

**ANNUAL FINANCIAL REPORT  
UNICOI COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2007**



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

*DEPARTMENT OF AUDIT*  
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*Comptroller of the Treasury*

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# UNICOI COUNTY, TENNESSEE

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# ***Audit Highlights***

Annual Financial Report  
Unicoi County, Tennessee  
For the Year Ended June 30, 2007

## ***Scope***

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

## ***Results***

Our report on Unicoi County's financial statements is unqualified. Our audit resulted in eight findings and recommendations, which we have reviewed with Unicoi County management. Detailed findings, recommendations, and managements' responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ A cash shortage of \$21,431 previously reported as of December 5, 2006, in the Office of General Sessions Court Clerk, increased by \$791 to \$22,222 as of June 30, 2007.
- ◆ Accounting records for Circuit and General Sessions Courts were not properly maintained, reconciled, and closed on a timely basis.
- ◆ Collections for Circuit and General Sessions Courts were not always deposited within three days of collection as required by state statute. In addition, collections were not always deposited intact.
- ◆ Execution docket trial balances for Circuit and General Sessions Courts had not been prepared and reconciled with general ledger balances.

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### **OFFICE OF COUNTY MAYOR**

- ◆ The office did not issue purchase orders for some applicable purchases, and in some instances, purchase orders were issued after purchases were made. Written guidelines had not been developed for soliciting and awarding bids. Also, guidelines had not been developed for use of county provided cellular telephones, credit cards, fuel cards, and county owned vehicles.

- ◆ Expenditures exceeded appropriations in several major appropriation categories of the General and General Debt Service funds, and in several line items for salaries in the General Fund. Expenditures exceeded total appropriations in the Courthouse and Jail Maintenance, Solid Waste/Sanitation, and Drug Control funds. Furthermore, the estimated beginning fund balances at July 1, 2006, in the General, Drug Control, and General Debt Service funds exceeded the actual fund balances by significant amounts.
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## **OTHER FINDINGS**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Clerk and Master and Sheriff.

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# INTRODUCTORY SECTION

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Unicoi County Officials  
June 30, 2007

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**Officials**

Greg Lynch, County Mayor  
Terry Haynes, Road Superintendent  
Denise Brown, Director of Schools  
Paul Berry, Trustee  
William Gaines, Assessor of Property  
Ruby McLaughlin, County Clerk  
Tracie Pate, Circuit and General Sessions Courts Clerk  
Teresa Simerly, Clerk and Master  
Deborah Tittle, Register  
David Kent Harris, Sheriff

**Board of County Commissioners**

David Boone, Chairman	Jimmy Erwin
Ron Arnold	Dr. James Hatcher
Mitzi Bowen	Gene Wilson
Doug Bowman	Sue Jean Moore Wilson
Rick Butler	

**Board of Education**

Pascal Bailey, Chairman	Jan Parsley
Garland Evely	Renea Rogers
Willie Manning	Steve Scott

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

March 25, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unicoi County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Unicoi County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Unicoi County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Unicoi County Emergency Communications District, which represent 3.6 percent and 2.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Unicoi County Emergency Communications District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, 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 Unicoi County, Tennessee, as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2008, on our consideration of Unicoi County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

The budgetary comparison and pension information on pages 63 through 67 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unicoi County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, the combining and individual fund financial statements of the Unicoi County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Unicoi County School Department (a discretely presented component unit), and the miscellaneous

schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rd

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Governmental Activities	Component Units	
		Unicoi County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash and Equivalents	\$ 10,180	\$ 97,811	\$ 156,578
Equity in Pooled Cash and Investments	7,827,474	2,212,660	0
Investments	0	0	25,000
Accounts Receivable	70,092	45,438	20,286
Due from Other Governments	606,477	493,719	0
Property Taxes Receivable	3,853,878	2,650,782	0
Allowance for Uncollectible Property Taxes	(141,020)	(99,641)	0
Deferred Charges - Debt Issuance Cost	71,746	0	0
Capital Assets			
Assets Not Depreciated:			
Land	157,064	618,886	0
Construction in Progress	80,991	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	1,171,139	11,753,910	0
Other Capital Assets	957,678	784,707	486,511
Infrastructure	4,302,048	0	0
Total Assets	<u>\$ 18,967,747</u>	<u>\$ 18,558,272</u>	<u>\$ 688,375</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 87,521	\$ 12,719	\$ 0
Accrued Payroll	43,937	0	0
Accrued Interest Payable	110,720	1,006	2,530
Payroll Deductions Payable	12,316	0	0
Contracts Payable	30,519	0	0
Other Current Liabilities	4,000	308,453	0
Deferred Revenue - Current Property Taxes	3,613,231	2,478,497	0
Noncurrent Liabilities:			
Due Within One Year	1,096,822	89,724	60,000
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	14,142,034	359,997	120,000
Total Liabilities	<u>\$ 19,141,100</u>	<u>\$ 3,250,396</u>	<u>\$ 182,530</u>

(Continued)

Exhibit A

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

	<u>Primary Governmental Activities</u>	<u>Component Units</u>	
		<u>Unicoi County School Department</u>	<u>Emergency Communica- tions District</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 3,922,003	\$ 12,706,776	\$ 306,511
Restricted for:			
Courthouse and Jail Maintenance	129	0	0
Drug Control	57,596	0	0
Highways	3,319,036	0	0
Debt Service	3,652,997	0	0
Capital Projects	14,094	338,661	0
State and Federal Financial Assistance Programs	0	482,448	0
Other Purposes	59,457	0	0
Unrestricted	<u>(11,198,665)</u>	<u>1,779,991</u>	<u>199,334</u>
Total Net Assets (Deficit)	<u>\$ (173,353)</u>	<u>\$ 15,307,876</u>	<u>\$ 505,845</u>

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

Exhibit B

Unicoi County, Tennessee  
 Statement of Activities  
 For the Year Ended June 30, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Program Revenues			Primary	Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Total Activities	Unicoi County School Department	Emergency Communications District
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 913,609	\$ 118,080	\$ 73,891	\$ 132,016	\$ (589,622)	\$ 0	\$ 0
Finance	664,632	379,608	6,860	0	(278,164)	0	0
Administration of Justice	550,710	516,971	8,727	0	(25,012)	0	0
Public Safety	2,533,346	370,113	197,336	208,699	(1,757,198)	0	0
Public Health and Welfare	850,873	0	160,560	0	(690,313)	0	0
Social, Cultural, and Recreational Services	61,891	31,025	0	0	(30,866)	0	0
Agriculture and Natural Resources	39,376	0	0	0	(39,376)	0	0
Other Operations	361,409	0	0	306,571	(54,838)	0	0
Highways	1,939,954	207,938	1,362,001	0	(370,015)	0	0
Education	1,000,000	0	0	0	(1,000,000)		
Interest on Long-term Debt	588,174	395	0	0	(587,779)	0	0
Debt Service	30,282	0	0	0	(30,282)	0	0
<b>Total Primary Government</b>	<b>\$ 9,534,256</b>	<b>\$ 1,624,130</b>	<b>\$ 1,809,375</b>	<b>\$ 647,286</b>	<b>\$ (5,453,465)</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Component Units:</b>							
Unicoi County School Department	\$ 18,217,100	\$ 541,819	\$ 2,834,040	\$ 1,000,000	\$ 0	\$ (13,841,241)	\$ 0
Emergency Communications District	272,998	296,362	135,786	0	0	0	159,150
<b>Total Component Units</b>	<b>\$ 18,490,098</b>	<b>\$ 838,181</b>	<b>\$ 2,969,826</b>	<b>\$ 1,000,000</b>	<b>\$ 0</b>	<b>\$ (13,841,241)</b>	<b>\$ 159,150</b>

(Continued)

Exhibit B

Unicoi County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units	
					Governmental Activities	Unicoi County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 2,432,203	\$ 2,442,990	\$ 0	
Property Taxes Levied for Debt Service				953,786	0	0	
Local Option Sales Taxes				682,269	1,257,988	0	
Other Local Taxes				430,190	52,055	0	
Grants and Contributions Not Restricted to Specific Programs				303,644	10,917,662	0	
Unrestricted Investment Income				398,556	8,599	2,251	
Miscellaneous				165,977	114,514	0	
Gain on Disposal of Capital Assets				0	5,750	0	
Total General Revenues				<u>\$ 5,366,625</u>	<u>\$ 14,799,558</u>	<u>\$ 2,251</u>	
Change in Net Assets				\$ (86,840)	\$ 958,317	\$ 161,401	
Net Assets, July 1, 2006				<u>(86,513)</u>	<u>14,349,559</u>	<u>344,444</u>	
Net Assets, June 30, 2007				<u><u>\$ (173,353)</u></u>	<u><u>\$ 15,307,876</u></u>	<u><u>\$ 505,845</u></u>	

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

Exhibit C-1

Unicoi County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2007

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,180	\$ 10,180
Equity in Pooled Cash and Investments	399,811	3,072,893	3,609,912	676,717	68,141	7,827,474
Accounts Receivable	39,122	30,757	213	0	0	70,092
Due from Other Governments	216,885	241,987	116,899	0	30,706	606,477
Due from Other Funds	10,180	0	0	0	38,719	48,899
Property Taxes Receivable	2,782,685	63,840	1,007,353	0	0	3,853,878
Allowance for Uncollectible Property Taxes	(100,280)	(2,387)	(38,353)	0	0	(141,020)
Total Assets	\$ 3,348,403	\$ 3,407,090	\$ 4,696,024	\$ 676,717	\$ 147,746	\$ 12,275,980
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 35,891	\$ 4,305	\$ 0	\$ 1,463	\$ 45,862	\$ 87,521
Accrued Payroll	43,937	0	0	0	0	43,937
Payroll Deductions Payable	12,291	25	0	0	0	12,316
Contracts Payable	0	3,500	0	3,179	23,840	30,519
Due to Other Funds	38,719	0	0	0	10,180	48,899
Other Current Liabilities	0	0	0	0	4,000	4,000
Deferred Revenue - Current Property Taxes	2,612,874	59,723	940,634	0	0	3,613,231
Deferred Revenue - Delinquent Property Taxes	56,483	1,405	23,043	0	0	80,931
Other Deferred Revenues	37,224	126,020	58,287	0	0	221,531
Total Liabilities	\$ 2,837,419	\$ 194,978	\$ 1,021,964	\$ 4,642	\$ 83,882	\$ 4,142,885

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
<b><u>LIABILITIES AND FUND BALANCES (Cont.)</u></b>						
<b><u>Fund Balances</u></b>						
Reserved for Encumbrances	\$ 0	\$ 1,700	\$ 0	\$ 582,234	\$ 45,100	\$ 629,034
Reserved for Alcohol and Drug Treatment	4,906	0	0	0	0	4,906
Reserved for Drug Court	4,056	0	0	0	0	4,056
Reserved for Sexual Offender Registration	2,160	0	0	0	0	2,160
Reserved for Courtroom Security	555	0	0	0	0	555
Reserved for Computer System - Register	8,696	0	0	0	0	8,696
Reserved for Automation Purposes - Circuit Court	86	0	0	0	0	86
Reserved for Automation Purposes - General Sessions Court	1,173	0	0	0	0	1,173
Reserved for Automation Purposes - Chancery Court	4,006	0	0	0	0	4,006
Reserved for Automation Purposes - Other Courts	25,796	0	0	0	0	25,796
Reserved for Automation Purposes - Sheriff	5,096	0	0	0	0	5,096
Unreserved, Reported In:						
General Fund	454,454	0	0	0	0	454,454
Special Revenue Funds	0	3,210,412	0	0	60,652	3,271,064
Debt Service Funds	0	0	3,674,060	0	0	3,674,060
Capital Projects Funds (Deficit)	0	0	0	89,841	(41,888)	47,953
<b>Total Fund Balances</b>	<b>\$ 510,984</b>	<b>\$ 3,212,112</b>	<b>\$ 3,674,060</b>	<b>\$ 672,075</b>	<b>\$ 63,864</b>	<b>\$ 8,133,095</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,348,403</b>	<b>\$ 3,407,090</b>	<b>\$ 4,696,024</b>	<b>\$ 676,717</b>	<b>\$ 147,746</b>	<b>\$ 12,275,980</b>

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

Exhibit C-2

Unicoi County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	8,133,095
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	157,064	
Add: construction in progress		80,991	
Add: buildings and improvements net of accumulated depreciation		1,171,139	
Add: other capital assets net of accumulated depreciation		957,678	
Add: infrastructure net of accumulated depreciation		<u>4,302,048</u>	6,668,920
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(2,029,627)	
Less: other loans payable		(1,010,972)	
Less: capital leases payable		(8,063)	
Less: bonds payable		(12,012,321)	
Add: deferred amount on refunding		41,633	
Add: deferred charges - debt issuance costs		71,746	
Less: compensated absences payable		(177,859)	
Less: accrued interest on bonds, notes, and capital leases		(110,720)	
Less: other deferred revenue - premium on debt		<u>(41,647)</u>	(15,277,830)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>302,462</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>(173,353)</u></u>

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

Exhibit C-3

Unicoi County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	Major Funds				Nonmajor	Total	
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds		Governmental Funds
<u>Revenues</u>							
Local Taxes	\$ 2,786,509	\$ 93,617	\$ 1,709,848	\$ 0	\$ 5,081	\$ 4,595,055	
Licenses and Permits	16,410	408	6,694	0	0	23,512	
Fines, Forfeitures, and Penalties	130,404	0	0	0	134,893	265,297	
Charges for Current Services	52,238	0	0	0	0	52,238	
Other Local Revenues	173,390	144,473	172,358	0	6,024	496,245	
Fees Received from County Officials	808,450	0	0	0	0	808,450	
State of Tennessee	514,824	1,357,829	34,640	0	0	1,907,293	
Federal Government	392,689	12,330	0	0	325,007	730,026	
Other Governments and Citizens Groups	216,600	207,914	79,134	0	83,007	586,655	
Total Revenues	<u>\$ 5,091,514</u>	<u>\$ 1,816,571</u>	<u>\$ 2,002,674</u>	<u>\$ 0</u>	<u>\$ 554,012</u>	<u>\$ 9,464,771</u>	
<u>Expenditures</u>							
Current:							
General Government	\$ 852,784	\$ 0	\$ 0	\$ 0	\$ 23,094	\$ 875,878	
Finance	575,832	0	0	0	737	576,569	
Administration of Justice	484,968	0	0	0	0	484,968	
Public Safety	1,855,187	0	0	0	225,881	2,081,068	
Public Health and Welfare	277,372	0	0	0	444,095	721,467	
Social, Cultural, and Recreational Services	61,891	0	0	0	0	61,891	
Agriculture and Natural Resources	39,376	0	0	0	0	39,376	
Other Operations	666,193	0	0	0	0	666,193	
Highways	0	1,671,523	0	0	0	1,671,523	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Debt Service:						
Principal on Debt	\$ 9,037	\$ 0	\$ 883,892	\$ 0	\$ 0	\$ 892,929
Interest on Debt	758	0	639,016	0	0	639,774
Other Debt Service	0	0	105,207	0	0	105,207
Capital Projects	0	0	0	296,285	324,664	620,949
Capital Projects - Donated	107,853	0	0	1,000,000	0	1,107,853
Total Expenditures	\$ 4,931,251	\$ 1,671,523	\$ 1,628,115	\$ 1,296,285	\$ 1,018,471	\$ 10,545,645
Excess (Deficiency) of Revenues Over Expenditures	\$ 160,263	\$ 145,048	\$ 374,559	\$ (1,296,285)	\$ (464,459)	\$ (1,080,874)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,742,650	\$ 0	\$ 1,742,650
Refunding Debt Issued	0	0	3,300,000	0	0	3,300,000
Premiums on Debt Issued	0	0	43,492	0	0	43,492
Transfers In	0	0	0	0	444,095	444,095
Transfers Out	(444,095)	0	0	0	0	(444,095)
Payments to Refunded Debt Escrow Agent	0	0	(3,268,567)	0	0	(3,268,567)
Total Other Financing Sources (Uses)	\$ (444,095)	\$ 0	\$ 74,925	\$ 1,742,650	\$ 444,095	\$ 1,817,575
Net Change in Fund Balances	\$ (283,832)	\$ 145,048	\$ 449,484	\$ 446,365	\$ (20,364)	\$ 736,701
Fund Balance, July 1, 2006	794,816	3,067,064	3,224,576	225,710	84,228	7,396,394
Fund Balance, June 30, 2007	\$ 510,984	\$ 3,212,112	\$ 3,674,060	\$ 672,075	\$ 63,864	\$ 8,133,095

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

Exhibit C-4

Unicoi County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	736,701
(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	\$	392,198
Less: current year depreciation expense		(442,452)
Less: net book value of assets disposed		<u>(11,286)</u>
		(61,540)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$	302,462
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(319,817)</u>
		(17,355)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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:		
Less: note proceeds	\$	(1,742,650)
Less: refunding bond proceeds		(3,300,000)
Less: change in premium on debt issuances		(41,647)
Add: change in deferred debt issuance costs		71,746
Add: principal payments on bonds		530,363
Add: principal payments on notes		157,023
Add: principal payments on other loans		196,506
Add: principal payments on capital leases		9,037
Add: payment to refunding agent		3,268,567
Less: amortization of deferred amount on refunding debt		<u>(1,934)</u>
		(852,989)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$	54,868
Change in compensated absences		<u>53,475</u>
		<u>108,343</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u>(86,840)</u>

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

Exhibit D

Unicoi County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 285,505
Accounts Receivable	4,056
Due from Other Governments	198,568
Cash Shortage	22,222
Restricted Assets:	
Other Restricted Assets	<u>38,405</u>
Total Assets	<u>\$ 548,756</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 198,568
Due to Litigants, Heirs, and Others	<u>350,188</u>
Total Liabilities	<u>\$ 548,756</u>

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

**UNICOI COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Unicoi 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 Unicoi County:

**A. Reporting Entity**

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

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

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

The Unicoi County School Department operates the public school system in the county, and the voters of Unicoi County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Unicoi County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Unicoi County, and the Unicoi 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 Unicoi 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 Unicoi County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Unicoi County Emergency Communications District  
P.O. Box 548  
Erwin, TN 37650

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Unicoi 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 Unicoi 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.

