,514	41,007
Appropriation to State	23,500	22,500	23,500	0
Sanitation Management	5,555	6,500	6,500	945
Convenience Centers	106,090	108,412	109,057	2,967
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	77,669	92,548	96,487	18,818
Libraries	77,740	72,015	79,517	1,777
Parks and Fair Boards	40,071	39,551	46,320	6,249
Other Social, Cultural, and Recreational	5,000	5,000	5,000	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	36,423	37,818	42,884	6,461
Forest Service	500	500	500	0
Soil Conservation	38,635	34,904	38,636	1
<u>Other Operations</u>				
Housing and Urban Development	66	0	0	(66)
Veterans' Services	14,147	13,704	14,537	390
Other Charges	48,350	30,500	37,464	(10,886)
Employee Benefits	244,634	577,800	247,334	2,700
Payments to Cities	21,000	21,000	21,000	0
Miscellaneous	582,098	47,590	596,588	14,490
<u>Highways</u>				
Litter and Trash Collection	15,533	19,077	19,142	3,609
<u>Support Services</u>				
Vocational Education Program	24,424	85,125	85,460	61,036
<u>Capital Projects</u>				
Public Health and Welfare Projects	880	0	880	0
Total Expenditures	<u>\$ 5,961,084</u>	<u>\$ 5,372,247</u>	<u>\$ 6,294,667</u>	<u>\$ 333,583</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 476,923</u>	<u>\$ 112,173</u>	<u>\$ (314,061)</u>	<u>\$ 790,984</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	<u>\$ 19,596</u>	<u>\$ 0</u>	<u>\$ 18,058</u>	<u>\$ 1,538</u>
Total Other Financing Sources (Uses)	<u>\$ 19,596</u>	<u>\$ 0</u>	<u>\$ 18,058</u>	<u>\$ 1,538</u>
Net Change in Fund Balance	\$ 496,519	\$ 112,173	\$ (296,003)	\$ 792,522
Fund Balance, July 1, 2010	<u>2,673,942</u>	<u>1,823,333</u>	<u>1,823,333</u>	<u>850,609</u>
Fund Balance, June 30, 2011	<u>\$ 3,170,461</u>	<u>\$ 1,935,506</u>	<u>\$ 1,527,330</u>	<u>\$ 1,643,131</u>

Exhibit E-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 366,892	\$ 362,100	\$ 362,100	\$ 4,792
Charges for Current Services	1,038,294	1,100,000	1,100,000	(61,706)
Other Local Revenues	3,290	0	0	3,290
Total Revenues	<u>\$ 1,408,476</u>	<u>\$ 1,462,100</u>	<u>\$ 1,462,100</u>	<u>\$ (53,624)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,330,384	\$ 1,297,687	\$ 1,337,286	\$ 6,902
Total Expenditures	<u>\$ 1,330,384</u>	<u>\$ 1,297,687</u>	<u>\$ 1,337,286</u>	<u>\$ 6,902</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 78,092</u>	<u>\$ 164,413</u>	<u>\$ 124,814</u>	<u>\$ (46,722)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (74,858)	\$ (74,858)	\$ 74,858
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (74,858)</u>	<u>\$ (74,858)</u>	<u>\$ 74,858</u>
Net Change in Fund Balance	\$ 78,092	\$ 89,555	\$ 49,956	\$ 28,136
Fund Balance, July 1, 2010	<u>107,947</u>	<u>375,174</u>	<u>375,174</u>	<u>(267,227)</u>
Fund Balance, June 30, 2011	<u>\$ 186,039</u>	<u>\$ 464,729</u>	<u>\$ 425,130</u>	<u>\$ (239,091)</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 363,756	\$ 348,000	\$ 348,000	\$ 15,756
Charges for Current Services	80,272	0	50,000	30,272
Other Local Revenues	48,895	26,500	26,500	22,395
State of Tennessee	1,702,674	1,560,218	1,710,218	(7,544)
Other Governments and Citizens Groups	0	100,000	100,000	(100,000)
Total Revenues	<u>\$ 2,195,597</u>	<u>\$ 2,034,718</u>	<u>\$ 2,234,718</u>	<u>\$ (39,121)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 122,423	\$ 127,627	\$ 128,127	\$ 5,704
Highway and Bridge Maintenance	1,300,315	1,084,194	1,519,914	219,599
Operation and Maintenance of Equipment	145,842	181,300	183,050	37,208
Ferry Operations	47,731	46,700	47,200	(531)
Other Charges	168,399	190,000	191,000	22,601
Employee Benefits	442,693	412,500	455,300	12,607
Capital Outlay	70,065	117,989	148,989	78,924
<u>Principal on Debt</u>				
Highways and Streets	20,151	0	20,500	349
<u>Interest on Debt</u>				
Highways and Streets	2,362	0	2,400	38
Total Expenditures	<u>\$ 2,319,981</u>	<u>\$ 2,160,310</u>	<u>\$ 2,696,480</u>	<u>\$ 376,499</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (124,384)</u>	<u>\$ (125,592)</u>	<u>\$ (461,762)</u>	<u>\$ 337,378</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 69,000	\$ 0	\$ 69,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 69,000</u>	<u>\$ 0</u>	<u>\$ 69,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (55,384)	\$ (125,592)	\$ (392,762)	\$ 337,378
Fund Balance, July 1, 2010	<u>445,264</u>	<u>462,010</u>	<u>462,010</u>	<u>(16,746)</u>
Fund Balance, June 30, 2011	<u>\$ 389,880</u>	<u>\$ 336,418</u>	<u>\$ 69,248</u>	<u>\$ 320,632</u>

Exhibit E-4

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

(Dollar amounts in thousands)

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)
<u>Primary Government</u>						
7-1-07	\$ 2,790	\$ 3,128	\$ 338	89.19 %	\$ 2,430	13.91 %
7-1-09	3,310	4,063	753	81.47	2,857	26.35
<u>School Department</u>						
7-1-07	5,140	5,183	43	99.17	2,317	1.86
7-1-09	5,409	5,841	432	92.61	2,473	17.46

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-5

Union County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Union County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date*	Actuarial		Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Value of Assets (a)	Accrued Liability (AAL) (b)				
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 86	\$ 86	0 %	\$ 694	12 %
"	7-1-10	0	93	93	0	694	13
<u>DISCRETELY PRESENTED UNION COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	2,730	2,730	0	11,528	24
"	7-1-09	0	2,258	2,258	0	11,757	19
"	7-1-10	0	2,326	2,326	0	11,645	20
Medicare Supplement	7-1-09	0	668	668	0	N/A	N/A
"	7-1-10	0	668	668	0	N/A	N/A

*Data for three actuarial valuations will be presented when available.

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

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 County Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, 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 funds' major appropriation categories (the legal level of control):

<u>Major Category</u>	<u>Amount Overspent</u>
General:	
Register of Deeds	\$ 3,842
Other Finance	3,778
General Sessions Court	241
Chancery Court	5,856
Drug Enforcement	1,030
Housing and Urban Development	66
Other Charges	10,886
Highway/Public Works:	
Ferry Operations	531

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund and by available fund balance in the Highway/Public Works Fund.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Exhibit F-1

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	<u>Total</u>	<u>Community Development/ Industrial Park</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 878	\$ 878	\$ 0	\$ 878
Equity in Pooled Cash and Investments	12,189	0	12,189	48,501	60,690
Due from Other Governments	345	0	345	0	345
Notes Receivable - Current	0	0	0	28,500	28,500
Total Assets	\$ 12,534	\$ 878	\$ 13,412	\$ 77,001	\$ 90,413
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 756	\$ 0	\$ 756	\$ 0	\$ 756
Due to Other Funds	0	878	878	0	878
Total Liabilities	\$ 756	\$ 878	\$ 1,634	\$ 0	\$ 1,634
<u>Fund Balances</u>					
Restricted:					
Restricted for Public Safety	\$ 11,778	\$ 0	\$ 11,778	\$ 0	\$ 11,778
Restricted for Capital Projects	0	0	0	77,001	77,001
Total Fund Balances	\$ 11,778	\$ 0	\$ 11,778	\$ 77,001	\$ 88,779
Total Liabilities and Fund Balances	\$ 12,534	\$ 878	\$ 13,412	\$ 77,001	\$ 90,413

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, 2011

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 5,658	\$ 0	\$ 5,658	\$ 0	\$ 5,658
Charges for Current Services	0	7,764	7,764	0	7,764
Other Local Revenues	2,890	0	2,890	0	2,890
Total Revenues	<u>\$ 8,548</u>	<u>\$ 7,764</u>	<u>\$ 16,312</u>	<u>\$ 0</u>	<u>\$ 16,312</u>
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 7,764	\$ 7,764	\$ 0	\$ 7,764
Public Safety	18,464	0	18,464	0	18,464
Other Operations	0	0	0	13,500	13,500
Total Expenditures	<u>\$ 18,464</u>	<u>\$ 7,764</u>	<u>\$ 26,228</u>	<u>\$ 13,500</u>	<u>\$ 39,728</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (9,916)</u>	<u>\$ 0</u>	<u>\$ (9,916)</u>	<u>\$ (13,500)</u>	<u>\$ (23,416)</u>
Net Change in Fund Balances	\$ (9,916)	\$ 0	\$ (9,916)	\$ (13,500)	\$ (23,416)
Fund Balance, July 1, 2010	21,694	0	21,694	90,501	112,195
Fund Balance, June 30, 2011	<u>\$ 11,778</u>	<u>\$ 0</u>	<u>\$ 11,778</u>	<u>\$ 77,001</u>	<u>\$ 88,779</u>

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 5,658	\$ 19,842	\$ 19,842	\$ (14,184)
Other Local Revenues	2,890	0	0	2,890
Total Revenues	<u>\$ 8,548</u>	<u>\$ 19,842</u>	<u>\$ 19,842</u>	<u>\$ (11,294)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 18,464	\$ 37,300	\$ 37,300	\$ 18,836
Total Expenditures	<u>\$ 18,464</u>	<u>\$ 37,300</u>	<u>\$ 37,300</u>	<u>\$ 18,836</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (9,916)</u>	<u>\$ (17,458)</u>	<u>\$ (17,458)</u>	<u>\$ 7,542</u>
Net Change in Fund Balance	\$ (9,916)	\$ (17,458)	\$ (17,458)	\$ 7,542
Fund Balance, July 1, 2010	<u>21,694</u>	<u>21,287</u>	<u>21,287</u>	<u>407</u>
Fund Balance, June 30, 2011	<u><u>\$ 11,778</u></u>	<u><u>\$ 3,829</u></u>	<u><u>\$ 3,829</u></u>	<u><u>\$ 7,949</u></u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit 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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 965,858	\$ 895,800	\$ 895,800	\$ 70,058
Other Local Revenues	64,853	120,000	120,000	(55,147)
Other Governments and Citizens Groups	500,000	500,000	500,000	0
Total Revenues	<u>\$ 1,530,711</u>	<u>\$ 1,515,800</u>	<u>\$ 1,515,800</u>	<u>\$ 14,911</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 240,321	\$ 250,000	\$ 250,000	\$ 9,679
Education	1,034,449	1,034,900	1,034,900	451
<u>Interest on Debt</u>				
General Government	41,674	49,000	49,000	7,326
Education	380,972	423,900	443,443	62,471
<u>Other Debt Service</u>				
General Government	15,393	23,000	23,000	7,607
Education	5,967	20,000	20,000	14,033
Total Expenditures	<u>\$ 1,718,776</u>	<u>\$ 1,800,800</u>	<u>\$ 1,820,343</u>	<u>\$ 101,567</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (188,065)</u>	<u>\$ (285,000)</u>	<u>\$ (304,543)</u>	<u>\$ 116,478</u>
Net Change in Fund Balance	\$ (188,065)	\$ (285,000)	\$ (304,543)	\$ 116,478
Fund Balance, July 1, 2010	<u>1,609,296</u>	<u>1,079,811</u>	<u>1,079,811</u>	<u>529,485</u>
Fund Balance, June 30, 2011	<u>\$ 1,421,231</u>	<u>\$ 794,811</u>	<u>\$ 775,268</u>	<u>\$ 645,963</u>

