

ANNUAL FINANCIAL REPORT

UNION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
UNION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2018

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

UNION COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Union County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Union County as of and for the year ended June 30, 2018.

Results

Our report on Union County's financial statements is unmodified.

Our audit resulted in two findings and recommendations, which we have reviewed with Union County management. The detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Finding

The following is a summary of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ Duties were not segregated adequately at the ambulance service.
-

OFFICE OF REGISTER OF DEEDS

- ◆ Bank statements were not reconciled with the general ledger.
-

INTRODUCTORY SECTION

Union County Officials

June 30, 2018

Officials

Micheal Williams, County Mayor
David Cox, Highway Superintendent
James Carter, Director of Schools
Gina Buckner, Trustee
Randy Turner, Assessor of Property
Pam Ailor, County Clerk
Barbara Williams, Circuit and General Sessions Courts Clerk
Sandra Edmondson, Clerk and Master
Mary Kitts, Register of Deeds
Billy Breeding, Sheriff
Ann Dyer, Finance Director

Board of County Commissioners

Gary England, Chairman	Jonathan Goforth
Bob Bowers	R.L. Jones
J.M. Bailey	Janet Holloway
Bill Cox	Lynn Beeler
Jody Smith	Mike Sexton
Dawn Flatford	Wayne Roach
Doyle Welch	Stanley Dail
Chris Upton	Kenny Hill

Highway Commission

Allen Collins, Chairman	Harold Brantley
Darrell Dyer	Paul Hill
Larry Lay	Jimmy DeVault
Earl Loy	

Board of Education

David Coppock, Chairman	Marty Gibbs
Andrew Reed	Gerald Smith
Casey Moore	Danny Collins
Brad Griffey	

(Continued)

Union County Officials (Continued)

Financial Management Committee

Micheal Williams, County Mayor, Chairman
David Cox, Highway Superintendent
James Carter, Director of Schools
J.M. Bailey

Janet Holloway
Wayne Roach
Dawn Flatford

Audit Committee

Gail Corum
Jennifer Garren
Janet Holloway

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Union County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement reducing the beginning net position of the Discretely Presented Union County School Department by \$658,810, on the Government-wide Statement of Activities. This restatement was necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 schedule of changes in the county's net pension liability and related ratios, schedule of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of school changes in the total other postemployment benefits liability and related ratios on pages 89-99 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Union County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

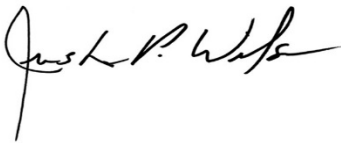
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Union County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2018, on our consideration of Union County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Union County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", with a stylized, cursive script.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 12, 2018

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Union County, Tennessee
Statement of Net Position
June 30, 2018

	Primary Governmental Activities	Component Unit Union County School Department
<u>ASSETS</u>		
Cash	\$ 3,150	\$ 0
Equity in Pooled Cash and Investments	5,893,479	12,262,925
Accounts Receivable	886,753	16,281
Allowance for Uncollectibles	(302,315)	0
Due from Other Governments	751,076	2,429,808
Property Taxes Receivable	5,096,839	2,692,010
Allowance for Uncollectible Property Taxes	(214,473)	(113,279)
Net Pension Asset - Agent Plan	222,380	292,894
Net Pension Asset - Teacher Hybrid Plan	0	49,330
Net Pension Asset - Teacher Legacy Plan	0	101,162
Capital Assets:		
Assets Not Depreciated:		
Land	566,080	1,598,528
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,833,358	14,569,488
Infrastructure	2,920,087	142,129
Other Capital Assets	1,081,355	672,640
Total Assets	<u>\$ 18,737,769</u>	<u>\$ 34,713,916</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 2,182	\$ 0
Pension Changes in Experience	79,552	62,717
Pension Changes in Assumptions	190,657	1,024,904
Pension Changes in Investment Earnings	0	15,356
Pension Contributions After Measurement Date	260,398	1,234,467
Pension Other Deferrals	0	55,621
OPEB Contributions After Measurement Date	0	116,978
Total Deferred Outflows of Resources	<u>\$ 532,789</u>	<u>\$ 2,510,043</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 41,953	\$ 639,529
Accrued Payroll	83,786	712,292
Payroll Deductions Payable	133	1,179,468
Accrued Interest Payable	29,637	0
Due to State of Tennessee	0	2,240
Noncurrent Liabilities:		
Due Within One Year	1,998,830	7,944
Due in More Than One Year	7,858,312	3,110,943
Total Liabilities	<u>\$ 10,012,651</u>	<u>\$ 5,652,416</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Union County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 4,767,153	\$ 2,517,879
Pension Changes in Experience	234,131	2,494,532
Pension Changes in Investment Earnings	5,584	4,102
Pension Other Deferrals	0	10,598
OPEB Changes in Assumptions	0	172,882
Total Deferred Inflows of Resources	<u>\$ 5,006,868</u>	<u>\$ 5,199,993</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 5,949,748	\$ 16,982,785
Restricted for:		
Highways	982,536	0
Debt Service	1,301,645	0
Capital Projects	460,016	0
General Government	16,127	0
Finance	104,774	0
Administration of Justice	9,182	0
Public Safety	131,539	0
Public Health and Welfare	30,600	0
Social, Cultural, Recreational	4,261	0
Education	0	863,568
Pensions	222,380	443,386
Unrestricted	<u>(4,961,769)</u>	<u>8,081,811</u>
Total Net Position	<u>\$ 4,251,039</u>	<u>\$ 26,371,550</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, 2018

					Net (Expense) Revenue and Changes in Net Position	
						Component Unit
					Primary Governmental	Union County School Department
		Program Revenues				
		Charges for	Operating	Capital		
Functions/Programs	Expenses	Services	Grants and	Grants and	Activities	
			Contributions	Contributions		
<u>Primary Government:</u>						
Governmental Activities:						
General Government	\$ 1,200,351	\$ 328,668	\$ 25,280	\$ 0	\$ (846,403)	\$ 0
Finance	1,122,229	809,758	0	0	(312,471)	0
Administration of Justice	620,503	397,860	36,777	0	(185,866)	0
Public Safety	3,274,452	290,678	6,996	0	(2,976,778)	0
Public Health and Welfare	2,000,728	1,141,697	338,273	0	(520,758)	0
Social, Cultural, and Recreational Services	374,734	1,261	1,000	0	(372,473)	0
Agriculture and Natural Resources	123,448	0	0	0	(123,448)	0
Highways	2,901,455	10,044	1,789,613	546,104	(555,694)	0
Interest on Long-term Debt	228,527	0	0	0	(228,527)	0
Total Primary Government	\$ 11,846,427	\$ 2,979,966	\$ 2,197,939	\$ 546,104	\$ (6,122,418)	\$ 0
<u>Component Unit:</u>						
Union County School Department	\$ 33,189,923	\$ 163,454	\$ 4,056,874	\$ 0	\$ 0	\$ (28,969,595)
Total Component Unit	\$ 33,189,923	\$ 163,454	\$ 4,056,874	\$ 0	\$ 0	\$ (28,969,595)

(Continued)

Exhibit B

Union County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component
						Unit
						Union County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,170,442	\$ 2,585,642
Property Taxes Levied for Ambulance Service					465,286	0
Property Taxes Levied for Highways					310,395	0
Property Taxes Levied for Debt Service					723,758	0
Property Taxes Levied for Capital Projects					223,873	0
Local Option Sales Taxes					383,374	1,037,751
Wheel Tax					486,635	0
Business Tax					77,151	0
Hotel/Motel Tax					55,448	0
Wholesale Beer Tax					88,165	0
Mixed Drink Tax					6,901	0
Mineral Severance Tax					88,330	0
Litigation Tax - General					29,579	0
Litigation Tax - Special Purpose					29,198	0
Litigation Tax - Jail, Workhouse, or Courthouse					12,513	0
Other Local Taxes					30,244	31,783
Grants and Contributions Not Restricted to Specific Programs					2,105,714	29,507,421
Unrestricted Investment Income					147,188	0
Miscellaneous					115,975	14,829
Total General Revenues					<u>\$ 8,550,169</u>	<u>\$ 33,177,426</u>
Change in Net Position					\$ 2,427,751	\$ 4,207,831
Restatement - See Note I.D. 9					0	(658,810)
Net Position, July 1, 2017					<u>1,823,288</u>	<u>22,822,529</u>
Net Position, June 30, 2018					<u><u>\$ 4,251,039</u></u>	<u><u>\$ 26,371,550</u></u>

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

Exhibit C-1

Union County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,150	\$ 3,150
Equity in Pooled Cash and Investments	2,835,043	188,291	643,773	1,653,102	573,270	5,893,479
Accounts Receivable	371,304	515,362	0	0	87	886,753
Allowance for Uncollectibles	0	(302,315)	0	0	0	(302,315)
Due from Other Governments	374,031	0	342,885	0	34,160	751,076
Due from Other Funds	3,237	0	754	0	0	3,991
Property Taxes Receivable	3,389,077	484,460	323,216	666,774	233,312	5,096,839
Allowance for Uncollectible Property Taxes	(140,872)	(20,386)	(13,601)	(29,796)	(9,818)	(214,473)
Total Assets	<u>\$ 6,831,820</u>	<u>\$ 865,412</u>	<u>\$ 1,297,027</u>	<u>\$ 2,290,080</u>	<u>\$ 834,161</u>	<u>\$ 12,118,500</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 38,526	\$ 1,443	\$ 1,686	\$ 0	\$ 298	\$ 41,953
Accrued Payroll	57,784	15,506	10,496	0	0	83,786
Payroll Deductions Payable	108	25	0	0	0	133
Due to Other Funds	754	0	0	0	3,237	3,991
Total Liabilities	<u>\$ 97,172</u>	<u>\$ 16,974</u>	<u>\$ 12,182</u>	<u>\$ 0</u>	<u>\$ 3,535</u>	<u>\$ 129,863</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 3,173,563	\$ 453,123	\$ 302,309	\$ 619,938	\$ 218,220	\$ 4,767,153
Deferred Delinquent Property Taxes	59,011	8,658	5,776	13,472	4,170	91,087
Other Deferred/Unavailable Revenue	64,667	140,231	156,961	0	34,160	396,019
Total Deferred Inflows of Resources	<u>\$ 3,297,241</u>	<u>\$ 602,012</u>	<u>\$ 465,046</u>	<u>\$ 633,410</u>	<u>\$ 256,550</u>	<u>\$ 5,254,259</u>

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 16,127	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,127
Restricted for Finance	104,774	0	0	0	0	104,774
Restricted for Administration of Justice	9,182	0	0	0	0	9,182
Restricted for Public Safety	53,650	0	0	0	77,889	131,539
Restricted for Public Health and Welfare	30,600	0	0	0	0	30,600
Restricted for Social, Cultural, and Recreational Services	4,261	0	0	0	0	4,261
Restricted for Highways/Public Works	0	0	819,799	0	0	819,799
Restricted for Debt Service	0	0	0	1,317,810	0	1,317,810
Restricted for Capital Projects	0	0	0	0	421,686	421,686
Committed:						
Committed for Public Health and Welfare	0	246,426	0	0	0	246,426
Committed for Other Operations	59,269	0	0	0	0	59,269
Committed for Debt Service	0	0	0	338,860	0	338,860
Committed for Capital Projects	0	0	0	0	74,501	74,501
Unassigned	3,159,544	0	0	0	0	3,159,544
Total Fund Balances	<u>\$ 3,437,407</u>	<u>\$ 246,426</u>	<u>\$ 819,799</u>	<u>\$ 1,656,670</u>	<u>\$ 574,076</u>	<u>\$ 6,734,378</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,831,820</u>	<u>\$ 865,412</u>	<u>\$ 1,297,027</u>	<u>\$ 2,290,080</u>	<u>\$ 834,161</u>	<u>\$ 12,118,500</u>

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

Exhibit C-2

Union County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	6,734,378
(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: buildings and improvements net of accumulated depreciation		1,833,358	
Add: other capital assets net of accumulated depreciation		1,081,355	
Add: infrastructure net of accumulated depreciation		<u>2,920,087</u>	6,400,880
(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	\$	(254,469)	
Less: bonds payable		(8,928,047)	
Add: deferred charge on refunding		2,182	
Less: unamortized premium on debt		(380,139)	
Less: compensated absences		(294,487)	
Less: accrued interest on bonds, notes, and other loans		<u>(29,637)</u>	(9,884,597)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	530,607	
Less: deferred inflows of resources related to pensions		<u>(239,715)</u>	290,892
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			222,380
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>487,106</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>4,251,039</u></u>

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

Exhibit C-3

Union County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds				Nonmajor Funds	
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 4,268,644	\$ 467,895	\$ 400,460	\$ 1,214,447	\$ 225,128	\$ 6,576,574
Licenses and Permits	109,768	0	0	0	0	109,768
Fines, Forfeitures, and Penalties	105,755	0	0	0	39,277	145,032
Charges for Current Services	467,817	1,028,994	0	0	19,845	1,516,656
Other Local Revenues	71,556	3	36,906	147,188	9,784	265,437
Fees Received From County Officials	812,404	0	0	0	0	812,404
State of Tennessee	1,469,142	0	2,335,717	0	0	3,804,859
Federal Government	86,480	0	0	0	0	86,480
Other Governments and Citizens Groups	7,500	0	0	778,300	0	785,800
Total Revenues	\$ 7,399,066	\$ 1,496,892	\$ 2,773,083	\$ 2,139,935	\$ 294,034	\$ 14,103,010
<u>Expenditures</u>						
Current:						
General Government	\$ 1,069,420	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,069,420
Finance	1,141,387	0	0	0	0	1,141,387
Administration of Justice	595,797	0	0	0	19,845	615,642
Public Safety	3,045,228	0	0	0	45,452	3,090,680
Public Health and Welfare	396,833	1,330,905	0	0	0	1,727,738
Social, Cultural, and Recreational Services	379,650	0	0	0	0	379,650
Agriculture and Natural Resources	126,403	0	0	0	0	126,403
Other Operations	168,800	0	0	0	0	168,800
Highways	44,771	0	2,753,637	0	0	2,798,408
Debt Service:						
Principal on Debt	0	0	0	1,657,304	0	1,657,304
Interest on Debt	0	0	0	281,486	0	281,486
Other Debt Service	0	0	0	28,374	0	28,374

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds	
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 358,043	\$ 358,043	
Total Expenditures	\$ 6,968,289	\$ 1,330,905	\$ 2,753,637	\$ 1,967,164	\$ 423,340	\$ 13,443,335	
Excess (Deficiency) of Revenues Over Expenditures	\$ 430,777	\$ 165,987	\$ 19,446	\$ 172,771	\$ (129,306)	\$ 659,675	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,074	\$ 8,129	\$ 102	\$ 0	\$ 80,951	\$ 100,256	
Transfers In	0	0	0	104,504	54,578	159,082	
Transfers Out	0	(100,058)	(59,024)	0	0	(159,082)	
Total Other Financing Sources (Uses)	\$ 11,074	\$ (91,929)	\$ (58,922)	\$ 104,504	\$ 135,529	\$ 100,256	
Net Change in Fund Balances	\$ 441,851	\$ 74,058	\$ (39,476)	\$ 277,275	\$ 6,223	\$ 759,931	
Fund Balance, July 1, 2017	2,995,556	172,368	859,275	1,379,395	567,853	5,974,447	
Fund Balance, June 30, 2018	\$ 3,437,407	\$ 246,426	\$ 819,799	\$ 1,656,670	\$ 574,076	\$ 6,734,378	

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, 2018

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)		\$	759,931
(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	\$	453,181	
Less: current-year depreciation expense		(531,241)	(78,060)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase or decrease net position.			
Add: Assets donated and capitalized	\$	30,000	
Less: Net book value of assets disposed		(54,167)	(24,167)
(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, 2018	\$	487,106	
Less: deferred delinquent property taxes and other deferred June 30, 2017		(392,027)	95,079
(4) 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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Add: principal payments on notes	\$	95,531	
Add: principal payments on bonds		1,561,773	
Change in deferred amount on refunding		(923)	
Change in unamortized premium on debt		46,519	1,702,900
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	7,363	
Change in compensated absences payable		(162,106)	
Change in net pension liability/asset		303,399	
Change in deferred outflows related to pensions		(150,366)	
Change in deferred inflows related to pensions		(26,222)	(27,932)
Change in net position of governmental activities (Exhibit B)		\$	<u>2,427,751</u>

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

Exhibit C-5

Union County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,268,644	\$ 4,132,090	\$ 4,132,090	\$ 136,554
Licenses and Permits	109,768	59,282	59,282	50,486
Fines, Forfeitures, and Penalties	105,755	78,525	78,525	27,230
Charges for Current Services	467,817	464,605	464,605	3,212
Other Local Revenues	71,556	47,780	57,580	13,976
Fees Received From County Officials	812,404	751,440	753,940	58,464
State of Tennessee	1,469,142	1,389,315	1,679,720	(210,578)
Federal Government	86,480	13,739	43,187	43,293
Other Governments and Citizens Groups	7,500	0	6,700	800
Total Revenues	\$ 7,399,066	\$ 6,936,776	\$ 7,275,629	\$ 123,437
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 62,844	\$ 65,364	\$ 63,964	\$ 1,120
Board of Equalization	780	800	800	20
Beer Board	869	1,503	1,323	454
County Mayor/Executive	159,270	174,199	177,223	17,953
County Attorney	13,163	13,628	13,498	335
Election Commission	135,422	154,866	156,472	21,050
Register of Deeds	160,160	178,413	179,483	19,323
Development	6,468	10,035	7,235	767
County Buildings	364,631	382,360	377,632	13,001
Other General Administration	165,813	54,818	215,647	49,834
<u>Finance</u>				
Accounting and Budgeting	285,041	299,418	310,655	25,614
Property Assessor's Office	204,098	216,576	218,206	14,108
County Trustee's Office	222,009	236,611	238,289	16,280
County Clerk's Office	337,415	372,146	379,253	41,838
Other Finance	92,824	100,000	100,000	7,176
<u>Administration of Justice</u>				
Circuit Court	255,097	272,001	279,011	23,914
General Sessions Court	154,961	156,262	156,749	1,788
Chancery Court	170,129	174,125	177,777	7,648
Victim Assistance Programs	15,610	20,110	15,610	0
<u>Public Safety</u>				
Sheriff's Department	1,311,894	1,350,839	1,391,566	79,672
Special Patrols	160,680	160,131	160,703	23
Jail	1,205,151	1,121,015	1,213,956	8,805
Juvenile Services	78,795	87,523	84,183	5,388
Fire Prevention and Control	81,000	81,000	81,000	0
Rescue Squad	22,000	22,000	22,000	0
Other Emergency Management	151,000	152,416	152,416	1,416
County Coroner/Medical Examiner	34,708	40,000	40,000	5,292
<u>Public Health and Welfare</u>				
Local Health Center	78,616	58,500	123,262	44,646
Other Local Health Services	129,853	133,500	166,002	36,149
Appropriation to State	22,788	23,500	22,788	0
Sanitation Management	12,576	11,375	12,769	193