Unicoi County issues all debt for the discretely presented School Department. Net debt issues (\$1,000,000) were contributed by the county to the School Department during the year ended June 30, 2007.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds 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 Unicoi County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Unicoi County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The 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. Unicoi County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Fiduciary fund financial statements are reported using 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 when a liability is incurred, regardless of the timing of related cash flows.

Unicoi 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.

**Highway/Public Works Fund** – This fund accounts for transactions of the county’s Highway Department.

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

**General Capital Projects Fund** – This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities and for debt that is subsequently contributed to the discretely presented Unicoi County School Department for construction and renovation.

Additionally, Unicoi County reports the following fund type:

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

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

Additionally, the School Department reports the following fund types:

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

**Capital Projects Fund** – The Education Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

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

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Unicoi County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Income from these pooled investments is assigned to the various funds based on the approved budgets. Unicoi County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the

balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable

that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements. Other current liabilities reflected in the primary government funds represent deposits placed with Unicoi County for the HOME Investment Partnership Program. The \$308,453 reflected as other current liabilities in the discretely presented General Purpose School Fund represents insurance premiums held in a clearing account and due to the insurance administrator.

**3. Restricted Assets**

Restricted assets in the agency funds consist of various investments held by the clerk and master in a court ordered co-substitute trustee capacity for a testamentary trust heir.

**4. Capital Assets**

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are

depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30
Other Capital Assets	5 - 10
Infrastructure:	
Roads	40
Bridges	40

**5. Compensated Absences**

It is the county's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits. Vacation benefits for employees of the discretely presented School Department do not vest or accumulate and must be used within the year or lost. There is no liability for unpaid accumulated sick leave since neither Unicoi County nor the discretely presented School Department has a policy 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 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 applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds 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, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **7. Net Assets and Fund Equity**

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

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

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling (\$59,457) with the primary restrictions being for Alcohol and Drug Treatment (\$4,906) and computer automation for the various offices (\$44,853).

As of June 30, 2007, Unicoi County had \$11,466,853 in outstanding debt for capital purposes for the discretely presented Unicoi County School Department and \$180,000 in outstanding debt for capital purposes for the Unicoi County Emergency Communications District. This debt is a liability of Unicoi County, but the capital assets acquired are reported in the financial statements of the School Department and the Emergency Communications District. Therefore, Unicoi County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

#### **Primary Government**

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

#### **Discretely Presented Unicoi County School Department**

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

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

#### **Primary Government**

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

#### **Discretely Presented Unicoi County School Department**

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

## **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) which is not

budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, 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 differences between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

**B. Fund Deficit**

The Community Development/Industrial Park Fund had a deficit in unreserved fund balance of \$41,888 at June 30, 2007. This deficit resulted from the recognition of the unperformed portions of construction contracts of \$45,100 being reserved as encumbrances. Funding for these future expenditures is being provided for through federal grants.

**C. Cash Shortage**

The Office of General Sessions Court had a cash shortage of \$22,222 as of June 30, 2007. This shortage increased \$791 over the \$21,431 reported as of December 5, 2006, in the annual financial report for the year ended June 30, 2006. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

**D. Expenditures Exceeded Appropriations**

Expenditures exceeded the total appropriations approved by the County Commission in the Courthouse and Jail Maintenance Fund (\$86), Solid Waste/Sanitation Fund (\$5,101), and Drug Control Fund (\$1,076).

Also, expenditures and other uses exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
County Commission	\$ 61
County Buildings	3,067
Jail	1,585
Juvenile Court	4,280
Industrial Development	40
Transfers Out	5,101
General Debt Service:	
Other Debt Service - General Gov.	3,461
General Purpose Schools:	
Community Services	9,184
School Federal Projects:	
Other Student Support	356

Such overexpenditures are a violation of state law. These overexpenditures were funded by available fund balances or by greater than anticipated revenues.

**E. The Estimated Beginning Fund Balances Exceeded the Actual Fund Balances by a Significant Amount**

The amended estimated beginning fund balances at July 1, 2006, in the General, Drug Control, and General Debt Service funds exceeded the actual beginning fund balances by \$202,238, \$20,714, and \$954,555, respectively. Overestimating beginning fund balances by significant amounts could result in funds not being available to fund appropriations approved by the County Commission.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Unicoi County and the School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or

statements of net assets represents nonpooled amounts held separately by individual funds.

### **Deposits**

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

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

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2007, Unicoi County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Unicoi County and the discretely presented

School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 596,210

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Unicoi County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Unicoi County has no investment policy that would further limit its investment choices. As of June 30, 2007, Unicoi County's investment in the State Treasurer's Investment Pool was unrated.

**B. Capital Assets**

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

**Primary Government**

**Governmental Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 157,064	\$ 0	\$ 0	\$ 157,064
Construction in Progress	0	276,357	(195,366)	80,991
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 157,064</b>	<b>\$ 276,357</b>	<b>\$ (195,366)</b>	<b>\$ 238,055</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,707,216	\$ 195,366	\$ 0	\$ 2,902,582
Other Capital Assets	2,873,897	115,841	(198,346)	2,791,392
Infrastructure	6,570,741	0	0	6,570,741
<b>Total Capital Assets Depreciated</b>	<b>\$ 12,151,854</b>	<b>\$ 311,207</b>	<b>\$ (198,346)</b>	<b>\$ 12,264,715</b>

**Governmental Activities (Cont.):**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,678,092	\$ 53,351	\$ 0	\$ 1,731,443
Other Capital Assets	1,788,208	232,566	(187,060)	1,833,714
Infrastructure	2,112,158	156,535	0	2,268,693
Total Accumulated Depreciation	<u>\$ 5,578,458</u>	<u>\$ 442,452</u>	<u>\$ (187,060)</u>	<u>\$ 5,833,850</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,573,396</u>	<u>\$ (131,245)</u>	<u>\$ (11,286)</u>	<u>\$ 6,430,865</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,730,460</u>	<u>\$ 145,112</u>	<u>\$ (206,652)</u>	<u>\$ 6,668,920</u>

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

**Governmental Activities:**

General Government	\$ 27,898
Finance	1,710
Administration of Justice	1,323
Public Safety	98,785
Public Health and Welfare	13,769
Social, Cultural, and Recreational Services	0
Agriculture and Natural Resources	0
Other Operations	0
Highways	<u>298,967</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 442,452</u>

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

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 438,180	\$ 180,706	\$ 0	\$ 618,886
Total Capital Assets Not Depreciated	<u>\$ 438,180</u>	<u>\$ 180,706</u>	<u>\$ 0</u>	<u>\$ 618,886</u>

Governmental Activities (Cont.):

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,464,645	\$ 570,833	\$ 0	\$ 20,035,478
Other Capital Assets	2,045,351	140,653	(52,209)	2,133,795
Total Capital Assets				
Depreciated	\$ 21,509,996	\$ 711,486	\$ (52,209)	\$ 22,169,273
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,644,286	\$ 637,282	\$ 0	\$ 8,281,568
Other Capital Assets	1,225,511	175,786	(52,209)	1,349,088
Total Accumulated Depreciation	\$ 8,869,797	\$ 813,068	\$ (52,209)	\$ 9,630,656
Total Capital Assets Depreciated, Net	\$ 12,640,199	\$ (101,582)	\$ 0	\$ 12,538,617
Governmental Activities Capital Assets, Net	\$ 13,078,379	\$ 79,124	\$ 0	\$ 13,157,503

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

**Governmental Activities:**

Instruction	\$ 643,823
Support Services	141,299
Operation of Non-Instructional Services	<u>27,946</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 813,068</u>

**C. Construction Commitments**

At June 30, 2007, Unicoi County had uncompleted construction contracts reflected in the General Capital Projects Fund related to the courthouse HVAC project (\$570,334) and jail renovation (\$11,900). Also, Unicoi County had uncompleted construction contracts in the nonmajor governmental funds for the construction of a water storage tank (\$45,100). Funding for the courthouse HVAC and jail renovation has been provided through the issuance of capital outlay notes. Funding for the water storage tank will be provided through a federal grant.

**D. Interfund Receivables, Payables, and Transfers**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 10,180
Nonmajor governmental	General	38,719
Discretely Presented School		
Department:		
Nonmajor governmental	General Purpose School	6,702

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, 2007, consisted of the following amount:

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u>
	Nonmajor Governmental Funds
General Fund	\$ 444,095

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.

**E. Capital Leases**

**Primary Government**

On September 13, 2004, Unicoi County entered into a three-year lease-purchase agreement for a Sheriff Department vehicle. The terms of the agreement require total lease payments of \$18,349 plus interest of 5.05 percent. Title to the vehicle will transfer to Unicoi County at the end of the lease period. The lease payments are made from the General Fund.

On December 24, 2004, the circuit and general sessions courts clerk entered into a five-year lease-purchase agreement for data processing equipment. The terms of the agreement require total lease payments of \$13,230 plus interest of 6.25 percent. Title to the equipment will transfer to Unicoi County at the end of the lease period. The lease payments are made from the General Fund.

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

Year Ending June 30	Governmental Funds
2008	\$ 4,315
2009	3,219
2010	1,074
Total Minimum Lease Payments	<u>\$ 8,608</u>
Amount Representing Interest	<u>(545)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 8,063</u></u>

**Discretely Presented Unicoi County School Department**

The discretely presented School Department has entered into two ten-year lease-purchase agreements for HVAC equipment. The terms of the agreements require total lease payments of \$862,369 plus interest ranging from 3.99 to 4.93 percent. Title to the equipment transfers to the School Department at the end of the lease period.

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

Year Ending June 30	Governmental Funds
2008	\$ 106,309
2009	78,532
2010	69,273
2011	69,273
2012	69,273
2013-2014	<u>115,455</u>
Total Minimum Lease Payments	<u>\$ 508,115</u>
Amount Representing Interest	<u>(58,394)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 449,721</u></u>

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 38 years for bonds, up to ten years for notes, and up to ten years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	3.9 to 6.2 %	\$ 4,500,000	\$ 752,321
General Obligation Bonds - Refunding	2.45 to 5.25	12,015,000	11,260,000
Capital Outlay Notes	0 to 5.2	2,246,650	2,029,627
Other Loans	0	1,551,362	1,010,972
Capital Leases	5.05 to 6.25	31,579	8,063

During the 2000-01 year, Unicoi County entered into an interest-free loan agreement with the Tennessee State School Bond Authority. Under this agreement, the authority issued interest-free qualified zone academy bonds of \$1,551,362 and loaned the proceeds to Unicoi County. The repayment schedule calls for Unicoi County to make annual payments through 2011. In addition to pledging the county's full faith and credit for repayment of this loan, the county also specifically pledged its unobligated state-shared taxes toward the loan.

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

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 565,868	\$ 560,439	\$ 268,244	\$ 72,885
2009	596,398	534,090	273,698	63,504
2010	621,953	509,590	279,430	53,866
2011	652,536	484,045	225,455	44,971
2012	693,147	456,659	190,986	36,803
2013-2017	3,960,998	1,779,546	791,814	78,205
2018-2022	4,276,419	704,823	0	0
2023-2027	377,327	93,904	0	0
2028-2032	155,197	50,833	0	0
2033-2035	112,478	11,140	0	0
<b>Total</b>	<b>\$ 12,012,321</b>	<b>\$ 5,185,069</b>	<b>\$ 2,029,627</b>	<b>\$ 350,234</b>

Year Ending June 30	Other Loan Principal
2008	\$ 196,506
2009	196,506
2010	196,506
2011	196,506
2012	224,948
<b>Total</b>	<b>\$ 1,010,972</b>

There is \$3,674,060 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$680, based on the 2000 federal census. Debt per capita, including bonds, notes, capital leases, and other loans outstanding totaled \$852, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2006	\$ 12,467,684	\$ 444,000	\$ 1,207,478
Additions	3,300,000	1,742,650	0
Deductions	(3,755,363)	(157,023)	(196,506)
<b>Balance, June 30, 2007</b>	<b>\$ 12,012,321</b>	<b>\$ 2,029,627</b>	<b>\$ 1,010,972</b>
<b>Balance Due Within One Year</b>	<b>\$ 565,868</b>	<b>\$ 268,244</b>	<b>\$ 196,506</b>

Governmental Activities (Cont.):

	Capital Leases	Compensated Absences
Balance, July 1, 2006	\$ 17,100	\$ 231,334
Additions	0	136,804
Deductions	(9,037)	(190,279)
Balance, June 30, 2007	<u>\$ 8,063</u>	<u>\$ 177,859</u>
Balance Due Within One Year	<u>\$ 3,953</u>	<u>\$ 62,251</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 15,238,842
Less: Balance Due Within One Year	(1,096,822)
Add: Unamortized Premium on Debt	41,647
Less: Deferred Amount on Refunding	<u>(41,633)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 14,142,034</u>

Included in notes payable is \$180,000 of notes issued by Unicoi County for the benefit of the Unicoi Emergency Communications District. The district reimburses Unicoi County for principal and interest requirements on this note. During the year, the district paid \$67,360 to the General Debt Service Fund for current year interest and principal requirements.

Advance Refunding

On October 18, 2006, Unicoi County advance refunded a portion of two general obligation bond issues with a separate general obligation bond issue. The county issued \$3,300,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 17 years will be reduced by \$200,187, and an economic gain (difference between present value of debt service payments of the refunded and refunding bonds) of \$146,665 was obtained. At June 30, 2007, the following outstanding bonds were considered defeased:

General Obligation Series 1997 (Callable 4-1-08)	\$ 650,000
School Bonds Series 1998 (Callable 4-1-08)	2,575,000

**Discretely Presented Unicoi County School Department**

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:

	<u>Capital Leases</u>
Balance, July 1, 2006	\$ 535,622
Deductions	<u>(85,901)</u>
Balance, June 30, 2007	<u>\$ 449,721</u>
Balance Due Within One Year	<u>\$ 89,724</u>

**G. Short-term Debt**

Unicoi County issued revenue anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2007, was as follows:

	<u>Balance 7-1-06</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6-30-07</u>
Revenue Anticipation Notes - General Fund	\$ 0	\$ 450,000	\$ (450,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

The county is exposed to various risks related to general liability, property, and casualty losses. The county has decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through

member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each event.

The county continues to carry commercial insurance for employee health and accident coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Unicoi County general government decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers' compensation coverage. The county joined the Local Government Workers' Compensation Fund (LGWCF), which is a public entity risk pool established by an association of member local governments. The county pays an annual premium to LGWCF for its workers' compensation insurance coverage. The creation of LGWCF provides for it to be self-sustaining through member premiums. LGWCF reinsures through commercial insurance companies for claims exceeding a specified amount for each insured event.

### **Discretely Presented Unicoi County School Department**

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

The School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department has decided it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for these risks. The School Department has joined 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 School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for the pool to be self-sustaining through member premiums.

### **B. Subsequent Events**

Subsequent to June 30, 2007, the county issued \$900,000 of tax anticipation notes from the county's General Debt Service Fund to the General Fund to

provide temporary operating funds. On January 4, 2008, the General Fund repaid \$250,000 of these tax anticipation notes.

On August 6, 2007, Unicoi County approved capital outlay notes totaling \$855,000, to be used for county school projects (\$700,000) and the courthouse HVAC project (\$155,000). These notes are to be issued from the county's General Debt Service Fund and are to be drawn on an as needed basis. As of the date of this report, \$155,000 of these notes have been issued for the courthouse HVAC project, and \$137,346 have been issued for School Department projects.

On October 22, 2007, Unicoi County approved a Fast Track Info Structure Development Program grant for the construction of a rail spur in the county's industrial park. Total cost of the project is estimated at \$915,000, with \$750,000 to be provided from the Fast Track Program, and \$165,000 to be provided by Allstate Builders. As of the date of this report, no funds have been received from this program.

**C. Contingent Liabilities**

The county is involved in several pending lawsuits. Based on letters from attorneys, management estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

**D. Changes in Administration**

On August 31, 2006, Larry Rose left the Office of County Mayor and was succeeded by Greg Lynch.