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Union County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 496,048	\$ 496,048
Accounts Receivable	0	138	138
Due from Other Governments	94,248	0	94,248
Total Assets	<u>\$ 94,248</u>	<u>\$ 496,186</u>	<u>\$ 590,434</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 94,248	\$ 0	\$ 94,248
Due to Litigants, Heirs, and Others	0	496,186	496,186
Total Liabilities	<u>\$ 94,248</u>	<u>\$ 496,186</u>	<u>\$ 590,434</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 564,887	\$ 564,887	\$ 0
Due from Other Governments	102,825	94,248	102,825	94,248
Total Assets	\$ 102,825	\$ 659,135	\$ 667,712	\$ 94,248
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 102,825	\$ 659,135	\$ 667,712	\$ 94,248
Total Liabilities	\$ 102,825	\$ 659,135	\$ 667,712	\$ 94,248
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 604,570	\$ 3,135,448	\$ 3,243,970	\$ 496,048
Accounts Receivable	0	138	0	138
Total Assets	\$ 604,570	\$ 3,135,586	\$ 3,243,970	\$ 496,186
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 604,570	\$ 3,135,586	\$ 3,243,970	\$ 496,186
Total Liabilities	\$ 604,570	\$ 3,135,586	\$ 3,243,970	\$ 496,186
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 604,570	\$ 3,135,448	\$ 3,243,970	\$ 496,048
Equity in Pooled Cash and Investments	0	564,887	564,887	0
Accounts Receivable	0	138	0	138
Due from Other Governments	102,825	94,248	102,825	94,248
Total Assets	\$ 707,395	\$ 3,794,721	\$ 3,911,682	\$ 590,434
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 102,825	\$ 659,135	\$ 667,712	\$ 94,248
Due to Litigants, Heirs, and Others	604,570	3,135,586	3,243,970	496,186
Total Liabilities	\$ 707,395	\$ 3,794,721	\$ 3,911,682	\$ 590,434

Union County School Department

This section presents combining and individual fund financial statements for the Union County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, and two Capital Projects 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 restricted federal revenues, which must be expended on specific education programs.

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

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

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

Exhibit I-1

Union County, Tennessee
Statement of Activities
Discretely Presented Union County School Department
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Charges for Services	Expenses	Net (Expense) Revenue and Changes in Net Assets Total
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities			
Governmental Activities:						
Instruction	\$ 14,712,540	\$ 0	\$ 2,173,306	\$ 0	\$ 14,712,540	(12,539,234)
Support Services	9,929,295	30,450	1,048,876	30,450	11,038,071	(7,622,205)
Operation of Non-Instructional Services	1,639,302	333,156	1,271,456	333,156	1,639,302	(22,263)
Debt Service	504,926	0	0	0	504,926	(504,926)
Total Governmental Activities	\$ 26,786,063	\$ 363,606	\$ 4,493,638	\$ 363,606	\$ 27,543,313	(20,688,628)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes						\$ 2,427,724
Local Option Sales Taxes						898,030
Other Local Taxes						1,204
Grants and Contributions Not Restricted to Specific Programs						17,632,517
Miscellaneous						15,176
Total General Revenues						\$ 20,974,651
Change in Net Assets						\$ 286,023
Net Assets, July 1, 2010						20,504,280
Net Assets, June 30, 2011						\$ 20,790,303

Exhibit I-2

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

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 392,534	\$ 18,865	\$ 411,399
Equity in Pooled Cash and Investments	93,712	35,536	0	328,084	457,332
Accounts Receivable	7,119	0	0	0	7,119
Due from Other Governments	878,915	2,551	0	129,788	1,011,254
Due from Other Funds	0	0	0	18,000	18,000
Due from Primary Government	2,040	0	0	0	2,040
Property Taxes Receivable	2,604,388	0	0	0	2,604,388
Allowance for Uncollectible Property Taxes	(132,395)	0	0	0	(132,395)
Total Assets	\$ 3,453,779	\$ 38,087	\$ 392,534	\$ 494,737	\$ 4,379,137
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 20,310	\$ 0	\$ 154,244	\$ 1,245	\$ 175,799
Contracts Payable	0	0	148,769	0	148,769
Due to Other Funds	18,000	0	0	0	18,000
Due to State of Tennessee	0	0	0	908	908
Other Current Liabilities	479,226	0	0	0	479,226
Deferred Revenue - Current Property Taxes	2,325,597	0	0	0	2,325,597
Deferred Revenue - Delinquent Property Taxes	138,240	0	0	0	138,240
Other Deferred Revenues	97,192	0	0	0	97,192
Total Liabilities	\$ 3,078,565	\$ 0	\$ 303,013	\$ 2,153	\$ 3,383,731
<u>Fund Balances</u>					
Restricted:					
Restricted for Education	\$ 167,945	\$ 38,087	\$ 0	\$ 385,276	\$ 591,308
Restricted for Capital Projects	0	0	89,521	107,308	196,829
Unassigned	207,269	0	0	0	207,269
Total Fund Balances	\$ 375,214	\$ 38,087	\$ 89,521	\$ 492,584	\$ 995,406
Total Liabilities and Fund Balances	\$ 3,453,779	\$ 38,087	\$ 392,534	\$ 494,737	\$ 4,379,137

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, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	995,406
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,605,849	
Add: construction in progress		7,764,235	
Add: building and improvements net of accumulated depreciation		10,824,015	
Add: infrastructure net of accumulated depreciation		16,800	
Add: other capital assets net of accumulated depreciation		<u>431,572</u>	20,642,471
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			235,432
(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	\$	(93,734)	
Less: other postemployment benefits liability		<u>(989,272)</u>	<u>(1,083,006)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 20,790,303</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, 2011

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,361,929	\$ 0	\$ 0	\$ 0	\$ 3,361,929
Licenses and Permits	1,635	0	0	0	1,635
Charges for Current Services	30,450	0	0	333,156	363,606
Other Local Revenues	154,181	0	10,204	0	164,385
State of Tennessee	16,798,787	0	0	15,928	16,814,715
Federal Government	498,235	3,380,034	0	1,213,788	5,092,057
Other Governments and Citizens Groups	59,272	0	0	1,138,000	1,197,272
Total Revenues	\$ 20,904,489	\$ 3,380,034	\$ 10,204	\$ 2,700,872	\$ 26,995,599
<u>Expenditures</u>					
Current:					
Instruction	\$ 12,723,041	\$ 1,726,399	\$ 0	\$ 0	\$ 14,449,440
Support Services	7,860,651	1,626,625	0	0	9,487,276
Operation of Non-Instructional Services	118,275	0	0	1,532,497	1,650,772
Debt Service:					
Principal on Debt	21,074	0	0	0	21,074
Interest on Debt	4,926	0	0	0	4,926
Other Debt Service	500,000	0	0	0	500,000
Capital Projects	0	0	5,903,664	990,020	6,893,684
Total Expenditures	\$ 21,227,967	\$ 3,353,024	\$ 5,903,664	\$ 2,522,517	\$ 33,007,172
Excess (Deficiency) of Revenues Over Expenditures	\$ (323,478)	\$ 27,010	\$ (5,893,460)	\$ 178,355	\$ (6,011,573)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 88,380	\$ 0	\$ 0	\$ 0	\$ 88,380
Transfers In	8,017	0	0	36,165	44,182
Transfers Out	(36,165)	(8,017)	0	0	(44,182)
Total Other Financing Sources (Uses)	\$ 60,232	\$ (8,017)	\$ 0	\$ 36,165	\$ 88,380
Net Change in Fund Balances	\$ (263,246)	\$ 18,993	\$ (5,893,460)	\$ 214,520	\$ (5,923,193)
Fund Balance, July 1, 2010	638,460	19,094	5,982,981	278,064	6,918,599
Fund Balance, June 30, 2011	\$ 375,214	\$ 38,087	\$ 89,521	\$ 492,584	\$ 995,406

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, 2011

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (5,923,193)
(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	\$ 7,033,018	
Less: current year depreciation expense	<u>(620,053)</u>	6,412,965
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of capital assets disposed		(11,189)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 235,432	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(236,136)</u>	(704)
(4) 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 payment on note		21,074
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>(212,930)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 286,023</u>

Exhibit I-6

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

	Special Revenue Fund <u>Central Cafeteria</u>	Capital Projects Fund Other Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 18,865	\$ 0	\$ 18,865
Equity in Pooled Cash and Investments	219,531	108,553	328,084
Due from Other Governments	129,788	0	129,788
Due from Other Funds	18,000	0	18,000
Total Assets	<u>\$ 386,184</u>	<u>\$ 108,553</u>	<u>\$ 494,737</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 1,245	\$ 1,245
Due to State of Tennessee	908	0	908
Total Liabilities	<u>\$ 908</u>	<u>\$ 1,245</u>	<u>\$ 2,153</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 385,276	\$ 0	\$ 385,276
Restricted for Capital Projects	0	107,308	107,308
Total Fund Balances	<u>\$ 385,276</u>	<u>\$ 107,308</u>	<u>\$ 492,584</u>
Total Liabilities and Fund Balances	<u>\$ 386,184</u>	<u>\$ 108,553</u>	<u>\$ 494,737</u>

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, 2011

	Special Revenue Fund <u>Central Cafeteria</u>	Capital Projects Fund <u>Other Capital Projects</u>	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 333,156	\$ 0	\$ 333,156
State of Tennessee	15,928	0	15,928
Federal Government	1,213,788	0	1,213,788
Other Governments and Citizens Groups	0	1,138,000	1,138,000
Total Revenues	<u>\$ 1,562,872</u>	<u>\$ 1,138,000</u>	<u>\$ 2,700,872</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,532,497	\$ 0	\$ 1,532,497
Capital Projects	0	990,020	990,020
Total Expenditures	<u>\$ 1,532,497</u>	<u>\$ 990,020</u>	<u>\$ 2,522,517</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,375</u>	<u>\$ 147,980</u>	<u>\$ 178,355</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 36,165	\$ 0	\$ 36,165
Total Other Financing Sources (Uses)	<u>\$ 36,165</u>	<u>\$ 0</u>	<u>\$ 36,165</u>
Net Change in Fund Balances	\$ 66,540	\$ 147,980	\$ 214,520
Fund Balance, July 1, 2010	318,736	(40,672)	278,064
Fund Balance, June 30, 2011	<u>\$ 385,276</u>	<u>\$ 107,308</u>	<u>\$ 492,584</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,361,929	\$ 3,538,207	\$ 3,538,206	\$ (176,277)
Licenses and Permits	1,635	1,350	1,350	285
Charges for Current Services	30,450	23,000	29,792	658
Other Local Revenues	154,181	77,232	139,418	14,763
State of Tennessee	16,798,787	16,770,984	16,923,198	(124,411)
Federal Government	498,235	265,724	603,724	(105,489)
Other Governments and Citizens Groups	59,272	60,348	60,348	(1,076)
Total Revenues	<u>\$ 20,904,489</u>	<u>\$ 20,736,845</u>	<u>\$ 21,296,036</u>	<u>\$ (391,547)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 9,937,306	\$ 9,726,826	\$ 9,938,745	\$ 1,439
Special Education Program	1,789,352	1,786,984	1,786,984	(2,368)
Vocational Education Program	950,868	935,368	938,368	(12,500)
Adult Education Program	45,515	46,045	59,945	14,430
<u>Support Services</u>				
Health Services	110,092	111,793	111,793	1,701
Other Student Support	365,033	366,478	366,478	1,445
Regular Instruction Program	1,494,477	1,412,847	1,577,859	83,382
Special Education Program	444,690	447,246	447,246	2,556
Vocational Education Program	126,930	130,056	127,056	126
Adult Programs	91,328	91,935	92,435	1,107
Other Programs	38,454	0	38,454	0
Board of Education	421,665	382,380	420,742	(923)
Director of Schools	152,262	155,905	155,905	3,643
Office of the Principal	1,188,191	1,207,331	1,214,123	25,932
Fiscal Services	196,117	200,713	200,713	4,596
Operation of Plant	1,590,528	1,509,958	1,581,542	(8,986)
Maintenance of Plant	385,732	316,251	393,627	7,895
Transportation	1,140,618	1,134,724	1,140,231	(387)
Central and Other	114,534	123,656	123,656	9,122
<u>Operation of Non-Instructional Services</u>				
Food Service	6,326	6,603	6,603	277
Community Services	111,949	120,763	120,763	8,814
<u>Capital Outlay</u>				
Regular Capital Outlay	0	5,000	5,000	5,000
<u>Principal on Debt</u>				
Education	21,074	21,074	21,074	0
<u>Interest on Debt</u>				
Education	4,926	4,926	4,926	0
<u>Other Debt Service</u>				
Education	500,000	500,000	500,000	0
Total Expenditures	<u>\$ 21,227,967</u>	<u>\$ 20,744,862</u>	<u>\$ 21,374,268</u>	<u>\$ 146,301</u>