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Convenience Centers	\$ 153,000	\$ 153,000	\$ 153,000	\$ 0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	112,458	113,810	114,961	2,503
Libraries	195,941	161,800	204,770	8,829
Parks and Fair Boards	71,251	25,600	78,100	6,849
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	67,452	67,616	67,616	164
Forest Service	500	500	500	0
Soil Conservation	58,451	59,484	60,142	1,691
<u>Other Operations</u>				
Other Economic and Community Development	0	0	98,585	98,585
Veterans' Services	18,122	18,754	19,051	929
Other Charges	93,750	60,500	98,750	5,000
Employee Benefits	49,932	51,326	49,932	0
Miscellaneous	6,996	0	7,000	4
<u>Highways</u>				
Litter and Trash Collection	44,771	49,684	50,186	5,415
Total Expenditures	<u>\$ 6,968,289</u>	<u>\$ 6,887,108</u>	<u>\$ 7,542,065</u>	<u>\$ 573,776</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 430,777</u>	<u>\$ 49,668</u>	<u>\$ (266,436)</u>	<u>\$ 697,213</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 11,074	0	8,074	3,000
Total Other Financing Sources	<u>\$ 11,074</u>	<u>0</u>	<u>8,074</u>	<u>3,000</u>
Net Change in Fund Balance	\$ 441,851	\$ 49,668	\$ (258,362)	\$ 700,213
Fund Balance, July 1, 2017	<u>2,995,556</u>	<u>2,123,027</u>	<u>2,123,027</u>	<u>872,529</u>
Fund Balance, June 30, 2018	<u>\$ 3,437,407</u>	<u>\$ 2,172,695</u>	<u>\$ 1,864,665</u>	<u>\$ 1,572,742</u>

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

Exhibit C-6

Union County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 467,895	\$ 475,932	\$ 475,932	\$ (8,037)
Charges for Current Services	1,028,994	1,050,000	1,109,500	(80,506)
Other Local Revenues	3	0	0	3
Total Revenues	<u>\$ 1,496,892</u>	<u>\$ 1,525,932</u>	<u>\$ 1,585,432</u>	<u>\$ (88,540)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,330,905	\$ 1,495,906	\$ 1,462,477	\$ 131,572
Total Expenditures	<u>\$ 1,330,905</u>	<u>\$ 1,495,906</u>	<u>\$ 1,462,477</u>	<u>\$ 131,572</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 165,987</u>	<u>\$ 30,026</u>	<u>\$ 122,955</u>	<u>\$ 43,032</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8,129	0	\$ 7,129	\$ 1,000
Transfers Out	(100,058)	0	(100,058)	0
Total Other Financing Sources	<u>\$ (91,929)</u>	<u>\$ 0</u>	<u>\$ (92,929)</u>	<u>\$ 1,000</u>
Net Change in Fund Balance	\$ 74,058	\$ 30,026	\$ 30,026	\$ 44,032
Fund Balance, July 1, 2017	<u>172,368</u>	<u>107,843</u>	<u>107,843</u>	<u>64,525</u>
Fund Balance, June 30, 2018	<u>\$ 246,426</u>	<u>\$ 137,869</u>	<u>\$ 137,869</u>	<u>\$ 108,557</u>

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

Exhibit C-7

Union County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 400,460	\$ 387,097	\$ 387,097	\$ 13,363
Charges for Current Services	0	15,000	15,000	(15,000)
Other Local Revenues	36,906	8,200	30,298	6,608
State of Tennessee	2,335,717	1,768,531	2,515,250	(179,533)
Total Revenues	<u>\$ 2,773,083</u>	<u>\$ 2,178,828</u>	<u>\$ 2,947,645</u>	<u>\$ (174,562)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 236,429	\$ 247,776	\$ 239,220	\$ 2,791
Highway and Bridge Maintenance	2,006,536	1,341,046	2,120,665	114,129
Operation and Maintenance of Equipment	160,686	203,412	175,497	14,811
Ferry Operations	83,486	83,994	85,082	1,596
Other Charges	92,242	151,600	94,024	1,782
Capital Outlay	174,258	151,000	282,550	108,292
Total Expenditures	<u>\$ 2,753,637</u>	<u>\$ 2,178,828</u>	<u>\$ 2,997,038</u>	<u>\$ 243,401</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,446</u>	<u>\$ 0</u>	<u>\$ (49,393)</u>	<u>\$ 68,839</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 102	\$ 0	\$ 0	\$ 102
Transfers Out	(59,024)	0	(59,024)	0
Total Other Financing Sources	<u>\$ (58,922)</u>	<u>\$ 0</u>	<u>\$ (59,024)</u>	<u>\$ 102</u>
Net Change in Fund Balance	\$ (39,476)	\$ 0	\$ (108,417)	\$ 68,941
Fund Balance, July 1, 2017	859,275	412,767	412,767	446,508
Fund Balance, June 30, 2018	<u>\$ 819,799</u>	<u>\$ 412,767</u>	<u>\$ 304,350</u>	<u>\$ 515,449</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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 808,752
Due from Other Governments	<u>116,556</u>
Total Assets	<u><u>\$ 925,308</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 116,556
Due to Litigants, Heirs, and Others	<u>808,752</u>
Total Liabilities	<u><u>\$ 925,308</u></u>

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

UNION COUNTY, TENNESSEE

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UNION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 16-member board. As required by GAAP, these financial statements present Union County (the primary government) and its component units. The financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. 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, 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 material to the component units' opinion unit and therefore have been omitted from 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 and must approve any debt issued by the authority. The financial statements of the Union County Solid Waste Authority were not material to the component units' opinion unit and therefore have been omitted from 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. 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 Position 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. No debt issues were contributed by the county to the School Department during the year ended June 30, 2018.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

Additionally, Union County reports the following fund types:

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

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.

Other Education Special Revenue Fund – This fund accounts for state revenues, which are committed for use in the virtual education program.

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

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/due from other funds.

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 2.21 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. **Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000; and infrastructure with an initial cost of 25,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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	5 - 50
Other Capital Assets	3 - 50
Infrastructure	10 - 50

4. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide statement of Net Position. These items are the deferred charge on refunding, pension changes in

experience, pension changes in investment earnings, pension changes in assumptions, pension and OPEB contributions after the measurement date, and pension other deferrals.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension other deferrals, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

5. Compensated Absences

It is the county and School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since neither Union County nor the Union County School Department have policies to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner 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 compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2018, Union County had \$8,752,482 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 position with no corresponding increase in the county's capital assets.

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

amounts in any of these unrestricted fund balance classifications could be used.

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission makes assignments for the general government. The Board of Education makes assignments for the School Department.

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.

8. Minimum Fund Balance Policy

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, during the year the county approved the following minimum/maximum fund balance policy:

General Fund – 35 to 45 percent of proposed current-year appropriations.

Highway/Public Works Fund – 7 to 15 percent of proposed current-year appropriations

General Purpose School Fund – 8 to 16 percent of proposed current-year appropriations.

Debt Service Fund – 50 to 150 percent of proposed current-year appropriations.

The policy establishes guidelines for steps to be taken by the budget committee and County Commission when fund balance in the above funds is not optimal. If the fund balance is lower than the stated policy, the budget committee should consider increasing revenue or reducing appropriations to adjust the fund balance into an acceptable range. If the low fund balance is in the debt service fund, the county will consider whether the fund anticipates future increases or decreases in annual appropriations before adjustments to revenues are made. If the fund balance in the General Fund, Highway Fund, or General Purpose School Fund is greater than the stated optimal fund balance policy, then the funds over the optimal fund balance amount should be used for capital expenses and possibly transferred to the respective capital project fund for capital improvements. The General Purpose School Fund transferred \$3,363,635 of excess fund balance to the Education Capital Projects Fund during the year in compliance with this policy.

9. Restatement

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Union County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. A restatement reducing the beginning net position of the Discretely Presented Union County School Department totaling \$658,810 has been recognized to account for the transitional requirements.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Union County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from

Union County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Union County School Department

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

F. Other Postemployment Benefit (OPEB) Plans

Discretely Presented Union County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Union County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

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 Position

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 Position.

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 Position.

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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted; the Community Development/Industrial Park Fund (capital projects fund), for which no expenditures were incurred during the year; and the Other Capital Project Fund of the School Department, which adopts project length budgets and was closed during the year. 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.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2018.

B. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 566,080	\$ 0	\$ 0	\$ 566,080
Total Capital Assets Not Depreciated	\$ 566,080	\$ 0	\$ 0	\$ 566,080
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,628,195	\$ 146,420	\$ 0	\$ 3,774,615
Infrastructure	3,954,118	30,000	0	3,984,118
Other Capital Assets	2,849,816	306,761	(130,000)	3,026,577
Total Capital Assets Depreciated	\$ 10,432,129	\$ 483,181	\$ (130,000)	\$ 10,785,310
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,843,270	\$ 97,987	\$ 0	\$ 1,941,257
Infrastructure	964,428	99,603	0	1,064,031
Other Capital Assets	1,687,404	333,651	(75,833)	1,945,222
Total Accumulated Depreciation	\$ 4,495,102	\$ 531,241	\$ (75,833)	\$ 4,950,510
Total Capital Assets Depreciated, Net	\$ 5,937,027	\$ (48,060)	\$ (54,167)	\$ 5,834,800
Governmental Activities Capital Assets, Net	\$ 6,503,107	\$ (48,060)	\$ (54,167)	\$ 6,400,880

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

Governmental Activities:

General Government	\$ 24,310
Finance	2,626
Public Safety	121,545
Public Health and Welfare	126,042
Social, Cultural, and Recreational Services	1,511
Highways	<u>255,207</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 531,241</u></u>

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

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets Not Depreciated:			
Land	<u>\$ 1,598,528</u>	<u>\$ 0</u>	<u>\$ 1,598,528</u>
Total Capital Assets Not Depreciated	<u>\$ 1,598,528</u>	<u>\$ 0</u>	<u>\$ 1,598,528</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 28,380,059	\$ 119,856	\$ 28,499,915
Infrastructure	128,338	58,080	186,418
Other Capital Assets	<u>1,907,471</u>	<u>232,654</u>	<u>2,140,125</u>
Total Capital Assets Depreciated	<u>\$ 30,415,868</u>	<u>\$ 410,590</u>	<u>\$ 30,826,458</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 13,251,757	\$ 678,670	\$ 13,930,427
Infrastructure	37,093	7,196	44,289
Other Capital Assets	<u>1,289,915</u>	<u>177,570</u>	<u>1,467,485</u>
Total Accumulated Depreciation	<u>\$ 14,578,765</u>	<u>\$ 863,436</u>	<u>\$ 15,442,201</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,837,103</u>	<u>\$ (452,846)</u>	<u>\$ 15,384,257</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 17,435,631</u></u>	<u><u>\$ (452,846)</u></u>	<u><u>\$ 16,982,785</u></u>

There were no decreases in capital assets to report for the year ended June 30, 2018.

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

Governmental Activities:

Instruction	\$ 19,591
Support Services	807,782
Operation of Non-instructional Services	<u>36,063</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 863,436</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 3,237
Highway/Public Works	General	754
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	1,633

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

Primary Government	Transfers In	
	General	Nonmajor
	Debt	Governmental
Transfers Out	Service	Funds
Ambulance Service	\$ 45,480	54,578
HighwayPublic Works	59,024	0
Total	<u>\$ 104,504</u>	<u>\$ 54,578</u>

The transfers to the General Debt Service Fund from the Ambulance Service and Highway/Public Works funds represent current year debt payments for dump trucks and an ambulance. The transfer to the nonmajor governmental funds from the Ambulance Service Fund represents repayment for the prior year purchase of an ambulance.

Discretely Presented Union County School Department

	Transfer In		
	General Purpose School Fund	Educational Capital Projects Fund	Nonmajor Governmental Funds
Transfers Out			
Other Education Special Revenue Fund	\$ 247,626	\$ 0	\$ 0
General Purpose School Fund	0	3,713,635	1,000
Nonmajor Governmental Funds	20	0	0
Total	\$ 247,646	\$ 3,713,635	\$ 1,000

Transfers to the General Purpose School Fund from the Other Education Special Revenue Fund represent a contractually required contribution of four percent of virtual academy revenues. The transfer to the General Purpose School Fund from the nonmajor governmental funds represents the closing of the Other Capital Projects Fund. Transfers to the Educational Capital Projects Fund from the General Purpose School Fund represent contributions toward capital purchases for HVAC replacements in schools and the amount of excess fund balance in the General Purpose School Fund as per the fund balance policy. The transfer to nonmajor governmental funds from the General Purpose School Fund represents the amount of career ladder supplement for the food service director.

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.

D. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Union County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary

government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation debt. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding were issued for original terms of up to 17 years. Outstanding capital outlay notes were issued with original terms of up to four years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes outstanding as of June 30, 2018, will be retired from the General Debt Service Fund. The Ambulance Service Fund is to reimburse the General Debt Service Fund for principal and interest requirements on the \$130,000 capital outlay note issued during the 2016-17 year for the purchase of an ambulance.

General obligation bonds and capital outlay notes outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
Qualified School Construction				
Bonds	1.515 %	9-1-26	\$ 7,160,000	\$ 3,623,047
Refunding Bond Series 2013	2.25 to 5	4-1-26	7,110,000	2,405,000
General Obligation Bonds	2.5	6-30-30	3,500,000	2,900,000
Capital Outlay Notes	2.30 to 2.95	3-1-21	350,000	254,469

In prior years, 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 \$597 per month. 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 notes and bonds outstanding as of June 30, 2018, including interest payments are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 97,570	\$ 6,934	\$ 104,504
2020	99,941	4,349	104,290
2021	56,958	1,691	58,649
Total	<u>\$ 254,469</u>	<u>\$ 12,974</u>	<u>\$ 267,443</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 1,606,773	\$ 239,062	\$ 1,845,835
2020	1,646,773	204,261	1,851,034
2021	771,773	178,111	949,884
2022	781,773	169,411	951,184
2023	786,773	162,711	949,484
2024-2028	2,789,182	497,811	3,286,993
2029-2030	545,000	22,549	567,549
Total	<u>\$ 8,928,047</u>	<u>\$ 1,473,916</u>	<u>\$ 10,401,963</u>

There is \$1,656,670 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$467, based on the 2010 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums totaled \$500, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

		Bonds	Notes	Compensated Absences
Balance, July 1, 2017	\$	10,489,820	\$ 350,000	\$ 132,381
Additions		0	0	357,283
Reductions		(1,561,773)	(95,531)	(195,177)
Balance, June 30, 2018	\$	8,928,047	\$ 254,469	\$ 294,487
Balance Due Within One Year	\$	1,606,773	\$ 97,570	\$ 294,487

		Net Pension Liability Agent Plan
Balance, July 1, 2017	\$	81,019
Additions		
Reductions		(81,019)
Balance, June 30, 2018	\$	0
Balance Due Within One Year	\$	0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$	9,477,003
Add: Unamortized Premium on Debt		380,139
Less: Balance Due Within One Year		(1,998,830)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$	7,858,312

Compensated absences will be paid from the employing funds, primarily from the General, Ambulance Service, and Highway/Public Works funds.

Discretely Presented Union County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Union County School Department for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Net Pension Liability- Teacher Legacy Plan	Net Pension Liability (Asset) Agent Plans	Compensated Absences
Balance, July 1, 2017	\$ 1,935,767	\$ 97,296	\$ 0
Additions	0	0	7,944
Reductions	(1,935,767)	(97,296)	0
Balance, June 30, 2018	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,944</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,944</u>
	Other Postemployment Benefits		
Balance, July 1, 2017	\$ 3,163,012 *		
Additions	249,022		
Reductions	(301,091)		
Balance, June 30, 2018	<u>\$ 3,110,943</u>		
Balance Due Within One Year	<u>\$ 0</u>		

* - The amount reflected has been restated to comply with GASB Statement No. 75. See note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 3,118,887
Less: Balance Due Within One Year	<u>(7,944)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,110,943</u>

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

E. Pledge of Future Revenues

Wheel Tax Approved by the County Commission

The County Commission approved a wheel tax for vehicle title registrations and renewals effective January 1, 2010. Collections from that tax have been pledged to pay the debt service requirements of the \$7,160,000 Qualified

School Construction Bonds and \$1,138,000 of the Refunding Bond Series 2013, which related to school additions and renovations. 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's resolution notes that the wheel tax levy and collections will stop once adequate funding is provided to retire the bonds. As of June 30, 2018, future requirements for principal, interest, and administrative fees on the bonds total \$5,151,941. Of this amount, \$602,629 is to be paid in semiannual installments through June 30, 2026. The remaining \$4,549,312 is payable in monthly installments through September 1, 2026. Investment earnings credited to the county's account by the State School Bond Authority during the year amounted to \$77,374. These earnings reduced the amount of required payments due from the county. Wheel tax collections totaled \$486,635 for the year ended June 30, 2018, and principal and interest paid on the debt totaled \$605,417 for the year. Since January 2010, cumulative debt service requirements on the bonds have exceeded wheel tax revenues and investment earnings by \$1,168,508.

Component Unit Revenues Pledged for Primary Government Debt

The School Department has pledged to reimburse the county from future revenues principal, interest, fees, and other costs associated with the General Obligation Bond issued on June 1, 2015, which was used for energy efficient projects at various schools. Those requirements vary from \$277,300 in fiscal year 2018-19 to \$282,563 in 2029-30. In addition, 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 until the year 2020. During the current fiscal year, the total contribution was \$778,300.

F. 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, 2018, were \$52,265 and \$19,743, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Union County issued a tax anticipation note in advance of property tax and other revenue collections in the Ambulance Service Fund. This note was necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2018, was as follows:

Fund	Balance 7-1-17	Issued	Paid	Balance 6-30-18
<u>Primary Government</u>				
Ambulance Service Fund				
(Borrowed from General Fund) \$	0	\$ 140,000	\$ (140,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

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, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

The primary government 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 Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*;

Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

The county is involved in several pending lawsuits. Based on letters from attorneys, management does not expect potential claims against the county not covered by insurance resulting from such litigation to materially affect the county's financial statements.

D. Virtual Education Program

In July 2011, pursuant to Title 49, Chapter 16, *Tennessee Code Annotated*, the Union County Board of Education entered into a contract with K12 Virtual Schools, L.L.C. (K12). The contract provided for the creation and operation of a virtual education program called the Tennessee Virtual Academy, which enrolls students from Union County and other districts from across the state.

This virtual education program was available for kindergarten through eighth grade students during the year. As of July 2017, enrollment was approximately 600 students. As of July 2018, enrollment was approximately 1,050 students.

The initial term of the agreement, which began July 1, 2011, terminated on June 30, 2014. However, the agreement is renewable and the school board has since approved multiple one-year extensions to the contract with the latest extending through June 30, 2019. K12 is responsible for providing educational products, as well as, administrative and technology services according to the agreement. The Board of Education is responsible for setting program policies, budget adoption, and having final responsibility for regulatory compliance and financial reporting.