Circuit and General Sessions Court Clerk, Christy Howard, resigned from office on May 5, 2007. Beverly Tinker served as clerk from May 7, 2007, through May 21, 2007. Dana Campbell became clerk effective May 22, 2007, and resigned on May 23, 2007. Beverly Tinker once again served as clerk from May 24, 2007, through June 18, 2007. Tracie Pate became clerk effective June 19, 2007.

**E. Joint Ventures**

The Unicoi County Memorial Hospital is a joint venture in which the county and the Town of Erwin participate. The hospital was created to provide care for the mental and physical needs of the citizens of Unicoi County, Tennessee, and the surrounding areas. The hospital is governed by a seven-member board comprising three appointees from the county, three from the city, and the president of the medical staff. On dissolution of the corporation, the net assets of the hospital will be shared equally by the county and the city. The hospital generates its operating revenue from providing health care services to the community.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Unicoi County and the counties of Carter, Greene, Hawkins, Johnson, Sullivan, and Washington for the operation of a program to divert youth from commitment to the Department of Correction facilities. This program is governed by a Board of Directors designated by the counties. The Board of Directors has contracted with Universal Health Services to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Unicoi County's participation is 3.6 percent. The county also pays a daily fee for individuals from the county using the facility.

The Erwin, Unicoi, and Unicoi County Animal Welfare Board was formed through a cooperative agreement between Unicoi County, the Town of Erwin, and the Town of Unicoi for the operation and maintenance of a facility for the sheltering of animals. This entity is governed by a seven-member board comprising two appointees from the county, two from the Town of Erwin, two from the Town of Unicoi, and one from the Unicoi County Humane Society. The board will generate its operating revenues from fees charged for the reclamation, adoption, spaying and neutering of animals; however, each member is responsible for one-third of the annual operating costs of the shelter if revenues are insufficient to meet such costs. Unicoi County contributed \$30,000 to the Animal Welfare Board for the year ended June 30, 2007.

Complete financial statements for the Unicoi County Memorial Hospital, the Juvenile Detention Center, and the Erwin, Unicoi, and Unicoi County Animal Welfare Board can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Unicoi County Memorial Hospital  
Greenway Circle  
Erwin, TN 37650

Upper East Tennessee Regional  
Juvenile Detention Center  
307 Wesley Street  
Johnson City, TN 37601

Erwin, Unicoi, and Unicoi County  
Animal Welfare Board  
185 North Industrial Drive  
Erwin, TN 37650

**F. Jointly Governed Organization**

**Primary Government**

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors/executives of each county or the county mayor's/executive's designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center manager as an ex-officio member, is in charge of the daily operations of the center.

**Discretely Presented Unicoi County School Department**

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Unicoi County, Bristol City, Carter County, Cocke County, Elizabethton City, Greeneville City, Greene County, Hamblen County, Hancock County, Hawkins County, Johnson City, Johnson County, Kingsport City, Newport City, Rogersville City, Sullivan County, and Washington County. The cooperative was authorized through Chapter 49 of Tennessee Code Annotated. The cooperative was established to provide the First Tennessee Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative is governed by a Board of Control, consisting of one board member and the director of schools from each of the systems. The executive committee consists of the chairman and vice chairman of the Board of Control and the member director of schools. Funding for the cooperative is provided through state grants and member schools' contributions.

**G. Retirement Commitments**

**Employees**

**Plan Description**

Employees of Unicoi County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the

age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Unicoi County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Unicoi County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 8.36 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Unicoi County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2007, Unicoi County's annual pension cost of \$407,066 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Unicoi County's unfunded actuarial accrued liability is being amortized as a

level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$407,066	100%	\$0
6-30-06	289,672	100	0
6-30-05	265,800	100	0

**School Teachers**

**Plan Description**

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

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

## **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Unicoi County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Unicoi County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2007, 2006, and 2005 were \$517,855, \$450,927, and \$418,637, respectively, equal to the required contributions for each year.

### **H. Other Post-employment Benefits**

The Unicoi County Board of Education, through school board policy, provides post-retirement health care benefits to all teachers (professionals) who retire from service and qualify for incentive retirement. To be eligible for incentive retirement benefits, the retired employee must meet two criteria. The employee must be at least age 52 and must have at least 15 years of experience teaching in the Unicoi County School System. Those eligible employees will receive a supplement of \$1,200 for a period of ten years. This supplement may be applied toward health insurance premiums or used at the employee's discretion. Upon death of the employee, this benefit ceases. The Unicoi County Board of Education currently pays this supplement to 29 retirees. Of the 29 retirees, 12 were paid the \$1,200 directly; the other 17 had their supplements applied toward their health insurance premiums. During the year, expenditures of \$35,400 were made for post-employment benefits.

### **I. Purchasing Laws**

#### Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) to be made after public advertisement and solicitation of competitive bids.

#### Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by provisions of the Uniform Road Law, Section 54-7-113, TCA, which provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Unicoi County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed \$10,000.

**VI. OTHER NOTES – DISCRETELY PRESENTED UNICOI COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Reporting Entity**

The Unicoi County Emergency Communications District is an agency dedicated to providing emergency communications for the purposes of enhancing 911 and selective services.

These financial statements present only Unicoi County Emergency Communications District and are not intended to present fairly the financial position of Unicoi County, Tennessee, and the results of its operations in conformity with accounting principles generally accepted in the United States of America.

**B. Summary of Significant Accounting Principles**

**1. Basis of Presentation**

The accounts of the district are an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations 1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis can be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based upon the accounting and reporting standards set forth in Governmental Accounting Standards Board (GASB) Statement No. 29, The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities, the district applies all applicable GASB pronouncements as well as FASB Statements of Interpretation,

APB Opinion, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The district has opted not to apply FASB pronouncements issued after November 30, 1989.

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

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

3. Accounting Policies

The district follows accounting policies for emergency communications districts as prescribed by the State of Tennessee.

4. Materials and Supplies

Materials and supplies are recorded at average cost.

5. Cash Equivalents

The district considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

6. Property and Equipment

Property and equipment are recorded at historical cost, or in the case of contributed assets, at fair value at the time of the gift. Depreciation is computed using the straight-line method over the estimated useful lives, ranging from 5-40 years.

7. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

8. Revenues and Expenses

The district distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal operating revenues of the district are 911 surcharges paid by Unicoi County customers and state shared revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Revenues are recognized as earned on a monthly basis. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted net assets are applied first.

9. Component Unit

Unicoi County Emergency Communications District is a component unit of Unicoi County, Tennessee. The county is the primary government and exercises influence. Several positions of the board of the district are appointed by the primary government, and the remaining positions are based on elected officials of the county and seats maintained by various occupations in the county. The county controls the borrowing power of the district and sets the rate for the E-911 surcharge income.

C. Cash and Investments

State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the deposits, less amounts insured by federal deposit insurance. The collateral must be held by the district, its agent, or by the Federal Reserve, in the district's name.

Statutes also authorize the district to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, state pool investment funds, and money market mutual funds. Statutes require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the district's deposits may not be returned or the district will not be able to recover the value of its deposits that are in the possession of another party. The district's deposits at June 30, 2007, consisted of cash and certificates of deposit at a local financial institution. At June 30, 2007, the bank balances aggregated to \$187,937, of which \$100,000 was covered by federal depository insurance, and \$87,937 was secured by a pledge to the district by the bank.

**D. Accounts Receivable**

The accounts receivable balance at June 30, 2007, consists of \$13,754 due from E-911 surcharges and \$6,532 due from ECB Wireless. No allowance for doubtful accounts has been estimated due to past history of collections of these revenues.

**E. Property and Equipment Activity**

Property, plant, and equipment activity for the year ended June 30, 2007, was as follows:

	Balance 6-30-06	Additions	Balance 6-30-07
Capital Assets	11		
Building and Improvements	\$ 53,536	\$ 128,371	\$ 181,907
Communications Equipment	519,173	6,079	525,252
Office Equipment	38,024	3,360	41,384
	<hr/>	<hr/>	<hr/>
Total Capital Assets	\$ 610,733	\$ 137,810	\$ 748,543
	<hr/>	<hr/>	<hr/>
Less Accumulated Depreciation for			
Buildings and Improvements	\$ (8,175)	\$ (2,965)	\$ (11,140)
Communications Equipment	(155,548)	(62,514)	(218,062)
Office Equipment	(29,609)	(3,221)	(32,830)
	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	\$ (193,332)	\$ (68,700)	\$ (262,032)
	<hr/>	<hr/>	<hr/>
Capital Assets, Net	\$ 417,401	\$ 69,110	\$ 486,511
	<hr/>	<hr/>	<hr/>

All assets were being depreciated at June 30, 2007. Depreciation expense was \$68,700.

**F. Long-term Debt**

On October 4, 2004, the district signed a capital outlay note totaling \$300,000 to purchase communications equipment at a rate of interest of 3.45 percent and a maturity date of October 4, 2009. Long-term debt activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Reductions	Ending Balance	Amount Due Within One Year
Notes Payable	\$ 240,000	\$ (60,000)	\$ 180,000	\$ 60,000

Future maturities of long-term debt are as follows:

	Year Ending June 30	Principal	Interest	Total
2008	\$ 60,000	\$ 5,175	\$ 65,175	
2009	60,000	3,105	63,105	
2010	60,000	1,035	61,035	
Total	<u>\$ 180,000</u>	<u>\$ 9,315</u>	<u>\$ 189,315</u>	

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,786,509	\$ 2,701,781	\$ 2,701,781	\$ 84,728
Licenses and Permits	16,410	18,000	18,000	(1,590)
Fines, Forfeitures, and Penalties	130,404	100,350	116,231	14,173
Charges for Current Services	52,238	50,600	50,600	1,638
Other Local Revenues	173,390	44,000	44,850	128,540
Fees Received from County Officials	808,450	722,500	722,500	85,950
State of Tennessee	514,824	535,977	517,377	(2,553)
Federal Government	392,689	199,292	369,359	23,330
Other Governments and Citizens Groups	216,600	197,176	203,675	12,925
<b>Total Revenues</b>	<b>\$ 5,091,514</b>	<b>\$ 4,569,676</b>	<b>\$ 4,744,373</b>	<b>\$ 347,141</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 55,865	\$ 50,500	\$ 55,804	\$ (61)
Board of Equalization	210	2,800	2,800	2,590
County Mayor/Executive	167,095	171,067	174,577	7,482
County Attorney	12,000	16,500	16,500	4,500
Election Commission	264,649	158,682	294,003	29,354
Register of Deeds	134,137	127,422	136,847	2,710
Development	7,000	7,000	7,000	0
County Buildings	125,404	90,925	122,337	(3,067)
Other General Administration	86,424	111,688	111,689	25,265
<u>Finance</u>				
Property Assessor's Office	212,041	221,093	230,888	18,847
County Trustee's Office	123,164	126,019	128,795	5,631
County Clerk's Office	185,607	182,239	198,793	13,186
Other Finance	55,020	55,000	59,750	4,730
<u>Administration of Justice</u>				
Circuit Court	278,571	273,154	287,723	9,152
General Sessions Court	76,230	74,358	76,270	40
Chancery Court	85,725	86,546	87,625	1,900
Juvenile Court	44,442	42,857	42,857	(1,585)
<u>Public Safety</u>				
Sheriff's Department	1,177,204	1,142,802	1,186,881	9,677
Jail	463,824	368,460	459,544	(4,280)
Juvenile Services	6,714	9,000	9,000	2,286
Fire Prevention and Control	45,000	45,000	45,000	0
Civil Defense	58,403	158,808	80,955	22,552
Other Emergency Management	5,000	5,000	5,000	0
County Coroner/Medical Examiner	13,424	14,270	14,270	846
Public Safety Grant Programs	42,485	42,594	42,594	109
Other Public Safety	43,133	46,142	46,142	3,009

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 209,266	\$ 296,088	\$ 296,088	\$ 86,822
Regional Mental Health Center	10,185	10,185	10,185	0
Appropriation to State	23,519	24,719	24,719	1,200
Sanitation Education/Information	34,402	29,590	39,308	4,906
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	5,000	5,000	5,000	0
Senior Citizens Assistance	30,600	30,600	30,600	0
Libraries	21,500	21,500	21,500	0
Other Social, Cultural, and Recreational	4,791	4,791	4,791	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	33,131	33,153	33,153	22
Forest Service	800	800	800	0
Soil Conservation	5,445	5,445	5,445	0
<u>Other Operations</u>				
Tourism	23,250	23,250	23,250	0
Industrial Development	26,088	24,843	26,048	(40)
Other Economic and Community Development	0	2,000	2,000	2,000
Veterans' Services	0	500	500	500
Contributions to Other Agencies	1,000	1,000	1,000	0
Employee Benefits	611,355	664,993	665,104	53,749
Miscellaneous	4,500	4,500	4,500	0
<u>Principal on Debt</u>				
General Government	9,037	6,577	9,038	1
<u>Interest on Debt</u>				
General Government	758	0	758	0
<u>Capital Projects</u>				
Other General Government Projects	0	30,000	0	0
<u>Capital Projects - Donated</u>				
Capital Projects Donated to Other Entities	107,853	0	107,853	0
Total Expenditures	\$ 4,931,251	\$ 4,849,460	\$ 5,235,284	\$ 304,033
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 160,263	\$ (279,784)	\$ (490,911)	\$ 651,174
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (444,095)	\$ (400,000)	\$ (438,994)	\$ (5,101)
Total Other Financing Sources (Uses)	\$ (444,095)	\$ (400,000)	\$ (438,994)	\$ (5,101)
Net Change in Fund Balance				
Fund Balance, July 1, 2006	\$ (283,832)	\$ (679,784)	\$ (929,905)	\$ 646,073
	794,816	746,933	997,054	(202,238)
Fund Balance, June 30, 2007				
	\$ 510,984	\$ 67,149	\$ 67,149	\$ 443,835

Exhibit E-2

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 93,617	\$ 0	\$ 93,617	\$ 94,288	\$ 94,288	\$ (671)
Licenses and Permits	408	0	408	403	403	5
Other Local Revenues	144,473	0	144,473	96,088	96,088	48,385
State of Tennessee	1,357,829	0	1,357,829	1,311,493	1,311,493	46,336
Federal Government	12,330	0	12,330	12,208	12,208	122
Other Governments and Citizens Groups	207,914	0	207,914	255,000	255,000	(47,086)
Total Revenues	\$ 1,816,571	\$ 0	\$ 1,816,571	\$ 1,769,480	\$ 1,769,480	\$ 47,091
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 114,640	\$ 0	\$ 114,640	\$ 121,476	\$ 120,683	\$ 6,043
Highway and Bridge Maintenance	972,831	0	972,831	946,282	1,041,292	68,461
Operation and Maintenance of Equipment	207,958	0	207,958	197,320	238,034	30,076
Other Charges	111,993	0	111,993	162,440	127,775	15,782
Employee Benefits	217,801	0	217,801	236,969	236,969	19,168
Capital Outlay	46,300	1,700	48,000	100,000	48,300	300
Total Expenditures	\$ 1,671,523	\$ 1,700	\$ 1,673,223	\$ 1,764,487	\$ 1,813,053	\$ 139,830
Excess (Deficiency) of Revenues Over Expenditures	\$ 145,048	\$ (1,700)	\$ 143,348	\$ 4,993	\$ (43,573)	\$ 186,921
Net Change in Fund Balance	\$ 145,048	\$ (1,700)	\$ 143,348	\$ 4,993	\$ (43,573)	\$ 186,921
Fund Balance, July 1, 2006	3,067,064	0	3,067,064	2,938,612	2,955,602	111,462
Fund Balance, June 30, 2007	\$ 3,212,112	\$ (1,700)	\$ 3,210,412	\$ 2,943,605	\$ 2,912,029	\$ 298,383

Exhibit E-3

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 9,614	\$ 9,614	0	100	\$ 3,981	0
6-30-03	8,804	8,804	0	100	3,478	0
6-30-01	8,116	8,333	217	97.40	3,332	6.51

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

**A. BUDGETARY INFORMATION**

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Unicoi County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Unicoi County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

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

Major Appropriation Category	Amount Overspent
County Commission	\$ 61
County Buildings	3,067
Juvenile Court	1,585
Jail	4,280
Industrial Development	40
Transfers Out	5,101

Such overexpenditures are a violation of state law. These overexpenditures were funded by available fund balance or by greater than anticipated revenues.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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

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

## Capital Projects Fund

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

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Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for expenditures related to community development in the county.