(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	\$ (323,478)	\$ (8,017)	\$ (78,232)	\$ (245,246)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 88,380	\$ 0	\$ 88,380	\$ 0
Transfers In	8,017	8,017	8,017	0
Transfers Out	(36,165)	0	(36,165)	0
Total Other Financing Sources (Uses)	\$ 60,232	\$ 8,017	\$ 60,232	\$ 0
Net Change in Fund Balance	\$ (263,246)	\$ 0	\$ (18,000)	\$ (245,246)
Fund Balance, July 1, 2010	638,460	246,859	246,859	391,601
Fund Balance, June 30, 2011	\$ 375,214	\$ 246,859	\$ 228,859	\$ 146,355

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,380,034	\$ 3,919,070	\$ 3,900,391	\$ (520,357)
Total Revenues	\$ 3,380,034	\$ 3,919,070	\$ 3,900,391	\$ (520,357)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,268,435	\$ 1,482,988	\$ 1,432,273	\$ 163,838
Special Education Program	410,453	589,162	509,403	98,950
Vocational Education Program	47,511	47,514	47,514	3
<u>Support Services</u>				
Health Services	17,786	17,949	17,874	88
Other Student Support	94,771	99,547	99,727	4,956
Regular Instruction Program	990,451	1,027,780	1,059,638	69,187
Special Education Program	387,830	446,683	562,841	175,011
Transportation	135,787	199,430	163,104	27,317
Total Expenditures	\$ 3,353,024	\$ 3,911,053	\$ 3,892,374	\$ 539,350
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,010	\$ 8,017	\$ 8,017	\$ 18,993
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (8,017)	\$ (8,017)	\$ (8,017)	\$ 0
Total Other Financing Sources (Uses)	\$ (8,017)	\$ (8,017)	\$ (8,017)	\$ 0
Net Change in Fund Balance	\$ 18,993	\$ 0	\$ 0	\$ 18,993
Fund Balance, July 1, 2010	19,094	0	0	19,094
Fund Balance, June 30, 2011	\$ 38,087	\$ 0	\$ 0	\$ 38,087

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 333,156	\$ 372,750	\$ 350,805	\$ (17,649)
State of Tennessee	15,928	15,650	15,928	0
Federal Government	1,213,788	1,174,831	1,217,942	(4,154)
Total Revenues	<u>\$ 1,562,872</u>	<u>\$ 1,563,231</u>	<u>\$ 1,584,675</u>	<u>\$ (21,803)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,532,497	\$ 1,563,231	\$ 1,538,033	\$ 5,536
Total Expenditures	<u>\$ 1,532,497</u>	<u>\$ 1,563,231</u>	<u>\$ 1,538,033</u>	<u>\$ 5,536</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,375</u>	<u>\$ 0</u>	<u>\$ 46,642</u>	<u>\$ (16,267)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 36,165	\$ 0	\$ 0	\$ 36,165
Total Other Financing Sources (Uses)	<u>\$ 36,165</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,165</u>
Net Change in Fund Balance	\$ 66,540	\$ 0	\$ 46,642	\$ 19,898
Fund Balance, July 1, 2010	<u>318,736</u>	<u>49,244</u>	<u>49,244</u>	<u>269,492</u>
Fund Balance, June 30, 2011	<u>\$ 385,276</u>	<u>\$ 49,244</u>	<u>\$ 95,886</u>	<u>\$ 289,390</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Jail and Courthouse Renovations (\$1,187,560)	\$ 1,533,000	4.29 %	2-6-07	2-1-15	\$ 1,019,000	\$ 0	\$ 187,000	\$ 832,000
and School Renovations (\$345,440)	100,000	4.75	12-14-07	12-14-10	34,915	0	34,915	0
Land and Convenience Center	60,600	4.75	12-14-07	12-14-10	21,162	0	21,162	0
Sheriff's Vehicles	200,000	4.29	7-2-07	7-1-15	136,976	0	26,255	110,721
Building/Courthouse Annex	100,100	4.29	7-2-07	7-1-15	68,555	0	13,127	55,428
Jail Project/Parking Lot Paving	1,138,000	3.84	8-20-10	8-1-22	0	1,138,000	0	1,138,000
Building/Renovations & Equipment								
Total Payable through General Debt Service Fund					\$ 1,280,608	\$ 1,138,000	\$ 282,459	\$ 2,136,149
<u>Payable through Highway/Public Works Fund</u>								
Equipment & Tractor	69,000	4.25	7-27-10	7-26-13	0	69,000	20,151	48,849
Total Payable through Highway/Public Works Fund					\$ 0	\$ 69,000	\$ 20,151	\$ 48,849
Total Notes Payable					\$ 1,280,608	\$ 1,207,000	\$ 302,610	\$ 2,184,998
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Buildings and Facilities	4,000,000	Variable	12-1-1995	6-30-16	\$ 1,665,000	\$ 0	\$ 250,000	\$ 1,415,000
Total Other Loans Payable					\$ 1,665,000	\$ 0	\$ 250,000	\$ 1,415,000
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Schools Refunding Bond 2003 Series	7,710,000	2 to 3.7	6-27-03	4-1-20	\$ 5,800,000	\$ 0	\$ 370,000	\$ 5,430,000
Qualified School Construction Bond	7,160,000	1.515	12-17-09	9-1-26	7,160,000	0	372,311	6,787,689
Total Bonds Payable					\$ 12,960,000	\$ 0	\$ 742,311	\$ 12,217,689

(Continued)

Exhibit J-1

Union County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, 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 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>DISCRETELY PRESENTED UNION</u>								
<u>COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Schools Renovations - Borrowed from Primary Government	\$ 172,722	4.29 %	2-6-07	2-1-15	\$ 114,808	\$ 0	\$ 21,074	\$ 93,734
Total Notes Payable					\$ 114,808	\$ 0	\$ 21,074	\$ 93,734

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	Notes		Total
	Principal	Interest	
2012	\$ 328,895	\$ 85,964	\$ 414,859
2013	347,609	71,985	419,594
2014	338,499	57,718	396,217
2015	350,300	43,553	393,853
2016	92,695	29,704	122,399
2017	92,000	26,150	118,150
2018	96,000	22,541	118,541
2019	100,000	18,778	118,778
2020	104,000	14,861	118,861
2021	107,000	10,810	117,810
2022	112,000	6,605	118,605
2023	116,000	2,227	118,227
Total	<u>\$ 2,184,998</u>	<u>\$ 390,896</u>	<u>\$ 2,575,894</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 260,000	\$ 29,574	\$ 6,226	\$ 295,800
2013	270,000	24,140	5,082	299,222
2014	285,000	18,497	3,894	307,391
2015	295,000	12,540	2,640	310,180
2016	305,000	6,375	1,342	312,717
Total	<u>\$ 1,415,000</u>	<u>\$ 91,126</u>	<u>\$ 19,184</u>	<u>\$ 1,525,310</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	Bonds		
	Principal	Interest	Total
2012	\$ 831,773	\$ 292,584	\$ 1,124,357
2013	846,773	281,034	1,127,807
2014	861,773	269,034	1,130,807
2015	876,773	256,169	1,132,942
2016	896,773	242,409	1,139,182
2017	1,236,773	227,559	1,464,332
2018	1,266,773	200,699	1,467,472
2019	1,301,773	171,999	1,473,772
2020	1,331,773	141,219	1,472,992
2021	446,773	108,474	555,247
2022	446,773	108,474	555,247
2023	446,773	108,474	555,247
2024	446,773	108,474	555,247
2025	446,773	108,474	555,247
2026	490,752	108,474	599,226
2027	42,115	9,040	51,155
Total	\$ 12,217,689	\$ 2,742,590	\$ 14,960,279

DISCRETELY PRESENTED UNION
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 93,734	\$ 10,266	\$ 104,000

Exhibit J-3

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

<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 %	\$ 93,734
<u>Community Development/Industrial Park Fund</u>	City of Maynardville	85,500	2-29-08	7-1-11	0	<u>28,500</u>
Total Notes Receivable						<u>\$ 122,234</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
Discretely Presented Union County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED UNION</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 8,017
General Purpose School	Central Cafeteria	Reimburse for unpaid lunch charges	<u>36,165</u>
Total Transfers Discretely Presented Union County School Department			<u>\$ 44,182</u>

Exhibit J-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Larry Lay (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 11,117	\$ 50,000	Auto Owners Insurance Company
Micheal Williams (9-1-10 through 6-30-11)		55,585	50,000	State Farm Fire & Casualty Company
Director of Schools	State Board of Education and County Board of Education	91,300 (1)	(2)	Next Generation Underwriters
Highway Superintendent	Section 8-24-102, TCA	63,527	100,000	Auto Owners Insurance Company
Trustee	Section 8-24-102, TCA	57,751	766,800	State Farm Fire & Casualty Company
Assessor of Property	Section 8-24-102, TCA	57,751	15,000	Auto Owners Insurance Company
County Clerk	Section 8-24-102, TCA	57,751	50,000	State Farm Fire & Casualty Company
Circuit Court Clerk	Section 8-24-102, TCA	57,751	50,000	"
Clerk and Master	Section 8-24-102, TCA			
Register	and Chancery Court Judge	57,751 (3)	50,000	Auto Owners Insurance Company
Sheriff	Section 8-24-102, TCA	57,751	25,000	State Farm Fire & Casualty Company
	Section 8-24-102, TCA	63,527 (4)	25,000	"
Employee Blanket Bond - County and School Employees:			1,000,000	Next Generation Underwriters
Errors and Omissions Policy				

- (1) Includes a chief executive officer training supplement of \$1,000. Does not include a travel allowance of \$300 per month, and 100 percent of the premium for family health insurance \$11,793.
- (2) Coverage is provided through the Employee Blanket Bond - County and School Employees.
- (3) Does not include special commissioner fees of \$7,764.
- (4) 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, 2011

	Special Revenue Funds							Total
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		
						General Debt Service	Capital Projects	
Local Taxes								
County Property Taxes								
Current Property Tax	\$ 2,171,046	\$ 331,688	\$ 0	\$ 0	\$ 241,227	\$ 452,300	\$ 0	\$ 3,196,261
Trustee's Collections - Prior Year	146,385	20,884	0	0	15,189	28,479	0	210,937
Circuit/Clerk & Master Collections - Prior Years	82,751	10,241	0	0	6,195	14,121	0	113,308
Interest and Penalty	25,130	3,840	0	0	2,791	5,236	0	36,997
Pick-up Taxes	1,565	239	0	0	174	326	0	2,304
Payments in-Lieu-of Taxes - T.V.A.	4,595	0	0	0	0	0	0	4,595
Payments in-Lieu-of Taxes - Local Utilities	218,454	0	0	0	0	0	0	218,454
County Local Option Taxes								
Local Option Sales Tax	336,740	0	0	0	0	0	0	336,740
Hotel/Motel Tax	3,931	0	0	0	0	0	0	3,931
Wheel Tax	0	0	0	0	0	465,396	0	465,396
Litigation Tax - General	35,838	0	0	0	0	0	0	35,838
Litigation Tax - Special Purpose	35,818	0	0	0	0	0	0	35,818
Litigation Tax - Jail, Workhouse, or Courthouse	14,827	0	0	0	0	0	0	14,827
Business Tax	64,332	0	0	0	0	0	0	64,332
Mineral Severance Tax	0	0	0	0	98,180	0	0	98,180
Statutory Local Taxes								
Wholesale Beer Tax	86,190	0	0	0	0	0	0	86,190
Beer Privilege Tax	1,686	0	0	0	0	0	0	1,686
Interstate Telecommunications Tax	907	0	0	0	0	0	0	907
Total Local Taxes	\$ 3,230,195	\$ 366,892	\$ 0	\$ 0	\$ 363,756	\$ 965,858	\$ 0	\$ 4,926,701
Licenses and Permits								
Licenses								
Cable TV Franchise	\$ 35,261	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,261
Permits								
Beer Permits	1,425	0	0	0	0	0	0	1,425
Building Permits	18,535	0	0	0	0	0	0	18,535
Other Permits	31	0	0	0	0	0	0	31
Total Licenses and Permits	\$ 55,252	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,252