Revenues of the virtual education program totaled \$6,190,647 consisting of state Basic Education Program funds attributable to students enrolled in the program. The Board of Education retained an annual oversight fee of four percent from the program revenues. The oversight fee retained during the year totaled \$247,626. K12's compensation under the agreement as amended on August 8, 2013, is equal to ninety-six percent of the program revenues. Total compensation payable to K12 for the year ended June 30, 2018, was \$5,943,021, which included \$81,398 used per agreement by the School Department for local program expenditures. The program has been accounted for in a major special revenue fund of the School Department titled Other Education Special Revenue Fund. The oversight fee (\$247,626) was transferred to the General Purpose School Fund and applied toward operations of the School Department's traditional education program.

E. Joint Venture

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the 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, 2018, 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

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Most employees of Union County (County General Fund and EMS employees) are provided a defined benefit pension plan (Union County Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 100 percent of the plan membership. In addition, certain other county employees (Highway Department) and non-certified employees of the discretely presented Union County School Department are provided a defined benefit pension plan (Union County Schools Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 15.56 percent and non-certified employees of the discretely presented Union County School Department comprised 84.44 percent of the Union County Schools Plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years

of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants of Union County are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Union County Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	30
Inactive Employees Entitled to But Not Yet Receiving Benefits	123
Active Employees	124
Total	<u>277</u>

Union County Schools Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	71
Inactive Employees Entitled to But Not Yet Receiving Benefits	167
Active Employees	173
Total	<u>411</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Union County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for the Union

County Plan was \$223,454 based on a rate of 5.27 percent of covered payroll and the Union County Schools Plan was \$231,099 based on a rate of 6.02 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Union County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Union County's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost-of-Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target

allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes in Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Union County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all

periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

Union County Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 7,107,835	\$ 7,044,419	\$ 63,416
Changes for the Year:			
Service Cost	\$ 324,380	\$ 0	\$ 324,380
Interest	546,331	0	546,331
Differences Between Expected and Actual Experience	(26,082)	0	(26,082)
Changes in Assumptions	187,223	0	187,223
Contributions-Employer	0	259,907	(259,907)
Contributions-Employees	0	206,607	(206,607)
Net Investment Income	0	807,468	(807,468)
Benefit Payments, Including Refunds of Employee Contributions	(295,609)	(295,609)	0
Administrative Expense	0	(10,307)	10,307
Other Changes	0	0	0
Net Changes	\$ 736,243	\$ 968,066	\$ (231,823)
Balance, June 30, 2017	\$ 7,844,078	\$ 8,012,485	\$ (168,407)

Union County Schools Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 8,815,764	\$ 8,700,865	\$ 114,899
Changes for the Year:			
Service Cost	\$ 306,764	\$ 0	\$ 306,764
Interest	673,220	0	673,220
Differences Between Expected and Actual Experience	(339,595)	0	(339,595)
Changes in Assumptions	242,447	0	242,447
Contributions-Employer	0	201,825	(201,825)
Contributions-Employees	0	167,463	(167,463)
Net Investment Income	0	989,643	(989,643)
Benefit Payments, Including Refunds of Employee Contributions	(292,521)	(292,521)	0
Administrative Expense	0	(14,551)	14,551
Other Changes	0	222	(222)
Net Changes	\$ 590,315	\$ 1,052,081	\$ (461,766)
Balance, June 30, 2017	\$ 9,406,079	\$ 9,752,946	\$ (346,867)

Union County Schools Plan:

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	15.56%	\$ 1,463,586	\$ 1,517,558	\$ (53,973)
School Department	84.44%	7,942,493	8,235,388	(292,894)
Total		\$ 9,406,079	\$ 9,752,946	\$ (346,867)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Union County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1%	Current	1%
Union County	Decrease	Discount	Increase
Plan:	6.25%	Rate	8.25%

Net Pension Liability	\$	981,988	\$	(168,407)	\$	(1,096,499)
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	1%	Current	1%
Union County	Decrease	Discount	Increase
Schools Plan:	6.25%	Rate	8.25%

Net Pension Liability	\$	896,377	\$	(346,867)	\$	(1,380,308)
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Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, the Union County plan recognized pension expense of \$130,375 and the Union County Schools Plan recognized pension expense of \$3,466.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Union County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Union County Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 79,552	\$ 160,001
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	5,317
Changes in Assumptions	160,477	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	223,454	N/A
Total	\$ 463,483	\$ 165,318

Union County Schools Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 476,411
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,715
Changes in Assumptions	193,958	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	231,099	N/A
Total	<u>\$ 425,057</u>	<u>\$ 478,126</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Union County Schools Plan:

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 67,124	\$ 74,397
School Department	357,933	403,729
Total	<u>\$ 425,057</u>	<u>\$ 478,126</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Union County Plan:

Year Ending June 30	Amount
2019	\$ (9,682)
2020	85,282
2021	29,358
2022	(48,760)
2023	(4,509)
Thereafter	23,020

Union County Schools Plan:

Year Ending June 30	Amount
2019	\$ (168,478)
2020	(22,381)
2021	(6,932)
2022	(89,377)
2023	0
Thereafter	0

In the tables shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Union County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, certain employees of Union County and the non-certified employees of the discretely presented Union County School Department are provided a defined benefit pension plan (Union County Schools Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 15.56 percent and the non-certified employees of the discretely presented School Department comprise 84.44 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Union County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be

adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018, to the Teacher Retirement Plan were \$64,686, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$49,330) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .186978 percent. The proportion as of June 30, 2016, was .162725 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$22,239.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,729	\$ 3,710
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,654
Changes in Assumptions	4,334	0
Changes in Proportion of Net Pension Liability (Asset)	1,019	2,685
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	64,686	0
Total	<u>\$ 71,768</u>	<u>\$ 9,049</u>

The School Department's employer contributions of \$64,686, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (373)
2020	(373)
2021	(525)
2022	(1,208)
2023	44
Thereafter	466

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 9,842	\$ (49,330)	\$ (92,736)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Union County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early

retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Union County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$975,626, which is 9.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$101,162) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an

actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .309194 percent. The proportion measured at June 30, 2016, was .309750 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$22,445.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 60,988	\$ 2,088,541
Changes in Assumptions	856,792	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,356	0
Changes in Proportion of Net Pension Liability (Asset)	54,602	7,913
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	975,626	N/A
Total	<u>\$ 1,963,364</u>	<u>\$ 2,096,454</u>

The School Department's employer contributions of \$975,626 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (702,598)
2020	332,319
2021	(239,435)
2022	(499,002)
2023	0
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 9,077,209	\$ (101,162)	\$ 7,687,692

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute a minimum of two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$80,701 and teachers contributed \$43,838 to this deferred compensation pension plan.

G. **Other Postemployment Benefits (OPEB)**

Union County primary government does not provide OPEB to its retirees. The discretely presented Union County School Department provides OPEB benefits to its retirees through state administered public entity risk pools. For reporting purposes the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The Union County School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Both certified and noncertified retirees of the School Department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare.

The School Department's total OPEB liability for each plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2107 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LEP: Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing over a 33-year period to an ultimate trend of rate of 3.53% wiith .18% added to approximate the effect of the excise tax TN-M: The premium subsidies provided to retirees are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.56%, based on the daily rate of Fidelity's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect

actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Changes in Assumptions. The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Union County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Union County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. During the year, Union County School Department provided a direct subsidy ranging from \$83 to \$104 per month toward the cost of the insurance plan selected by the retiree. Retirees must have a minimum of 25 years of service to be eligible for this benefit. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	18
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	362
Total	<u><u>380</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$96,676 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Union County School Department 65.1524%	State of TN 34.8476%	Total OPEB Liability
Balance July 1, 2016	\$ 2,363,937	\$ 1,264,382	\$ 3,628,319
Changes for the Year:			
Service Cost	\$ 126,304	\$ 67,556	\$ 193,860
Interest	71,390	38,184	109,574
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(112,030)	(59,921)	(171,951)
Benefit Payments	(90,737)	(48,532)	(139,269)
Net Changes	\$ (5,073)	\$ (2,713)	\$ (7,786)
Balance June 30, 2017	<u>\$ 2,358,864</u>	<u>\$ 1,261,669</u>	<u>\$ 3,620,533</u>

The Union County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Union County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$100,191 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Union County School Department's proportionate share of the collective OPEB liability was 65.1524% and the State of Tennessee's share was 34.8476%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$287,513, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	101,657
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	96,676	0
Total	<u>\$ 96,676</u>	<u>\$ 101,657</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>School</u> <u>Department</u>
2019	\$ (10,373)
2020	(10,373)
2021	(10,373)
2022	(10,373)
2023	(10,373)
Thereafter	(49,792)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>
1% Decrease 2.56%	1% Increase 4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,534,918	\$ 2,358,864	\$ 2,189,932
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

Healthcare Cost Trend Rate

	1%	Curent	1%
	Decrease	Rates	Increase
	6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the Collective Total OPEB

Liability	\$ 2,083,604	\$ 2,358,864	\$ 2,683,304
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Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Union County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The School Department's total OPEB liability for the TNM Plan was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Union County School Department provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and eligible retirees with less than 20 years of service receive \$25. The state, as a governmental nonemployer contributing entity, contributes to the premiums of eligible retirees of local education agencies based on years of service. The State of Tennessee provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	34
Inactive Employees Entitled to But Not Yet Receiving Benefits	17
Active Employees	256
Total	<u><u>307</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2018, the School Department paid \$20,302 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Union County School Department 51.3346%</u>	<u>State of TN 48.6654%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2016	\$ 799,075	\$ 757,527	\$ 1,556,602
Changes for the Year:			
Service Cost	\$ 27,471	\$ 26,043	\$ 53,514
Interest	23,856	22,616	46,472
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(79,227)	(75,108)	(154,335)
Benefit Payments	(19,096)	(18,104)	(37,200)
Net Changes	<u>\$ (46,996)</u>	<u>\$ (44,553)</u>	<u>\$ (91,549)</u>
Balance June 30, 2017	<u>\$ 752,079</u>	<u>\$ 712,974</u>	<u>\$ 1,465,053</u>

The Union County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retirees participating in the TNM. The Union County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$41,072 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TMN for School Department retirees.

During the year, the Union County School Department's proportionate share of the collective OPEB liability was 51.3346 percent and the State of Tennessee's Share was 48.6654 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$84,397 including the state's share of the OPEB expense.

At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	71,225
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	20,302	0
Total	<u>\$ 20,302</u>	<u>\$ 71,225</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>School</u> <u>Department</u>
2019	\$ (8,003)
2020	(8,003)
2021	(8,003)
2022	(8,003)
2023	(8,003)
Thereafter	(31,210)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

<u>Discount Rate</u>		Current Discount Rate	
	1% Decrease		1% Increase
	2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 880,914	\$ 752,079	\$ 647,222
--	------------	------------	------------

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations:

H. Office of Central Accounting, Budgeting, and Purchasing

Union County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

I. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by the director to serve as the county purchasing agent. The finance director serves as the purchasing agent for Union County. Purchases of \$25,000 and greater are required to be competitively bid for all departments.

J. Subsequent Event

On August 31, 2018, Micheal Williams left the Office of County Mayor and was succeeded by Jason Bailey effective September 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

Union County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - General Fund and EMS
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 250,764	\$ 279,057	\$ 295,676	\$ 324,380
Interest	423,613	468,264	516,098	546,331
Differences Between Actual and Expected Experience	88,816	72,604	(192,703)	(26,082)
Changes in Assumptions	0	0	0	187,223
Benefit Payments, Including Refunds of Employee Contributions	(188,506)	(203,774)	(193,742)	(295,609)
Net Change in Total Pension Liability	\$ 574,687	\$ 616,151	\$ 425,329	\$ 736,243
Total Pension Liability, Beginning	5,491,668	6,066,355	6,682,506	7,107,835
Total Pension Liability, Ending (a)	\$ 6,066,355	\$ 6,682,506	\$ 7,107,835	\$ 7,844,078
Plan Fiduciary Net Position				
Contributions - Employer	\$ 233,174	\$ 234,294	\$ 253,224	\$ 259,907
Contributions - Employee	197,147	186,541	201,613	206,607
Net Investment Income	866,565	193,958	178,356	807,468
Benefit Payments, Including Refunds of Employee Contributions	(188,506)	(203,774)	(193,742)	(295,609)
Administrative Expense	(4,087)	(5,673)	(9,080)	(10,307)
Net Change in Plan Fiduciary Net Position	\$ 1,104,293	\$ 405,346	\$ 430,371	\$ 968,066
Plan Fiduciary Net Position, Beginning	5,104,409	6,208,702	6,614,048	7,044,419
Plan Fiduciary Net Position, Ending (b)	\$ 6,208,702	\$ 6,614,048	\$ 7,044,419	\$ 8,012,485
Net Pension Liability (Asset), Ending (a - b)	\$ (142,347)	\$ 68,458	\$ 63,416	\$ (168,407)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.35%	98.98%	99.11%	102.15%
Covered Payroll	\$ 3,554,585	\$ 3,730,787	\$ 4,035,127	\$ 4,132,076
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(4.00%)	1.83%	1.57%	(4.08%)

Note: ten years of data will be presented when available.

Note: data presented includes General Fund and EMS of the primary government.

Union County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - Highway Department and
Discretely Presented Union County School Department - Non-Certified Employees
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 268,929	\$ 292,832	\$ 278,644	\$ 306,764
Interest	590,914	623,518	630,190	673,220
Differences Between Actual and Expected Experience	(97,377)	(441,503)	(14,430)	(339,595)
Changes in Assumptions	0	0	0	242,447
Benefit Payments, Including Refunds of Employee Contributions	(364,917)	(338,367)	(405,049)	(292,521)
Net Change in Total Pension Liability	\$ 397,549	\$ 136,480	\$ 489,355	\$ 590,315
Total Pension Liability, Beginning	7,792,380	8,189,929	8,326,409	8,815,764
Total Pension Liability, Ending (a)	\$ 8,189,929	\$ 8,326,409	\$ 8,815,764	\$ 9,406,079
Plan Fiduciary Net Position				
Contributions - Employer	\$ 205,763	\$ 202,052	\$ 213,989	\$ 201,825
Contributions - Employee	173,012	167,818	179,217	167,463
Net Investment Income	1,162,398	253,356	224,936	989,643
Benefit Payments, Including Refunds of Employee Contributions	(364,917)	(338,367)	(405,049)	(292,521)
Administrative Expense	(6,501)	(8,180)	(12,124)	(14,551)
Other	0	0	0	222
Net Change in Plan Fiduciary Net Position	\$ 1,169,755	\$ 276,679	\$ 200,969	\$ 1,052,081
Plan Fiduciary Net Position, Beginning	7,053,462	8,223,217	8,499,896	8,700,865
Plan Fiduciary Net Position, Ending (b)	\$ 8,223,217	\$ 8,499,896	\$ 8,700,865	\$ 9,752,946
Net Pension Liability (Asset), Ending (a - b)	\$ (33,288)	\$ (173,487)	\$ 114,899	\$ (346,867)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.41%	102.08%	98.70%	103.69%
Covered Payroll	\$ 3,464,027	\$ 3,353,650	\$ 3,556,642	\$ 3,567,982
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(0.96)%	(5.17)%	3.23%	(9.72)%

Note: ten years of data will be presented when available.

Note: data presented includes Highway Fund of the primary government and non-certified employees of the discretely presented School Department.

Exhibit E-3

Union County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government - General Fund and EMS
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 233,174	\$ 234,294	\$ 253,224	259,907	223,454
Less Contributions in Relation to the Actuarially Determined Contribution	(233,174)	(234,294)	(253,224)	(259,907)	(223,454)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,554,585	\$ 3,730,787	\$ 4,035,127	\$ 4,132,076	\$ 4,240,146
Contributions as a Percentage of Covered Payroll	6.56%	6.28%	6.28%	6.29%	5.27%

Note: ten years of data will be presented when available.

Note: data includes General Fund and EMS employees of the primary government.

Exhibit E-4

Union County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Discretely Presented Union County School Department - Non-Certified Employees and
Primary Government - Highway Department Employees
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 205,763	\$ 202,052	\$ 213,989	\$ 201,825	\$ 231,099
Less Contributions in Relation to the Actuarially Determined Contribution	(205,763)	(202,052)	(213,989)	(201,825)	(231,099)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,464,027	\$ 3,353,650	\$ 3,556,642	\$ 3,567,982	\$ 3,806,403
Contributions as a Percentage of Covered Payroll	5.94%	6.02%	6.02%	5.66%	6.07%

Note: ten years of data will be presented when available.

Note: data includes non-certified employees of the School Department
and Highway Department employees of the primary government.

Union County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018
Contractually Required Contribution	\$ 17,171	\$ 28,640	\$ 49,088	\$ 64,686
Less Contributions in Relation to the Contractually Required Contribution	(17,171)	(28,640)	(49,088)	(64,686)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 429,269	\$ 715,994	\$ 1,227,215	\$ 1,617,140
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

Note: ten years of data will be presented when available.

Exhibit E-6

Union County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 1,048,909	\$ 1,029,802	\$ 1,010,795	\$ 988,059	\$ 975,626
Less Contributions in Relation to the Contractually Required Contribution	(1,048,909)	(1,029,802)	(1,010,795)	(988,059)	(975,626)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,812,035	\$ 11,391,617	\$ 11,181,371	\$ 10,714,450	\$ 10,744,783
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.22%	9.08%

Note: ten years of data will be presented when available.

Union County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Pension Plan of TCRS
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30 *

	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.206605%	0.162725%	0.186978%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (8,312)	\$ (16,940)	\$ (49,330)
Covered Payroll	429,269	715,994	1,227,215
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Union County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30 *

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.300944%	0.304304%	0.309750%	0.309194%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (48,902)	\$ 124,653	\$ 1,935,767	\$ (101,162)
Covered Payroll	11,812,016	11,391,617	11,181,371	10,714,450
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.094254%	17.31%	(0.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-9

Union County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30 *

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 193,860
Interest	109,574
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(171,951)
Benefit Payments	<u>(139,269)</u>
Net Change in Total OPEB Liability	\$ (7,786)
Total OPEB Liability, Beginning	<u>3,628,319</u>
 Total OPEB Liability, Ending	 <u><u>\$ 3,620,533</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 1,261,669
Employer Proportionate Share of the Total OPEB Liability	2,358,864
 Covered Employee Payroll	 \$ 13,628,205
Net OPEB Liability as a Percentage of Covered Employee Payroll	17.31%

* Amounts presented were determined as of June 30 of the previous fiscal year.

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit E-10

Union County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30 *

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 53,514
Interest	46,472
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(154,335)
Benefit Payments	<u>(37,200)</u>
Net Change in Total OPEB Liability	\$ (91,549)
Total OPEB Liability, Beginning	<u>1,556,602</u>
 Total OPEB Liability, Ending	 <u><u>\$ 1,465,053</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 712,974
Employer Proportionate Share of the Total OPEB Liability	752,079
 Covered Employee Payroll	 N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

* Amounts presented were determined as of June 30 of the previous fiscal year.

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

UNION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Primary Government - General Fund and EMS;
Primary Government - Highway Department and
School Department - Noncertified Employees

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization	
Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation,
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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 of deeds, and sheriff.