Exhibit F-1

Unicoi County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2007

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 10,180	\$ 10,180	\$ 0	\$ 10,180
Equity in Pooled Cash and Investments	129	2,927	57,873	0	60,929	7,212	68,141
Due from Other Governments	0	0	6,866	0	6,866	23,840	30,706
Due from Other Funds	0	38,719	0	0	38,719	0	38,719
<b>Total Assets</b>	<b>\$ 129</b>	<b>\$ 41,646</b>	<b>\$ 64,739</b>	<b>\$ 10,180</b>	<b>\$ 116,694</b>	<b>\$ 31,052</b>	<b>\$ 147,746</b>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 0	\$ 38,719	\$ 7,143	\$ 0	\$ 45,862	\$ 0	\$ 45,862
Contracts Payable	0	0	0	0	0	23,840	23,840
Due to Other Funds	0	0	0	10,180	10,180	0	10,180
Other Current Liabilities	0	0	0	0	0	4,000	4,000
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 38,719</b>	<b>\$ 7,143</b>	<b>\$ 10,180</b>	<b>\$ 56,042</b>	<b>\$ 27,840</b>	<b>\$ 83,882</b>
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,100	\$ 45,100
Unreserved (Deficit)	129	2,927	57,596	0	60,652	(41,888)	18,764
<b>Total Fund Balances</b>	<b>\$ 129</b>	<b>\$ 2,927</b>	<b>\$ 57,596</b>	<b>\$ 0</b>	<b>\$ 60,652</b>	<b>\$ 3,212</b>	<b>\$ 63,864</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 129</b>	<b>\$ 41,646</b>	<b>\$ 64,739</b>	<b>\$ 10,180</b>	<b>\$ 116,694</b>	<b>\$ 31,052</b>	<b>\$ 147,746</b>

Exhibit F-2

Unicoi County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Total	Community Development/ Industrial Park	
<u>Revenues</u>						
Local Taxes	\$ 5,081	\$ 0	\$ 0	\$ 5,081	\$ 0	\$ 5,081
Fines, Forfeitures, and Penalties	0	0	134,893	134,893	0	134,893
Other Local Revenues	0	0	6,024	6,024	0	6,024
Federal Government	0	0	343	343	324,664	325,007
Other Governments and Citizens Groups	0	0	83,007	83,007	0	83,007
Total Revenues	<u>\$ 5,081</u>	<u>\$ 0</u>	<u>\$ 224,267</u>	<u>\$ 229,348</u>	<u>\$ 324,664</u>	<u>\$ 554,012</u>
<u>Expenditures</u>						
Current:						
General Government	\$ 23,094	\$ 0	\$ 0	\$ 23,094	\$ 0	\$ 23,094
Finance	0	0	737	737	0	737
Public Safety	0	0	225,881	225,881	0	225,881
Public Health and Welfare	0	444,095	0	444,095	0	444,095
Capital Projects	0	0	0	0	324,664	324,664
Total Expenditures	<u>\$ 23,094</u>	<u>\$ 444,095</u>	<u>\$ 226,618</u>	<u>\$ 693,807</u>	<u>\$ 324,664</u>	<u>\$ 1,018,471</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,013)</u>	<u>\$ (444,095)</u>	<u>\$ (2,351)</u>	<u>\$ (464,459)</u>	<u>\$ 0</u>	<u>\$ (464,459)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 444,095	\$ 0	\$ 444,095	\$ 0	\$ 444,095
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 444,095</u>	<u>\$ 0</u>	<u>\$ 444,095</u>	<u>\$ 0</u>	<u>\$ 444,095</u>
Net Change in Fund Balances	\$ (18,013)	\$ 0	\$ (2,351)	\$ (20,364)	\$ 0	\$ (20,364)
Fund Balance, July 1, 2006	18,142	2,927	59,947	81,016	3,212	84,228
Fund Balance, June 30, 2007	<u>\$ 129</u>	<u>\$ 2,927</u>	<u>\$ 57,596</u>	<u>\$ 60,652</u>	<u>\$ 3,212</u>	<u>\$ 63,864</u>

Exhibit F-3

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,081	\$ 4,000	\$ 4,000	\$ 1,081
Total Revenues	\$ 5,081	\$ 4,000	\$ 4,000	\$ 1,081
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 23,094	\$ 4,000	\$ 23,008	\$ (86)
Total Expenditures	\$ 23,094	\$ 4,000	\$ 23,008	\$ (86)
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,013)	\$ 0	\$ (19,008)	\$ 995
Net Change in Fund Balance	\$ (18,013)	\$ 0	\$ (19,008)	\$ 995
Fund Balance, July 1, 2006	18,142	18,142	18,142	0
Fund Balance, June 30, 2007	\$ 129	\$ 18,142	\$ (866)	\$ 995

Exhibit F-4

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 444,095	\$ 400,000	\$ 438,994	\$ (5,101)
Total Expenditures	\$ 444,095	\$ 400,000	\$ 438,994	\$ (5,101)
Excess (Deficiency) of Revenues Over Expenditures	\$ (444,095)	\$ (400,000)	\$ (438,994)	\$ (5,101)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 444,095	\$ 400,000	\$ 438,994	\$ 5,101
Total Other Financing Sources (Uses)	\$ 444,095	\$ 400,000	\$ 438,994	\$ 5,101
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2006	2,927	2,927	2,927	0
Fund Balance, June 30, 2007	\$ 2,927	\$ 2,927	\$ 2,927	\$ 0

Exhibit F-5

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 134,893	\$ 107,100	\$ 107,100	\$ 27,793
Other Local Revenues	6,024	3,000	3,000	3,024
Federal Government	343	0	0	343
Other Governments and Citizens Groups	83,007	36,000	36,000	47,007
Total Revenues	<u>\$ 224,267</u>	<u>\$ 146,100</u>	<u>\$ 146,100</u>	<u>\$ 78,167</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 737	\$ 0	\$ 0	\$ (737)
<u>Public Safety</u>				
Sheriff's Department	225,881	83,435	225,542	(339)
Total Expenditures	<u>\$ 226,618</u>	<u>\$ 83,435</u>	<u>\$ 225,542</u>	<u>\$ (1,076)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,351)</u>	<u>\$ 62,665</u>	<u>\$ (79,442)</u>	<u>\$ 77,091</u>
Net Change in Fund Balance	\$ (2,351)	\$ 62,665	\$ (79,442)	\$ 77,091
Fund Balance, July 1, 2006	<u>59,947</u>	<u>80,661</u>	<u>80,661</u>	<u>(20,714)</u>
Fund Balance, June 30, 2007	<u>\$ 57,596</u>	<u>\$ 143,326</u>	<u>\$ 1,219</u>	<u>\$ 56,377</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,709,848	\$ 1,499,136	\$ 1,499,136	\$ 210,712
Licenses and Permits	6,694	4,000	4,000	2,694
Other Local Revenues	172,358	50,250	61,348	111,010
State of Tennessee	34,640	25,000	25,000	9,640
Other Governments and Citizens Groups	79,134	67,245	67,245	11,889
Total Revenues	\$ 2,002,674	\$ 1,645,631	\$ 1,656,729	\$ 345,945
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 883,892	\$ 1,216,085	\$ 1,205,062	\$ 321,170
<u>Interest on Debt</u>				
General Government	639,016	612,027	655,501	16,485
<u>Other Debt Service</u>				
General Government	105,207	26,200	101,746	(3,461)
Total Expenditures	\$ 1,628,115	\$ 1,854,312	\$ 1,962,309	\$ 334,194
Excess (Deficiency) of Revenues Over Expenditures	\$ 374,559	\$ (208,681)	\$ (305,580)	\$ 680,139
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 3,300,000	\$ 0	\$ 3,300,000	\$ 0
Premiums on Debt Issued	43,492	0	43,492	0
Payments to Refunded Debt Escrow Agent	(3,268,567)	0	(3,268,567)	0
Total Other Financing Sources (Uses)	\$ 74,925	\$ 0	\$ 74,925	\$ 0
Net Change in Fund Balance	\$ 449,484	\$ (208,681)	\$ (230,655)	\$ 680,139
Fund Balance, July 1, 2006	3,224,576	4,179,131	4,179,131	(954,555)
Fund Balance, June 30, 2007	\$ 3,674,060	\$ 3,970,450	\$ 3,948,476	\$ (274,416)

# Fiduciary Funds

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Agency Funds are used to account for assets held by the county in a trustee capacity 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.

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

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

Exhibit H-1

Unicoi County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 285,505	\$ 285,505
Accounts Receivable	0	4,056	4,056
Due from Other Governments	198,568	0	198,568
Cash Shortage	0	22,222	22,222
Restricted Assets:			
Other Restricted Assets	0	38,405	38,405
Total Assets	<u>\$ 198,568</u>	<u>\$ 350,188</u>	<u>\$ 548,756</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 198,568	\$ 0	\$ 198,568
Due to Litigants, Heirs, and Others	0	350,188	350,188
Total Liabilities	<u>\$ 198,568</u>	<u>\$ 350,188</u>	<u>\$ 548,756</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,136,109	\$ 1,136,109	\$ 0
Due from Other Governments	199,920	198,568	199,920	198,568
Total Assets	\$ 199,920	\$ 1,334,677	\$ 1,336,029	\$ 198,568
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 199,920	\$ 1,334,677	\$ 1,336,029	\$ 198,568
Total Liabilities	\$ 199,920	\$ 1,334,677	\$ 1,336,029	\$ 198,568
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 275,110	\$ 3,387,887	\$ 3,377,492	\$ 285,505
Accounts Receivable	1,676	4,056	1,676	4,056
Cash Shortage	1,034	21,188	0	22,222
Other Restricted Assets	62,084	38,405	62,084	38,405
Total Assets	\$ 339,904	\$ 3,451,536	\$ 3,441,252	\$ 350,188
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 339,904	\$ 3,451,536	\$ 3,441,252	\$ 350,188
Total Liabilities	\$ 339,904	\$ 3,451,536	\$ 3,441,252	\$ 350,188
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 275,110	\$ 3,387,887	\$ 3,377,492	\$ 285,505
Equity in Pooled Cash and Investments	0	1,136,109	1,136,109	0
Accounts Receivable	1,676	4,056	1,676	4,056
Due from Other Governments	199,920	198,568	199,920	198,568
Cash Shortage	1,034	21,188	0	22,222
Other Restricted Assets	62,084	38,405	62,084	38,405
Total Assets	\$ 539,824	\$ 4,786,213	\$ 4,777,281	\$ 548,756
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 199,920	\$ 1,334,677	\$ 1,336,029	\$ 198,568
Due to Litigants, Heirs, and Others	339,904	3,451,536	3,441,252	350,188
Total Liabilities	\$ 539,824	\$ 4,786,213	\$ 4,777,281	\$ 548,756

# Unicoi County School Department

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

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

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

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

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

Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	10,645,941	\$ 18,025	\$ 1,452,332	\$ 521,869	\$ (8,653,715)
Support Services	5,415,024	1,012	26,197	478,131	(4,909,684)
Operation of Non-Instructional Services	2,134,721	522,782	1,355,511	0	(256,428)
Interest on Long-term Debt	21,414	0	0	0	(21,414)
<b>Total Governmental Activities</b>	<b>18,217,100</b>	<b>\$ 541,819</b>	<b>\$ 2,834,040</b>	<b>\$ 1,000,000</b>	<b>\$ (13,841,241)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,442,990
Local Option Sales Taxes					1,257,988
Other Local Taxes					52,055
Grants and Contributions Not Restricted to Specific Programs					10,917,662
Unrestricted Investment Income					8,599
Miscellaneous					114,514
Gain on Disposal of Capital Assets					5,750
<b>Total General Revenues</b>					<b>\$ 14,799,558</b>
Change in Net Assets					\$ 958,317
Net Assets, July 1, 2006					14,349,559
<b>Net Assets, June 30, 2007</b>					<b>\$ 15,307,876</b>

Exhibit I-2

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

	<u>Major Fund</u>	Nonmajor <u>Funds</u>	Total
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 63,000	\$ 34,811	\$ 97,811
Equity in Pooled Cash and Investments	1,582,070	630,590	2,212,660
Accounts Receivable	41,449	3,989	45,438
Due from Other Governments	374,737	118,982	493,719
Due from Other Funds	0	6,702	6,702
Property Taxes Receivable	2,650,782	0	2,650,782
Allowance for Uncollectible Property Taxes	(99,641)	0	(99,641)
<b>Total Assets</b>	<b>\$ 4,612,397</b>	<b>\$ 795,074</b>	<b>\$ 5,407,471</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 12,227	\$ 492	\$ 12,719
Due to Other Funds	6,702	0	6,702
Other Current Liabilities	308,453	0	308,453
Deferred Revenue - Current Property Taxes	2,478,497	0	2,478,497
Deferred Revenue - Delinquent Property Taxes	59,011	0	59,011
Other Deferred Revenues	117,378	0	117,378
<b>Total Liabilities</b>	<b>\$ 2,982,268</b>	<b>\$ 492</b>	<b>\$ 2,982,760</b>
<b><u>Fund Balances</u></b>			
Reserved for Encumbrances	\$ 130,486	\$ 280	\$ 130,766
Reserved for Technology	5,000	0	5,000
Reserved for Title I Grants to Local Education Agencies	0	84,186	84,186
Reserved for Special Education - Grants to States	12,985	28,271	41,256
Unreserved, Reported In:			
General Fund	1,481,658	0	1,481,658
Special Revenue Funds	0	343,184	343,184
Capital Projects Funds	0	338,661	338,661
<b>Total Fund Balances</b>	<b>\$ 1,630,129</b>	<b>\$ 794,582</b>	<b>\$ 2,424,711</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,612,397</b>	<b>\$ 795,074</b>	<b>\$ 5,407,471</b>

Exhibit I-3

Unicoi County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
Discretely Presented Unicoi County School Department  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	2,424,711
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	618,886	
Add: building and improvements net of accumulated depreciation		11,753,910	
Add: other capital assets net of accumulated depreciation		<u>784,707</u>	13,157,503
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			176,389
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: leases payable	\$	(449,721)	
Less: accrued interest on capital leases		<u>(1,006)</u>	<u>(450,727)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 15,307,876</u>

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,829,999	\$ 0	\$ 3,829,999
Licenses and Permits	19,248	0	19,248
Fines, Forfeitures, and Penalties	4,662	0	4,662
Charges for Current Services	18,025	340,277	358,302
Other Local Revenues	293,400	13,090	306,490
State of Tennessee	11,151,712	13,677	11,165,389
Federal Government	532,040	1,890,682	2,422,722
Other Governments and Citizens Groups	22,754	1,000,000	1,022,754
Total Revenues	<u>\$ 15,871,840</u>	<u>\$ 3,257,726</u>	<u>\$ 19,129,566</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 8,990,531	\$ 1,014,830	\$ 10,005,361
Support Services	5,314,319	307,062	5,621,381
Operation of Non-Instructional Services	991,091	1,056,390	2,047,481
Capital Outlay	0	541,292	541,292
Debt Service:			
Principal on Debt	85,901	0	85,901
Interest on Debt	20,408	0	20,408
Total Expenditures	<u>\$ 15,402,250</u>	<u>\$ 2,919,574</u>	<u>\$ 18,321,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 469,590</u>	<u>\$ 338,152</u>	<u>\$ 807,742</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Capital Assets	\$ 5,750	\$ 0	\$ 5,750
Insurance Recovery	8,094	0	8,094
Total Other Financing Sources (Uses)	<u>\$ 13,844</u>	<u>\$ 0</u>	<u>\$ 13,844</u>
Net Change in Fund Balances	\$ 483,434	\$ 338,152	\$ 821,586
Fund Balance, July 1, 2006	1,146,695	456,430	1,603,125
Fund Balance, June 30, 2007	<u>\$ 1,630,129</u>	<u>\$ 794,582</u>	<u>\$ 2,424,711</u>

Exhibit I-5

Unicoi County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Unicoi County School Department  
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit I-4)	\$	821,586
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$	892,192
Less: current year depreciation expense		<u>(813,068)</u> 79,124
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$	176,389
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(203,677)</u> (27,288)
<p>(3) The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Add: principal payments on leases		85,901
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable		<u>(1,006)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$</u>	<u>958,317</u>

Exhibit I-6

Unicoi County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Unicoi County School Department  
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 34,811	\$ 34,811	\$ 0	\$ 34,811
Equity in Pooled Cash and Investments	66,035	225,894	291,929	338,661	630,590
Accounts Receivable	0	3,989	3,989	0	3,989
Due from Other Governments	40,000	78,982	118,982	0	118,982
Due from Other Funds	6,702	0	6,702	0	6,702
<b>Total Assets</b>	<b>\$ 112,737</b>	<b>\$ 343,676</b>	<b>\$ 456,413</b>	<b>\$ 338,661</b>	<b>\$ 795,074</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 492	\$ 492	\$ 0	\$ 492
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 492</b>	<b>\$ 492</b>	<b>\$ 0</b>	<b>\$ 492</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 280	\$ 0	\$ 280	\$ 0	\$ 280
Reserved for Title I Grants to Local Education Agencies	84,186	0	84,186	0	84,186
Reserved for Special Education - Grants to States	28,271	0	28,271	0	28,271
Unreserved	0	343,184	343,184	338,661	681,845
<b>Total Fund Balances</b>	<b>\$ 112,737</b>	<b>\$ 343,184</b>	<b>\$ 455,921</b>	<b>\$ 338,661</b>	<b>\$ 794,582</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 112,737</b>	<b>\$ 343,676</b>	<b>\$ 456,413</b>	<b>\$ 338,661</b>	<b>\$ 795,074</b>