(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	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Fund	Debt				Capital Projects Fund
								Service Fund	Service Fund	Service Fund		
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	9,796	0	0	0	0	0	0	0	0	0	0	9,796
Officers Costs	3,086	0	0	0	0	0	0	0	0	0	0	3,086
Drug Control Fines	0	0	1,340	0	0	0	0	0	0	0	0	1,340
Data Entry Fee - Circuit Court	606	0	0	0	0	0	0	0	0	0	0	606
Victims Assistance Assessments	2,698	0	0	0	0	0	0	0	0	0	0	2,698
<u>Criminal Court</u>												
Fines	954	0	0	0	0	0	0	0	0	0	0	954
Courtroom Security Fee	363	0	0	0	0	0	0	0	0	0	0	363
<u>General Sessions Court</u>												
Fines	18,669	0	0	0	0	0	0	0	0	0	0	18,669
Officers Costs	18,906	0	0	0	0	0	0	0	0	0	0	18,906
Game and Fish Fines	1,162	0	0	0	0	0	0	0	0	0	0	1,162
Drug Control Fines	0	0	4,318	0	0	0	0	0	0	0	0	4,318
Jail Fees	48	0	0	0	0	0	0	0	0	0	0	48
Data Entry Fee - General Sessions Court	11,862	0	0	0	0	0	0	0	0	0	0	11,862
Courtroom Security Fee	648	0	0	0	0	0	0	0	0	0	0	648
Victims Assistance Assessments	16,436	0	0	0	0	0	0	0	0	0	0	16,436
<u>Juvenile Court</u>												
Fines	1,616	0	0	0	0	0	0	0	0	0	0	1,616
Officers Costs	3,347	0	0	0	0	0	0	0	0	0	0	3,347
Data Entry Fee - Juvenile Court	807	0	0	0	0	0	0	0	0	0	0	807
Victims Assistance Assessments	3,504	0	0	0	0	0	0	0	0	0	0	3,504
<u>Chancery Court</u>												
Officers Costs	3,568	0	0	0	0	0	0	0	0	0	0	3,568
Data Entry Fee - Chancery Court	1,191	0	0	0	0	0	0	0	0	0	0	1,191
<u>Judicial District Drug Program</u>												
Courtroom Security Fee	10	0	0	0	0	0	0	0	0	0	0	10
Total Fines, Forfeitures, and Penalties	\$ 99,277	\$ 0	\$ 5,658	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,935

(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	Constituti- onal Officers - Fees	Highway / Public Works	Debt Service Fund	Capital Projects Fund	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Self Insurance Premiums/Contributions	\$ 691	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 691
Patient Charges	0	1,038,294	0	0	0	0	0	1,038,294
<u>Fees</u>								
Engineer Review Fees	1,650	0	0	0	0	0	0	1,650
Copy Fees	2,168	0	0	0	0	0	0	2,168
Library Fees	1,737	0	0	0	0	0	0	1,737
Archives and Records Management Fee - County Clerk	14,026	0	0	0	0	0	0	14,026
Special Commissioner Fees/Special Master Fees	146	0	0	7,764	0	0	0	7,910
Data Processing Fee - Register	8,445	0	0	0	0	0	0	8,445
Data Processing Fee - Sheriff	2,702	0	0	0	0	0	0	2,702
Sexual Offender Registration Fees - Sheriff	2,100	0	0	0	0	0	0	2,100
Data Processing Fee - County Clerk	1,302	0	0	0	0	0	0	1,302
<u>Other Charges for Services</u>								
Other Charges for Services	116,602	0	0	0	80,272	0	0	196,874
Total Charges for Current Services	\$ 151,569	\$ 1,038,294	\$ 0	\$ 7,764	\$ 80,272	\$ 0	\$ 0	\$ 1,277,899
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0	0	0	0	0	64,853	0	64,853
Lease/Rentals	23,147	0	75	0	0	0	0	23,222
Sale of Gasoline	0	0	0	0	19,176	0	0	19,176
Sale of Recycled Materials	38	0	0	0	0	0	0	38
Miscellaneous Refunds	29,500	3,290	660	0	29,719	0	0	63,169
<u>Nonrecurring Items</u>								
Sale of Property	25,963	0	0	0	0	0	0	25,963
Damages Recovered from Individuals	1,554	0	0	0	0	0	0	1,554
Contributions and Gifts	5,901	0	0	0	0	0	0	5,901
<u>Other Local Revenues</u>								
Other Local Revenues	40,139	0	2,155	0	0	0	0	42,294
Total Other Local Revenues	\$ 126,242	\$ 3,290	\$ 2,890	\$ 0	\$ 48,895	\$ 64,853	\$ 0	\$ 246,170

(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	Constitu- tional Officers - Fees	Highway / Public Works	Debt		
						General Service	Capital Projects	
Fees Received from County Officials								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 171,625	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 171,625
Circuit Court Clerk	55,658	0	0	0	0	0	0	55,658
General Sessions Court Clerk	117,992	0	0	0	0	0	0	117,992
Clerk and Master	70,927	0	0	0	0	0	0	70,927
Register	69,147	0	0	0	0	0	0	69,147
Sheriff	7,698	0	0	0	0	0	0	7,698
Trustee	221,154	0	0	0	0	0	0	221,154
Total Fees Received from County Officials	\$ 714,201	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 714,201
State of Tennessee								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	1,294	0	0	0	0	0	0	1,294
Other General Government Grants	3,990	0	0	0	0	0	0	3,990
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	13,200	0	0	0	0	0	0	13,200
Health and Welfare Grants	75,346	0	0	0	0	0	0	75,346
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	311,484	0	0	311,484
Litter Program	20,470	0	0	0	0	0	0	20,470
<u>Other State Revenues</u>								
Income Tax	26,494	0	0	0	0	0	0	26,494
Beer Tax	18,724	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	29,321	0	0	0	0	0	0	29,321
Mixed Drink Tax	10,224	0	0	0	0	0	0	10,224
State Revenue Sharing - T.V.A.	809,776	0	0	0	0	0	0	809,776
Contracted Prisoner Boarding	335,160	0	0	0	0	0	0	335,160
Gasoline and Motor Fuel Tax	0	0	0	0	1,376,888	0	0	1,376,888
Petroleum Special Tax	0	0	0	0	14,302	0	0	14,302

(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	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Fund	
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Registrar's Salary Supplement	\$ 6,974	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,974
Other State Revenues	1,405	0	0	0	0	0	0	1,405
Total State of Tennessee	\$ 1,361,378	\$ 0	\$ 0	\$ 1,702,674	\$ 0	\$ 0	\$ 0	\$ 3,064,052
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants	\$ 57,609	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,609
ARRA Grant # 1	0	0	0	0	0	0	0	13,000
Other Federal through State	383,857	0	0	0	0	0	0	145,449
<u>Direct Federal Revenue</u>	214,998	0	0	0	0	0	0	214,998
Other Direct Federal Revenue	656,464	0	0	0	0	0	0	158,449
Total Federal Government	\$ 871,462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 373,447
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 0	\$ 500,000
Contracted Services	43,354	0	0	0	0	0	0	43,354
Citizens Groups	75	0	0	0	0	0	0	75
Donations	43,429	0	0	0	0	500,000	0	543,429
Total Other Governments and Citizens Groups	\$ 87,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 0	\$ 543,429
<u>Total</u>	\$ 6,438,007	\$ 1,408,476	\$ 8,548	\$ 7,764	\$ 2,195,597	\$ 1,530,711	\$ 158,449	\$ 11,747,552

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,201,194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,201,194
Trustee's Collections - Prior Year	138,595	0	0	0	0	138,595
Circuit/Clerk & Master Collections - Prior Years	78,143	0	0	0	0	78,143
Interest and Penalty	25,479	0	0	0	0	25,479
Pick-up Taxes	1,587	0	0	0	0	1,587
<u>County Local Option Taxes</u>						
Local Option Sales Tax	897,553	0	0	0	0	897,553
<u>Statutory Local Taxes</u>						
Bank Excise Tax	18,174	0	0	0	0	18,174
Interstate Telecommunications Tax	1,204	0	0	0	0	1,204
Total Local Taxes	\$ 3,361,929	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,361,929
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	1,387	0	0	0	0	1,387
<u>Permits</u>						
Other Permits	248	0	0	0	0	248
Total Licenses and Permits	\$ 1,635	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,635
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	0	0	253,915	0	0	253,915
Lunch Payments - Adults	0	0	23,268	0	0	23,268
Income from Breakfast	0	0	4,748	0	0	4,748
A la carte Sales	0	0	51,225	0	0	51,225
Receipts from Individual Schools	30,375	0	0	0	0	30,375
<u>Other Charges for Services</u>						
Other Charges for Services	75	0	0	0	0	75
Total Charges for Current Services	\$ 30,450	\$ 0	\$ 333,156	\$ 0	\$ 0	\$ 363,606
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 8,079	\$ 0	\$ 8,079

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
Recurring Items (Cont.)						
Miscellaneous Refunds	\$ 138,729	\$ 0	\$ 0	\$ 2,125	\$ 0	\$ 140,854
Nonrecurring Items						
Sale of Property	15,110	0	0	0	0	15,110
Other Local Revenues	342	0	0	0	0	342
Total Other Local Revenues	\$ 154,181	\$ 0	\$ 0	\$ 10,204	\$ 0	\$ 164,385
<u>State of Tennessee</u>						
General Government Grants						
On-Behalf Contributions for OPEB	\$ 38,454	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,454
<u>State Education Funds</u>						
Basic Education Program	14,094,218	0	0	0	0	14,094,218
Basic Education Program - ARRA	1,747,351	0	0	0	0	1,747,351
School Food Service	0	0	15,928	0	0	15,928
Energy Efficient School Initiative	64,560	0	0	0	0	64,560
Driver Education	10,546	0	0	0	0	10,546
Other State Education Funds	1,632	0	0	0	0	1,632
Coordinated School Health - ARRA	90,000	0	0	0	0	90,000
Internet Connectivity - ARRA	8,896	0	0	0	0	8,896
Family Resource Centers - ARRA	33,300	0	0	0	0	33,300
Career Ladder Program	124,459	0	0	0	0	124,459
Career Ladder - Extended Contract - ARRA	16,674	0	0	0	0	16,674
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	202,444	0	0	0	0	202,444
Other State Grants	346,553	0	0	0	0	346,553
Safe Schools - ARRA	19,700	0	0	0	0	19,700
Total State of Tennessee	\$ 16,798,787	\$ 0	\$ 15,928	\$ 0	\$ 0	\$ 16,814,715
<u>Federal Government</u>						
Federal Through State						
USDA School Lunch Program	\$ 0	\$ 0	\$ 815,934	\$ 0	\$ 0	\$ 815,934
USDA - Commodities	0	0	88,794	0	0	88,794
Breakfast	0	0	289,250	0	0	289,250