Capital Projects Funds

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.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

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, 2018

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Constitu -</u>			<u>General</u>
	<u>Drug</u>	<u>Officers -</u>		<u>Capital</u>
	<u>Control</u>	<u>Fees</u>	<u>Total</u>	<u>Projects</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 3,150	\$ 3,150	\$ 0
Equity in Pooled Cash and Investments	78,187	0	78,187	420,582
Accounts Receivable	0	87	87	0
Due from Other Governments	0	0	0	34,160
Property Taxes Receivable	0	0	0	233,312
Allowance for Uncollectible Property Taxes	0	0	0	(9,818)
Total Assets	\$ 78,187	\$ 3,237	\$ 81,424	\$ 678,236
<u>LIABILITIES</u>				
Accounts Payable	\$ 298	\$ 0	\$ 298	\$ 0
Due to Other Funds	0	3,237	3,237	0
Total Liabilities	\$ 298	\$ 3,237	\$ 3,535	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 218,220
Deferred Delinquent Property Taxes	0	0	0	4,170
Other Deferred/Unavailable Revenue	0	0	0	34,160
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 256,550

(Continued)

Exhibit F-1

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>
	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	<u>Total</u>	<u>General Capital Projects</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 77,889	\$ 0	\$ 77,889	\$ 0
Restricted for Capital Projects	0	0	0	421,686
Committed:				
Committed for Capital Projects	0	0	0	0
Total Fund Balances	<u>\$ 77,889</u>	<u>\$ 0</u>	<u>\$ 77,889</u>	<u>\$ 421,686</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 78,187</u>	<u>\$ 3,237</u>	<u>\$ 81,424</u>	<u>\$ 678,236</u>

(Continued)

Exhibit F-1

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

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable
Due to Other Funds
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Deferred Delinquent Property Taxes
Other Deferred/Unavailable Revenue
Total Deferred Inflows of Resources

<u>Capital Projects Funds (Cont.)</u>			
Community Development/ Industrial Park	Total	Total Nonmajor Governmental Funds	
\$ 0	\$ 0	\$ 3,150	
74,501	495,083	573,270	
0	0	87	
0	34,160	34,160	
0	233,312	233,312	
0	(9,818)	(9,818)	
<hr/>			
\$ 74,501	\$ 752,737	\$ 834,161	
<hr/>			
\$ 0	\$ 0	\$ 298	
0	0	3,237	
<hr/>			
\$ 0	\$ 0	\$ 3,535	
<hr/>			
\$ 0	\$ 218,220	\$ 218,220	
0	4,170	4,170	
0	34,160	34,160	
<hr/>			
\$ 0	\$ 256,550	\$ 256,550	
<hr/>			

(Continued)

Exhibit F-1

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

FUND BALANCES

Restricted:

 Restricted for Public Safety

 Restricted for Capital Projects

Committed:

 Committed for Capital Projects

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>		
Community Development/ Industrial Park	Total	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 77,889
0	421,686	421,686
74,501	74,501	74,501
<u>\$ 74,501</u>	<u>\$ 496,187</u>	<u>\$ 574,076</u>
<u>\$ 74,501</u>	<u>\$ 752,737</u>	<u>\$ 834,161</u>

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, 2018

	Special Revenue Funds			Capital Projects Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 225,128
Fines, Forfeitures, and Penalties	39,277	0	39,277	0
Charges for Current Services	0	19,845	19,845	0
Other Local Revenues	9,784	0	9,784	0
Total Revenues	<u>\$ 49,061</u>	<u>\$ 19,845</u>	<u>\$ 68,906</u>	<u>\$ 225,128</u>
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 19,845	\$ 19,845	\$ 0
Public Safety	45,452	0	45,452	0
Capital Projects	0	0	0	358,043
Total Expenditures	<u>\$ 45,452</u>	<u>\$ 19,845</u>	<u>\$ 65,297</u>	<u>\$ 358,043</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,609</u>	<u>\$ 0</u>	<u>\$ 3,609</u>	<u>\$ (132,915)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 80,951
Transfers In	0	0	0	54,578
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 135,529</u>
Net Change in Fund Balances	\$ 3,609	\$ 0	\$ 3,609	\$ 2,614
Fund Balance, July 1, 2017	74,280	0	74,280	419,072
Fund Balance, June 30, 2018	<u><u>\$ 77,889</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 77,889</u></u>	<u><u>\$ 421,686</u></u>

(Continued)

Exhibit F-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 225,128	\$ 225,128
Fines, Forfeitures, and Penalties	0	0	39,277
Charges for Current Services	0	0	19,845
Other Local Revenues	0	0	9,784
Total Revenues	<u>\$ 0</u>	<u>\$ 225,128</u>	<u>\$ 294,034</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 0	\$ 19,845
Public Safety	0	0	45,452
Capital Projects	0	358,043	358,043
Total Expenditures	<u>\$ 0</u>	<u>\$ 358,043</u>	<u>\$ 423,340</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ (132,915)</u>	<u>\$ (129,306)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 80,951	\$ 80,951
Transfers In	0	54,578	54,578
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 135,529</u>	<u>\$ 135,529</u>
Net Change in Fund Balances	\$ 0	\$ 2,614	\$ 6,223
Fund Balance, July 1, 2017	74,501	493,573	567,853
Fund Balance, June 30, 2018	<u>\$ 74,501</u>	<u>\$ 496,187</u>	<u>\$ 574,076</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 39,277	\$ 33,625	\$ 37,955	\$ 1,322
Other Local Revenues	9,784	0	0	9,784
Total Revenues	<u>\$ 49,061</u>	<u>\$ 33,625</u>	<u>\$ 37,955</u>	<u>\$ 11,106</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 45,452	\$ 51,700	\$ 69,350	\$ 23,898
Total Expenditures	<u>\$ 45,452</u>	<u>\$ 51,700</u>	<u>\$ 69,350</u>	<u>\$ 23,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,609</u>	<u>\$ (18,075)</u>	<u>\$ (31,395)</u>	<u>\$ 35,004</u>
Net Change in Fund Balance	\$ 3,609	\$ (18,075)	\$ (31,395)	\$ 35,004
Fund Balance, July 1, 2017	<u>74,280</u>	<u>73,015</u>	<u>73,015</u>	<u>1,265</u>
Fund Balance, June 30, 2018	<u><u>\$ 77,889</u></u>	<u><u>\$ 54,940</u></u>	<u><u>\$ 41,620</u></u>	<u><u>\$ 36,269</u></u>

Exhibit F-4

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 225,128	\$ 210,738	\$ 210,738	\$ 14,390
State of Tennessee	0	0	4,650	(4,650)
Total Revenues	<u>\$ 225,128</u>	<u>\$ 210,738</u>	<u>\$ 215,388</u>	<u>\$ 9,740</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
General Administration Projects	\$ 204,089	\$ 145,000	\$ 392,620	\$ 188,531
Administration of Justice Projects	13,500	13,500	13,500	0
Public Health and Welfare Projects	130,000	130,000	130,000	0
Social, Cultural, and Recreation Projects	10,454	9,000	11,000	546
Total Expenditures	<u>\$ 358,043</u>	<u>\$ 297,500</u>	<u>\$ 547,120</u>	<u>\$ 189,077</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (132,915)</u>	<u>\$ (86,762)</u>	<u>\$ (331,732)</u>	<u>\$ 198,817</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 80,951	0	0	\$ 80,951
Transfers In	54,578	0	0	54,578
Total Other Financing Sources	<u>\$ 135,529</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 135,529</u>
Net Change in Fund Balance	\$ 2,614	(86,762)	(331,732)	334,346
Fund Balance, July 1, 2017	<u>419,072</u>	<u>423,614</u>	<u>423,614</u>	<u>(4,542)</u>
Fund Balance, June 30, 2018	<u><u>\$ 421,686</u></u>	<u><u>\$ 336,852</u></u>	<u><u>\$ 91,882</u></u>	<u><u>\$ 329,804</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,214,447	\$ 1,163,745	\$ 1,163,745	\$ 50,702
Other Local Revenues	147,188	42,000	119,374	27,814
Other Governments and Citizens Groups	778,300	778,300	778,300	0
Total Revenues	<u>\$ 2,139,935</u>	<u>\$ 1,984,045</u>	<u>\$ 2,061,419</u>	<u>\$ 78,516</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 162,326	\$ 162,147	\$ 162,326	\$ 0
Education	1,494,978	1,494,980	1,571,832	76,854
<u>Interest on Debt</u>				
General Government	15,233	15,453	15,274	41
Education	266,253	266,253	266,775	522
<u>Other Debt Service</u>				
General Government	21,214	22,400	84,808	63,594
Education	7,160	7,200	7,200	40
Total Expenditures	<u>\$ 1,967,164</u>	<u>\$ 1,968,433</u>	<u>\$ 2,108,215</u>	<u>\$ 141,051</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 172,771</u>	<u>\$ 15,612</u>	<u>\$ (46,796)</u>	<u>\$ 219,567</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 104,504	\$ 104,505	\$ 104,505	\$ (1)
Total Other Financing Sources	<u>\$ 104,504</u>	<u>\$ 104,505</u>	<u>\$ 104,505</u>	<u>\$ (1)</u>
Net Change in Fund Balance	\$ 277,275	\$ 120,117	\$ 57,709	\$ 219,566
Fund Balance, July 1, 2017	<u>1,379,395</u>	<u>1,336,951</u>	<u>1,336,951</u>	<u>42,444</u>
Fund Balance, June 30, 2018	<u>\$ 1,656,670</u>	<u>\$ 1,457,068</u>	<u>\$ 1,394,660</u>	<u>\$ 262,010</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 of deeds, 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, 2018

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 808,752	\$ 808,752
Due from Other Governments	116,556	0	116,556
Total Assets	<u>\$ 116,556</u>	<u>\$ 808,752</u>	<u>\$ 925,308</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 116,556	\$ 0	\$ 116,556
Due to Litigants, Heirs, and Others	0	808,752	808,752
Total Liabilities	<u>\$ 116,556</u>	<u>\$ 808,752</u>	<u>\$ 925,308</u>

Exhibit H-2

Union County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 647,378	\$ 647,378	\$ 0
Due from Other Governments	109,778	116,556	109,778	116,556
Total Assets	\$ 109,778	\$ 763,934	\$ 757,156	\$ 116,556
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 109,778	\$ 763,934	\$ 757,156	\$ 116,556
Total Liabilities	\$ 109,778	\$ 763,934	\$ 757,156	\$ 116,556
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 722,657	\$ 4,537,354	\$ 4,451,259	\$ 808,752
Total Assets	\$ 722,657	\$ 4,537,354	\$ 4,451,259	\$ 808,752
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 722,657	\$ 4,537,354	\$ 4,451,259	\$ 808,752
Total Liabilities	\$ 722,657	\$ 4,537,354	\$ 4,451,259	\$ 808,752
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 722,657	\$ 4,537,354	\$ 4,451,259	\$ 808,752
Equity in Pooled Cash and Investments	0	647,378	647,378	0
Due from Other Governments	109,778	116,556	109,778	116,556
Total Assets	\$ 832,435	\$ 5,301,288	\$ 5,208,415	\$ 925,308
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 109,778	\$ 763,934	\$ 757,156	\$ 116,556
Due to Litigants, Heirs, and Others	722,657	4,537,354	4,451,259	808,752
Total Liabilities	\$ 832,435	\$ 5,301,288	\$ 5,208,415	\$ 925,308

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, three 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.

Other Education Special Revenue Fund – The Other Education Special Revenue Fund accounts for revenues and expenditures of the virtual education program.

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

Other Capital Projects Fund – The Other Capital Projects Fund was used to account for funding for energy efficient upgrades of the School Department. The fund was closed during the year.

Exhibit I-1

Union County, Tennessee
Statement of Activities
Discretely Presented Union County School Department
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 19,909,926	\$ 0	\$ 983,848	\$ 0	\$ (18,926,078)
Support Services	11,463,138	0	946,252	0	(10,516,886)
Operation of Non-instructional Services	1,816,859	163,454	2,126,774	0	473,369
Total Governmental Activities	<u>\$ 33,189,923</u>	<u>\$ 163,454</u>	<u>\$ 4,056,874</u>	<u>\$ 0</u>	<u>\$ (28,969,595)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,585,642
Local Option Sales Taxes					1,037,751
Other Local Taxes					31,783
Grants and Contributions Not Restricted to Specific Programs					29,507,421
Miscellaneous					14,829
Total General Revenues					<u>\$ 33,177,426</u>
Change in Net Position					\$ 4,207,831
Restatement- See Note I.D.9.					(658,810)
Net Position, July 1, 2017					22,822,529
Net Position, June 30, 2018					<u>\$ 26,371,550</u>

Exhibit I-2

Union County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Union County School Department
June 30, 2018

	Major Funds			Nonmajor Funds	
	General Purpose School	Other Education Special Revenue	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 7,306,790	\$ 604,678	\$ 3,427,878	\$ 923,579	\$ 12,262,925
Accounts Receivable	16,171	0	0	110	16,281
Due from Other Governments	1,977,292	0	0	452,516	2,429,808
Due from Other Funds	1,633	0	0	0	1,633
Property Taxes Receivable	2,692,010	0	0	0	2,692,010
Allowance for Uncollectible Property Taxes	(113,279)	0	0	0	(113,279)
Total Assets	<u>\$ 11,880,617</u>	<u>\$ 604,678</u>	<u>\$ 3,427,878</u>	<u>\$ 1,376,205</u>	<u>\$ 17,289,378</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 28,120	\$ 604,678	\$ 0	\$ 6,731	\$ 639,529
Accrued Payroll	646,127	0	0	66,165	712,292
Payroll Deductions Payable	1,061,013	0	0	118,455	1,179,468
Due to Other Funds	0	0	0	1,633	1,633
Due to State of Tennessee	1,658	0	0	582	2,240
Total Liabilities	<u>\$ 1,736,918</u>	<u>\$ 604,678</u>	<u>\$ 0</u>	<u>\$ 193,566</u>	<u>\$ 2,535,162</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,517,879	\$ 0	\$ 0	\$ 0	\$ 2,517,879
Deferred Delinquent Property Taxes	48,109	0	0	0	48,109
Other Deferred/Unavailable Revenue	100,435	0	0	22,167	122,602
Total Deferred Inflows of Resources	<u>\$ 2,666,423</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,167</u>	<u>\$ 2,688,590</u>

(Continued)

Exhibit I-2

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

	Major Funds			Nonmajor Funds	
	General Purpose School	Other Education Special Revenue	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 0	\$ 0	\$ 0	\$ 863,568	\$ 863,568
Committed:					
Committed for Education	0	0	0	296,904	296,904
Committed for Capital Projects	0	0	3,427,878	0	3,427,878
Unassigned	7,477,276	0	0	0	7,477,276
Total Fund Balances	<u>\$ 7,477,276</u>	<u>\$ 0</u>	<u>\$ 3,427,878</u>	<u>\$ 1,160,472</u>	<u>\$ 12,065,626</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,880,617</u>	<u>\$ 604,678</u>	<u>\$ 3,427,878</u>	<u>\$ 1,376,205</u>	<u>\$ 17,289,378</u>

Exhibit I-3

Union County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Union County School Department
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 12,065,626
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,598,528	
Add: buildings and improvements net of accumulated depreciation	14,569,488	
Add: infrastructure net of accumulated depreciation	142,129	
Add: other capital assets net of accumulated depreciation	<u>672,640</u>	16,982,785
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		170,711
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (3,110,943)	
Less: compensated absences payable	<u>(7,944)</u>	(3,118,887)
(4) Amounts reflected as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 2,393,065	
Less: deferred inflows of resources related to pensions	(2,509,232)	
Add: deferred outflows of resources related to OPEB	116,978	
Less: deferred inflows of resources related to OPEB	<u>(172,882)</u>	(172,071)
(5) Net pension assets of the Agent Plan and Teacher Retirement Plans are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 292,894	
Add: net pension asset - teacher retirement plan	49,330	
Add: net pension asset - teacher retirement plan	<u>101,162</u>	<u>443,386</u>
Net position of governmental activities (Exhibit A)		<u>\$ 26,371,550</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, 2018

	Major Funds			Nonmajor Funds	
	General Purpose School	Other Education Special Revenue	Education Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 3,664,006	\$ 0	\$ 0	\$ 0	\$ 3,664,006
Licenses and Permits	1,488	0	0	0	1,488
Charges for Current Services	45,784	0	0	117,670	163,454
Other Local Revenues	78,033	0	0	7,718	85,751
State of Tennessee	22,748,053	6,190,647	0	14,924	28,953,624
Federal Government	287,966	0	0	4,228,128	4,516,094
Total Revenues	\$ 26,825,330	\$ 6,190,647	\$ 0	\$ 4,368,440	\$ 37,384,417
<u>Expenditures</u>					
Current:					
Instruction	\$ 13,288,375	\$ 5,861,623	\$ 0	\$ 1,476,955	\$ 20,626,953
Support Services	8,897,638	81,398	0	1,038,135	10,017,171
Operation of Non-Instructional Services	400,307	0	0	1,693,149	2,093,456
Capital Outlay	0	0	323,006	0	323,006
Debt Service:					
Other Debt Service	778,300	0	0	0	778,300
Total Expenditures	\$ 23,364,620	\$ 5,943,021	\$ 323,006	\$ 4,208,239	\$ 33,838,886
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,460,710	\$ 247,626	\$ (323,006)	\$ 160,201	\$ 3,545,531
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 23,007	\$ 0	\$ 0	\$ 0	\$ 23,007
Transfers In	247,646	0	3,713,635	1,000	3,962,281
Transfers Out	(3,714,635)	(247,626)	0	(20)	(3,962,281)
Total Other Financing Sources (Uses)	\$ (3,443,982)	\$ (247,626)	\$ 3,713,635	\$ 980	\$ 23,007

(Continued)

Exhibit I-4

Union County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Union County School Department (Cont.)