Exhibit I-7

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 340,277	\$ 340,277	\$ 0	\$ 340,277
Other Local Revenues	0	13,090	13,090	0	13,090
State of Tennessee	0	13,677	13,677	0	13,677
Federal Government	1,266,891	623,791	1,890,682	0	1,890,682
Other Governments and Citizens Groups	0	0	0	1,000,000	1,000,000
Total Revenues	\$ 1,266,891	\$ 990,835	\$ 2,257,726	\$ 1,000,000	\$ 3,257,726
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,014,830	\$ 0	\$ 1,014,830	\$ 0	\$ 1,014,830
Support Services	307,062	0	307,062	0	307,062
Operation of Non-Instructional Services	0	1,056,390	1,056,390	0	1,056,390
Capital Outlay	0	0	0	541,292	541,292
Total Expenditures	\$ 1,321,892	\$ 1,056,390	\$ 2,378,282	\$ 541,292	\$ 2,919,574
Excess (Deficiency) of Revenues Over Expenditures	\$ (55,001)	\$ (65,555)	\$ (120,556)	\$ 458,708	\$ 338,152
Net Change in Fund Balances	\$ (55,001)	\$ (65,555)	\$ (120,556)	\$ 458,708	\$ 338,152
Fund Balance, July 1, 2006	167,738	408,739	576,477	(120,047)	456,430
Fund Balance, June 30, 2007	\$ 112,737	\$ 343,184	\$ 455,921	\$ 338,661	\$ 794,582

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,829,999	\$ 0	\$ 0	\$ 3,829,999	\$ 3,704,753	\$ 3,828,594	\$ 1,405
Licenses and Permits	19,248	0	0	19,248	17,400	19,600	(352)
Fines, Forfeitures, and Penalties	4,662	0	0	4,662	0	3,946	716
Charges for Current Services	18,025	0	0	18,025	3,500	18,025	0
Other Local Revenues	293,400	0	0	293,400	27,000	260,285	33,115
State of Tennessee	11,151,712	0	0	11,151,712	10,273,589	11,114,620	37,092
Federal Government	532,040	0	0	532,040	876,090	601,734	(69,694)
Other Governments and Citizens Groups	22,754	0	0	22,754	0	22,513	241
<b>Total Revenues</b>	<b>\$ 15,871,840</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 15,871,840</b>	<b>\$ 14,902,332</b>	<b>\$ 15,869,317</b>	<b>\$ 2,523</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,080,769	\$ (73)	\$ 575	\$ 7,081,271	\$ 7,019,353	\$ 7,178,091	\$ 96,820
Alternative Instruction Program	70,612	0	0	70,612	55,127	70,627	15
Special Education Program	1,098,425	(2,400)	1,294	1,097,319	1,103,687	1,120,434	23,115
Vocational Education Program	727,973	0	775	728,748	716,799	743,234	14,486
Adult Education Program	12,752	(7,025)	200	5,927	889	5,929	2
<u>Support Services</u>							
Attendance	79,827	0	0	79,827	80,998	80,998	1,171
Health Services	130,186	(438)	9,859	139,607	69,796	139,777	170
Other Student Support	325,478	0	0	325,478	315,500	325,810	332
Regular Instruction Program	313,803	0	0	313,803	302,912	315,882	2,079
Alternative Instruction Program	55,089	0	0	55,089	55,098	55,098	9
Special Education Program	114,517	0	0	114,517	116,190	116,190	1,673
Vocational Education Program	117,164	0	0	117,164	120,332	120,332	3,168
Adult Programs	72,283	0	0	72,283	73,942	72,369	86

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 355,769	\$ (60)	\$ 245	\$ 355,954	\$ 368,564	\$ 371,093	\$ 15,139
Director of Schools	261,694	(1,246)	664	261,112	278,568	271,168	10,056
Office of the Principal	928,747	0	0	928,747	950,605	942,530	13,783
Fiscal Services	98,130	0	0	98,130	98,892	98,892	762
Operation of Plant	1,151,939	0	0	1,151,939	1,174,774	1,316,020	164,081
Maintenance of Plant	503,189	(49,157)	16,989	471,021	477,065	569,293	98,272
Transportation	650,106	0	1,841	651,947	667,642	773,248	121,301
Central and Other	156,398	0	3,792	160,190	151,111	165,481	5,291
<u>Operation of Non-Instructional Services</u>							
Food Service	1,138	0	0	1,138	1,139	1,139	1
Community Services	453,697	(10,505)	45,076	488,268	153,927	479,084	(9,184)
Early Childhood Education	536,256	(20,664)	49,176	564,768	561,575	572,236	7,468
<u>Principal on Debt</u>							
Education	85,901	0	0	85,901	70,506	85,902	1
<u>Interest on Debt</u>							
Education	20,408	0	0	20,408	35,806	20,410	2
Total Expenditures	\$ 15,402,250	\$ (91,568)	\$ 130,486	\$ 15,441,168	\$ 15,020,797	\$ 16,011,267	\$ 570,099
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 469,590	\$ 91,568	\$ (130,486)	\$ 430,672	\$ (118,465)	\$ (141,950)	\$ 572,622
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 5,750	\$ 0	\$ 0	\$ 5,750	\$ 0	\$ 4,400	\$ 1,350
Insurance Recovery	8,094	0	0	8,094	0	19,086	(10,992)
Transfers In	0	0	0	0	23,000	23,000	(23,000)
Total Other Financing Sources (Uses)	\$ 13,844	\$ 0	\$ 0	\$ 13,844	\$ 23,000	\$ 46,486	\$ (32,642)
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 483,434	\$ 91,568	\$ (130,486)	\$ 444,516	\$ (95,465)	\$ (95,464)	\$ 539,980
	1,146,695	(91,568)	0	1,055,127	95,465	1,146,695	(91,568)
Fund Balance, June 30, 2007							
	\$ 1,630,129	\$ 0	\$ (130,486)	\$ 1,499,643	\$ 0	\$ 1,051,231	\$ 448,412

Exhibit I-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,266,891	\$ 0	\$ 1,266,891	\$ 1,329,972	\$ 1,334,058	\$ (67,167)
Total Revenues	\$ 1,266,891	\$ 0	\$ 1,266,891	\$ 1,329,972	\$ 1,334,058	\$ (67,167)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 398,998	\$ 0	\$ 398,998	\$ 398,805	\$ 430,420	\$ 31,422
Special Education Program	579,810	280	580,090	586,008	663,281	83,191
Vocational Education Program	36,022	0	36,022	36,417	36,417	395
<u>Support Services</u>						
Other Student Support	20,682	0	20,682	18,200	20,326	(356)
Regular Instruction Program	189,291	0	189,291	199,789	251,980	62,689
Special Education Program	93,124	0	93,124	83,758	99,708	6,584
Vocational Education Program	3,637	0	3,637	3,900	3,900	263
Board of Education	328	0	328	3,095	328	0
Total Expenditures	\$ 1,321,892	\$ 280	\$ 1,322,172	\$ 1,329,972	\$ 1,506,360	\$ 184,188
Excess (Deficiency) of Revenues Over Expenditures	\$ (55,001)	\$ (280)	\$ (55,281)	\$ 0	\$ (172,302)	\$ 117,021
Net Change in Fund Balance	\$ (55,001)	\$ (280)	\$ (55,281)	\$ 0	\$ (172,302)	\$ 117,021
Fund Balance, July 1, 2006	167,738	0	167,738	0	172,302	(4,564)
Fund Balance, June 30, 2007	\$ 112,737	\$ (280)	\$ 112,457	\$ 0	\$ 0	\$ 112,457

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 340,277	\$ 312,500	\$ 312,500	\$ 27,777
Other Local Revenues	13,090	26,500	26,500	(13,410)
State of Tennessee	13,677	14,000	14,000	(323)
Federal Government	623,791	572,200	572,200	51,591
Total Revenues	<u>\$ 990,835</u>	<u>\$ 925,200</u>	<u>\$ 925,200</u>	<u>\$ 65,635</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,056,390	\$ 1,097,335	\$ 1,097,335	\$ 40,945
Total Expenditures	<u>\$ 1,056,390</u>	<u>\$ 1,097,335</u>	<u>\$ 1,097,335</u>	<u>\$ 40,945</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (65,555)</u>	<u>\$ (172,135)</u>	<u>\$ (172,135)</u>	<u>\$ 106,580</u>
Net Change in Fund Balance	\$ (65,555)	\$ (172,135)	\$ (172,135)	\$ 106,580
Fund Balance, July 1, 2006	<u>408,739</u>	<u>406,170</u>	<u>406,170</u>	<u>2,569</u>
Fund Balance, June 30, 2007	<u>\$ 343,184</u>	<u>\$ 234,035</u>	<u>\$ 234,035</u>	<u>\$ 109,149</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-07
<b><u>PRIMARY GOVERNMENT</u></b>									
<b><u>NOTES PAYABLE</u></b>									
<b><u>Payable through General Debt Service Fund</u></b>									
Capital Outlay - 911 Communication Equipment	\$ 300,000	3.45%	10-4-04	10-4-09	\$ 240,000	\$ 0	\$ 60,000	\$ 0	\$ 180,000
Capital Outlay - Election Commission Building	204,000	4.5	6-16-06	6-16-11	204,000	0	40,800	0	163,200
Capital Outlay - School Building Improvements	1,000,000	5.2	11-13-06	11-13-16	0	1,000,000	45,119	0	954,881
Capital Outlay - Jail Renovations/Courthouse HVAC	326,850	4.12	2-18-07	1-18-17	0	326,850	11,104	0	315,746
Capital Outlay - Energy Efficiency	415,800	0	4-23-07	6-1-14	0	415,800	0	0	415,800
Total Payable through General Debt Service Fund					<u>\$ 444,000</u>	<u>\$ 1,742,650</u>	<u>\$ 157,023</u>	<u>\$ 0</u>	<u>\$ 2,029,627</u>
Total Notes Payable					<u>\$ 444,000</u>	<u>\$ 1,742,650</u>	<u>\$ 157,023</u>	<u>\$ 0</u>	<u>\$ 2,029,627</u>
<b><u>OTHER LOANS PAYABLE</u></b>									
<b><u>Payable through General Debt Service Fund</u></b>									
<b><u>Tennessee State School Bond Authority</u></b>									
<b><u>Loan Agreement</u></b>									
Qualified Zone Academy Bonds - School Renovation, Repairs, and Equipping	1,551,362	0	9-29-01	5-25-11	\$ 1,207,478	\$ 0	\$ 196,506	\$ 0	\$ 1,010,972
Total Payable through General Debt Service Fund					<u>\$ 1,207,478</u>	<u>\$ 0</u>	<u>\$ 196,506</u>	<u>\$ 0</u>	<u>\$ 1,010,972</u>
Total Other Loans Payable					<u>\$ 1,207,478</u>	<u>\$ 0</u>	<u>\$ 196,506</u>	<u>\$ 0</u>	<u>\$ 1,010,972</u>
<b><u>CAPITAL LEASES PAYABLE</u></b>									
<b><u>Payable through General Fund</u></b>									
Sheriff Department Vehicle	18,349	5.05	9-13-04	8-13-07	\$ 7,435	\$ 0	\$ 6,346	\$ 0	\$ 1,089
Circuit Court Computer System	13,230	6.25	12-24-04	11-21-09	9,665	0	2,691	0	6,974
Total Payable through General Fund					<u>\$ 17,100</u>	<u>\$ 0</u>	<u>\$ 9,037</u>	<u>\$ 0</u>	<u>\$ 8,063</u>
Total Capital Leases Payable					<u>\$ 17,100</u>	<u>\$ 0</u>	<u>\$ 9,037</u>	<u>\$ 0</u>	<u>\$ 8,063</u>

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-07
<b><u>PRIMARY GOVERNMENT (CONT.)</u></b>									
<b><u>BONDS PAYABLE</u></b>									
<b><u>Payable through General Debt Service Fund</u></b>									
General Obligation Public Improvement Bond	\$ 700,000	4.875%	4-9-1997	1-1-35	\$ 632,684	\$ 0	\$ 10,363	\$ 0	\$ 622,321
General Obligation Public Improvement Bond	800,000	5.1 to 6.2	5-1-1997	4-1-21	715,000	0	30,000	650,000	35,000
School Bonds	3,000,000	3.9 to 4.85	9-1-1998	4-1-23	2,760,000	0	90,000	2,575,000	95,000
General Obligation Refunding Bond	8,715,000	2.45 to 5.25	9-1-01	4-1-21	8,360,000	0	400,000	0	7,960,000
General Obligation Refunding Bond	3,300,000	4	10-18-06	4-1-23	0	3,300,000	0	0	3,300,000
Total Payable through General Debt Service Fund					<u>\$ 12,467,684</u>	<u>\$ 3,300,000</u>	<u>\$ 530,363</u>	<u>\$ 3,225,000</u>	<u>\$ 12,012,321</u>
Total Bonds Payable					<u>\$ 12,467,684</u>	<u>\$ 3,300,000</u>	<u>\$ 530,363</u>	<u>\$ 3,225,000</u>	<u>\$ 12,012,321</u>
<b><u>DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT</u></b>									
<b><u>CAPITAL LEASES PAYABLE</u></b>									
<b><u>Payable through General Purpose School Fund</u></b>									
HVAC Equipment	291,927	4.93	9-9-1998	9-9-08	\$ 78,723	\$ 0	\$ 33,915	\$ 0	\$ 44,808
HVAC Equipment	570,442	3.99	2-17-04	2-17-14	456,899	0	51,986	0	404,913
Total Payable through General Purpose School Fund					<u>\$ 535,622</u>	<u>\$ 0</u>	<u>\$ 85,901</u>	<u>\$ 0</u>	<u>\$ 449,721</u>
Total Capital Leases Payable					<u>\$ 535,622</u>	<u>\$ 0</u>	<u>\$ 85,901</u>	<u>\$ 0</u>	<u>\$ 449,721</u>

Exhibit J-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 565,868	\$ 560,439	\$ 1,126,307
2009	596,398	534,090	1,130,488
2010	621,953	509,590	1,131,543
2011	652,536	484,045	1,136,581
2012	693,147	456,659	1,149,806
2013	713,788	427,318	1,141,106
2014	749,460	393,546	1,143,006
2015	790,165	358,091	1,148,256
2016	830,905	320,702	1,151,607
2017	876,680	279,889	1,156,569
2018	927,493	236,863	1,164,356
2019	968,346	191,360	1,159,706
2020	1,034,240	143,841	1,178,081
2021	1,090,178	93,115	1,183,293
2022	256,162	39,644	295,806
2023	277,194	29,213	306,407
2024	23,275	17,931	41,206
2025	24,410	16,796	41,206
2026	25,600	15,606	41,206
2027	26,848	14,358	41,206
2028	28,157	13,049	41,206
2029	29,530	11,676	41,206
2030	30,969	10,237	41,206
2031	32,479	8,727	41,206
2032	34,062	7,144	41,206
2033	35,723	5,483	41,206
2034	37,464	3,742	41,206
2035	39,291	1,915	41,206
Total	\$ 12,012,321	\$ 5,185,069	\$ 17,197,390

Exhibit J-3

Unicoi County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	Funds for operations	<u>\$ 444,095</u>
Total Transfers			<u><u>\$ 444,095</u></u>

Exhibit J-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Larry Rose (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	\$ 10,524	\$ 50,000	Ohio Casualty Insurance Company
Greg Lynch (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	52,622	50,000	Auto Owners (Mutual) Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	57,276	100,000	"
Director of Schools	State Board of Education and County Board of Education	90,355 (1)	50,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	52,069	575,000	Auto Owners (Mutual) Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	52,069	10,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	52,069	70,000	Auto Owners (Mutual) Insurance Company
Circuit and General Sessions Courts Clerk:				
Christy Howard (7-1-06 through 5-6-07)	Section 8-24-102, <u>TCA</u>	44,258	100,000	"
Beverly Tinker (5-7-07 through 5-21-07 and 5-24-07 through 6-18-07)	Section 8-24-102, <u>TCA</u>	6,726	50,000	"
Dana Campbell (5-22-07 through 5-23-07)	Section 8-24-102, <u>TCA</u>	217		
Tracie Pate (6-19-07 through 6-30-07)	Section 8-24-102, <u>TCA</u>	868	100,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> and Chancery Court Judge	52,069	100,000	Ohio Casualty Insurance Company
Register	Section 8-24-102, <u>TCA</u>	52,069	25,000	Auto Owners (Mutual) Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	61,258 (2)	35,000	"
Individual Employee Bonds - County Departments			10,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

(1) Includes chief executive officer's training supplement of \$3,000.

(2) Includes workhouse superintendent supplement of \$2,863 and law enforcement training supplement of \$1,119.