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
USDA - Other	\$ 0	\$ 0	\$ 7,383	\$ 0	\$ 0	\$ 7,383
USDA Food Service Equipment Grant - ARRA	0	0	12,427	0	0	12,427
Adult Education State Grant Program	72,536	0	0	0	0	72,536
Vocational Education - Basic Grants to States	0	64,314	0	0	0	64,314
Title I Grants to Local Education Agencies	205,997	1,362,698	0	0	0	1,568,695
Special Education - Grants to States	0	924,674	0	0	0	924,674
Special Education Preschool Grants	0	33,900	0	0	0	33,900
English Language Acquisition Grants	0	2,551	0	0	0	2,551
Rural Education	0	112,145	0	0	0	112,145
Education for Homeless Children and Youth	0	1,441	0	0	0	1,441
Eisenhower Professional Development State Grants	0	216,530	0	0	0	216,530
Race to the Top - ARRA	0	241,781	0	0	0	241,781
Other Federal through State	219,702	420,000	0	0	0	639,702
Total Federal Government	\$ 498,235	\$ 3,380,034	\$ 1,213,788	\$ 0	\$ 0	\$ 5,092,057
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,138,000	\$ 1,138,000
Contracted Services	59,272	0	0	0	0	59,272
Total Other Governments and Citizens Groups	\$ 59,272	\$ 0	\$ 0	\$ 0	\$ 1,138,000	\$ 1,197,272
Total	\$ 20,904,489	\$ 3,380,034	\$ 1,562,872	\$ 10,204	\$ 1,138,000	\$ 26,995,599

Exhibit J-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 51,245	
Social Security	2,940	
Unemployment Compensation	23	
Audit Services	5,342	
Printing, Stationery, and Forms	257	
Total County Commission		\$ 59,807

Board of Equalization

Board and Committee Members Fees	\$ 630	
Total Board of Equalization		630

Beer Board

Board and Committee Members Fees	\$ 500	
Social Security	38	
Unemployment Compensation	5	
Total Beer Board		543

Budget and Finance Committee

Board and Committee Members Fees	\$ 300	
Total Budget and Finance Committee		300

County Mayor/Executive

County Official/Administrative Officer	\$ 66,702	
Accountants/Bookkeepers	56,107	
Secretary(ies)	450	
Part-time Personnel	6,337	
Social Security	7,019	
State Retirement	5,972	
Medical Insurance	3,000	
Unemployment Compensation	324	
Communication	1,455	
Data Processing Services	7,755	
Dues and Memberships	1,355	
Legal Notices, Recording, and Court Costs	4,260	
Maintenance and Repair Services - Equipment	370	
Travel	1,186	
Office Supplies	9,613	
Premiums on Corporate Surety Bonds	497	
Other Charges	781	
Office Equipment	8,640	
Total County Mayor/Executive		181,823

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	11,163	
Legal Services		402	
Postal Charges		6	
Total County Attorney			\$ 11,571

Election Commission

County Official/Administrative Officer	\$	51,952	
Deputy(ies)		20,112	
Election Commission		3,150	
Election Workers		38,515	
Social Security		3,767	
State Retirement		3,333	
Unemployment Compensation		93	
Data Processing Services		29,914	
Dues and Memberships		300	
Legal Notices, Recording, and Court Costs		4,261	
Maintenance and Repair Services - Equipment		771	
Postal Charges		349	
Printing, Stationery, and Forms		2,790	
Travel		5,058	
Office Supplies		1,485	
Total Election Commission			165,850

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		52,021	
Social Security		5,948	
State Retirement		5,077	
Unemployment Compensation		180	
Data Processing Services		24,797	
Office Supplies		1,263	
Premiums on Corporate Surety Bonds		666	
Office Equipment		3,520	
Total Register of Deeds			151,223

Development

Board and Committee Members Fees	\$	4,800	
Social Security		357	
State Retirement		69	
Unemployment Compensation		31	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Consultants	\$ 7,222	
Total Development		\$ 12,479

County Buildings

Custodial Personnel	\$ 17,322	
Maintenance Personnel	37,508	
Social Security	2,894	
State Retirement	1,735	
Unemployment Compensation	177	
Janitorial Services	480	
Maintenance Agreements	958	
Maintenance and Repair Services - Buildings	35,717	
Maintenance and Repair Services - Vehicles	800	
Pest Control	1,052	
Rentals	50	
Custodial Supplies	9,326	
Electricity	97,264	
Natural Gas	17,026	
Water and Sewer	24,876	
Other Supplies and Materials	3,091	
Building and Contents Insurance	97,614	
Other Charges	817	
Building Improvements	1,011	
Total County Buildings		349,718

Other General Administration

Communication	\$ 86,165	
Data Processing Services	762	
Dues and Memberships	9,394	
Legal Notices, Recording, and Court Costs	564	
Maintenance and Repair Services - Office Equipment	2,971	
Maintenance and Repair Services - Vehicles	2,859	
Postal Charges	32,795	
Duplicating Supplies	546	
Gasoline	2,949	
Other Supplies and Materials	207	
Other Charges	1,090	
Administration Equipment	8,502	
Total Other General Administration		148,804

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		30,088	
Social Security		4,762	
State Retirement		2,671	
Unemployment Compensation		180	
Legal Notices, Recording, and Court Costs		98	
Printing, Stationery, and Forms		229	
Travel		2,364	
Office Supplies		1,033	
Office Equipment		2,202	
Total Property Assessor's Office			\$ 101,378

Reappraisal Program

Clerical Personnel	\$	25,508	
Other Salaries and Wages		21,464	
Social Security		2,473	
State Retirement		2,173	
Unemployment Compensation		180	
Contracts with Other Public Agencies		7,829	
Dues and Memberships		60	
Other Contracted Services		1,760	
Total Reappraisal Program			61,447

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		82,336	
Social Security		7,060	
State Retirement		6,461	
Medical Insurance		3,863	
Unemployment Compensation		270	
Data Processing Services		4,460	
Legal Notices, Recording, and Court Costs		1,680	
Maintenance and Repair Services - Office Equipment		348	
Printing, Stationery, and Forms		8,499	
Travel		412	
Office Supplies		2,547	
Premiums on Corporate Surety Bonds		4,324	
Office Equipment		2,476	
Total County Trustee's Office			182,487

(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	
Social Security		9,474	
State Retirement		8,391	
Medical Insurance		3,863	
Unemployment Compensation		504	
Communication		658	
Data Processing Services		11,932	
Dues and Memberships		400	
Janitorial Services		642	
Maintenance and Repair Services - Buildings		1,014	
Maintenance and Repair Services - Office Equipment		731	
Pest Control		361	
Postal Charges		4,934	
Travel		4,602	
Maintenance and Repair Services - Records		176	
Office Supplies		1,908	
Premiums on Corporate Surety Bonds		666	
Office Equipment		1,015	
Total County Clerk's Office			\$ 241,937

Other Finance

Trustee's Commission	\$	73,778	
Total Other Finance			73,778

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		92,176	
Jury and Witness Expense		6,538	
Social Security		8,080	
State Retirement		6,517	
Unemployment Compensation		334	
Data Processing Services		12,763	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		40	
Postal Charges		6	
Travel		171	
Library Books/Media		9,258	
Office Supplies		12,152	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Premiums on Corporate Surety Bonds	\$	666	
Other Charges		286	
Office Equipment		1,614	
Total Circuit Court			\$ 208,412

General Sessions Court

Judge(s)	\$	91,226	
Other Salaries and Wages		19,000	
Social Security		5,967	
State Retirement		5,268	
Medical Insurance		1,575	
Unemployment Compensation		90	
Maintenance and Repair Services - Office Equipment		957	
Travel		1,553	
Other Contracted Services		700	
Library Books/Media		114	
Office Supplies		695	
Administration Equipment		296	
Total General Sessions Court			127,441

Chancery Court

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		49,790	
Social Security		5,713	
State Retirement		4,030	
Unemployment Compensation		270	
Library Books/Media		145	
Office Supplies		3,657	
Premiums on Corporate Surety Bonds		666	
Refunds		1,236	
Administration Equipment		6,958	
Office Equipment		3,495	
Total Chancery Court			133,711

Victims Assistance Programs

Contributions	\$	25,323	
Judgments		4,196	
Liability Claims		2,000	
Total Victims Assistance Programs			31,519

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Deputy(ies)		439,288	
Investigator(s)		135,576	
Salary Supplements		13,200	
Secretary(ies)		56,659	
Social Security		37,164	
State Retirement		29,076	
Medical Insurance		13,845	
Unemployment Compensation		1,948	
Data Processing Services		3,537	
Confidential Drug Enforcement Payments		151,000	
Janitorial Services		260	
Licenses		93	
Maintenance and Repair Services - Buildings		663	
Maintenance and Repair Services - Equipment		3,600	
Maintenance and Repair Services - Office Equipment		2,648	
Maintenance and Repair Services - Vehicles		20,000	
Pest Control		470	
Postal Charges		99	
Transportation - Other than Students		329	
Travel		5,414	
Tuition		1,123	
Gasoline		95,341	
Law Enforcement Supplies		9,791	
Office Supplies		10,384	
Tires and Tubes		9,516	
Uniforms		9,808	
Vehicle Parts		21,722	
Premiums on Corporate Surety Bonds		355	
Criminal Investigation of Applicants - TBI		1,445	
Other Charges		2,115	
Office Equipment		1,980	
Special Education Equipment		2,423	
Total Sheriff's Department			\$ 1,144,399

Special Patrols

Deputy(ies)	\$	102,888
Social Security		5,541
State Retirement		4,759
Medical Insurance		330

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Unemployment Compensation	\$ 378	
Total Special Patrols		\$ 113,896

Drug Enforcement

Data Processing Services	\$ 170	
Animal Food and Supplies	312	
Law Enforcement Supplies	548	
Total Drug Enforcement		1,030

Jail

Medical Personnel	\$ 6,144	
Guards	308,702	
Cafeteria Personnel	44,125	
Social Security	19,106	
State Retirement	12,612	
Medical Insurance	2,315	
Unemployment Compensation	1,439	
Maintenance and Repair Services - Buildings	7,367	
Medical and Dental Services	83,415	
Pest Control	253	
Other Contracted Services	45,000	
Custodial Supplies	16,678	
Drugs and Medical Supplies	36,298	
Food Preparation Supplies	409	
Food Supplies	163,198	
Food Service Equipment	590	
Total Jail		747,651

Juvenile Services

Youth Service Officer(s)	\$ 21,988	
Psychological Personnel	33,913	
Social Security	2,956	
State Retirement	2,586	
Unemployment Compensation	180	
Contracts with Private Agencies	840	
Travel	366	
Office Supplies	3,066	
Office Equipment	1,204	
Total Juvenile Services		67,099

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contributions	\$ 85,000	
Total Fire Prevention and Control		\$ 85,000

Rescue Squad

Contributions	\$ 19,629	
Total Rescue Squad		19,629

County Coroner/Medical Examiner

Other Contracted Services	\$ 11,700	
Total County Coroner/Medical Examiner		11,700

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 113,712	
Social Security	6,074	
State Retirement	4,827	
Unemployment Compensation	384	
Communication	3,433	
Contracts with Private Agencies	405	
Contributions	11,700	
Dues and Memberships	200	
Janitorial Services	2,218	
Legal Notices, Recording, and Court Costs	66	
Maintenance and Repair Services - Buildings	3,053	
Maintenance and Repair Services - Equipment	318	
Maintenance and Repair Services - Office Equipment	897	
Pest Control	226	
Postal Charges	1,344	
Travel	1,781	
Electricity	8,044	
Food Supplies	194	
General Construction Materials	26	
Office Supplies	1,732	
Water and Sewer	1,364	
Office Equipment	1,509	
Total Local Health Center		163,507

Appropriation to State

Contracts with Government Agencies	\$ 23,500	
Total Appropriation to State		23,500

(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	\$ 5,555	
Total Sanitation Management		\$ 5,555

Convenience Centers

Laborers	\$ 102,459	
Social Security	3,219	
Unemployment Compensation	374	
Maintenance and Repair Services - Buildings	10	
Other Charges	28	
Total Convenience Centers		106,090

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 21,178	
Secretary(ies)	23,157	
Custodial Personnel	5,705	
Social Security	2,439	
State Retirement	1,845	
Unemployment Compensation	200	
Communication	432	
Contracts with Private Agencies	430	
Contributions	1,854	
Maintenance and Repair Services - Buildings	2,319	
Maintenance and Repair Services - Office Equipment	455	
Maintenance and Repair Services - Vehicles	1,492	
Pest Control	315	
Rentals	513	
Travel	1,881	
Custodial Supplies	338	
Gasoline	2,751	
Office Supplies	4,080	
Water and Sewer	1,451	
Other Supplies and Materials	849	
Other Charges	35	
Administration Equipment	55	
Office Equipment	3,895	
Total Senior Citizens Assistance		77,669

Libraries

Librarians	\$ 39,763	
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(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.)