	Major Funds			Nonmajor Funds	
	General Purpose School	Other Education Special Revenue	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
Net Change in Fund Balances	\$ 16,728	\$ 0	\$ 3,390,629	\$ 161,181	\$ 3,568,538
Fund Balance, July 1, 2017	7,460,548	0	37,249	999,291	8,497,088
Fund Balance, June 30, 2018	\$ 7,477,276	\$ 0	\$ 3,427,878	\$ 1,160,472	\$ 12,065,626

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, 2018

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)		\$ 3,568,538
(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	\$ 410,590	
Less: current-year depreciation expense	<u>(863,436)</u>	(452,846)
(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, 2018	\$ 170,711	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(157,374)</u>	13,337
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences	\$ (7,944)	
Change in OPEB liability (net of restatement)	52,069	
Change in net pension asset/liability - agent plan	390,190	
Change in net pension asset/liability - teacher retirement plan	32,390	
Change in net pension asset/liability - teacher legacy retirement plan	2,036,929	
Change in deferred outflows related to pensions	(1,369,116)	
Change in deferred inflows related to pensions	110,022	
Change in deferred outflows related to OPEB (net of restatement)	7,144	
Change in deferred inflows related to OPEB	<u>(172,882)</u>	<u>1,078,802</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,207,831</u>

Exhibit I-6

Union County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Union County School Department
June 30, 2018

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 185,181	\$ 738,398	\$ 923,579
Accounts Receivable	0	110	110
Due from Other Governments	294,880	157,636	452,516
Total Assets	\$ 480,061	\$ 896,144	\$ 1,376,205
<u>LIABILITIES</u>			
Accounts Payable	\$ 6,565	\$ 166	\$ 6,731
Accrued Payroll	66,165	0	66,165
Payroll Deductions Payable	94,039	24,416	118,455
Due to Other Funds	1,633	0	1,633
Due to State of Tennessee	582	0	582
Total Liabilities	\$ 168,984	\$ 24,582	\$ 193,566
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 0	\$ 22,167	\$ 22,167
Total Deferred Inflows of Resources	\$ 0	\$ 22,167	\$ 22,167
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 14,173	\$ 849,395	\$ 863,568
Committed:			
Committed for Education	296,904	0	296,904
Total Fund Balances	\$ 311,077	\$ 849,395	\$ 1,160,472
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 480,061	\$ 896,144	\$ 1,376,205

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, 2018

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Other Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 117,670	\$ 117,670	\$ 0	\$ 117,670
Other Local Revenues	0	7,718	7,718	0	7,718
State of Tennessee	0	14,924	14,924	0	14,924
Federal Government	2,517,471	1,710,657	4,228,128	0	4,228,128
Total Revenues	<u>\$ 2,517,471</u>	<u>\$ 1,850,969</u>	<u>\$ 4,368,440</u>	<u>\$ 0</u>	<u>\$ 4,368,440</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,476,955	\$ 0	\$ 1,476,955	\$ 0	\$ 1,476,955
Support Services	1,038,135	0	1,038,135	0	1,038,135
Operation of Non-Instructional Services	1,200	1,691,949	1,693,149	0	1,693,149
Total Expenditures	<u>\$ 2,516,290</u>	<u>\$ 1,691,949</u>	<u>\$ 4,208,239</u>	<u>\$ 0</u>	<u>\$ 4,208,239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,181</u>	<u>\$ 159,020</u>	<u>\$ 160,201</u>	<u>\$ 0</u>	<u>\$ 160,201</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 1,000	\$ 1,000	\$ 0	\$ 1,000
Transfers Out	0	0	0	(20)	(20)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ (20)</u>	<u>\$ 980</u>

(Continued)

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 (Cont.)

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	School Federal Projects	Central Cafeteria	Total	Other Capital Projects	Total Nonmajor Governmental Funds
Net Change in Fund Balances	\$ 1,181	\$ 160,020	\$ 161,201	\$ (20)	\$ 161,181
Fund Balance, July 1, 2017	309,896	689,375	999,271	20	999,291
Fund Balance, June 30, 2018	<u>\$ 311,077</u>	<u>\$ 849,395</u>	<u>\$ 1,160,472</u>	<u>\$ 0</u>	<u>\$ 1,160,472</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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,664,006	\$ 3,561,700	\$ 3,561,700	\$ 102,306
Licenses and Permits	1,488	1,100	1,100	388
Charges for Current Services	45,784	288,183	44,495	1,289
Other Local Revenues	78,033	5,800	5,800	72,233
State of Tennessee	22,748,053	21,992,754	22,728,807	19,246
Federal Government	287,966	24,100	315,402	(27,436)
Total Revenues	\$ 26,825,330	\$ 25,873,637	\$ 26,657,304	\$ 168,026
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 10,345,022	\$ 10,691,421	\$ 10,698,091	\$ 353,069
Special Education Program	1,867,043	1,944,649	1,942,794	75,751
Career and Technical Education Program	1,076,310	966,091	1,108,851	32,541
<u>Support Services</u>				
Health Services	298,071	186,115	310,430	12,359
Other Student Support	574,047	596,965	585,329	11,282
Regular Instruction Program	632,779	428,626	681,622	48,843
Special Education Program	618,324	588,712	652,991	34,667
Career and Technical Education Program	139,963	145,866	140,994	1,031
Technology	763,125	781,655	786,356	23,231
Other Programs	72,008	0	72,008	0
Board of Education	522,497	505,140	536,342	13,845
Director of Schools	159,388	142,056	164,398	5,010
Office of the Principal	1,437,274	1,643,738	1,616,548	179,274
Fiscal Services	202,214	202,214	202,214	0
Operation of Plant	1,834,412	1,830,184	1,846,642	12,230
Maintenance of Plant	399,782	375,087	409,684	9,902
Transportation	1,243,754	1,336,411	1,414,042	170,288
<u>Operation of Non-Instructional Services</u>				
Community Services	78,133	22,234	81,486	3,353
Early Childhood Education	322,174	0	326,724	4,550
<u>Other Debt Service</u>				
Education	778,300	778,300	778,300	0
Total Expenditures	\$ 23,364,620	\$ 23,165,464	\$ 24,355,846	\$ 991,226
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,460,710	\$ 2,708,173	\$ 2,301,458	\$ 1,159,252
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 23,007	\$ 0	\$ 18,926	\$ 4,081
Transfers In	247,646	0	247,646	0
Transfers Out	(3,714,635)	(250,000)	(3,713,635)	(1,000)
Total Other Financing Sources	\$ (3,443,982)	\$ (250,000)	\$ (3,447,063)	\$ 3,081
Net Change in Fund Balance	\$ 16,728	\$ 2,458,173	\$ (1,145,605)	\$ 1,162,333
Fund Balance, July 1, 2017	7,460,548	4,892,408	4,892,408	2,568,140
Fund Balance, June 30, 2018	\$ 7,477,276	\$ 7,350,581	\$ 3,746,803	\$ 3,730,473

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,517,471	\$ 2,178,920	\$ 3,067,060	\$ (549,589)
Total Revenues	\$ 2,517,471	\$ 2,178,920	\$ 3,067,060	\$ (549,589)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 863,205	\$ 606,076	\$ 1,092,385	\$ 229,180
Special Education Program	569,275	613,210	688,360	119,085
Career and Technical Education Program	44,475	0	44,475	0
<u>Support Services</u>				
Other Student Support	281,052	248,741	327,681	46,629
Regular Instruction Program	360,461	395,246	488,948	128,487
Special Education Program	242,301	231,543	266,816	24,515
Career and Technical Education Program	2,160	0	2,160	0
Transportation	152,161	84,104	155,000	2,839
<u>Operation of Non-Instructional Services</u>				
Food Service	1,200	0	1,200	0
Total Expenditures	\$ 2,516,290	\$ 2,178,920	\$ 3,067,025	\$ 550,735
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,181	\$ 0	\$ 35	\$ 1,146
<u>Other Financing Sources (Uses)</u>				
Food Service	\$ 0	\$ 0	\$ (33)	\$ 33
Total Other Financing Sources	\$ 0	\$ 0	\$ (33)	\$ 33
Net Change in Fund Balance	\$ 1,181	\$ 0	\$ 2	\$ 1,179
Fund Balance, July 1, 2017	309,896	343,570	343,570	(33,674)
Fund Balance, June 30, 2018	\$ 311,077	\$ 343,570	\$ 343,572	\$ (32,495)

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 117,670	\$ 119,315	\$ 119,315	\$ (1,645)
Other Local Revenues	7,718	250	250	7,468
State of Tennessee	14,924	15,862	30,786	(15,862)
Federal Government	1,710,657	1,506,938	1,527,938	182,719
Total Revenues	<u>\$ 1,850,969</u>	<u>\$ 1,642,365</u>	<u>\$ 1,678,289</u>	<u>\$ 172,680</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,691,949	\$ 1,800,961	\$ 2,042,885	\$ 350,936
Total Expenditures	<u>\$ 1,691,949</u>	<u>\$ 1,800,961</u>	<u>\$ 2,042,885</u>	<u>\$ 350,936</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 159,020</u>	<u>\$ (158,596)</u>	<u>\$ (364,596)</u>	<u>\$ 523,616</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,000	\$ 1,000	\$ 1,000	\$ 0
Total Other Financing Sources	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 160,020	\$ (157,596)	\$ (363,596)	\$ 523,616
Fund Balance, July 1, 2017	<u>689,375</u>	<u>504,639</u>	<u>504,639</u>	<u>184,736</u>
Fund Balance, June 30, 2018	<u><u>\$ 849,395</u></u>	<u><u>\$ 347,043</u></u>	<u><u>\$ 141,043</u></u>	<u><u>\$ 708,352</u></u>

Exhibit I-11

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Union County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 6,190,647	\$ 3,981,289	\$ 6,190,647	\$ 0
Total Revenues	\$ 6,190,647	\$ 3,981,289	\$ 6,190,647	\$ 0
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 5,861,623	\$ 3,724,330	\$ 5,861,623	\$ 0
<u>Support Services</u>				
Special Education Program	39,632	0	39,632	0
Office of the Principal	41,766	97,707	41,766	0
Total Expenditures	\$ 5,943,021	\$ 3,822,037	\$ 5,943,021	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 247,626	\$ 159,252	\$ 247,626	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (247,626)	\$ (159,252)	\$ (247,626)	\$ 0
Total Other Financing Sources	\$ (247,626)	\$ (159,252)	\$ (247,626)	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2017	0	0	0	0
Fund Balance, June 30, 2018	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit I-12

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Union County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 50,000	\$ (50,000)
Total Revenues	\$ 0	\$ 0	\$ 50,000	\$ (50,000)
<u>Expenditures</u>				
<u>Capital Outlay</u>				
Regular Capital Outlay	\$ 323,006	\$ 250,000	\$ 1,288,000	\$ 964,994
Total Expenditures	\$ 323,006	\$ 250,000	\$ 1,288,000	\$ 964,994
Excess (Deficiency) of Revenues Over Expenditures	\$ (323,006)	\$ (250,000)	\$ (1,238,000)	\$ 914,994
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 3,713,635	\$ 250,000	\$ 3,713,635	\$ 0
Total Other Financing Sources	\$ 3,713,635	\$ 250,000	\$ 3,713,635	\$ 0
Net Change in Fund Balance	\$ 3,390,629	\$ 0	\$ 2,475,635	\$ 914,994
Fund Balance, July 1, 2017	37,249	6,263	6,263	30,986
Fund Balance, June 30, 2018	\$ 3,427,878	\$ 6,263	\$ 2,481,898	\$ 945,980

MISCELLANEOUS SCHEDULES

Exhibit J-1

Union County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Paid and/or Matured During Period	Outstanding 6-30-18
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Ambulance 2016	\$ 130,000	2.3	8-10-16	9-28-19	\$ 130,000	\$ 42,286	\$ 87,714
Dump Trucks	220,000	2.95	3-20-17	3-1-21	220,000	53,245	166,755
Total Notes Payable					<u>\$ 350,000</u>	<u>\$ 95,531</u>	<u>\$ 254,469</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Qualified School Construction Bond	7,160,000	1.515	12-17-09	9-1-26	\$ 4,069,820	\$ 446,773	\$ 3,623,047
Refunding Series 2013	7,110,000	2.25 to 5	3-15-13	4-1-26	3,320,000	915,000	2,405,000
General Obligation Bonds Series 2015	3,500,000	2.5	6-1-15	6-30-30	3,100,000	200,000	2,900,000
Total Bonds Payable					<u>\$ 10,489,820</u>	<u>\$ 1,561,773</u>	<u>\$ 8,928,047</u>

Exhibit J-2

Union County, Tennessee

Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 97,570	\$ 6,934	\$ 104,504
2020	99,941	4,349	104,290
2021	56,958	1,691	58,649
Total	\$ 254,469	\$ 12,974	\$ 267,443

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 1,606,773	\$ 239,062	\$ 1,845,835
2020	1,646,773	204,261	1,851,034
2021	771,773	178,111	949,884
2022	781,773	169,411	951,184
2023	786,773	162,711	949,484
2024	736,773	155,649	892,422
2025	741,773	149,724	891,497
2026	795,636	143,087	938,723
2027	255,000	27,863	282,863
2028	260,000	21,488	281,488
2029	270,000	14,988	284,988
2030	275,000	7,561	282,561
Total	\$ 8,928,047	\$ 1,473,916	\$ 10,401,963

Exhibit J-3

Union County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Union County School Department
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Debt service for dump truck payment	\$ 59,024
Ambulance Service Fund	General Capital Projects	Repayment for prior year ambulance purchase	54,578
"	General Debt Service	Debt service for ambulance note	<u>45,480</u>
Total Transfers Primary Government			<u>\$ 159,082</u>
<u>DISCRETELY PRESENTED UNION COUNTY SCHOOL DEPARTMENT</u>			
Other Education Special Revenue	General Purpose School	Virtual academy revenue (4% per contract)	\$ 247,626
Other Capital Projects Fund	"	To close out Other Capital Projects Fund	20
General Purpose School	Central Cafeteria	Career ladder for food service director	1,000
"	Educational Capital Projects	Fiscal year 2018 Capital Projects	350,000
"	Educational Capital Projects	Transfer of excess fund balance per fund balance policy	<u>3,363,635</u>
Total Transfers Discretely Presented Union County School Department			<u>\$ 3,962,281</u>

Exhibit J-4

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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 79,326	\$ 100,000	State Farm Fire and Casualty Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	75,550	100,000	"
Director of Schools	State Board of Education and County Board of Education	105,290 (1)	100,000	Next Generation Underwriters
Trustee	Section 8-24-102, <i>TCA</i>	68,682	1,067,682	Auto-Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,682	(4)	
Finance Director	Financial Management Committee	62,818	100,000	State Farm Fire and Casualty Company
County Clerk	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	68,682 (3)	100,000	State Farm Fire and Casualty Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	76,150 (2)	100,000	"
Employee Blanket Bond - County and School Employees:				
Public Officials Liability Errors and Omissions			1,000,000	Tennessee Risk Management Trust
Employee Fidelity - County Departments			400,000	"
Employee Fidelity - School Department			400,000	

(1) Includes a local salary supplement of \$1,000 and a CEO supplement of \$1,000.

(2) Includes a law enforcement training supplement of \$600.

(3) Does not include \$19,845 of special commissioner fees.

(4) The Assessor of Property was covered by the \$400,000 employee blanket bond.

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2018

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,979,346	\$ 436,396	\$ 0	\$ 0	\$ 291,199	\$ 677,340
Trustee's Collections - Prior Year	91,608	14,162	0	0	9,390	23,709
Circuit Clerk/Clerk and Master Collections - Prior Years	98,301	14,556	0	0	9,687	22,437
Interest and Penalty	18,956	2,781	0	0	1,854	4,326
Payments in-Lieu-of Taxes - T.V.A.	4,595	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	366,252	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	382,208	0	0	0	0	0
Hotel/Motel Tax	55,448	0	0	0	0	0
Wheel Tax	0	0	0	0	0	486,635
Litigation Tax - General	29,579	0	0	0	0	0
Litigation Tax - Special Purpose	29,198	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	12,513	0	0	0	0	0
Business Tax	77,151	0	0	0	0	0
Mixed Drink Tax	6,901	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	88,330	0
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	88,165	0	0	0	0	0
Beer Privilege Tax	1,631	0	0	0	0	0
Interstate Telecommunications Tax	26,792	0	0	0	0	0
Total Local Taxes	\$ 4,268,644	\$ 467,895	\$ 0	\$ 0	\$ 400,460	\$ 1,214,447
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 40,530	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 1,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	68,050	0	0	0	0	0
Total Licenses and Permits	<u>\$ 109,768</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 16,986	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,355	0	0	0	0	0
Drug Control Fines	0	0	10,022	0	0	0
Data Entry Fee - Circuit Court	906	0	0	0	0	0
Victims Assistance Assessments	2,404	0	0	0	0	0
<u>Criminal Court</u>						
Fines	2,416	0	0	0	0	0
DUI Treatment Fines	724	0	0	0	0	0
Courtroom Security Fee	198	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	22,690	0	0	0	0	0
Officers Costs	17,450	0	0	0	0	0
Game and Fish Fines	562	0	0	0	0	0
Drug Control Fines	0	0	7,048	0	0	0
Data Entry Fee - General Sessions Court	15,903	0	0	0	0	0
Courtroom Security Fee	34	0	0	0	0	0
Victims Assistance Assessments	13,448	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	395	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court (Cont.)</u>						
Officers Costs	\$ 2,834	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	875	0	0	0	0	0
Data Entry Fee - Juvenile Court	518	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,444	0	0	0	0	0
Data Entry Fee - Chancery Court	592	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	21	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	22,207	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 105,755	\$ 0	\$ 39,277	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 11,117	\$ 974,612	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	11	0	0	0	0	0
Service Charges	0	54,382	0	0	0	0
<u>Fees</u>						
Engineer Review Fees	1,490	0	0	0	0	0
Copy Fees	1,177	0	0	0	0	0
Library Fees	1,261	0	0	0	0	0
Archives and Records Management Fee	28,784	0	0	0	0	0
Telephone Commissions	30,172	0	0	0	0	0
Vending Machine Collections	28,111	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	19,845	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Register	\$ 7,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Sheriff	2,891	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,650	0	0	0	0	0
Data Processing Fee - County Clerk	1,698	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	55	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	348,538	0	0	0	0	0
Total Charges for Current Services	\$ 467,817	\$ 1,028,994	\$ 0	\$ 19,845	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 147,188
Lease/Rentals	36,183	0	0	0	3,442	0
Sale of Materials and Supplies	0	0	0	0	981	0
Commissary Sales	14,416	0	0	0	0	0
Sale of Gasoline	0	0	0	0	10,044	0
Sale of Recycled Materials	290	0	0	0	889	0
Miscellaneous Refunds	4,257	3	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	4,418	0	5,622	0	21,550	0
Damages Recovered from Individuals	316	0	0	0	0	0
Contributions and Gifts	10,116	0	4,162	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	1,560	0	0	0	0	0
Total Other Local Revenues	\$ 71,556	\$ 3	\$ 9,784	\$ 0	\$ 36,906	\$ 147,188

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Clerk and Master	\$ 1,798	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	199,132	0	0	0	0	0
Circuit Court Clerk	62,998	0	0	0	0	0
General Sessions Court Clerk	83,099	0	0	0	0	0
Clerk and Master	87,294	0	0	0	0	0
Juvenile Court Clerk	17,639	0	0	0	0	0
Register	86,999	0	0	0	0	0
Sheriff	11,357	0	0	0	0	0
Trustee	262,088	0	0	0	0	0
Total Fees Received From County Officials	\$ 812,404	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	7,604	0	0	0	0	0
Other General Government Grants	1,000	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	15,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Public Health Nurses	89,527	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	546,104	0
Litter Program	37,079	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 27,162	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	17,839	0	0	0	0	0
Vehicle Certificate of Title Fees	7,094	0	0	0	0	0
Alcoholic Beverage Tax	40,170	0	0	0	0	0
State Revenue Sharing - T.V.A.	855,499	0	0	0	0	0
State Revenue Sharing - Telecommunications	3,059	0	0	0	0	0
Child Support Collections	23,615	0	0	0	0	0
Contracted Prisoner Boarding	192,832	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,775,825	0
Petroleum Special Tax	0	0	0	0	13,788	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Revenues	127,498	0	0	0	0	0
Total State of Tennessee	<u>\$ 1,469,142</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,335,717</u>	<u>\$ 0</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 6,996	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	79,484	0	0	0	0	0
Total Federal Government	<u>\$ 86,480</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 6,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 778,300
<u>Citizens Groups</u>						
Donations	500	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups (Cont.)</u>						
<u>Other</u>						
Other	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 7,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 778,300
 Total	 \$ 7,399,066	 \$ 1,496,892	 \$ 49,061	 \$ 19,845	 \$ 2,773,083	 \$ 2,139,935