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 2,232,568	\$ 0	\$ 0	\$ 55,532	\$ 910,797	\$ 0	\$ 3,198,897
Trustee's Collections - Prior Year	92,550	0	0	2,021	26,166	0	120,737
Circuit/Clerk & Master Collections - Prior Years	60,154	0	0	1,313	19,439	0	80,906
Interest and Penalty	17,316	0	0	392	9,725	0	27,433
Pick-up Taxes	6,482	0	0	142	2,095	0	8,719
Payments in-Lieu-of Taxes - T.V.A.	199	0	0	5	81	0	285
Payments in-Lieu-of Taxes - Local Utilities	26,206	0	0	639	10,691	0	37,536
Payments in-Lieu-of Taxes - Other	7,654	0	0	151	2,470	0	10,275
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	669,389	0	669,389
Hotel/Motel Tax	58,471	0	0	0	0	0	58,471
Litigation Tax - General	115,248	0	0	0	0	0	115,248
Litigation Tax - Special Purpose	0	5,081	0	0	0	0	5,081
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	34,925	0	34,925
Business Tax	42,820	0	0	1,080	17,889	0	61,789
Mineral Severance Tax	32,051	0	0	32,050	0	0	64,101
<u>Statutory Local Taxes</u>							
Bank Excise Tax	7,437	0	0	185	3,034	0	10,656
Wholesale Beer Tax	4,292	0	0	107	1,765	0	6,164
Interstate Telecommunications Tax	0	0	0	0	1,382	0	1,382
Other Statutory Local Taxes	83,061	0	0	0	0	0	83,061
Total Local Taxes	\$ 2,786,509	\$ 5,081	\$ 0	\$ 93,617	\$ 1,709,848	\$ 0	\$ 4,595,055
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 16,410	\$ 0	\$ 0	\$ 408	\$ 6,694	\$ 0	\$ 23,512
Total Licenses and Permits	\$ 16,410	\$ 0	\$ 0	\$ 408	\$ 6,694	\$ 0	\$ 23,512
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 5,169	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,169
Officers Costs	1,074	0	0	0	0	0	1,074

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Control Fines	\$ 0	\$ 0	\$ 12,644	\$ 0	\$ 0	\$ 0	\$ 12,644
Jail Fees	333	0	0	0	0	0	333
DUI Treatment Fines	190	0	0	0	0	0	190
Courtroom Security Fee	28	0	0	0	0	0	28
<u>Criminal Court</u>							
Data Entry Fee - Criminal Court	317	0	0	0	0	0	317
<u>General Sessions Court</u>							
Fines	34,067	0	0	0	0	0	34,067
Officers Costs	31,388	0	0	0	0	0	31,388
Game and Fish Fines	106	0	0	0	0	0	106
Drug Control Fines	0	0	26,141	0	0	0	26,141
Jail Fees	9,371	0	0	0	0	0	9,371
DUI Treatment Fines	6,869	0	0	0	0	0	6,869
Data Entry Fee - General Sessions Court	7,335	0	0	0	0	0	7,335
Courtroom Security Fee	466	0	0	0	0	0	466
<u>Juvenile Court</u>							
Fines	3,148	0	0	0	0	0	3,148
Officers Costs	1,168	0	0	0	0	0	1,168
Jail Fees	8,505	0	0	0	0	0	8,505
Data Entry Fee - Juvenile Court	624	0	0	0	0	0	624
<u>Chancery Court</u>							
Officers Costs	1,400	0	0	0	0	0	1,400
Data Entry Fee - Chancery Court	1,038	0	0	0	0	0	1,038
<u>Judicial District Drug Program</u>							
Data Entry Fee - Other Courts	17,808	0	0	0	0	0	17,808
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	60,676	0	0	0	60,676
Other Fines, Forfeitures, and Penalties	0	0	35,432	0	0	0	35,432
Total Fines, Forfeitures, and Penalties	\$ 130,404	\$ 0	\$ 134,893	\$ 0	\$ 0	\$ 0	\$ 265,297

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 79	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	79
Work Release Charges for Board	9,401	0	0	0	0	0	9,401
<u>Fees</u>							
Recreation Fees	31,025	0	0	0	0	0	31,025
Copy Fees	16	0	0	0	0	0	16
Telephone Commissions	1,304	0	0	0	0	0	1,304
Vending Machine Collections	569	0	0	0	0	0	569
Data Processing Fee - Register	6,600	0	0	0	0	0	6,600
Data Processing Fee - Sheriff	2,344	0	0	0	0	0	2,344
Sexual Offender Registration Fees - Sheriff	900	0	0	0	0	0	900
Total Charges for Current Services	\$ 52,238	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	52,238
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 93,582	\$ 0	\$ 0	\$ 137,715	\$ 167,259	\$ 0	398,556
Lease/Rentals	969	0	0	24	395	0	1,388
Sale of Maps	1,693	0	0	0	0	0	1,693
Sale of Recycled Materials	640	0	0	0	0	0	640
Retirees' Insurance Payments	6,716	0	0	575	0	0	7,291
Cobra Insurance Payments	906	0	0	0	0	0	906
Miscellaneous Refunds	61,759	0	6,024	6,159	4,704	0	78,646
<u>Nonrecurring Items</u>							
Performance Bond Forfeitures	7,125	0	0	0	0	0	7,125
Total Other Local Revenues	\$ 173,390	\$ 0	\$ 6,024	\$ 144,473	\$ 172,358	\$ 0	496,245
<u>Fees Received from County Officials</u>							
<u>Fees-In-Lieu of Salary</u>							
County Clerk	\$ 173,717	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	173,717
Circuit Court Clerk	48,156	0	0	0	0	0	48,156
General Sessions Court Clerk	248,633	0	0	0	0	0	248,633
Clerk and Master	43,852	0	0	0	0	0	43,852
Register	84,097	0	0	0	0	0	84,097

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees-In-Lieu of Salary (Cont.)</u>							
Sheriff	\$ 4,104	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,104
Trustee	205,891	0	0	0	0	0	205,891
Total Fees Received from County Officials	\$ 808,450	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 808,450
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 8,727	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,727
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	11,400	0	0	0	0	0	11,400
<u>Health and Welfare Grants</u>							
Health Department Programs	115,285	0	0	0	0	0	115,285
<u>Public Works Grants</u>							
Litter Program	27,182	0	0	0	0	0	27,182
<u>Other State Revenues</u>							
Income Tax	56,324	0	0	0	0	0	56,324
Beer Tax	18,753	0	0	0	0	0	18,753
Alcoholic Beverage Tax	23,165	0	0	0	0	0	23,165
Mixed Drink Tax	1,964	0	0	0	0	0	1,964
State Revenue Sharing - T.V.A.	84,911	0	0	2,112	34,640	0	121,663
Contracted Prisoner Boarding	143,873	0	0	0	0	0	143,873
Gasoline and Motor Fuel Tax	0	0	0	1,341,505	0	0	1,341,505
Petroleum Special Tax	0	0	0	14,212	0	0	14,212
Reappraisal Program Reimbursement	6,860	0	0	0	0	0	6,860
Registrar's Salary Supplement	16,380	0	0	0	0	0	16,380
Total State of Tennessee	\$ 514,824	\$ 0	\$ 0	\$ 1,357,829	\$ 34,640	\$ 0	\$ 1,907,293
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18,093	\$ 18,093
Homeland Security Grants	203,704	0	0	0	0	0	203,704
Other Federal through State	178,585	0	0	0	0	306,571	485,156

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
Forest Service	\$ 10,000	\$ 0	\$ 0	\$ 12,330	\$ 0	\$ 0	\$ 22,330
Asset Forfeiture Funds	0	0	343	0	0	0	343
Other Direct Federal Revenue	400	0	0	0	0	0	400
Total Federal Government	\$ 392,689	\$ 0	\$ 343	\$ 12,330	\$ 0	\$ 324,664	\$ 730,026
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 104,600	\$ 0	\$ 83,007	\$ 0	\$ 67,360	\$ 0	\$ 254,967
Contracted Services	112,000	0	0	207,914	0	0	319,914
<u>Other</u>							
Other	0	0	0	0	11,774	0	11,774
Total Other Governments and Citizens Groups	\$ 216,600	\$ 0	\$ 83,007	\$ 207,914	\$ 79,134	\$ 0	\$ 586,655
Total	\$ 5,091,514	\$ 5,081	\$ 224,267	\$ 1,816,571	\$ 2,002,674	\$ 324,664	\$ 9,464,771

## Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,344,872	\$ 0	\$ 0	\$ 0	\$ 2,344,872
Trustee's Collections - Prior Year	64,449	0	0	0	64,449
Circuit/Clerk & Master Collections - Prior Years	49,910	0	0	0	49,910
Interest and Penalty	15,352	0	0	0	15,352
Pick-up Taxes	5,379	0	0	0	5,379
Payments in-Lieu-of Taxes - T.V.A.	208	0	0	0	208
Payments in-Lieu-of Taxes - Local Utilities	26,834	0	0	0	26,834
Payments in-Lieu-of Taxes - Other	6,325	0	0	0	6,325
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,256,777	0	0	0	1,256,777
Business Tax	44,750	0	0	0	44,750
Other County Local Option Taxes	558	0	0	0	558
<u>Statutory Local Taxes</u>					
Bank Excise Tax	7,770	0	0	0	7,770
Wholesale Beer Tax	3,890	0	0	0	3,890
Interstate Telecommunications Tax	2,925	0	0	0	2,925
Total Local Taxes	\$ 3,829,999	\$ 0	\$ 0	\$ 0	\$ 3,829,999
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,123	\$ 0	\$ 0	\$ 0	\$ 2,123
Cable TV Franchise	17,125	0	0	0	17,125
Total Licenses and Permits	\$ 19,248	\$ 0	\$ 0	\$ 0	\$ 19,248
<u>Fines, Forfeitures, and Penalties</u>					
<u>Juvenile Court</u>					
Fines	\$ 4,662	\$ 0	\$ 0	\$ 0	\$ 4,662
Total Fines, Forfeitures, and Penalties	\$ 4,662	\$ 0	\$ 0	\$ 0	\$ 4,662
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 7,365	\$ 0	\$ 0	\$ 0	\$ 7,365
Tuition - Other	10,660	0	0	0	10,660
Lunch Payments - Children	0	0	240,366	0	240,366
Lunch Payments - Adults	0	0	18,434	0	18,434
Income from Breakfast	0	0	524	0	524
A la carte Sales	0	0	80,953	0	80,953
Total Charges for Current Services	\$ 18,025	\$ 0	\$ 340,277	\$ 0	\$ 358,302
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 5,861	\$ 0	\$ 9,092	\$ 0	\$ 14,953
Lease/Rentals	1,012	0	0	0	1,012
Sale of Materials and Supplies	182,505	0	0	0	182,505
Miscellaneous Refunds	102,422	0	3,998	0	106,420
<u>Nonrecurring Items</u>					
Contributions and Gifts	1,600	0	0	0	1,600
Total Other Local Revenues	\$ 293,400	\$ 0	\$ 13,090	\$ 0	\$ 306,490

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 9,980,042	\$ 0	\$ 0	\$ 0	\$ 9,980,042
Early Childhood Education	651,396	0	0	0	651,396
School Food Service	0	0	13,677	0	13,677
Other State Education Funds	164,799	0	0	0	164,799
Career Ladder Program	134,364	0	0	0	134,364
Career Ladder - Extended Contract	91,359	0	0	0	91,359
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	88,713	0	0	0	88,713
Other State Revenues	41,039	0	0	0	41,039
Total State of Tennessee	\$ 11,151,712	\$ 0	\$ 13,677	\$ 0	\$ 11,165,389
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 458,738	\$ 0	\$ 458,738
Breakfast	0	0	158,699	0	158,699
USDA - Other	0	0	6,354	0	6,354
Adult Education State Grant Program	39,788	0	0	0	39,788
Vocational Education - Basic Grants to States	0	49,517	0	0	49,517
Other Vocational	25,000	0	0	0	25,000
Title I Grants to Local Education Agencies	0	454,166	0	0	454,166
Innovative Education Program Strategies	0	4,074	0	0	4,074
Special Education - Grants to States	5,806	554,061	0	0	559,867
Special Education Preschool Grants	7,178	52,144	0	0	59,322
Eisenhower Professional Development State Grants	0	137,031	0	0	137,031
Other Federal through State	82,128	15,898	0	0	98,026
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	238,470	0	0	0	238,470
ROTC Reimbursement	46,520	0	0	0	46,520
Forest Service	87,150	0	0	0	87,150
Total Federal Government	\$ 532,040	\$ 1,266,891	\$ 623,791	\$ 0	\$ 2,422,722
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ 1,000,000
<u>Citizens Groups</u>					
Donations	22,754	0	0	0	22,754
Total Other Governments and Citizens Groups	\$ 22,754	\$ 0	\$ 0	\$ 1,000,000	\$ 1,022,754
Total	\$ 15,871,840	\$ 1,266,891	\$ 990,835	\$ 1,000,000	\$ 19,129,566

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,400	
Audit Services		10,857	
Contracts with Government Agencies		1,250	
Dues and Memberships		4,246	
Legal Notices, Recording, and Court Costs		940	
Travel		3,050	
Other Charges		3,122	
Total County Commission			\$ 55,865

Board of Equalization

Board and Committee Members Fees	\$	210	
Total Board of Equalization			210

County Mayor/Executive

County Official/Administrative Officer	\$	63,146	
Accountants/Bookkeepers		23,136	
Salary Supplements		3,629	
Secretary(ies)		22,958	
Clerical Personnel		23,470	
Communication		4,981	
Data Processing Services		16,464	
Dues and Memberships		1,100	
Maintenance and Repair Services - Office Equipment		1,447	
Maintenance and Repair Services - Vehicles		433	
Travel		1,702	
Office Supplies		2,521	
Premiums on Corporate Surety Bonds		694	
Other Charges		614	
Office Equipment		800	
Total County Mayor/Executive			167,095

County Attorney

County Official/Administrative Officer	\$	12,000	
Total County Attorney			12,000

Election Commission

County Official/Administrative Officer	\$	46,862	
Assistant(s)		72	
Deputy(ies)		23,907	
Mechanic(s)		515	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Clerical Personnel	\$	8,242	
Election Commission		4,020	
Election Workers		13,890	
Communication		1,919	
Data Processing Services		2,728	
Dues and Memberships		175	
Janitorial Services		1,595	
Legal Notices, Recording, and Court Costs		3,592	
Maintenance and Repair Services - Buildings		168	
Maintenance and Repair Services - Equipment		4,184	
Postal Charges		1,278	
Printing, Stationery, and Forms		2,071	
Travel		3,346	
Other Contracted Services		6,102	
Electricity		1,058	
Office Supplies		1,546	
Office Equipment		5,363	
Voting Machines		132,016	
Total Election Commission			\$ 264,649

Register of Deeds

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		26,168	
Clerical Personnel		20,534	
Part-time Personnel		1,935	
Communication		2,680	
Data Processing Services		6,321	
Dues and Memberships		494	
Maintenance and Repair Services - Office Equipment		727	
Travel		2,740	
Other Contracted Services		110	
Data Processing Supplies		787	
Office Supplies		2,641	
Premiums on Corporate Surety Bonds		388	
Data Processing Equipment		10,162	
Office Equipment		6,381	
Total Register of Deeds			134,137

Development

Contracts with Government Agencies	\$	7,000	
Total Development			7,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$	29,745	
Maintenance and Repair Services - Buildings		47,310	
Custodial Supplies		3,277	
Natural Gas		9,800	
Utilities		32,089	
Building and Contents Insurance		3,183	
Total County Buildings			\$ 125,404

Other General Administration

Postal Charges	\$	26,719	
Duplicating Supplies		3,652	
Office Supplies		1,800	
Other Supplies and Materials		117	
Excess Risk Insurance		500	
Indirect Cost		217	
Liability Insurance		53,419	
Total Other General Administration			86,424

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,069	
Assistant(s)		27,580	
Deputy(ies)		28,763	
Clerical Personnel		27,580	
Other Salaries and Wages		24,167	
Audit Services		10,810	
Communication		3,725	
Data Processing Services		8,848	
Maintenance and Repair Services - Office Equipment		12,055	
Postal Charges		92	
Printing, Stationery, and Forms		2,900	
Travel		7,710	
Office Supplies		3,052	
Premiums on Corporate Surety Bonds		252	
Office Equipment		2,438	
Total Property Assessor's Office			212,041

County Trustee's Office

County Official/Administrative Officer	\$	52,069	
Assistant(s)		29,802	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Deputy(ies)	\$	24,944	
Communication		1,768	
Data Processing Services		5,674	
Dues and Memberships		479	
Legal Notices, Recording, and Court Costs		357	
Maintenance and Repair Services - Office Equipment		195	
Travel		1,630	
Office Supplies		815	
Premiums on Corporate Surety Bonds		3,551	
Office Equipment		1,880	
Total County Trustee's Office			\$ 123,164

County Clerk's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		26,636	
Salary Supplements		1,867	
Clerical Personnel		26,676	
Temporary Personnel		4,990	
Part-time Personnel		17,838	
Other Salaries and Wages		26,603	
Communication		5,224	
Dues and Memberships		769	
Maintenance and Repair Services - Office Equipment		10,492	
Travel		1,194	
Office Supplies		4,341	
Premiums on Corporate Surety Bonds		911	
Data Processing Equipment		3,197	
Office Equipment		2,800	
Total County Clerk's Office			185,607

Other Finance

Trustee's Commission	\$	55,020	
Total Other Finance			55,020

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,069	
Assistant(s)		24,392	
Deputy(ies)		44,549	
Accountants/Bookkeepers		21,577	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Clerical Personnel	\$	21,973	
Temporary Personnel		14,921	
Part-time Personnel		22,669	
Other Salaries and Wages		24,056	
Jury and Witness Fees		8,356	
Communication		3,732	
Dues and Memberships		443	
Maintenance and Repair Services - Office Equipment		9,737	
Travel		1,436	
Data Processing Supplies		115	
Office Supplies		12,025	
Premiums on Corporate Surety Bonds		1,475	
Office Equipment		15,046	
Total Circuit Court			\$ 278,571