Libraries (Cont.)

Other Salaries and Wages	\$	24,962	
Social Security		3,515	
State Retirement		1,839	
Unemployment Compensation		353	
Communication		397	
Contracts with Private Agencies		500	
Contributions		474	
Data Processing Services		71	
Maintenance and Repair Services - Buildings		32	
Maintenance and Repair Services - Vehicles		75	
Pest Control		278	
Travel		734	
Office Supplies		4,106	
Other Charges		641	
Total Libraries			\$ 77,740

Parks and Fair Boards

Other Salaries and Wages	\$	24,948	
Social Security		1,178	
State Retirement		1,173	
Medical Insurance		3,811	
Unemployment Compensation		90	
Maintenance and Repair Services - Buildings		7,092	
Maintenance and Repair Services - Equipment		144	
Maintenance and Repair Services - Vehicles		11	
Rentals		158	
Travel		54	
Electricity		785	
Food Supplies		49	
Gasoline		417	
Water and Sewer		38	
Other Charges		123	
Total Parks and Fair Boards			40,071

Other Social, Cultural, and Recreational

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Part-time Personnel	\$	3,419	
Social Security		262	
Unemployment Compensation		34	
Contracts with Government Agencies		23,852	
Contracts with Private Agencies		723	
Data Processing Services		368	
Operating Lease Payments		6,300	
Travel		1,465	
Total Agriculture Extension Service			\$ 36,423

Forest Service

Contributions	\$	500	
Total Forest Service			500

Soil Conservation

Secretary(ies)	\$	28,904	
Social Security		1,533	
State Retirement		1,337	
Unemployment Compensation		90	
Data Processing Services		776	
Dues and Memberships		685	
Rentals		3,000	
Office Supplies		418	
Water and Sewer		319	
Other Charges		1,573	
Total Soil Conservation			38,635

Other Operations

Housing and Urban Development

Legal Notices, Recording, and Court Costs	\$	66	
Total Housing and Urban Development			66

Veterans' Services

Supervisor/Director	\$	13,079	
Social Security		750	
Unemployment Compensation		65	
Contracts with Private Agencies		253	
Total Veterans' Services			14,147

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Temporary Personnel	\$ 13,886	
Contributions	34,464	
Total Other Charges	<u>48,350</u>	\$ 48,350

Employee Benefits

Social Security	\$ 62,932	
State Retirement	45,319	
Medical Insurance	94,543	
Workers' Compensation Insurance	41,840	
Total Employee Benefits	<u>244,634</u>	244,634

Payments to Cities

Contributions	\$ 21,000	
Total Payments to Cities	<u>21,000</u>	21,000

Miscellaneous

State Aid Projects	\$ 582,098	
Total Miscellaneous	<u>582,098</u>	582,098

Highways

Litter and Trash Collection

Other Salaries and Wages	\$ 9,564	
Social Security	476	
Unemployment Compensation	38	
Maintenance and Repair Services - Vehicles	491	
Travel	343	
Gasoline	2,433	
Office Supplies	1,893	
Other Charges	295	
Total Litter and Trash Collection	<u>15,533</u>	15,533

Support Services

Vocational Education Program

Temporary Personnel	\$ 8,653
Educational Incentive - Official/Admin Officer	1,920
Social Security	121
Unemployment Compensation	16
Other Fringe Benefits	2,951
Communication	208
Postal Charges	111

(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.)

Travel	\$	9,206	
Office Supplies		1,123	
Office Equipment		115	
Total Vocational Education Program			\$ 24,424

Capital Projects

Public Health and Welfare Projects

Legal Notices, Recording, and Court Costs	\$	230	
Land		650	
Total Public Health and Welfare Projects			880

Total General Fund \$ 5,961,084

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	46,556	
Clerical Personnel		30,000	
Attendants		763,572	
In-Service Training		1,801	
Social Security		61,896	
State Retirement		41,228	
Medical Insurance		42,975	
Unemployment Compensation		13,104	
Communication		11,279	
Data Processing Services		7,938	
Dues and Memberships		420	
Legal Notices, Recording, and Court Costs		64	
Licenses		2,250	
Maintenance and Repair Services - Buildings		5,270	
Maintenance and Repair Services - Equipment		410	
Maintenance and Repair Services - Vehicles		46,385	
Postal Charges		58	
Printing, Stationery, and Forms		753	
Travel		4,464	
Disposal Fees		1,210	
Other Contracted Services		8,400	
Custodial Supplies		2,250	
Data Processing Supplies		1,118	
Diesel Fuel		57,091	

(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.)

Drugs and Medical Supplies	\$	32,308	
Electricity		11,679	
Natural Gas		2,907	
Office Supplies		1,137	
Tires and Tubes		6,859	
Uniforms		5,697	
Water and Sewer		1,101	
Other Supplies and Materials		9,731	
Building and Contents Insurance		3,805	
Liability Insurance		10,777	
Trustee's Commission		17,553	
Vehicle and Equipment Insurance		10,956	
Workers' Compensation Insurance		55,128	
Interest on Notes		2,196	
Building Improvements		982	
Communication Equipment		875	
Data Processing Equipment		2,673	
Furniture and Fixtures		3,528	
Total Ambulance/Emergency Medical Services			<u>\$ 1,330,384</u>

Total Ambulance Service Fund \$ 1,330,384

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	340	
Animal Food and Supplies		637	
Law Enforcement Supplies		15,573	
Trustee's Commission		85	
Law Enforcement Equipment		229	
Motor Vehicles		1,600	
Total Drug Enforcement			<u>\$ 18,464</u>

Total Drug Control Fund 18,464

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	7,764	
Total Chancery Court			<u>\$ 7,764</u>

Total Constitutional Officers - Fees Fund 7,764

(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		7,700	
Secretary(ies)		33,000	
Board and Committee Members Fees		16,800	
Advertising		620	
Dues and Memberships		150	
Maintenance and Repair Services - Equipment		85	
Office Supplies		541	
Total Administration			\$ 122,423

Highway and Bridge Maintenance

Foremen	\$	53,144	
Equipment Operators		25,160	
Equipment Operators - Heavy		93,926	
Equipment Operators - Light		156,356	
Truck Drivers		67,651	
Laborers		131,706	
Rentals		250	
Other Contracted Services		63,378	
Asphalt - Cold Mix		158,352	
Asphalt - Hot Mix		481,109	
Crushed Stone		56,088	
Other Road Supplies		10,951	
Pipe - Metal		1,756	
Road Signs		488	
Total Highway and Bridge Maintenance			1,300,315

Operation and Maintenance of Equipment

Mechanic(s)	\$	27,144	
Maintenance and Repair Services - Vehicles		483	
Diesel Fuel		41,180	
Equipment Parts - Heavy		1,211	
Equipment Parts - Light		19,842	
Garage Supplies		4,151	
Gasoline		40,353	
Lubricants		3,097	
Tires and Tubes		8,381	
Total Operation and Maintenance of Equipment			145,842

(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	\$ 47,731	
Total Ferry Operations		\$ 47,731

Other Charges

Communication	\$ 2,384	
Electricity	4,370	
Fuel Oil	2,815	
Water and Sewer	934	
Trustee's Commission	20,678	
Vehicle and Equipment Insurance	88,441	
Workers' Compensation Insurance	48,777	
Total Other Charges		168,399

Employee Benefits

Social Security	\$ 55,689	
Employee and Dependent Insurance	346,023	
Employer Medicare	40,981	
Total Employee Benefits		442,693

Capital Outlay

Highway Equipment	\$ 70,065	
Total Capital Outlay		70,065

Principal on Debt

Highways and Streets

Principal on Notes	\$ 20,151	
Total Highways and Streets		20,151

Interest on Debt

Highways and Streets

Interest on Notes	\$ 2,362	
Total Highways and Streets		2,362

Total Highway/Public Works Fund		\$ 2,319,981
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General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 240,321	
Total General Government		\$ 240,321

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 742,311	
Principal on Notes	42,138	
Principal on Other Loans	<u>250,000</u>	
Total Education		\$ 1,034,449

Interest on Debt

General Government

Interest on Notes	\$ 41,674	
Total General Government		41,674

Education

Interest on Bonds	\$ 298,305	
Interest on Notes	29,393	
Interest on Other Loans	<u>53,274</u>	
Total Education		380,972

Other Debt Service

General Government

Trustee's Commission	\$ 15,393	
Total General Government		15,393

Education

Other Debt Service	\$ 5,967	
Total Education		<u>5,967</u>

Total General Debt Service Fund \$ 1,718,776

General Capital Projects Fund

Other Operations

ARRA Grant # 1

Engineering Services	\$ 13,000	
Total ARRA Grant # 1		\$ 13,000

ARRA Grant # 2

Engineering Services	\$ 52,944	
Other Construction	<u>128,223</u>	
Total ARRA Grant # 2		181,167

(Continued)

Exhibit J-8

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

General Capital Projects Fund (Cont.)

Capital Projects

Public Safety Projects

Engineering Services	\$ 23,167	
Building Improvements	122,283	
Total Public Safety Projects		\$ 145,450

Public Health and Welfare Projects

Engineering Services	\$ 22,463	
Legal Services	6,660	
Other Construction	40,108	
Total Public Health and Welfare Projects		69,231

Other General Government Projects

Other Construction	\$ 573	
Total Other General Government Projects		573

Education Capital Projects

Contributions	\$ 1,138,000	
Total Education Capital Projects		1,138,000

Total General Capital Projects Fund \$ 1,547,421

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Other Charges	\$ 7,500	
Other Construction	6,000	
Total Industrial Development		\$ 13,500

Total Community Development/Industrial Park Fund 13,500

Total Governmental Funds - Primary Government \$ 12,917,374

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,815,816	
Career Ladder Program	88,760	
Career Ladder Extended Contracts	58,168	
Homebound Teachers	21,626	
Clerical Personnel	16,049	
Educational Assistants	202,897	
Other Salaries and Wages	11,340	
Certified Substitute Teachers	62,206	
Non-certified Substitute Teachers	122,690	
Social Security	436,927	
State Retirement	646,634	
Life Insurance	4,081	
Medical Insurance	963,397	
Unemployment Compensation	9,249	
Employer Medicare	102,653	
Other Contracted Services	1,979	
Instructional Supplies and Materials	127,593	
Textbooks	165,140	
Other Supplies and Materials	1,578	
Regular Instruction Equipment	78,523	
Total Regular Instruction Program		\$ 9,937,306

Special Education Program

Teachers	\$ 1,077,874
Career Ladder Program	7,972
Homebound Teachers	6,173
Educational Assistants	124,461
Speech Pathologist	42,062
Other Salaries and Wages	7,823
Certified Substitute Teachers	16,079
Non-certified Substitute Teachers	14,525
Social Security	76,849
State Retirement	107,441
Life Insurance	682
Medical Insurance	128,865
Unemployment Compensation	1,896
Employer Medicare	18,396
Maintenance and Repair Services - Equipment	1,414
Other Contracted Services	116,964

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$ 12,492	
Other Supplies and Materials	20,341	
Special Education Equipment	7,043	
Total Special Education Program		\$ 1,789,352

Vocational Education Program

Teachers	\$ 681,768	
Career Ladder Program	3,000	
Certified Substitute Teachers	5,579	
Non-certified Substitute Teachers	9,901	
Social Security	41,232	
State Retirement	62,396	
Life Insurance	388	
Medical Insurance	95,937	
Unemployment Compensation	792	
Employer Medicare	9,662	
Maintenance and Repair Services - Equipment	2,027	
Other Contracted Services	4,797	
Instructional Supplies and Materials	17,245	
Textbooks	4,740	
Other Supplies and Materials	10,676	
Vocational Instruction Equipment	728	
Total Vocational Education Program		950,868

Adult Education Program

Teachers	\$ 15,723	
Other Salaries and Wages	22,719	
Social Security	2,111	
State Retirement	2,235	
Unemployment Compensation	52	
Employer Medicare	556	
Instructional Supplies and Materials	2,119	
Total Adult Education Program		45,515

Support Services

Health Services

Medical Personnel	\$ 77,429	
Social Security	4,199	
State Retirement	7,007	

(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.)