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 210,783	\$ 4,595,064
Trustee's Collections - Prior Year	6,206	145,075
Circuit Clerk/Clerk and Master Collections - Prior Years	6,798	151,779
Interest and Penalty	1,341	29,258
Payments in-Lieu-of Taxes - T.V.A.	0	4,595
Payments in-Lieu-of Taxes - Local Utilities	0	366,252
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	382,208
Hotel/Motel Tax	0	55,448
Wheel Tax	0	486,635
Litigation Tax - General	0	29,579
Litigation Tax - Special Purpose	0	29,198
Litigation Tax - Jail, Workhouse, or Courthouse	0	12,513
Business Tax	0	77,151
Mixed Drink Tax	0	6,901
Mineral Severance Tax	0	88,330
<u>Statutory Local Taxes</u>		
Wholesale Beer Tax	0	88,165
Beer Privilege Tax	0	1,631
Interstate Telecommunications Tax	0	26,792
Total Local Taxes	<u>\$ 225,128</u>	<u>\$ 6,576,574</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 40,530

(Continued)

Exhibit J-5

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

	Capital Projects Fund		
	General Capital Projects	Total	
<hr/>			
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$	0	\$ 1,188
Building Permits		0	68,050
Total Licenses and Permits	\$	0	\$ 109,768
<hr/>			
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$	0	\$ 16,986
Officers Costs		0	5,355
Drug Control Fines		0	10,022
Data Entry Fee - Circuit Court		0	906
Victims Assistance Assessments		0	2,404
<u>Criminal Court</u>			
Fines		0	2,416
DUI Treatment Fines		0	724
Courtroom Security Fee		0	198
<u>General Sessions Court</u>			
Fines		0	22,690
Officers Costs		0	17,450
Game and Fish Fines		0	562
Drug Control Fines		0	7,048
Data Entry Fee - General Sessions Court		0	15,903
Courtroom Security Fee		0	34
Victims Assistance Assessments		0	13,448
<u>Juvenile Court</u>			
Fines		0	395

(Continued)

Exhibit J-5

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

	Capital Projects Fund		
	General Capital Projects	Total	
<hr/>			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Juvenile Court (Cont.)</u>			
Officers Costs	\$	0	\$ 2,834
Jail Fees		0	875
Data Entry Fee - Juvenile Court		0	518
<u>Chancery Court</u>			
Officers Costs		0	1,444
Data Entry Fee - Chancery Court		0	592
<u>Judicial District Drug Program</u>			
Courtroom Security Fee		0	21
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property		0	22,207
Total Fines, Forfeitures, and Penalties	<hr/>	<hr/>	<hr/>
	\$	0	\$ 145,032
<hr/>			
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	\$	0	\$ 985,729
Other General Service Charges		0	11
Service Charges		0	54,382
<u>Fees</u>			
Engineer Review Fees		0	1,490
Copy Fees		0	1,177
Library Fees		0	1,261
Archives and Records Management Fee		0	28,784
Telephone Commissions		0	30,172
Vending Machine Collections		0	28,111
Special Commissioner Fees/Special Master Fees		0	19,845

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Data Processing Fee - Register	\$ 0	\$ 7,862
Data Processing Fee - Sheriff	0	2,891
Sexual Offender Registration Fee - Sheriff	0	4,650
Data Processing Fee - County Clerk	0	1,698
Vehicle Insurance Coverage and Reinstatement Fees	0	55
<u>Education Charges</u>		
Other Charges for Services	0	348,538
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,516,656</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 147,188
Lease/Rentals	0	39,625
Sale of Materials and Supplies	0	981
Commissary Sales	0	14,416
Sale of Gasoline	0	10,044
Sale of Recycled Materials	0	1,179
Miscellaneous Refunds	0	4,260
<u>Nonrecurring Items</u>		
Sale of Equipment	0	31,590
Damages Recovered from Individuals	0	316
Contributions and Gifts	0	14,278
<u>Other Local Revenues</u>		
Other Local Revenues	0	1,560
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 265,437</u>

(Continued)

Exhibit J-5

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

	Capital Projects Fund		
	General Capital Projects	Total	
<hr/>			
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
Clerk and Master	\$	0	\$ 1,798
<u>Fees In-Lieu-of Salary</u>			
County Clerk		0	199,132
Circuit Court Clerk		0	62,998
General Sessions Court Clerk		0	83,099
Clerk and Master		0	87,294
Juvenile Court Clerk		0	17,639
Register		0	86,999
Sheriff		0	11,357
Trustee		0	262,088
Total Fees Received From County Officials	\$	0	\$ 812,404
<hr/>			
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$	0	\$ 9,000
Aging Programs		0	7,604
Other General Government Grants		0	1,000
<u>Public Safety Grants</u>			
Law Enforcement Training Programs		0	15,000
<u>Health and Welfare Grants</u>			
Public Health Nurses		0	89,527
<u>Public Works Grants</u>			
State Aid Program		0	546,104
Litter Program		0	37,079

(Continued)

Exhibit J-5

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

	Capital Projects Fund		
	General Capital Projects		Total
<hr/>			
State of Tennessee (Cont.)			
Other State Revenues			
Income Tax	\$	0	\$ 27,162
Beer Tax		0	17,839
Vehicle Certificate of Title Fees		0	7,094
Alcoholic Beverage Tax		0	40,170
State Revenue Sharing - T.V.A.		0	855,499
State Revenue Sharing - Telecommunications		0	3,059
Child Support Collections		0	23,615
Contracted Prisoner Boarding		0	192,832
Gasoline and Motor Fuel Tax		0	1,775,825
Petroleum Special Tax		0	13,788
Registrar's Salary Supplement		0	15,164
Other State Revenues		0	127,498
Total State of Tennessee	\$	0	\$ 3,804,859
<hr/>			
Federal Government			
Federal Through State			
Homeland Security Grants	\$	0	\$ 6,996
Other Federal through State		0	79,484
Total Federal Government	\$	0	\$ 86,480
<hr/>			
Other Governments and Citizens Groups			
Other Governments			
Contributions	\$	0	\$ 784,300
Citizens Groups			
Donations		0	500

(Continued)

Exhibit J-5

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

	Capital Projects Fund	
	General Capital Projects	Total
<hr/>		
<u>Other Governments and Citizens Groups (Cont.)</u>		
<u>Other</u>		
Other	\$ 0	\$ 1,000
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 785,800</u>
Total	<u>\$ 225,128</u>	<u>\$ 14,103,010</u>

Exhibit J-6

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Union County School Department
For the Year Ended June 30, 2018

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,424,399	\$ 0	\$ 0	\$ 0	\$ 2,424,399
Trustee's Collections - Prior Year	79,218	0	0	0	79,218
Circuit Clerk/Clerk and Master Collections - Prior Years	81,055	0	0	0	81,055
Interest and Penalty	15,454	0	0	0	15,454
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,032,097	0	0	0	1,032,097
Mixed Drink Tax	5,655	0	0	0	5,655
<u>Statutory Local Taxes</u>					
Bank Excise Tax	26,128	0	0	0	26,128
Total Local Taxes	<u>\$ 3,664,006</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,664,006</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,282	\$ 0	\$ 0	\$ 0	\$ 1,282
<u>Permits</u>					
Other Permits	206	0	0	0	206
Total Licenses and Permits	<u>\$ 1,488</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,488</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 20,590	\$ 0	\$ 20,590
A la Carte Sales	0	0	97,080	0	97,080
Contract for Instructional Services with Other LEA's	5,864	0	0	0	5,864
Community Service Fees - Children	288	0	0	0	288

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Other Charges for Services	\$ 39,632	\$ 0	\$ 0	\$ 0	\$ 39,632
Total Charges for Current Services	\$ 45,784	\$ 0	\$ 117,670	\$ 0	\$ 163,454
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,406	\$ 0	\$ 2,406
Lease/Rentals	1	0	0	0	1
Sale of Recycled Materials	200	0	0	0	200
Commodity Rebates	0	0	5,218	0	5,218
Miscellaneous Refunds	9,577	0	34	0	9,611
Expenditure Credits	3,085	0	0	0	3,085
<u>Nonrecurring Items</u>					
Sale of Equipment	15,170	0	60	0	15,230
Contributions and Gifts	50,000	0	0	0	50,000
Total Other Local Revenues	\$ 78,033	\$ 0	\$ 7,718	\$ 0	\$ 85,751
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 72,008	\$ 0	\$ 0	\$ 0	\$ 72,008
<u>State Education Funds</u>					
Basic Education Program	21,428,441	0	0	6,190,647	27,619,088
Early Childhood Education	320,682	0	0	0	320,682
School Food Service	0	0	14,924	0	14,924
Driver Education	7,070	0	0	0	7,070

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	\$ 511,500	\$ 0	\$ 0	\$ 0	\$ 511,500
Career Ladder Program	60,817	0	0	0	60,817
Vocational Equipment	128,660	0	0	0	128,660
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	213,875	0	0	0	213,875
Other State Revenues	5,000	0	0	0	5,000
Total State of Tennessee	<u>\$ 22,748,053</u>	<u>\$ 0</u>	<u>\$ 14,924</u>	<u>\$ 6,190,647</u>	<u>\$ 28,953,624</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,166,847	\$ 0	\$ 1,166,847
USDA - Commodities	0	0	138,623	0	138,623
Breakfast	0	0	371,183	0	371,183
USDA - Other	0	0	13,004	0	13,004
Vocational Education - Basic Grants to States	0	58,867	0	0	58,867
Title I Grants to Local Education Agencies	0	1,251,089	0	0	1,251,089
Special Education - Grants to States	26,319	942,586	0	0	968,905
Special Education Preschool Grants	1,633	21,152	0	0	22,785
English Language Acquisition Grants	0	1,564	0	0	1,564
Rural Education	0	67,597	0	0	67,597
Eisenhower Professional Development State Grants	0	70,894	0	0	70,894
Other Federal through State	260,014	103,722	21,000	0	384,736
Total Federal Government	<u>\$ 287,966</u>	<u>\$ 2,517,471</u>	<u>\$ 1,710,657</u>	<u>\$ 0</u>	<u>\$ 4,516,094</u>
Total	<u>\$ 26,825,330</u>	<u>\$ 2,517,471</u>	<u>\$ 1,850,969</u>	<u>\$ 6,190,647</u>	<u>\$ 37,384,417</u>

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	51,811	
Social Security		3,212	
Employer Medicare		751	
Audit Services		7,070	
Total County Commission			\$ 62,844

Board of Equalization

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

Beer Board

Board and Committee Members Fees	\$	700	
Social Security		43	
Employer Medicare		10	
Data Processing Services		116	
Total Beer Board			869

County Mayor/Executive

County Official/Administrative Officer	\$	79,326	
Secretary(ies)		30,028	
Part-time Personnel		6,946	
Social Security		6,864	
Pensions		6,127	
Medical Insurance		7,719	
Unemployment Compensation		167	
Employer Medicare		1,605	
Communication		5,409	
Dues and Memberships		1,409	
Legal Notices, Recording, and Court Costs		386	
Maintenance and Repair Services - Equipment		756	
Printing, Stationery, and Forms		730	
Travel		2,442	
Other Contracted Services		1,815	
Food Supplies		224	
Office Supplies		6,707	
Data Processing Equipment		610	
Total County Mayor/Executive			159,270

County Attorney

County Official/Administrative Officer	\$	11,163	
Legal Services		2,000	
Total County Attorney			13,163

Election Commission

County Official/Administrative Officer	\$	62,818	
Deputy(ies)		21,825	
Election Commission		1,850	

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Election Workers	\$	45	
Social Security		4,946	
Pensions		4,398	
Medical Insurance		10,877	
Unemployment Compensation		168	
Employer Medicare		1,157	
Communication		2,388	
Data Processing Services		12,545	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		194	
Maintenance and Repair Services - Equipment		1,273	
Postal Charges		116	
Printing, Stationery, and Forms		191	
Travel		4,766	
Other Contracted Services		506	
Office Supplies		3,610	
Office Equipment		1,524	
Total Election Commission			\$ 135,422

Register of Deeds

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		55,662	
Social Security		7,472	
Pensions		6,552	
Medical Insurance		7,809	
Unemployment Compensation		168	
Employer Medicare		1,747	
Communication		2,388	
Data Processing Services		7,184	
Dues and Memberships		632	
Maintenance and Repair Services - Office Equipment		660	
Travel		197	
Other Contracted Services		85	
Office Supplies		922	
Total Register of Deeds			160,160

Development

Board and Committee Members Fees	\$	1,550	
Social Security		96	
Employer Medicare		22	
Consultants		4,800	
Total Development			6,468

County Buildings

Maintenance Personnel	\$	67,323	
Social Security		4,079	
Pensions		3,547	

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Medical Insurance	\$	7,647	
Unemployment Compensation		180	
Employer Medicare		954	
Janitorial Services		20,000	
Maintenance Agreements		7,234	
Maintenance and Repair Services - Buildings		35,699	
Maintenance and Repair Services - Vehicles		452	
Pest Control		420	
Travel		332	
Custodial Supplies		5,517	
Electricity		51,421	
Gasoline		448	
Propane Gas		17,670	
Water and Sewer		33,864	
Building and Contents Insurance		106,446	
Furniture and Fixtures		1,398	
Total County Buildings			\$ 364,631

Other General Administration

Part-time Personnel	\$	12,026	
Social Security		746	
Unemployment Compensation		144	
Employer Medicare		174	
Communication		1,583	
Contracts with Government Agencies		80,000	
Contracts with Private Agencies		3,241	
Data Processing Services		2,595	
Dues and Memberships		3,529	
Legal Notices, Recording, and Court Costs		60	
Maintenance and Repair Services - Vehicles		2,394	
Postal Charges		18,977	
Gasoline		3,355	
Building Improvements		29,508	
Other Equipment		7,481	
Total Other General Administration			165,813

FinanceAccounting and Budgeting

Supervisor/Director	\$	62,818	
Accountants/Bookkeepers		129,519	
Overtime Pay		807	
Social Security		10,701	
Pensions		10,114	
Medical Insurance		31,610	
Unemployment Compensation		420	
Employer Medicare		2,503	
Communication		3,812	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Data Processing Services	\$	17,898	
Dues and Memberships		365	
Legal Notices, Recording, and Court Costs		1,056	
Postal Charges		2,634	
Travel		163	
Custodial Supplies		204	
Office Supplies		2,456	
In Service/Staff Development		540	
Office Equipment		7,421	
Total Accounting and Budgeting			\$ 285,041

Property Assessor's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		27,689	
Clerical Personnel		31,015	
Other Salaries and Wages		20,941	
Social Security		8,918	
Pensions		7,816	
Medical Insurance		10,003	
Unemployment Compensation		261	
Employer Medicare		2,085	
Communication		2,580	
Contracts with Other Public Agencies		17,578	
Dues and Memberships		40	
Postal Charges		748	
Printing, Stationery, and Forms		1,232	
Travel		1,927	
Office Supplies		1,609	
Office Equipment		974	
Total Property Assessor's Office			204,098

County Trustee's Office

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		81,235	
Social Security		8,312	
Pensions		7,636	
Medical Insurance		22,361	
Unemployment Compensation		280	
Employer Medicare		1,944	
Communication		1,257	
Data Processing Services		8,342	
Dues and Memberships		582	
Legal Notices, Recording, and Court Costs		1,200	
Maintenance and Repair Services - Buildings		400	
Maintenance and Repair Services - Office Equipment		355	
Postal Charges		3,849	
Printing, Stationery, and Forms		6,799	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)County Trustee's Office (Cont.)

Travel	\$	962	
Office Supplies		1,792	
Office Equipment		6,021	
Total County Trustee's Office			\$ 222,009

County Clerk's Office

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		161,585	
Part-time Personnel		8,884	
Educational Incentive - Other County Employees		800	
Social Security		14,123	
Pensions		12,175	
Medical Insurance		18,560	
Unemployment Compensation		596	
Employer Medicare		3,303	
Communication		2,496	
Data Processing Services		11,542	
Dues and Memberships		2,542	
Janitorial Services		2,100	
Maintenance and Repair Services - Buildings		1,976	
Pest Control		528	
Postal Charges		7,512	
Printing, Stationery, and Forms		8,157	
Travel		2,977	
Maintenance and Repair Services - Records		2,814	
Electricity		4,215	
Office Supplies		1,343	
Water and Sewer		505	
Total County Clerk's Office			337,415

Other Finance

Trustee's Commission	\$	92,824	
Total Other Finance			92,824

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		102,295	
Jury and Witness Expense		7,946	
Social Security		10,358	
Pensions		8,508	
Medical Insurance		7,478	
Unemployment Compensation		446	
Employer Medicare		2,422	
Communication		2,391	
Contributions		337	
Data Processing Services		18,779	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court (Cont.)