General Sessions Court

Judge(s)	\$	74,750	
Communication		699	
Dues and Memberships		50	
Travel		731	
Total General Sessions Court			76,230

Chancery Court

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		23,879	
Communication		1,407	
Dues and Memberships		600	
Legal Notices, Recording, and Court Costs		162	
Maintenance and Repair Services - Office Equipment		3,411	
Travel		166	
Office Supplies		1,469	
Premiums on Corporate Surety Bonds		1,062	
Office Equipment		1,500	
Total Chancery Court			85,725

Juvenile Court

Salary Supplements	\$	10,164	
Contracts with Government Agencies		33,739	
Travel		539	
Total Juvenile Court			44,442

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,258	
Supervisor/Director		80,966	
Deputy(ies)		173,397	
Investigator(s)		87,793	
Captain(s)		65,043	
Lieutenant(s)		87,281	
Youth Service Officer(s)		57,502	
Sergeant(s)		27,045	
Dispatchers/Radio Operators		130,208	
Secretary(ies)		56,593	
Other Salaries and Wages		68,732	
In-Service Training		3,604	
Communication		14,380	
Dues and Memberships		1,100	
Maintenance and Repair Services - Buildings		86	
Maintenance and Repair Services - Equipment		54	
Maintenance and Repair Services - Vehicles		46,545	
Travel		2,639	
Gasoline		109,568	
Law Enforcement Supplies		19,317	
Office Supplies		657	
Tires and Tubes		9,418	
Uniforms		5,384	
Liability Insurance		32,264	
Premiums on Corporate Surety Bonds		351	
Workers' Compensation Insurance		31,826	
Other Charges		37	
Communication Equipment		615	
Law Enforcement Equipment		2,710	
Motor Vehicles		10	
Other Capital Outlay		821	
Total Sheriff's Department			\$ 1,177,204

Jail

Supervisor/Director	\$	29,589
Guards		138,111
Other Salaries and Wages		104,728
In-Service Training		998
Maintenance and Repair Services - Buildings		11,994
Maintenance and Repair Services - Equipment		2,459

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical and Dental Services	\$	39,798	
Travel		186	
Custodial Supplies		1,386	
Drugs and Medical Supplies		16,804	
Food Supplies		79,833	
Natural Gas		3,841	
Prisoners Clothing		836	
Utilities		33,261	
Total Jail			\$ 463,824

Juvenile Services

Other Salaries and Wages	\$	6,577	
Other Fringe Benefits		137	
Total Juvenile Services			6,714

Fire Prevention and Control

Contributions	\$	45,000	
Total Fire Prevention and Control			45,000

Civil Defense

County Official/Administrative Officer	\$	31,088	
Contributions		1,000	
Maintenance and Repair Services - Vehicles		1,812	
Travel		51	
Gasoline		2,146	
Law Enforcement Supplies		348	
Office Supplies		225	
Other Supplies and Materials		5,637	
Communication Equipment		1,096	
Motor Vehicles		15,000	
Total Civil Defense			58,403

Other Emergency Management

Contributions	\$	5,000	
Total Other Emergency Management			5,000

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	1,796	
Contracts with Other Public Agencies		11,440	
Law Enforcement Supplies		188	
Total County Coroner/Medical Examiner			13,424

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Public Safety Grant Programs

Dispatchers/Radio Operators	\$	22,510	
Part-time Personnel		15,816	
Social Security		1,451	
State Retirement		594	
Medical Insurance		2,114	
Total Public Safety Grant Programs			\$ 42,485

Other Public Safety

Investigator(s)	\$	25,932	
Other Fringe Benefits		8,131	
Communication		1,500	
Maintenance and Repair Services - Equipment		151	
Postal Charges		120	
Printing, Stationery, and Forms		540	
Travel		1,045	
Law Enforcement Supplies		758	
Office Supplies		2,247	
Uniforms		600	
Law Enforcement Equipment		2,109	
Total Other Public Safety			43,133

Public Health and Welfare

Local Health Center

Paraprofessionals	\$	126,874	
Other Salaries and Wages		34,630	
Communication		3,474	
Maintenance and Repair Services - Equipment		965	
Maintenance and Repair Services - Office Equipment		436	
Matching Share		4,800	
Custodial Supplies		2,589	
Drugs and Medical Supplies		6,527	
Electricity		16,877	
Office Supplies		3,180	
Water and Sewer		428	
Other Supplies and Materials		5,796	
Other Charges		2,690	
Total Local Health Center			209,266

Regional Mental Health Center

Contributions	\$	10,185	
Total Regional Mental Health Center			10,185

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contracts with Government Agencies	\$ 23,519	
Total Appropriation to State		\$ 23,519

Sanitation Education/Information

Other Salaries and Wages	\$ 30,172	
Instructional Supplies and Materials	4,230	
Total Sanitation Education/Information		34,402

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$ 5,000	
Total Adult Activities		5,000

Senior Citizens Assistance

Contracts with Other Public Agencies	\$ 10,600	
Contributions	20,000	
Total Senior Citizens Assistance		30,600

Libraries

Contributions	\$ 21,500	
Total Libraries		21,500

Other Social, Cultural, and Recreational

Contributions	\$ 4,791	
Total Other Social, Cultural, and Recreational		4,791

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$ 2,518	
Contributions	30,613	
Total Agriculture Extension Service		33,131

Forest Service

Contributions	\$ 800	
Total Forest Service		800

Soil Conservation

Contributions	\$ 5,445	
Total Soil Conservation		5,445

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$	20,000	
Dues and Memberships		1,250	
Other Charges		2,000	
Total Tourism			\$ 23,250

Industrial Development

Contributions	\$	22,343	
Other Charges		3,745	
Total Industrial Development			26,088

Contributions to Other Agencies

Contributions	\$	1,000	
Total Contributions to Other Agencies			1,000

Employee Benefits

Social Security	\$	186,470	
State Retirement		157,055	
Employee and Dependent Insurance		4,511	
Medical Insurance		234,628	
Dental Insurance		17,764	
Unemployment Compensation		2,112	
Workers' Compensation Insurance		8,815	
Total Employee Benefits			611,355

Miscellaneous

Contributions	\$	4,500	
Total Miscellaneous			4,500

Principal on Debt

General Government

Principal on Capital Leases	\$	9,037	
Total General Government			9,037

Interest on Debt

General Government

Interest on Capital Leases	\$	758	
Total General Government			758

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Capital Outlay	\$ 107,853	
Total Capital Projects Donated to Other Entities		\$ 107,853

Total General Fund \$ 4,931,251

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Consultants	\$ 3,645	
Maintenance and Repair Services - Buildings	19,393	
Trustee's Commission	56	
Total County Buildings		\$ 23,094

Total Courthouse and Jail Maintenance Fund 23,094

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Communication	\$ 1,819	
Contracts with Private Agencies	407,889	
Operating Lease Payments	13,680	
Maintenance and Repair Services - Office Equipment	258	
Rentals	845	
Other Contracted Services	13,980	
Electricity	5,370	
Site Development	254	
Total Sanitation Management		\$ 444,095

Total Solid Waste/Sanitation Fund 444,095

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$ 737	
Total Other Finance		\$ 737

Public Safety

Sheriff's Department

In-Service Training	\$ 8,476	
Advertising	5,460	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication	\$	1,913	
Confidential Drug Enforcement Payments		17,300	
Dues and Memberships		558	
Maintenance and Repair Services - Buildings		715	
Maintenance and Repair Services - Equipment		620	
Maintenance and Repair Services - Vehicles		22,827	
Travel		8,930	
Veterinary Services		1,848	
Animal Food and Supplies		5,577	
Law Enforcement Supplies		17,405	
Office Supplies		2,058	
Uniforms		2,591	
Other Supplies and Materials		234	
Refunds		997	
Other Charges		1,861	
Law Enforcement Equipment		77,045	
Motor Vehicles		49,466	
Total Sheriff's Department			\$ 225,881

Total Drug Control Fund \$ 226,618

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,276	
Accountants/Bookkeepers		45,748	
Communication		2,767	
Postal Charges		400	
Travel		1,723	
Data Processing Supplies		247	
Office Supplies		1,027	
Other Charges		4,573	
Data Processing Equipment		790	
Office Equipment		89	
Total Administration			\$ 114,640

Highway and Bridge Maintenance

Foremen	\$	37,627	
Laborers		581,908	
Other Salaries and Wages		7,758	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt	\$	254,932	
Concrete		9,180	
Crushed Stone		20,391	
Other Road Supplies		26,545	
Pipe		9,822	
Structural Steel		12,195	
Wood Products		9,826	
Other Supplies and Materials		2,647	
Total Highway and Bridge Maintenance			\$ 972,831

Operation and Maintenance of Equipment

Mechanic(s)	\$	34,431	
Communication		3,811	
Diesel Fuel		38,214	
Electricity		4,862	
Equipment and Machinery Parts		92,185	
Garage Supplies		3,395	
Gasoline		10,441	
Lubricants		6,361	
Natural Gas		3,799	
Propane Gas		1,920	
Tires and Tubes		8,018	
Communication Equipment		188	
Office Equipment		333	
Total Operation and Maintenance of Equipment			207,958

Other Charges

Dues and Memberships	\$	2,109	
Maintenance Agreements		4,592	
Office Supplies		306	
Premiums on Corporate Surety Bonds		962	
Trustee's Commission		16,116	
Vehicle and Equipment Insurance		23,685	
Workers' Compensation Insurance		64,223	
Total Other Charges			111,993

Employee Benefits

Social Security	\$	58,578	
State Retirement		62,387	
Employee and Dependent Insurance		87,537	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Unemployment Compensation	\$	1,049	
Uniforms		8,250	
Total Employee Benefits			\$ 217,801

Capital Outlay

Highway Equipment	\$	42,166	
Other Capital Outlay		4,134	
Total Capital Outlay			46,300

Total Highway/Public Works Fund \$ 1,671,523

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	530,363	
Principal on Notes		157,023	
Principal on Other Loans		196,506	
Total General Government			\$ 883,892

Interest on Debt

General Government

Interest on Bonds	\$	587,000	
Interest on Notes		52,016	
Total General Government			639,016

Other Debt Service

General Government

Trustee's Commission	\$	28,495	
Underwriter's Discount		23,100	
Other Debt Issuance Charges		51,825	
Other Debt Service		1,787	
Total General Government			105,207

Total General Debt Service Fund 1,628,115

General Capital Projects Fund

Capital Projects

Public Safety Projects

Architects	\$	13,411	
Other Contracted Services		3,100	

(Continued)

Exhibit J-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Safety Projects (Cont.)

Building Improvements	\$ 44,376	
Communication Equipment	200	
Furniture and Fixtures	3,290	
Total Public Safety Projects		\$ 64,377

Public Health and Welfare Projects

Building Improvements	\$ 1,684	
Total Public Health and Welfare Projects		1,684

Other General Government Projects

Engineering Services	\$ 25,836	
Building Construction	204,000	
Heating and Air Conditioning Equipment	388	
Total Other General Government Projects		230,224

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 1,000,000	
Total Capital Projects Donated to School Department		1,000,000

Total General Capital Projects Fund \$ 1,296,285

Community Development/Industrial Park Fund

Capital Projects

Public Utility Projects

Consultants	\$ 5,000	
Engineering Services	13,093	
Total Public Utility Projects		\$ 18,093

Other General Government Projects

Architects	\$ 11,988	
Consultants	20,140	
Other Contracted Services	262,636	
Other Capital Outlay	11,807	
Total Other General Government Projects		306,571

Total Community Development/Industrial Park Fund 324,664

Total Governmental Funds - Primary Government \$ 10,545,645

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,884,128	
Career Ladder Program		76,031	
Career Ladder Extended Contracts		116,295	
Homebound Teachers		27,333	
Educational Assistants		121,550	
Other Salaries and Wages		1,695	
Certified Substitute Teachers		37,451	
Non-certified Substitute Teachers		88,528	
Social Security		324,569	
State Retirement		324,119	
Life Insurance		5,575	
Medical Insurance		725,881	
Dental Insurance		25,139	
Employer Medicare		75,968	
Other Contracted Services		1,497	
Instructional Supplies and Materials		75,698	
Textbooks		125,430	
Other Supplies and Materials		7,813	
Fee Waivers		15,485	
Other Charges		20,584	
Total Regular Instruction Program			\$ 7,080,769

Alternative Instruction Program

Teachers	\$	42,812	
Career Ladder Program		1,000	
Social Security		2,705	
State Retirement		2,686	
Life Insurance		40	
Medical Insurance		5,116	
Dental Insurance		120	
Employer Medicare		633	
Contracts with Other School Systems		15,500	
Total Alternative Instruction Program			70,612

Special Education Program

Teachers	\$	602,681
Career Ladder Program		24,919
Educational Assistants		40,776
Speech Pathologist		124,437

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	4,275	
Non-certified Substitute Teachers		20,949	
Social Security		48,225	
State Retirement		49,441	
Life Insurance		829	
Medical Insurance		127,098	
Dental Insurance		4,977	
Employer Medicare		11,295	
Other Fringe Benefits		6,445	
Other Contracted Services		13,400	
Instructional Supplies and Materials		6,339	
Other Supplies and Materials		7,743	
Other Charges		1,326	
Special Education Equipment		3,270	
Total Special Education Program			\$ 1,098,425

Vocational Education Program

Teachers	\$	499,904	
Career Ladder Program		4,999	
Educational Assistants		18,931	
Certified Substitute Teachers		153	
Non-certified Substitute Teachers		11,519	
Social Security		31,781	
State Retirement		32,488	
Life Insurance		585	
Medical Insurance		80,699	
Dental Insurance		1,081	
Employer Medicare		7,432	
Maintenance and Repair Services - Equipment		2,789	
Other Contracted Services		3,391	
Instructional Supplies and Materials		15,379	
Textbooks		3,500	
Other Supplies and Materials		1,620	
Other Charges		3,460	
Vocational Instruction Equipment		8,262	
Total Vocational Education Program			727,973

Adult Education Program

Teachers	\$	1,700	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Other Salaries and Wages	\$	1,400	
Social Security		371	
Employer Medicare		68	
Instructional Supplies and Materials		4,188	
Other Supplies and Materials		5,025	
Total Adult Education Program			\$ 12,752

Support Services

Attendance

Supervisor/Director	\$	62,430	
Career Ladder Program		2,000	
Social Security		3,983	
State Retirement		3,950	
Life Insurance		40	
Medical Insurance		4,978	
Dental Insurance		120	
Employer Medicare		932	
Travel		1,394	
Total Attendance			79,827

Health Services

Medical Personnel	\$	62,043	
Other Salaries and Wages		21,682	
Social Security		5,145	
State Retirement		5,116	
Life Insurance		121	
Medical Insurance		2,001	
Dental Insurance		60	
Employer Medicare		1,206	
Travel		1,747	
Drugs and Medical Supplies		4,184	
Other Supplies and Materials		9,367	
Other Charges		1,603	
Health Equipment		15,911	
Total Health Services			130,186

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		197,337	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

School Resource Officer	\$	38,985	
Other Salaries and Wages		13,840	
Social Security		15,595	
State Retirement		16,694	
Life Insurance		271	
Medical Insurance		32,306	
Dental Insurance		312	
Employer Medicare		3,281	
Evaluation and Testing		4,857	
Total Other Student Support			\$ 325,478

Regular Instruction Program

Career Ladder Program	\$	6,600	
Librarians		194,948	
Educational Assistants		11,984	
Other Salaries and Wages		9,924	
Social Security		13,559	
State Retirement		12,624	
Life Insurance		245	
Medical Insurance		28,291	
Dental Insurance		480	
Employer Medicare		3,148	
Travel		15,769	
Periodicals		2,857	
In Service/Staff Development		13,374	
Total Regular Instruction Program			313,803

Alternative Instruction Program

Supervisor/Director	\$	42,787	
Career Ladder Program		999	
Social Security		2,711	
State Retirement		2,683	
Life Insurance		41	
Medical Insurance		5,116	
Dental Insurance		120	
Employer Medicare		632	
Total Alternative Instruction Program			55,089

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	65,820	
Career Ladder Program		999	
Secretary(ies)		24,098	
Social Security		5,627	
State Retirement		6,110	
Life Insurance		81	
Medical Insurance		5,115	
Dental Insurance		120	
Employer Medicare		1,316	
Travel		1,851	
In Service/Staff Development		3,380	
Total Special Education Program			\$ 114,517

Vocational Education Program

Supervisor/Director	\$	62,467	
Career Ladder Program		1,000	
Secretary(ies)		25,140	
Social Security		5,443	
State Retirement		5,992	
Life Insurance		81	
Medical Insurance		10,231	
Dental Insurance		144	
Employer Medicare		1,273	
Maintenance and Repair Services - Equipment		3,562	
Travel		1,000	
Other Contracted Services		675	
Other Supplies and Materials		156	
Total Vocational Education Program			117,164