Life Insurance	\$	46	
Medical Insurance		14,341	
Unemployment Compensation		84	
Employer Medicare		982	
Travel		5,698	
Other Supplies and Materials		306	
Total Health Services			\$ 110,092

Other Student Support

Career Ladder Program	\$	1,905	
Guidance Personnel		280,172	
Social Security		17,103	
State Retirement		25,528	
Life Insurance		137	
Medical Insurance		27,119	
Unemployment Compensation		252	
Employer Medicare		4,000	
Evaluation and Testing		8,817	
Total Other Student Support			365,033

Regular Instruction Program

Supervisor/Director	\$	218,224
Career Ladder Program		3,985
Librarians		151,016
Other Salaries and Wages		302,453
Social Security		40,803
State Retirement		53,161
Life Insurance		342
Medical Insurance		51,556
Unemployment Compensation		600
Employer Medicare		9,543
Communication		5,919
Maintenance and Repair Services - Equipment		51,347
Postal Charges		88
Printing, Stationery, and Forms		3,315
Travel		40,972
Other Contracted Services		220,151
Library Books/Media		4,403
Other Supplies and Materials		203,997

(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.)

In Service/Staff Development	\$ 46,845	
Other Charges	2,854	
Other Equipment	82,903	
Total Regular Instruction Program		\$ 1,494,477

Special Education Program

Supervisor/Director	\$ 78,943	
Career Ladder Program	1,000	
Psychological Personnel	48,357	
Other Salaries and Wages	80,541	
Social Security	12,388	
State Retirement	17,895	
Life Insurance	114	
Medical Insurance	19,143	
Unemployment Compensation	210	
Employer Medicare	2,897	
Travel	8,541	
Other Supplies and Materials	105,681	
In Service/Staff Development	68,980	
Total Special Education Program		444,690

Vocational Education Program

Supervisor/Director	\$ 65,540	
Career Ladder Program	3,000	
Career Ladder Extended Contracts	10,923	
Secretary(ies)	26,728	
Social Security	6,556	
State Retirement	8,760	
Life Insurance	23	
Unemployment Compensation	84	
Employer Medicare	1,533	
Travel	3,783	
Total Vocational Education Program		126,930

Adult Programs

Supervisor/Director	\$ 71,124
Social Security	4,410
State Retirement	6,437
Life Insurance	23

(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.)

Medical Insurance	\$	5,603	
Unemployment Compensation		42	
Employer Medicare		1,031	
In Service/Staff Development		2,658	
Total Adult Programs			\$ 91,328

Other Programs

On-Behalf Payments to OPEB	\$	38,454	
Total Other Programs			38,454

Board of Education

Other Salaries and Wages	\$	3,600	
Board and Committee Members Fees		25,200	
Social Security		1,786	
State Retirement		326	
Unemployment Compensation		3	
Employer Medicare		418	
Audit Services		6,650	
Dues and Memberships		9,761	
Legal Services		8,256	
Other Supplies and Materials		96,264	
Liability Insurance		81,554	
Trustee's Commission		88,018	
Workers' Compensation Insurance		99,829	
Total Board of Education			421,665

Director of Schools

County Official/Administrative Officer	\$	90,300	
Career Ladder Program		1,000	
Social Security		5,611	
State Retirement		8,263	
Life Insurance		23	
Medical Insurance		11,793	
Employer Medicare		1,312	
Communication		12,662	
Postal Charges		3,902	
Travel		9,851	
Other Contracted Services		6,710	
Office Supplies		835	
Total Director of Schools			152,262

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	399,579	
Career Ladder Program		4,000	
Assistant Principals		193,919	
Secretary(ies)		259,384	
Clerical Personnel		16,056	
Social Security		52,153	
State Retirement		69,735	
Life Insurance		228	
Medical Insurance		45,628	
Unemployment Compensation		998	
Employer Medicare		12,197	
Communication		33,057	
Other Supplies and Materials		101,257	
Total Office of the Principal			\$ 1,188,191

Fiscal Services

Accountants/Bookkeepers	\$	108,062	
Clerical Personnel		48,029	
Social Security		9,381	
State Retirement		11,508	
Medical Insurance		7,583	
Unemployment Compensation		167	
Employer Medicare		2,194	
Travel		444	
Other Contracted Services		7,572	
Data Processing Supplies		1,155	
Other Supplies and Materials		22	
Total Fiscal Services			196,117

Operation of Plant

Custodial Personnel	\$	380,112	
Social Security		23,526	
State Retirement		18,369	
Unemployment Compensation		1,525	
Employer Medicare		5,502	
Other Contracted Services		77,390	
Custodial Supplies		41,486	
Electricity		667,060	
Natural Gas		162,262	

(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.)

Water and Sewer	\$ 91,331	
Other Supplies and Materials	26	
Boiler Insurance	6,724	
Building and Contents Insurance	115,215	
Total Operation of Plant		\$ 1,590,528

Maintenance of Plant

Maintenance Personnel	\$ 121,847	
Social Security	7,457	
State Retirement	6,896	
Medical Insurance	16,320	
Unemployment Compensation	260	
Employer Medicare	1,767	
Maintenance and Repair Services - Vehicles	450	
Other Supplies and Materials	230,735	
Total Maintenance of Plant		385,732

Transportation

Other Salaries and Wages	\$ 27,378	
Social Security	1,698	
Unemployment Compensation	164	
Employer Medicare	397	
Contracts with Vehicle Owners	1,078,516	
Maintenance and Repair Services - Vehicles	6,071	
Diesel Fuel	10,894	
Other Supplies and Materials	3,000	
Vehicle and Equipment Insurance	3,000	
Transportation Equipment	9,500	
Total Transportation		1,140,618

Central and Other

Other Salaries and Wages	\$ 102,888	
Social Security	5,541	
State Retirement	4,759	
Medical Insurance	330	
Unemployment Compensation	378	
Other Supplies and Materials	638	
Total Central and Other		114,534

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$ 5,544	
Social Security	344	
State Retirement	325	
Unemployment Compensation	33	
Employer Medicare	80	
Total Food Service		\$ 6,326

Community Services

Supervisor/Director	\$ 44,921	
Other Salaries and Wages	32,386	
Social Security	4,598	
State Retirement	5,966	
Medical Insurance	17,378	
Unemployment Compensation	84	
Employer Medicare	1,075	
Travel	1,955	
Other Supplies and Materials	3,586	
Total Community Services		111,949

Principal on Debt

Education

Principal on Notes	\$ 21,074	
Total Education		21,074

Interest on Debt

Education

Interest on Notes	\$ 4,926	
Total Education		4,926

Other Debt Service

Education

Other Debt Service	\$ 500,000	
Total Education		500,000

Total General Purpose School Fund \$ 21,227,967

(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

Instruction

Regular Instruction Program

Teachers	\$ 668,493	
Educational Assistants	174,589	
Certified Substitute Teachers	870	
Non-certified Substitute Teachers	18,142	
Social Security	53,213	
State Retirement	71,306	
Medical Insurance	26,553	
Unemployment Compensation	1,008	
Employer Medicare	12,447	
Instructional Supplies and Materials	231,548	
Other Supplies and Materials	9,398	
Fee Waivers	868	
Total Regular Instruction Program		\$ 1,268,435

Special Education Program

Teachers	\$ 83,919	
Educational Assistants	241,066	
Other Salaries and Wages	1,500	
Certified Substitute Teachers	779	
Non-certified Substitute Teachers	1,012	
Social Security	20,556	
State Retirement	20,258	
Medical Insurance	5,839	
Unemployment Compensation	1,347	
Employer Medicare	4,842	
Maintenance and Repair Services - Equipment	510	
Special Education Equipment	28,825	
Total Special Education Program		410,453

Vocational Education Program

Instructional Supplies and Materials	\$ 13,511	
Other Supplies and Materials	8,000	
Vocational Instruction Equipment	26,000	
Total Vocational Education Program		47,511

Support Services

Health Services

Other Supplies and Materials	\$ 3,401	
Health Equipment	14,385	
Total Health Services		17,786

(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.)

Other Student Support

Other Salaries and Wages	\$	47,433	
Social Security		2,941	
State Retirement		4,293	
Medical Insurance		5,701	
Unemployment Compensation		42	
Employer Medicare		688	
Travel		16,794	
Other Contracted Services		95	
In Service/Staff Development		4,000	
Other Charges		12,784	
Total Other Student Support			\$ 94,771

Regular Instruction Program

Supervisor/Director	\$	78,943	
Clerical Personnel		34,037	
Other Salaries and Wages		594,982	
In-Service Training		1,450	
Social Security		43,417	
State Retirement		62,377	
Medical Insurance		37,299	
Unemployment Compensation		423	
Employer Medicare		10,150	
Communication		4,284	
Travel		15,648	
Other Supplies and Materials		3,599	
In Service/Staff Development		100,344	
Other Charges		3,498	
Total Regular Instruction Program			990,451

Special Education Program

Psychological Personnel	\$	46,403	
Secretary(ies)		120,085	
Speech Pathologist		103,680	
Other Salaries and Wages		25,837	
Social Security		17,823	
State Retirement		24,026	
Medical Insurance		19,211	
Unemployment Compensation		644	
Employer Medicare		4,168	

(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.)

In Service/Staff Development	\$ 20,859	
Other Equipment	5,094	
Total Special Education Program		\$ 387,830

Transportation

Other Salaries and Wages	\$ 669	
Social Security	41	
State Retirement	39	
Employer Medicare	10	
Contracts with Parents	5,426	
Contracts with Vehicle Owners	129,123	
In Service/Staff Development	479	
Total Transportation		135,787

Total School Federal Projects Fund \$ 3,353,024

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 61,324	
Accountants/Bookkeepers	28,340	
Cafeteria Personnel	507,574	
Social Security	37,029	
State Retirement	32,604	
Medical Insurance	24,230	
Unemployment Compensation	3,068	
Employer Medicare	8,660	
Communication	10,441	
Maintenance and Repair Services - Equipment	35,668	
Postal Charges	210	
Travel	2,950	
Other Contracted Services	23,909	
Food Preparation Supplies	55,619	
Food Supplies	556,642	
Office Supplies	12,841	
USDA - Commodities	88,794	
Other Supplies and Materials	12,329	
Other Charges	16,706	
Food Service Equipment	13,559	
Total Food Service		\$ 1,532,497

Total Central Cafeteria Fund 1,532,497

(Continued)

Exhibit J-9

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

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 45,869	
Engineering Services	15,856	
Building Construction	5,410,034	
Communication Equipment	145,448	
Food Service Equipment	24,980	
Land	15,000	
Site Development	2,700	
Other Equipment	243,777	
Total Education Capital Projects		<u>\$ 5,903,664</u>

Total Education Capital Projects Fund \$ 5,903,664

Other Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 17,147	
Engineering Services	3,783	
Other Charges	2,125	
Building Construction	965,720	
Site Development	1,245	
Total Education Capital Projects		<u>\$ 990,020</u>

Total Other Capital Projects Fund 990,020

Total Governmental Funds - Union County School Department \$ 33,007,172

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, 2011

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 564,887
Total Cash Receipts	<u>\$ 564,887</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 559,238
Trustee's Commission	5,649
Total Cash Disbursements	<u>\$ 564,887</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
Cash Balance, June 30, 2011	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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, 2011

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, 2011, which collectively comprise Union County's basic financial statements and have issued our report thereon dated September 23, 2011. Our report on the aggregate discretely presented component units financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 11.01 and 11.09.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 11.03, 11.04, 11.05, and 11.10.

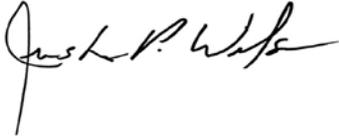
Compliance and Other Matters

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 11.02, 11.06, 11.07, and 11.08.