Dues and Memberships	\$	664	
Electricity		466	
Library Books/Media		12,144	
Office Supplies		8,689	
Office Equipment		3,492	
Total Circuit Court			\$ 255,097

General Sessions Court

Judge(s)	\$	100,201	
Other Salaries and Wages		25,290	
Social Security		7,381	
Pensions		6,613	
Medical Insurance		10,082	
Unemployment Compensation		84	
Employer Medicare		1,726	
Travel		2,616	
Office Supplies		968	
Total General Sessions Court			154,961

Chancery Court

County Official/Administrative Officer	\$	68,682	
Clerical Personnel		59,925	
Social Security		7,779	
Pensions		6,777	
Medical Insurance		7,746	
Unemployment Compensation		168	
Employer Medicare		1,819	
Communication		1,975	
Data Processing Services		5,428	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		1,625	
Maintenance and Repair Services - Office Equipment		480	
Electricity		466	
Office Supplies		5,632	
Office Equipment		1,120	
Total Chancery Court			170,129

Victim Assistance Programs

Contributions	\$	15,610	
Total Victim Assistance Programs			15,610

Public SafetySheriff's Department

County Official/Administrative Officer	\$	75,550	
Supervisor/Director		46,508	
Deputy(ies)		540,050	
Investigator(s)		174,631	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Salary Supplements	\$	15,000	
Secretary(ies)		30,762	
Social Security		52,274	
Pensions		45,095	
Medical Insurance		70,477	
Unemployment Compensation		2,145	
Employer Medicare		12,225	
Communication		16,553	
Contributions		2,000	
Data Processing Services		3,288	
Dues and Memberships		1,500	
Evaluation and Testing		984	
Maintenance and Repair Services - Buildings		1,233	
Maintenance and Repair Services - Equipment		125	
Maintenance and Repair Services - Office Equipment		1,074	
Maintenance and Repair Services - Vehicles		19,412	
Pest Control		594	
Travel		1,370	
Tuition		7,485	
Custodial Supplies		820	
Electricity		12,874	
Food Supplies		1,645	
Gasoline		105,799	
Law Enforcement Supplies		11,733	
Office Supplies		6,269	
Tires and Tubes		13,397	
Uniforms		13,870	
Vehicle Parts		16,800	
Water and Sewer		1,125	
Criminal Investigation of Applicants - TBI		2,829	
Motor Vehicles		3,830	
Office Equipment		568	
Total Sheriff's Department			\$ 1,311,894

Special Patrols

Deputy(ies)	\$	123,249	
Social Security		6,972	
Pensions		6,455	
Medical Insurance		20,479	
Unemployment Compensation		314	
Employer Medicare		1,631	
Uniforms		1,580	
Total Special Patrols			160,680

Jail

Supervisor/Director	\$	38,966	
Guards		560,482	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Secretary(ies)	\$	30,718	
Social Security		37,894	
Pensions		33,045	
Medical Insurance		53,347	
Unemployment Compensation		2,819	
Employer Medicare		8,862	
Communication		4,494	
Evaluation and Testing		1,000	
Maintenance and Repair Services - Buildings		5,780	
Maintenance and Repair Services - Office Equipment		1,492	
Maintenance and Repair Services - Vehicles		4,321	
Pest Control		420	
Travel		599	
Other Contracted Services		118,771	
Custodial Supplies		12,776	
Drugs and Medical Supplies		66,844	
Food Preparation Supplies		854	
Food Supplies		130,464	
Law Enforcement Supplies		4,681	
Office Supplies		4,929	
Prisoners Clothing		2,149	
Uniforms		7,219	
Vehicle Parts		1,400	
Other Supplies and Materials		2,690	
Other Charges		64,998	
Office Equipment		3,137	
Total Jail			\$ 1,205,151

Juvenile Services

Youth Service Officer(s)	\$	23,868	
Psychological Personnel		34,348	
Social Security		3,464	
Pensions		2,941	
Medical Insurance		4,503	
Unemployment Compensation		227	
Employer Medicare		810	
Communication		2,028	
Contracts with Private Agencies		1,750	
Travel		533	
Office Supplies		1,958	
Office Equipment		2,365	
Total Juvenile Services			78,795

Fire Prevention and Control

Contributions	\$	81,000	
Total Fire Prevention and Control			81,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Rescue Squad

Contributions	\$ 22,000	
Total Rescue Squad		\$ 22,000

Other Emergency Management

Contracts with Private Agencies	\$ 151,000	
Total Other Emergency Management		151,000

County Coroner/Medical Examiner

Other Contracted Services	\$ 34,708	
Total County Coroner/Medical Examiner		34,708

Public Health and WelfareLocal Health Center

Communication	\$ 3,626	
Contracts with Private Agencies	1,053	
Dues and Memberships	200	
Janitorial Services	6,900	
Legal Notices, Recording, and Court Costs	272	
Maintenance and Repair Services - Buildings	33,482	
Pest Control	420	
Postal Charges	796	
Electricity	9,767	
Food Supplies	99	
Instructional Supplies and Materials	4,167	
Office Supplies	3,302	
Water and Sewer	1,267	
Liability Insurance	11,374	
Office Equipment	1,891	
Total Local Health Center		78,616

Other Local Health Services

Medical Personnel	\$ 104,450	
Social Security	6,221	
Handling Charges and Administrative Costs	29	
Pensions	4,954	
Medical Insurance	3,925	
Unemployment Compensation	415	
Employer Medicare	1,455	
Travel	4,334	
Instructional Supplies and Materials	3,943	
Workers' Compensation Insurance	127	
Total Other Local Health Services		129,853

Appropriation to State

Contracts with Government Agencies	\$ 22,788	
Total Appropriation to State		22,788

(Continued)

Exhibit J-7

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	\$ 12,576	
Total Sanitation Management		\$ 12,576

Convenience Centers

Disposal Fees	\$ 153,000	
Total Convenience Centers		153,000

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Supervisor/Director	\$ 49,092	
Part-time Personnel	10,751	
Social Security	3,564	
Pensions	2,587	
Medical Insurance	7,506	
Unemployment Compensation	276	
Employer Medicare	834	
Communication	2,093	
Contributions	7,000	
Maintenance and Repair Services - Buildings	1,842	
Maintenance and Repair Services - Office Equipment	480	
Maintenance and Repair Services - Vehicles	277	
Pest Control	417	
Rentals	4,700	
Travel	921	
Custodial Supplies	448	
Electricity	16,850	
Gasoline	1,059	
Office Supplies	89	
Water and Sewer	1,672	
Total Senior Citizens Assistance		112,458

Libraries

Librarians	\$ 54,804	
Other Salaries and Wages	56,152	
Social Security	6,267	
Pensions	4,591	
Medical Insurance	17,197	
Unemployment Compensation	604	
Employer Medicare	1,466	
Communication	2,161	
Contracts with Public Carriers	600	
Pest Control	417	
Travel	917	
Custodial Supplies	1,198	
Library Books/Media	1,997	
Office Supplies	6,194	
Other Charges	36,776	
Office Equipment	4,600	
Total Libraries		195,941

(Continued)

Exhibit J-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Parks and Fair Boards

Maintenance and Repair Services - Buildings	\$	801	
Maintenance and Repair Services - Equipment		367	
Maintenance and Repair Services - Vehicles		166	
Other Contracted Services		23,620	
Electricity		7,678	
Food Supplies		71	
Gasoline		765	
General Construction Materials		7,821	
Other Supplies and Materials		6,056	
Maintenance Equipment		8,920	
Health Equipment		14,986	
Total Parks and Fair Boards			\$ 71,251

Agriculture and Natural ResourcesAgricultural Extension Service

Part-time Personnel	\$	5,166	
Social Security		320	
Unemployment Compensation		62	
Employer Medicare		75	
Contracts with Government Agencies		44,850	
Contracts with Private Agencies		1,112	
Data Processing Services		2,009	
Operating Lease Payments		7,200	
Travel		1,000	
Custodial Supplies		347	
Electricity		3,731	
Office Supplies		1,100	
Water and Sewer		480	
Total Agricultural Extension Service			67,452

Forest Service

Contributions	\$	500	
Total Forest Service			500

Soil Conservation

Secretary(ies)	\$	34,205	
Social Security		2,056	
Pensions		1,802	
Medical Insurance		3,749	
Unemployment Compensation		84	
Employer Medicare		481	
Data Processing Services		1,828	
Dues and Memberships		685	
Rentals		2,750	
Travel		172	
Other Contracted Services		5,000	
Electricity		2,367	

(Continued)

Exhibit J-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Soil Conservation (Cont.)

Instructional Supplies and Materials	\$	2,491	
Office Supplies		229	
Water and Sewer		552	
Total Soil Conservation			\$ 58,451

Other OperationsVeterans' Services

Supervisor/Director	\$	14,524	
Social Security		882	
Unemployment Compensation		96	
Employer Medicare		206	
Communication		2,015	
Contracts with Private Agencies		399	
Total Veterans' Services			18,122

Other Charges

Contributions	\$	93,750	
Total Other Charges			93,750

Employee Benefits

Workers' Compensation Insurance	\$	49,932	
Total Employee Benefits			49,932

Miscellaneous

State Aid Projects	\$	6,996	
Total Miscellaneous			6,996

HighwaysLitter and Trash Collection

Deputy(ies)	\$	26,070	
Part-time Personnel		3,500	
Social Security		1,831	
Pensions		1,558	
Medical Insurance		13	
Unemployment Compensation		93	
Employer Medicare		428	
Maintenance and Repair Services - Vehicles		633	
Travel		137	
Gasoline		4,616	
Instructional Supplies and Materials		5,452	
Office Supplies		94	
Uniforms		346	
Total Litter and Trash Collection			44,771

Total General Fund \$ 6,968,289

(Continued)

Exhibit J-7

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

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Supervisor/Director	\$	51,324	
Clerical Personnel		25,012	
Attendants		721,075	
In-service Training		1,598	
Social Security		58,469	
Pensions		39,903	
Medical Insurance		87,442	
Communication		15,152	
Contracts with Government Agencies		17,123	
Data Processing Services		7,659	
Dues and Memberships		634	
Fiscal Agent Charges		4,500	
Licenses		2,650	
Maintenance and Repair Services - Buildings		3,472	
Maintenance and Repair Services - Equipment		290	
Maintenance and Repair Services - Vehicles		48,328	
Medical and Dental Services		285	
Postal Charges		1,368	
Printing, Stationery, and Forms		134	
Travel		1,122	
Disposal Fees		3,500	
Other Contracted Services		8,400	
Custodial Supplies		2,345	
Data Processing Supplies		755	
Diesel Fuel		45,374	
Drugs and Medical Supplies		45,919	
Electricity		12,411	
Natural Gas		3,091	
Office Supplies		853	
Tires and Tubes		6,783	
Uniforms		3,119	
Water and Sewer		1,608	
Other Supplies and Materials		12,902	
Liability Insurance		7,209	
Premiums on Corporate Surety Bonds		320	
Trustee's Commission		20,827	
Vehicle and Equipment Insurance		7,053	
Workers' Compensation Insurance		45,727	
Data Processing Equipment		6,944	
Transportation Equipment		8,225	
Total Ambulance/Emergency Medical Services			\$ 1,330,905

Total Ambulance Service Fund

\$ 1,330,905

(Continued)

Exhibit J-7

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

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$	5,000	
Evaluation and Testing		1,125	
Veterinary Services		132	
Animal Food and Supplies		912	
Law Enforcement Supplies		20,232	
Trustee's Commission		400	
Other Charges		16,481	
Motor Vehicles		1,170	
Total Drug Enforcement			\$ 45,452

Total Drug Control Fund \$ 45,452

Constitutional Officers - Fees FundAdministration of JusticeChancery Court

Special Commissioner Fees/Special Master Fees	\$	19,845	
Total Chancery Court			\$ 19,845

Total Constitutional Officers - Fees Fund 19,845

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	75,550	
Assistant(s)		38,275	
Secretary(ies)		28,937	
Board and Committee Members Fees		16,600	
Social Security		9,565	
Pensions		8,592	
Medical Insurance		38,270	
Employer Medicare		2,119	
Dues and Memberships		2,243	
Fiscal Agent Charges		15,000	
Maintenance and Repair Services - Buildings		585	
Office Supplies		693	
Total Administration			\$ 236,429

Highway and Bridge Maintenance

Foremen	\$	63,916	
Equipment Operators - Heavy		111,371	
Equipment Operators - Light		158,867	
Truck Drivers		26,644	
Laborers		22,903	
Social Security		22,475	
Pensions		23,026	
Medical Insurance		124,243	
Employer Medicare		5,022	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$	46,953	
Asphalt - Cold Mix		195	
Asphalt - Hot Mix		1,355,970	
Crushed Stone		30,866	
Other Road Materials		1,857	
Pipe - Metal		6,885	
Road Signs		5,343	
Total Highway and Bridge Maintenance			\$ 2,006,536

Operation and Maintenance of Equipment

Mechanic(s)	\$	31,959	
Social Security		1,858	
Pensions		1,923	
Medical Insurance		14,918	
Employer Medicare		414	
Diesel Fuel		32,377	
Equipment Parts - Heavy		6,423	
Equipment Parts - Light		17,639	
Garage Supplies		3,044	
Gasoline		38,269	
Lubricants		3,164	
Tires and Tubes		8,698	
Total Operation and Maintenance of Equipment			160,686

Ferry Operations

Equipment Operators - Heavy	\$	56,585	
Social Security		3,270	
Pensions		3,404	
Medical Insurance		19,498	
Employer Medicare		729	
Total Ferry Operations			83,486

Other Charges

Communication	\$	4,101	
Electricity		5,097	
Water and Sewer		423	
Trustee's Commission		24,674	
Vehicle and Equipment Insurance		25,999	
Workers' Compensation Insurance		31,948	
Total Other Charges			92,242

Capital Outlay

Highway Equipment	\$	174,258	
Total Capital Outlay			174,258

Total Highway/Public Works Fund \$ 2,753,637

(Continued)

Exhibit J-7

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

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 66,795	
Principal on Notes	<u>95,531</u>	
Total General Government		\$ 162,326

Education

Principal on Bonds	\$ <u>1,494,978</u>	
Total Education		1,494,978

Interest on DebtGeneral Government

Interest on Bonds	\$ 6,259	
Interest on Notes	<u>8,974</u>	
Total General Government		15,233

Education

Interest on Bonds	\$ <u>266,253</u>	
Total Education		266,253

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 20,062	
Other Debt Service	<u>1,152</u>	
Total General Government		21,214

Education

Other Debt Service	\$ <u>7,160</u>	
Total Education		<u>7,160</u>

Total General Debt Service Fund \$ 1,967,164

General Capital Projects FundCapital ProjectsGeneral Administration Projects

Maintenance and Repair Services - Buildings	\$ 174,477	
Trustee's Commission	4,469	
Other Construction	<u>25,143</u>	
Total General Administration Projects		\$ 204,089

Administration of Justice Projects

Motor Vehicles	\$ <u>13,500</u>	
Total Administration of Justice Projects		13,500

Public Health and Welfare Projects

Transportation Equipment	\$ <u>130,000</u>	
Total Public Health and Welfare Projects		130,000

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Social, Cultural, and Recreation Projects</u>			
Other Construction	\$	10,454	
Total Social, Cultural, and Recreation Projects			\$ 10,454
Total General Capital Projects Fund			\$ 358,043
Total Governmental Funds - Primary Government			\$ 13,443,335

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department
For the Year Ended June 30, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,446,821	
Career Ladder Program	36,000	
Homebound Teachers	4,440	
Educational Assistants	135,388	
Bonus Payments	152,946	
Other Salaries and Wages	4,493	
Social Security	450,208	
Pensions	694,463	
Employee and Dependent Insurance	17,538	
Life Insurance	3,654	
Medical Insurance	932,878	
Unemployment Compensation	7,876	
Employer Medicare	105,291	
Tuition	8,179	
Contracts for Substitute Teachers - Certified	194,164	
Contracts for Substitute Teachers - Non-certified	8,108	
Gasoline	450	
Instructional Supplies and Materials	101,091	
Textbooks - Bound	18,291	
Regular Instruction Equipment	3,824	
Vocational Instruction Equipment	18,919	
Total Regular Instruction Program		\$ 10,345,022

Special Education Program

Teachers	\$ 940,600	
Career Ladder Program	5,500	
Homebound Teachers	4,875	
Educational Assistants	286,157	
Speech Pathologist	126,189	
Other Salaries and Wages	37,250	
Non-certified Substitute Teachers	64	
Social Security	81,988	
Pensions	115,041	
Employee and Dependent Insurance	38,944	
Life Insurance	837	
Medical Insurance	138,704	
Unemployment Compensation	2,107	
Employer Medicare	19,175	
Contracts for Substitute Teachers - Certified	19,373	
Contracts for Substitute Teachers - Non-certified	13,388	
Instructional Supplies and Materials	14,160	
Other Supplies and Materials	18,961	
Special Education Equipment	3,730	
Total Special Education Program		1,867,043

(Continued)

Exhibit J-8

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.)Career and Technical Education Program

Teachers	\$	677,766	
Career Ladder Program		1,000	
Social Security		38,781	
Pensions		60,438	
Life Insurance		317	
Medical Insurance		105,285	
Unemployment Compensation		687	
Employer Medicare		9,070	
Communication		1,180	
Operating Lease Payments		1,668	
Maintenance and Repair Services - Buildings		2,095	
Maintenance and Repair Services - Equipment		1,745	
Rentals		240	
Contracts for Substitute Teachers - Certified		19,956	
Duplicating Supplies		3,393	
Instructional Supplies and Materials		10,697	
Other Supplies and Materials		9,314	
Vocational Instruction Equipment		132,678	
Total Career and Technical Education Program	\$		1,076,310

Support ServicesHealth Services

Supervisor/Director	\$	57,311	
Medical Personnel		131,500	
Clerical Personnel		17,336	
Social Security		11,893	
Pensions		17,652	
Employee and Dependent Insurance		4,694	
Life Insurance		98	
Medical Insurance		18,115	
Unemployment Compensation		220	
Employer Medicare		2,781	
Communication		2,332	
Travel		6,876	
Contracts for Substitute Teachers - Certified		18,786	
Drugs and Medical Supplies		1,972	
Other Supplies and Materials		6,505	
Total Health Services			298,071

Other Student Support

Guidance Personnel	\$	285,662	
Social Workers		8,599	
Secretary(ies)		21,463	
Other Salaries and Wages		46,711	
Social Security		21,421	
Pensions		26,494	

(Continued)

Exhibit J-8

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.)Other Student Support (Cont.)

Life Insurance	\$	152	
Medical Insurance		32,780	
Unemployment Compensation		400	
Employer Medicare		5,010	
Contracts with Government Agencies		111,709	
Evaluation and Testing		13,646	
Total Other Student Support			\$ 574,047

Regular Instruction Program

Supervisor/Director	\$	170,405	
Career Ladder Program		3,000	
Librarians		100,521	
Social Security		16,798	
Pensions		25,823	
Life Insurance		82	
Medical Insurance		25,292	
Unemployment Compensation		174	
Employer Medicare		3,929	
Communication		1,016	
Contracts with Private Agencies		27,000	
Dues and Memberships		255	
Travel		65,262	
Contracts for Substitute Teachers - Certified		2,852	
Contracts for Substitute Teachers - Non-certified		160	
Other Contracted Services		56,500	
Food Supplies		589	
Library Books/Media		625	
Office Supplies		15,035	
Other Supplies and Materials		36,166	
In Service/Staff Development		46,909	
Office Equipment		5,290	
Regular Instruction Equipment		29,096	
Total Regular Instruction Program			632,779

Special Education Program

Career Ladder Program	\$	1,000	
Secretary(ies)		161,988	
Other Salaries and Wages		184,241	
Social Security		20,451	
Pensions		25,327	
Employee and Dependent Insurance		18,776	
Life Insurance		180	
Medical Insurance		20,168	
Unemployment Compensation		416	
Employer Medicare		4,783	
Communication		3,849	

(Continued)

Exhibit J-8

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.)Special Education Program (Cont.)

Postal Charges	\$	1,000	
Travel		4,110	
Tuition		3,335	
Other Contracted Services		99,034	
Duplicating Supplies		3,098	
Other Supplies and Materials		31,350	
In Service/Staff Development		26,954	
Other Equipment		8,264	
Total Special Education Program			\$ 618,324

Career and Technical Education Program

Supervisor/Director	\$	82,427	
Secretary(ies)		30,010	
Social Security		6,845	
Pensions		9,254	
Employee and Dependent Insurance		4,694	
Life Insurance		36	
Unemployment Compensation		84	
Employer Medicare		1,601	
Communication		541	
Travel		4,471	
Total Career and Technical Education Program			139,963

Technology

Other Salaries and Wages	\$	253,809	
Social Security		15,268	
Pensions		17,738	
Employee and Dependent Insurance		239	
Life Insurance		99	
Medical Insurance		8,988	
Unemployment Compensation		227	
Employer Medicare		3,571	
Communication		2,713	
Contracts with Other Public Agencies		3,000	
Maintenance and Repair Services - Equipment		12,658	
Maintenance and Repair Services - Office Equipment		25,089	
Internet Connectivity		38,672	
Travel		5,987	
Gasoline		461	
Vehicle Parts		135	
Software		49,047	
In Service/Staff Development		89	
Other Equipment		325,335	
Total Technology			763,125

(Continued)

Exhibit J-8

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.)Other Programs

On-behalf Payments to OPEB	\$	72,008	
Total Other Programs			\$ 72,008

Board of Education

Secretary to Board	\$	3,600	
Secretary(ies)		19,798	
Clerical Personnel		47,029	
Board and Committee Members Fees		25,200	
Social Security		5,820	
Pensions		4,292	
Employee and Dependent Insurance		1,728	
Life Insurance		36	
Unemployment Compensation		86	
Employer Medicare		1,361	
Audit Services		11,200	
Contributions		2,500	
Dues and Memberships		14,526	
Operating Lease Payments		1,404	
Legal Services		43,221	
Legal Notices, Recording, and Court Costs		11	
Travel		380	
Duplicating Supplies		4,253	
Other Supplies and Materials		5,993	
Liability Insurance		98,175	
Trustee's Commission		92,359	
Workers' Compensation Insurance		131,771	
In Service/Staff Development		3,035	
Fee Waivers		4,719	
Total Board of Education			522,497

Director of Schools

County Official/Administrative Officer	\$	103,290	
Career Ladder Program		1,000	
Salary Supplements		1,000	
Social Security		6,560	
Pensions		9,560	
Life Insurance		18	
Medical Insurance		16,239	
Unemployment Compensation		42	
Employer Medicare		1,534	
Communication		6,446	
Dues and Memberships		2,546	
Postal Charges		116	
Travel		5,097	
Office Supplies		710	
Fines, Assessments, and Penalties		5,230	
Total Director of Schools			159,388

(Continued)

Exhibit J-8

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	\$	570,713	
Career Ladder Program		5,000	
Assistant Principals		153,753	
Secretary(ies)		315,471	
Social Security		61,431	
Pensions		85,220	
Employee and Dependent Insurance		21,288	
Life Insurance		528	
Medical Insurance		85,851	
Unemployment Compensation		1,066	
Employer Medicare		14,367	
Communication		71,911	
Operating Lease Payments		20,328	
Contracts for Substitute Teachers - Certified		1,044	
Duplicating Supplies		29,303	
Total Office of the Principal			\$ 1,437,274

Fiscal Services

Fiscal Agent Charges	\$	202,214	
Total Fiscal Services			202,214

Operation of Plant

Custodial Personnel	\$	644,227	
Social Security		37,931	
Pensions		35,563	
Employee and Dependent Insurance		46,449	
Life Insurance		539	
Unemployment Compensation		1,648	
Employer Medicare		8,871	
Contracts with Government Agencies		190	
Contracts with Private Agencies		90,759	
Permits		1,440	
Custodial Supplies		62,306	
Electricity		681,430	
Natural Gas		63,859	
Water and Sewer		23,615	
Building and Contents Insurance		135,585	
Total Operation of Plant			1,834,412

Maintenance of Plant

Maintenance Personnel	\$	131,718	
Social Security		7,913	
Pensions		8,015	
Life Insurance		54	
Medical Insurance		13,702	
Unemployment Compensation		119	

(Continued)

Exhibit J-8

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.)Maintenance of Plant (Cont.)

Employer Medicare	\$	1,851	
Communication		1,379	
Contracts with Private Agencies		39,125	
Maintenance and Repair Services - Buildings		106,625	
Maintenance and Repair Services - Equipment		84,833	
Maintenance and Repair Services - Vehicles		298	
Travel		520	
Gasoline		2,578	
Uniforms		1,052	
Total Maintenance of Plant			\$ 399,782

Transportation

Bus Drivers	\$	17,084	
Other Salaries and Wages		54,245	
Social Security		4,400	
Pensions		1,302	
Life Insurance		4	
Unemployment Compensation		322	
Employer Medicare		1,029	
Contracts with Private Agencies		677	
Contracts with Parents		735	
Contracts with Vehicle Owners		1,053,543	
Evaluation and Testing		3,751	
Maintenance and Repair Services - Vehicles		2,250	
Diesel Fuel		8,334	
Gravel and Chert		107	
Transportation Equipment		95,971	
Total Transportation			1,243,754

Operation of Non-Instructional ServicesCommunity Services

Other Salaries and Wages	\$	54,048	
Social Security		2,845	
Pensions		3,254	
Employee and Dependent Insurance		4,792	
Life Insurance		38	
Medical Insurance		12,371	
Unemployment Compensation		120	
Employer Medicare		665	
Total Community Services			78,133

Early Childhood Education

Supervisor/Director	\$	6,869	
Teachers		121,971	
Educational Assistants		57,404	
Other Salaries and Wages		1,910	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Social Security	\$	10,805	
Pensions		14,614	
Life Insurance		144	
Medical Insurance		14,955	
Unemployment Compensation		358	
Employer Medicare		2,527	
Maintenance and Repair Services - Equipment		1,287	
Travel		323	
Contracts for Substitute Teachers - Certified		1,768	
Contracts for Substitute Teachers - Non-certified		3,518	
Instructional Supplies and Materials		14,951	
Other Supplies and Materials		32,676	
In Service/Staff Development		6,702	
Other Equipment		29,392	
Total Early Childhood Education			\$ 322,174

Other Debt ServiceEducation

Other Debt Service	\$	778,300	
Total Education			<u>778,300</u>

Total General Purpose School Fund \$ 23,364,620

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	185,481	
Educational Assistants		254,894	
Other Salaries and Wages		1,600	
Social Security		26,577	
Pensions		32,178	
Life Insurance		415	
Medical Insurance		33,536	
Unemployment Compensation		956	
Employer Medicare		6,216	
Contracts for Substitute Teachers - Certified		1,945	
Contracts for Substitute Teachers - Non-certified		20,737	
Instructional Supplies and Materials		128,661	
Other Supplies and Materials		2,146	
Other Charges		1,863	
Regular Instruction Equipment		166,000	
Total Regular Instruction Program			\$ 863,205

Special Education Program

Teachers	\$	269,288	
Educational Assistants		147,618	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Speech Pathologist	\$	26,909	
Social Security		26,199	
Pensions		33,338	
Employee and Dependent Insurance		17,970	
Life Insurance		297	
Medical Insurance		30,288	
Unemployment Compensation		736	
Employer Medicare		6,127	
Contracts for Substitute Teachers - Certified		3,678	
Contracts for Substitute Teachers - Non-certified		6,827	
Total Special Education Program			\$ 569,275

Career and Technical Education Program

Instructional Supplies and Materials	\$	9,781	
Other Supplies and Materials		1,942	
Vocational Instruction Equipment		32,752	
Total Career and Technical Education Program			44,475

Support ServicesOther Student Support

Social Workers	\$	8,599	
Other Salaries and Wages		186,507	
Social Security		11,513	
Pensions		17,319	
Life Insurance		91	
Medical Insurance		25,826	
Unemployment Compensation		199	
Employer Medicare		2,693	
Travel		7,036	
Other Contracted Services		750	
Other Supplies and Materials		415	
In Service/Staff Development		5,108	
Other Charges		14,996	
Total Other Student Support			281,052

Regular Instruction Program

Supervisor/Director	\$	92,979	
Clerical Personnel		45,697	
Other Salaries and Wages		106,627	
Social Security		14,461	
Pensions		20,790	
Life Insurance		65	
Medical Insurance		22,454	
Unemployment Compensation		149	
Employer Medicare		3,382	
Communication		1,005	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Travel	\$	1,613	
Other Supplies and Materials		4,763	
In Service/Staff Development		40,282	
Other Charges		3,178	
Other Equipment		3,016	
Total Regular Instruction Program			\$ 360,461

Special Education Program

Supervisor/Director	\$	83,427	
Psychological Personnel		61,435	
Other Salaries and Wages		42,054	
Social Security		11,364	
Pensions		16,972	
Life Insurance		61	
Medical Insurance		10,823	
Unemployment Compensation		126	
Employer Medicare		2,658	
Other Contracted Services		3,217	
Other Supplies and Materials		2,852	
In Service/Staff Development		7,312	
Total Special Education Program			242,301

Career and Technical Education Program

In Service/Staff Development	\$	2,160	
Total Career and Technical Education Program			2,160

Transportation

Contracts with Parents	\$	475	
Contracts with Vehicle Owners		151,686	
Total Transportation			152,161

Operation of Non-Instructional ServicesFood Service

Food Supplies	\$	1,200	
Total Food Service			1,200

Total School Federal Projects Fund \$ 2,516,290

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	62,848	
Career Ladder Program		1,000	
Cafeteria Personnel		521,691	
Social Security		35,170	
Pensions		43,452	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)Operation of Non-Instructional Services (Cont.)Food Service (Cont.)

Life Insurance	\$	669	
Medical Insurance		67,020	
Unemployment Compensation		1,963	
Employer Medicare		8,225	
Communication		2,800	
Contracts with Private Agencies		11,519	
Dues and Memberships		466	
Fiscal Agent Charges		15,115	
Maintenance and Repair Services - Equipment		18,694	
Travel		9,578	
Other Contracted Services		35,405	
Food Preparation Supplies		76,454	
Food Supplies		589,579	
Office Supplies		1,765	
USDA - Commodities		138,623	
Other Supplies and Materials		1,625	
Refunds		88	
Other Charges		1,260	
Food Service Equipment		46,940	
Total Food Service			\$ 1,691,949

Total Central Cafeteria Fund \$ 1,691,949

Other Education Special Revenue FundInstructionRegular Instruction Program

Contracts with Private Agencies	\$	5,861,623	
Total Regular Instruction Program			\$ 5,861,623

Support ServicesSpecial Education Program

Other Contracted Services	\$	39,632	
Total Special Education Program			39,632

Office of the Principal

Principals	\$	28,173	
Social Security		1,617	
Pensions		2,558	
Life Insurance		5	
Medical Insurance		3,839	
Unemployment Compensation		42	
Employer Medicare		378	
Communication		259	
Data Processing Services		4,895	
Total Office of the Principal			41,766

Total Other Education Special Revenue Fund 5,943,021

(Continued)

Exhibit J-8

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

<u>Education Capital Projects Fund</u>			
<u>Capital Outlay</u>			
<u>Regular Capital Outlay</u>			
Building Improvements	\$	280,072	
Motor Vehicles		19,921	
Transportation Equipment		<u>23,013</u>	
Total Regular Capital Outlay			<u>\$ 323,006</u>
Total Education Capital Projects Fund			<u>\$ 323,006</u>
Total Governmental Funds - Union County School Department			<u><u>\$ 33,838,886</u></u>

Exhibit J-9

Union County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2018

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 647,378
Total Cash Receipts	<u>\$ 647,378</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 640,904
Trustee's Commission	6,474
Total Cash Disbursements	<u>\$ 647,378</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2017	<u>0</u>
Cash Balance, June 30, 2018	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2018, and the related notes to the financial statements, which collectively comprise Union County's basic financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Union County's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2018-001 and 2018-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union County's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

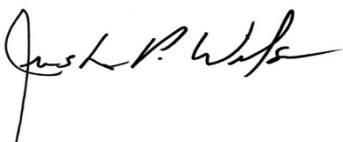
Union County's Responses to the Findings

Union County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Union County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 12, 2018

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Union County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Union County's major federal programs for the year ended June 30, 2018. 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.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Union County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Union County's compliance.

Opinion on Each Major Federal Program

In our opinion, Union County complied, in all material respects, with the types of compliance 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, 2018.

Report on Internal Control Over Compliance

Management of Union County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Union County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a 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.

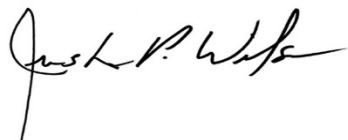
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2018, and the related notes to the financial statements, which collectively comprise Union County's basic financial statements. We issued our report thereon dated December 12, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 12, 2018

JPW/tg

Union County, Tennessee, and the Union County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2018

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 371,183
National School Lunch Program	10.555	N/A	1,175,062 (5)
Child Nutrition Discretionary Grant	10.579	N/A	21,000
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	138,623 (5)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	4,789 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG1855107	17,455
Passed-through East Tennessee Human Resource Agency:			
Child Nutrition Cluster: (4)			
Summer Food Service Program for Children	10.559	N/A	22,167
Total U.S. Department of Agriculture			<u>\$ 1,750,279</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	N/A	\$ 14,519
Total U.S. Department of Transportation			<u>\$ 14,519</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,218,807
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	968,905
Special Education - Preschool Grants	84.173	N/A	22,785
Career and Technical Education - Basic Grants to States	84.048	N/A	58,867
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	127,225
Rural Education	84.358	N/A	78,379
Improving Teacher Quality State Grants	84.367	N/A	90,706
Student Support and Academic Enrichment Program	84.424	N/A	27,385
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	58,343
Passed-through Grainger County Board of Education:			
English Language Acquisition Grants	84.365	N/A	1,382
Total U.S. Department of Education			<u>\$ 2,652,784</u>

(Continued)

Union County, Tennessee, and the Union County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	\$ 15,494
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG1855107	3,498
Family Planning Services	93.217	GG1855107	5,390
National State Based Tobacco Control Programs	93.305	GG1855107	918
Medicaid Cluster:			
Medical Assistance Program	93.778	GG1855107	18,049
HIV Prevention Activities - Health Department Based	93.940	GG1855107	90
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG1855107	303
Maternal and Child Health Services Block Grant to the States	93.994	GG1855107	3,768
CCDF Cluster:			
Child Care and Development Block Grant	93.575	N/A	77,026
Passed Through State Department of Mental Health and Substance Abuse:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	17,638
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	56,808
Total U.S. Department of Health and Human Services			<u>\$ 198,982</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	EMW2015SS00023	\$ 6,996
Total U.S. Department of Homeland Security			<u>\$ 6,996</u>
Total Expenditures of Federal Grants			<u>\$ 4,623,560</u>
State Grants		Contract Number	
Juvenile Services Program - State Children's Services Commission	N/A	(3)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(3)	37,079
Law Enforcement Training Program	N/A	(3)	15,000
Health Department Program - State Department of Health	N/A	(3)	80,382
Courtroom Security Grant - State Administrative Office of the Courts	N/A	(3)	22,682
2017 LPRF Parks and Recreation Grant Program - State Department of Environment and Conservation	N/A	32701-03125	48,000
Asset Enhancement Grant - State Department of Economic and Community Development	N/A	(3)	18,172
Early Childhood Education - State Department of Education	N/A	(3)	320,682
Coordinated School Health Program	N/A	(3)	89,998
Tennessee Early Literacy Network - State Department of Education	N/A	(3)	5,000
Family Resource Centers - State Department of Education	N/A	(3)	29,612
Safe Schools Act - State Department of Education	N/A	(3)	25,860
CTE Equipment Grant	N/A	(3)	128,660
Drivers Education	N/A	(3)	7,070
Total State Grants			<u>\$ 837,197</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) Union County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
(3) Information not available.
(4) Child Nutrition Cluster \$1,711,824; Special Education Cluster \$991,690.
(5) Total for CFDA No. 10.555 is \$1,318,474.

Union County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Union County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2017	184	2017-001	Competitive bids were not solicited for the purchase of dump trucks for the Highway Department	N/A	Corrected
2017	185	2017-002	Competitive bids were not solicited for materials on certain school construction projects.	N/A	Corrected
2017	186	2017-003	The ambulance service had operating deficiencies	N/A	A. & C. Corrected. B. Not Corrected. See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

UNION COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Union County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 84.010 Title 1 Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF COUNTY MAYOR

FINDING 2018-001

DUTIES WERE NOT SEGREGATED ADEQUATELY AT THE AMBULANCE SERVICE

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among employees at the Ambulance Service. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices provide that management is responsible for designing internal controls to provide 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 and the failure to implement their corrective action plan.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – JASON BAILEY, COUNTY MAYOR AND ANDREW REED, EMS DIRECTOR

In response to the audit finding "Duties Were Not Segregated Adequately at the Ambulance Service," Union County EMS agrees with the listed finding and has addressed the deficiencies within it. Union County EMS has made policy and personnel changes that ensure deposits and segregation of duties are completed according to audit standards and recommendations.

OFFICE OF REGISTER OF DEEDS

FINDING 2018-002

BANK STATEMENTS WERE NOT RECONCILED WITH THE GENERAL LEDGER

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Bank statements were not reconciled with the general ledger. When auditors arrived in November 2018 to begin the audit, bank statements for the office checking account had not been reconciled with the general ledger since June 2017. Sound business practices dictate that bank statements should be reconciled with the general ledger monthly to ensure errors are identified and corrected promptly; therefore, errors may have remained undetected and uncorrected in this account since June 2017. This deficiency can be attributed to a lack of management oversight. Cash in bank at June 30, 2018, was determined by substantive testing and alternative auditing procedures and is presented properly in the financial statements of this report.

RECOMMENDATION

The office should reconcile bank statements with the general ledger monthly, and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – REGISTER OF DEEDS

I concur with this finding. I will reconcile the bank statements monthly to the general ledger.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2018.

Union County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF COUNTY MAYOR

2018-001	Duties were not segregated adequately at the ambulance service	197
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OFFICE OF REGISTER OF DEEDS

2018-002	Bank statements were not reconciled with the general ledger	198
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Union County EMS



ANDREW J. REED, EMT-P
DIRECTOR

211 Mulberry Avenue
Maynardville, TN 37807
Office: (865) 992-7593
Fax: (865) 992-7595

Corrective Action Plan

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY AT THE
AMBULANCE SERVICE

Response and Corrective Action Plan Prepared by:
Andrew J. Reed, Director

Person Responsible for Implementing the Corrective Action:
Andrew J. Reed, Director

Anticipated Completion Date of Corrective Action:
Immediately

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:

Almost all payments made to Union County EMS are made through ACH Deposits with very few payments made directly to Union County EMS Office in the form of checks or cash. Due to the limited amount of on-site transactions segregation of duties have not been followed because it is not fiscally responsible to add additional employees to meet the small number of transactions. Union County has utilized on duty ambulance staff as much as possible to correct the deficiency per audit request.

Planned Corrective Action:

Union County EMS will attempt to utilize on-duty EMS ambulance staff to receipt all mail and payments, when possible, in conjunction with the billing office personnel.

Signature: _____

Director Union County EMS

Signature: _____

Union County Mayor

Mary Beth Kitts

Union County Register of Deeds

901 Main Street, Suite 108
Maynardville, Tennessee 37807

(865)992-8024
Fax: (865)992-8025

Corrective Action Plan

FINDING: BANK STATEMENTS WERE NOT RECONCILED WITH
THE GENERAL LEDGER

Response and Corrective Action Plan Prepared by:
Mary Beth Kitts, Union County Register of Deeds

Person Responsible for Implementing the Corrective Action:
Mary Beth Kitts, Union County Register of Deeds

Anticipated Completion Date of Corrective Action:
Immediately

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
I will reconcile bank statements monthly with the General Ledger.

Signature: Mary Beth Kitts