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, Highway Commission, Board of Education, others within Union County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

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

September 23, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as items 11.07 and 11.11.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as items 11.04 and 11.12. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

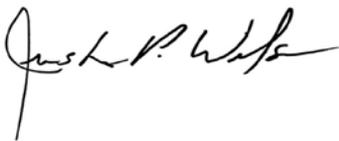
Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated September 23, 2011. Our report on the aggregate discretely presented component units financial statements 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 as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

Federal/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
ARRA- Community Facilities Loans and Grants	10.780	N/A	\$ 181,167
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	88,794 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	289,250
National School Lunch Program	10.555	N/A	818,914 (3)
ARRA- Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	12,427
Fresh Fruit and Vegetable Program	10.582	N/A	4,403
Total U.S. Department of Agriculture			\$ 1,394,955
U.S. Department of Housing and Urban Development			
Passed-through State Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	NSP1-09-041	\$ 145,449
Home Investment Partnerships Program	14.239	HM-09-45	304,272
Total U.S. Department of Housing and Urban Development			\$ 449,721
U.S. Environmental Protection Agency:			
Direct Program:			
Congressionally Mandated Projects	66.202	N/A	\$ 214,998
Total U.S. Environmental Protection Agency			\$ 214,998
U.S. Department of Energy:			
Passed-through State Department of Economic and Community Development:			
ARRA- Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	(2)	\$ 13,000
Total U.S. Department of Energy			\$ 13,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,025,072
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	379,189
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	833,262
Special Education - Grants to States, Recovery Act	84.391	N/A	84,623
Special Education - Preschool Grants	84.173	N/A	20,373
Special Education - Preschool Grants, Recovery Act	84.392	N/A	13,597
Career and Technical Education - Basic Grants to States	84.048	N/A	64,311
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	95
Education Technology State Grants	84.318	(2)	3,447
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	(2)	119,974
Rural Education	84.358	N/A	112,556
Improving Teacher Quality State Grants	84.367	N/A	204,276
English Language Acquisition Grants	84.365	N/A	2,551
School Improvement Grants	84.377	(2)	160,000
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	1,456
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	241,781
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	1,747,351
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	184,663
Education Jobs Fund	84.410	(2)	420,000

(Continued)

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

Federal/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Labor and Workforce Development: Adult Education - Basic Grants to States	84.002	DG1131220	\$ 72,536
Passed-through State Department of Human Services: Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	20,867
Total U.S. Department of Education			<u>\$ 5,711,980</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency: Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(2)	\$ 500
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	20,285
Passed-through State Department of Education: ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	28,861
Passed-through State Department of Health: Grants to States for Operation of Offices of Rural Health	93.913	GG1132234	58,800
Passed-through State Department of Mental Health and Developmental Disabilities: Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG1132364	50,000
Total U.S. Department of Health and Human Services			<u>\$ 158,446</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military: Homeland Security Grant Program	97.067	(2)	\$ 57,609
Total U.S. Department of Homeland Security			<u>\$ 57,609</u>
Total Expenditures of Federal Awards			<u>\$ 8,000,709</u>
<u>State Grants</u>			
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Health Department Programs - State Department of Health	N/A	(7)	75,346
Litter Grant - State Department of Transportation	N/A	(2)	20,470
Senoir Center Grant - East Tennessee Area Agency on Aging and Disability	N/A	(2)	3,990
Energy Efficient Schools Initiative Incentive Grant - State Department of Education	N/A	(2)	64,560
Adult Education - State Department of Labor and Workforce Development	N/A	Z-10-218562-00	24,179
Early Childhood Education Grants - State Department of Education	N/A	(2)	321,374
Total State Grants			<u>\$ 518,919</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$907,708.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Union County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.02	145	Material audit adjustments were required for proper financial statement presentation
10.04	146	The office had not established a formal purchase order system

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.06	147	The office had not established a formal purchase order system

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.07	147	Union County has a material recurring audit finding.
10.08	148	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

UNION COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the 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. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no 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. However, we did disclose a significant deficiency in internal control over nonmajor programs.
5. An unqualified opinion was issued on compliance for major programs.
6. Our audit revealed two findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553, and 10.555); the Title I Part A Cluster: Title I Grants to Local Education Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Home Investment Partnerships Program (CFDA No. 14.239); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and Education Jobs Fund (CFDA No. 84.410) 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.

OFFICE OF COUNTY MAYOR

FINDING 11.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, various general ledger account balances of 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 to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 11.02 **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) of the General Fund:

<u>Major Category</u>	<u>Amount Overspent</u>
Register of Deeds	\$ 3,842
Other Finance	3,778
General Sessions Court	241
Chancery Court	5,856
Drug Enforcement	1,030
Housing and Urban Development	66
Other Charges	10,886

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 stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

FINDING 11.03 **THE OFFICE HAD NOT ESTABLISHED A FORMAL PURCHASE ORDER SYSTEM**
 (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The 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.

FINDING 11.04 UNION COUNTY DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER COUNTY FUNDS
(Internal Control – Significant Deficiency Under *Government Auditing Standards* and OMB Circular A-133)

Union County comingled ARRA revenues and expenditures with other local, state, and federal funds for the ARRA – Community Facilities Loans and Grants Program (CFDA No. 10.780) and ARRA – Energy Efficiency and Conservation Block Grant Program (CFDA No. 81.128), nonmajor federal programs. U.S. Office of Management and Budget’s (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the source (i.e. revenue) and application (i.e. expenditure) of ARRA awards. In addition, grant agreements contain terms and conditions that require compliance with the Tennessee Office of Recovery Act Management (TRAM) Directives.) TRAM Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from the county’s other revenues and expenditures in the county’s financial accounting system. This comingling of funds violates OMB’s compliance requirements (and the grant agreement) and increases the risks of preparing inaccurate reports required by ARRA. When ARRA grant requirements are not followed, the Office of Management and Budget can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, may apply civil or criminal penalties.

RECOMMENDATION

Union County should separate the source (revenue) and application (expenditure) of ARRA grant funds on the county’s accounting records.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 11.05 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 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 Highway Department should establish a formal purchase order system to improve internal controls over the purchasing process and to document purchasing commitments.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.06 **COMPETITIVE BIDS WERE NOT SOLICITED FOR COMPUTERS AND TELEPHONE EQUIPMENT FOR A NEW ELEMENTARY SCHOOL**
(Noncompliance Under *Government Auditing Standards*)

The School Department did not solicit competitive bids through newspaper advertisement for the purchase of 133 computers (\$101,612) and equipment and installation of a telephone and intercom system (\$19,826) for a new elementary school. School Department purchasing procedures are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *Tennessee Code Annotated*, which requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. These deficiencies exist because of management’s misinterpretation of the bid statute to mean individual items (one computer cost less than \$10,000) rather than total purchases of like equipment, and management’s desire to use the same vendor for the new school’s telephone equipment that is used for other telephone equipment already in place in the school system. As a result, the best and lowest price may not have been obtained for the purchase of computers and the telephone equipment.

RECOMMENDATION

Competitive bids should be solicited through newspaper advertisement for all purchases exceeding \$10,000 as required by state statute.

FINDING 11.07 **UNPAID LUNCH CHARGES HAD NOT BEEN REIMBURSED TO THE SCHOOL NUTRITION PROGRAM**
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

We audited the Child Nutrition Cluster as a major program during the year in compliance with OMB Circular A-133. This audit involved the examination of amounts collected and expended under the School Nutrition Program, which are accounted for in the department’s Central Cafeteria Fund. Our objective was to determine compliance with the various requirements for federal programs outlined in OMB Circular A-133.

We noted that during the period under audit, the State of Tennessee, Department of Education, School Nutrition Program conducted an administrative review of the Union County Nutrition Program. Our compliance testing included examining the results of that review, which revealed the following deficiency:

Students unpaid lunch charges had not been reimbursed to the School Nutrition Program for the past four fiscal years. Per federal regulations, “Bad debts, including losses arising from uncollectable accounts...are unallowable.” Therefore, unpaid lunch charges cannot be absorbed by the School Nutrition Program, but must be repaid to the program from other sources. Union County failed to follow their local charge policy, which states that unpaid lunch charges will be repaid to the program at the end of each school year. Over the past

four fiscal years (2007-2010) these funds had not been repaid, and the Nutrition Program had accrued \$24,000 of unpaid lunch charges during that period. This failure to reimburse the program is a violation of the activities allowed or unallowed and allowable costs compliance requirements for federal programs, and is a questioned cost under the provisions of OMB Circular A-133 for the period examined.

On June 15, 2011, the General Purpose School Fund paid \$18,165 to the Central Cafeteria Fund. This payment represents a reimbursement of \$12,165 for unpaid lunch charges for the fiscal year ended June 30, 2011, and \$6,000 for unpaid lunch charges for the previous four fiscal years (2007-2010). The balance of the unpaid lunch charges totaling \$18,000 from fiscal years 2007-2010, is reflected as an interfund receivable in the financial statements of this report.

RECOMMENDATION

Management should follow the local charge policy. Unpaid charges should be repaid from another fund to the School Nutrition Program. The remaining balance of unpaid charges totaling \$18,000 from the last four fiscal years should be paid to the School Nutrition Program.

FINDING 11.08 **EXPENDITURES EXCEEDED APPROPRIATIONS**
 (Noncompliance Under *Government Auditing Standards*)

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

<u>Major Category</u>	<u>Amount Overspent</u>
Special Education Program	\$ 2,368
Vocational Education Program	12,500
Board of Education	923
Operation of Plant	8,986
Transportation	387

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 stay within the spending limits authorized by the Board of Education and County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission and Board of Education.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 11.09 **UNION COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Union County has a material audit finding that has been reported in its annual financial reports for three or more consecutive years. The recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
<u>OFFICE OF COUNTY MAYOR</u>	
11.01, 10.02, 09.02	Material audit adjustments were required for proper financial statement presentation

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

RECOMMENDATION

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

FINDING 11.10

DUTIES WERE NOT SEGREGATED ADEQUATELY AMONG THE OFFICIALS AND EMPLOYEES AT THE AMBULANCE SERVICE AND IN THE OFFICES OF CIRCUIT AND GENERAL SESSIONS COURT 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 Court 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.

BEST PRACTICE

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

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

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Agriculture: Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program National School Lunch Program	11.11	10.553 10.555	Circular A-133, Section 500 (d)(1), Circular A-133, Compliance Supplement Parts 3A and 3B.	Noncompliance - See Finding 11.07 - Unpaid lunch charges had not been reimbursed to the School Nutrition Program.	\$ 24,000
U.S. Department of Agriculture: Direct Program: ARRA- Community Facilities Loans and Grants U.S. Department of Energy: Passed-through State Department of Economic and Community Development: ARRA- Energy Efficiency and Conservation Block Grant Program (EECBG)	11.12 " "	10.780 81.128	Circular A-133, Compliance Supplement Part 3N. " "	Significant deficiency in internal control - See Finding 11.04 - Union County did not account for American Recovery and Reinvestment Act (ARRA) Grants separately from other county funds " "	0

**UNION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011**

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

County Mayor – Corrective Action Plan for Current-Year's Findings

FINDINGS 11.04 and 11.12

Contact person: Micheal Williams, County Mayor

Corrective action planned: Appropriate steps will be taken to code all ARRA grants, revenues, and expenditures separately from non-ARRA revenues and expenditures.

Anticipated completion date: October, 2011

Director of Schools – Corrective Action Plan for Current-Year's Findings

FINDINGS 11.07 and 11.11

Contact person: D. Wayne Goforth

Corrective action planned: The Union County Board of Education, due to student lunch bad debts, will reimburse the School Nutrition Program for outstanding charges accumulated over the last four school years totaling \$24,000. This will bring the school system in compliance with the local charge policy and the mandated federal guidelines concerning unpaid charges/bad debt.

Four equal payments of \$6,000 plus all current school year's unpaid student debts will be made payable to the School Nutrition Program and dated by June 30 of each fiscal year (SY 2010-2011, SY 2011-2012, SY 2012-2013, SY 2013-2014). A copy of each check will be sent to the State of Tennessee School Nutrition Department as documentation for the promised repayment.

Beginning SY 2014-2015 and going forward, the Union County Board of Education will only be required to reimburse the School Nutrition Program for each current school year's unpaid student debts. It is illegal for the School Nutrition Program to absorb unpaid student meal charges. The School Nutrition Program must remain in compliance with the local charge policy and the federal guidelines concerning bad debts.

Anticipated completion date: June 30, 2014