Adult Programs

Supervisor/Director	\$	52,669	
Career Ladder Program		3,600	
Social Security		3,491	
State Retirement		3,452	
Life Insurance		40	
Medical Insurance		5,247	
Dental Insurance		120	
Employer Medicare		815	
In Service/Staff Development		2,849	
Total Adult Programs			72,283

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	24,903	
Other Salaries and Wages		50,146	
Board and Committee Members Fees		5,580	
Social Security		3,112	
State Retirement		2,185	
Life Insurance		40	
Medical Insurance		5,235	
Dental Insurance		120	
Unemployment Compensation		8,327	
Employer Medicare		728	
Audit Services		7,900	
Dues and Memberships		9,255	
Legal Services		7,821	
Travel		14,400	
Other Contracted Services		21,786	
Other Supplies and Materials		2,990	
Liability Insurance		21,108	
Premiums on Corporate Surety Bonds		1,083	
Trustee's Commission		94,106	
Workers' Compensation Insurance		68,964	
Other Charges		5,980	
Total Board of Education			\$ 355,769

Director of Schools

County Official/Administrative Officer	\$	90,355
Assistant(s)		29,295
Career Ladder Program		1,000
Secretary(ies)		19,049
Clerical Personnel		2,276
Social Security		8,502
State Retirement		9,160
Life Insurance		113
Medical Insurance		7,965
Dental Insurance		236
Employer Medicare		1,988
Other Fringe Benefits		138
Communication		54,390
Dues and Memberships		2,242
Postal Charges		6,801

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Travel	\$	9,426	
Other Contracted Services		5,944	
Office Supplies		5,737	
Other Charges		4,125	
Administration Equipment		2,952	
Total Director of Schools			\$ 261,694

Office of the Principal

Principals	\$	336,083	
Career Ladder Program		6,999	
Accountants/Bookkeepers		46,224	
Assistant Principals		186,810	
Secretary(ies)		141,167	
Social Security		43,572	
State Retirement		48,261	
Life Insurance		758	
Medical Insurance		104,326	
Dental Insurance		1,657	
Employer Medicare		10,190	
Dues and Memberships		2,700	
Total Office of the Principal			928,747

Fiscal Services

Accountants/Bookkeepers	\$	65,326	
Social Security		4,025	
State Retirement		5,426	
Life Insurance		81	
Medical Insurance		4,978	
Dental Insurance		12	
Employer Medicare		887	
Travel		2,700	
Other Contracted Services		6,586	
Data Processing Supplies		2,374	
Office Supplies		897	
Other Supplies and Materials		165	
Administration Equipment		4,673	
Total Fiscal Services			98,130

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Supervisor/Director	\$	30,715	
Custodial Personnel		313,237	
Social Security		21,194	
State Retirement		23,821	
Life Insurance		649	
Medical Insurance		54,158	
Dental Insurance		619	
Employer Medicare		4,957	
Disposal Fees		24,095	
Other Contracted Services		19,989	
Custodial Supplies		35,983	
Electricity		379,993	
Natural Gas		133,819	
Water and Sewer		18,961	
Boiler Insurance		3,464	
Building and Contents Insurance		63,109	
Plant Operation Equipment		23,176	
Total Operation of Plant			\$ 1,151,939

Maintenance of Plant

Supervisor/Director	\$	39,192	
Maintenance Personnel		194,077	
Social Security		14,252	
State Retirement		18,725	
Life Insurance		355	
Medical Insurance		35,793	
Dental Insurance		598	
Employer Medicare		3,333	
Maintenance and Repair Services - Buildings		56,910	
Maintenance and Repair Services - Equipment		20,384	
Maintenance and Repair Services - Vehicles		2,397	
Other Contracted Services		26,000	
Equipment and Machinery Parts		15,056	
General Construction Materials		6,963	
Other Supplies and Materials		33,040	
Other Charges		16,124	
Maintenance Equipment		19,990	
Total Maintenance of Plant			503,189

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	37,695	
Mechanic(s)		27,102	
Bus Drivers		230,369	
Other Salaries and Wages		4,601	
Social Security		17,480	
State Retirement		11,637	
Life Insurance		82	
Medical Insurance		10,231	
Dental Insurance		2	
Employer Medicare		4,086	
Medical and Dental Services		925	
Other Contracted Services		10,064	
Diesel Fuel		76,132	
Garage Supplies		5,000	
Gasoline		8,651	
Lubricants		1,331	
Tires and Tubes		10,174	
Vehicle Parts		53,076	
Other Supplies and Materials		998	
Vehicle and Equipment Insurance		19,484	
Other Charges		3,000	
Transportation Equipment		117,986	
Total Transportation			\$ 650,106

Central and Other

Supervisor/Director	\$	45,090	
Computer Programmer(s)		21,999	
Other Salaries and Wages		34,608	
Social Security		6,201	
State Retirement		6,327	
Life Insurance		119	
Medical Insurance		14,588	
Dental Insurance		167	
Employer Medicare		1,450	
Travel		2,417	
Data Processing Supplies		13,739	
Other Supplies and Materials		2,654	
Data Processing Equipment		7,039	
Total Central and Other			156,398

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	999	
Social Security		62	
State Retirement		62	
Employer Medicare		15	
Total Food Service			\$ 1,138

Community Services

Supervisor/Director	\$	12,390	
Teachers		128,966	
Guidance Personnel		2,429	
Bus Drivers		2,325	
Secretary(ies)		5,682	
Educational Assistants		28,329	
Cafeteria Personnel		1,472	
Custodial Personnel		3,499	
Social Security		11,270	
State Retirement		10,754	
Life Insurance		36	
Medical Insurance		8,483	
Employer Medicare		2,711	
Postal Charges		175	
Travel		938	
Other Contracted Services		800	
Data Processing Supplies		197,194	
Instructional Supplies and Materials		379	
Other Supplies and Materials		22,874	
Other Charges		3,255	
Other Equipment		9,736	
Total Community Services			453,697

Early Childhood Education

Supervisor/Director	\$	31,637
Teachers		226,440
Educational Assistants		99,167
Other Salaries and Wages		3,232
Social Security		21,413
State Retirement		23,038
Life Insurance		598
Medical Insurance		35,155

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Dental Insurance	\$	1,156	
Employer Medicare		5,027	
Travel		4,264	
Other Contracted Services		5,373	
Food Supplies		7,873	
Other Supplies and Materials		31,948	
In Service/Staff Development		4,355	
Other Charges		6,513	
Other Equipment		29,067	
Total Early Childhood Education			\$ 536,256

Principal on Debt

Education

Principal on Capital Leases	\$	85,901	
Total Education			85,901

Interest on Debt

Education

Interest on Capital Leases	\$	20,408	
Total Education			20,408

Total General Purpose School Fund \$ 15,402,250

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	76,564	
Educational Assistants		164,224	
Certified Substitute Teachers		4,009	
Non-certified Substitute Teachers		3,450	
Social Security		15,192	
State Retirement		16,593	
Life Insurance		624	
Medical Insurance		30,180	
Dental Insurance		800	
Employer Medicare		3,553	
Other Fringe Benefits		1,628	
Instructional Supplies and Materials		41,522	
Other Supplies and Materials		3,935	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Charges	\$	636	
Regular Instruction Equipment		36,088	
Total Regular Instruction Program			\$ 398,998

Special Education Program

Teachers	\$	24,000	
Educational Assistants		401,370	
Social Security		25,501	
State Retirement		28,500	
Life Insurance		1,168	
Medical Insurance		60,628	
Dental Insurance		1,573	
Employer Medicare		5,948	
Other Fringe Benefits		440	
Contracts with Private Agencies		24,118	
Other Contracted Services		1,427	
Instructional Supplies and Materials		3,903	
Other Supplies and Materials		1,234	
Total Special Education Program			579,810

Vocational Education Program

Instructional Supplies and Materials	\$	3,605	
Vocational Instruction Equipment		32,417	
Total Vocational Education Program			36,022

Support Services

Other Student Support

Evaluation and Testing	\$	200	
Travel		6,572	
Other Supplies and Materials		9,098	
In Service/Staff Development		3,086	
Other Charges		1,726	
Total Other Student Support			20,682

Regular Instruction Program

Supervisor/Director	\$	69,183	
Secretary(ies)		24,902	
Other Salaries and Wages		23,002	
Social Security		6,782	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	7,576	
Life Insurance		81	
Medical Insurance		9,364	
Dental Insurance		240	
Employer Medicare		1,585	
Other Fringe Benefits		659	
Maintenance and Repair Services - Equipment		1,546	
Travel		3,205	
Library Books/Media		13,864	
Other Supplies and Materials		6,594	
In Service/Staff Development		18,726	
Other Charges		1,982	
Total Regular Instruction Program			\$ 189,291

Special Education Program

Psychological Personnel	\$	40,019	
Secretary(ies)		16,699	
Clerical Personnel		6,000	
Social Security		3,947	
State Retirement		3,104	
Life Insurance		81	
Medical Insurance		5,204	
Employer Medicare		923	
Travel		8,560	
In Service/Staff Development		8,587	
Total Special Education Program			93,124

Vocational Education Program

Travel	\$	3,637	
Total Vocational Education Program			3,637

Board of Education

Workers' Compensation Insurance	\$	328	
Total Board of Education			328

Total School Federal Projects Fund \$ 1,321,892

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	69,184	
Clerical Personnel		24,352	
Cafeteria Personnel		319,460	
In-Service Training		3,674	
Social Security		24,023	
State Retirement		17,160	
Life Insurance		441	
Medical Insurance		49,108	
Dental Insurance		840	
Unemployment Compensation		1,700	
Employer Medicare		5,599	
Dues and Memberships		315	
Licenses		480	
Maintenance Agreements		2,450	
Maintenance and Repair Services - Equipment		5,224	
Travel		4,528	
Other Contracted Services		34,084	
Food Preparation Supplies		39,762	
Food Supplies		376,659	
Office Supplies		2,011	
Small Tools		2,809	
Uniforms		1,601	
Other Supplies and Materials		420	
Workers' Compensation Insurance		14,358	
Other Charges		3,957	
Food Service Equipment		52,191	
Total Food Service			\$ 1,056,390

Total Central Cafeteria Fund \$ 1,056,390

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Architects	\$	4,673	
Building Construction		3,480	
Building Improvements		355,913	
Land		177,226	
Total Regular Capital Outlay			\$ 541,292

Total Education Capital Projects Fund 541,292

Total Governmental Funds - Unicoi County School Department \$ 18,321,824

Exhibit J-9

Unicoi County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,136,109
Total Cash Receipts	<u>\$ 1,136,109</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,124,748
Trustee's Commissions	11,361
Total Cash Disbursements	<u>\$ 1,136,109</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

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**SINGLE AUDIT SECTION**

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

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

March 25, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unicoi County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Unicoi County's basic financial statements and have issued our report thereon dated March 25, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Unicoi County Emergency Communications District as described in our report on Unicoi County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unicoi County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unicoi County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Unicoi County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting 07.01, 07.02, 07.05, 07.06(B) and 07.08.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 07.01 and 07.02 to be material weaknesses.

## Compliance and Other Matters

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

accompanying Schedule of Findings and Questioned Costs as items 07.03, 07.04, and 07.06(A).

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

Unicoi County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Unicoi County's responses and, accordingly, we express no opinion on them.

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

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rd



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

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

March 25, 2008

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Unicoi County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Unicoi County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Unicoi County's management. Our responsibility is to express an opinion on Unicoi County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unicoi County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unicoi County's compliance with those requirements.

In our opinion, Unicoi County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

#### Internal Control Over Compliance

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

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

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

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

#### Schedule of Expenditures of Federal Awards

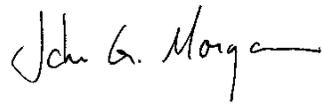
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unicoi County, Tennessee, as of and for the year ended June 30, 2007, and have issued our report thereon dated March 25, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Unicoi County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such

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

Unicoi County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Unicoi County's responses and, accordingly, we express no opinion on them.

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

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rd

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

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 Agriculture: Food Donation (Noncash Assistance)	10.550	N/A	\$ 59,294
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	158,699
National School Lunch Program	10.555	N/A	465,092
Total U.S. Department of Agriculture			<u>\$ 683,085</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-05-11560-00	\$ 18,093
Passed-through Tennessee Housing Development Agency: HOME Investment Partnerships Program	14.239	DG-07-02028-00	306,571
Total U.S. Department of Housing and Urban Development			<u>\$ 324,664</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 109,480
Total U.S. Department of the Interior:			<u>\$ 109,480</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration: Violence Against Women Formula Grants	16.588	Z-00-001450-00	\$ 37,696
Total U.S. Department of Justice			<u>\$ 37,696</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation: State and Community Highway Safety	20.600	Z-07-036013-00	\$ 4,995
Total U.S. Department of Transportation			<u>\$ 4,995</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	(2,6)	\$ 25,000
Title I Grants to Local Educational Agencies	84.010	N/A	442,440
Special Education Cluster:			
Special Education Grants to States	84.027	N/A	597,188
Special Education - Preschool Grants	84.173	N/A	88,728
Impact Aid	84.041	N/A	238,470
Vocational Education - Basic Grants to States	84.048	N/A	49,517
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	10,665
Even Start - State Educational Agencies	84.213	N/A	74,283
State Grants for Innovative Programs	84.298	N/A	4,074
Education Technology State Grants	84.318	(2)	4,839
English Language Acquisition Grants	84.365	N/A	5,233
Improving Teacher Quality State Grants	84.367	N/A	132,192

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3,6)	\$ 48,330
Total U.S. Department of Education			\$ 1,720,959
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(4)	\$ 135,321
Total U.S. Election Assistance Commission			\$ 135,321
U.S. Department of Health and Human Services:			
Passed-through State Department Education:			
Temporary Assistance for Needy Families	93.558	Z-07-034267-00	\$ 7,845
Total U.S. Department of Health and Human Services			\$ 7,845
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022500-02	\$ 23,633
Homeland Security Grant Program	97.067	Z-05-025215-00	101,469
Emergency Management Performance Grants	97.042	(5)	30,327
Buffer Zone Protection Program	97.078	Z-05-031021-01	48,275
Total U.S. Department of Homeland Security			\$ 203,704
Total Expenditures of Federal Awards			\$ 3,227,749
<u>State Grants</u>			
Juvenile Service Program - State Commission on Children and Yout	N/A	Z-07-036588-00	\$ 8,727
State Reappraisal - Comptroller of the Treasury	N/A	(2)	6,860
Health Department Program - State Department of Health	N/A	Z-07-031595-00	115,285
Litter Program - State Department of Transportation	N/A	(2)	27,182
Adult Basic Education - State Department of Education	N/A	Z-07-033747-00	12,820
Families First Grant - State Department of Education	N/A	Z-07-034267-00	14,570
Safe Schools Act Grant - State Department of Education	N/A	(2)	14,205
Lottery for Education After School Program - State Department of Education	N/A	(2)	176,546
Coordinated School Health - State Department of Education	N/A	(2)	65,000
Early Childhood Education Project - State Department of Education	N/A	(2)	350,850
Early Childhood Education Pilot Projects - State Department of Education	N/A	(2)	124,000
Total State Grants			\$ 916,045

(Continued)

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

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z-06-027828-00: \$512; Z-07-033747-00: \$46,531; Z-07-038004-00: \$1,287
- (4) Z-06-033001-00: \$132,016; Z-07-037388-00: \$3,305
- (5) Z-06-032887-00: \$16,000; Z-07-020652-00: \$14,327
- (6) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U.S. Department of Education \$73,330.

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

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

**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	150	A cash shortage of \$21,431 existed in the Office of General Sessions Court Clerk as of December 5, 2006

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02A	153	The office had purchasing deficiencies
6.03	153	The office had deficiencies in budget operations

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.05	154	A central system of accounting, budgeting, and purchasing had not been adopted
06.06	155	Duties were not segregated adequately in the Offices of Clerk and Master and Sheriff

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**UNICOI COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2007**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Unicoi County is unqualified.
2. The audit of the financial statements of Unicoi County disclosed significant deficiencies in internal control. Two of these conditions were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Unicoi County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), HOME Investment Partnerships Program (CFDA No. 14.239), and the Special Education Cluster: the Special Education – Grants to States and the Special Education Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Unicoi County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor and current circuit and general sessions court clerk are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Circuit and General Sessions Court Clerk, Christy Howard, resigned from office on May 5, 2007. Beverly Tinker served as clerk from May 7, 2007, through May 21, 2007. Dana Campbell became clerk effective May 22, 2007, and resigned on May 23, 2007. Beverly Tinker once again served as clerk from May 24, 2007, through June 18, 2007. Tracie Pate became clerk effective June 19, 2007.

**FINDING 07.01      A CASH SHORTAGE OF \$22,222 EXISTED IN THE OFFICE OF GENERAL SESSIONS COURT CLERK AS OF JUNE 30, 2007  
(Internal Control – Material Weakness Under Government Auditing Standards)**

As reported in the previous audit report, a cash shortage of \$21,431 existed in the Office of General Sessions Court Clerk as of December 5, 2006. Audit procedures performed from December 6, 2006 through June 30, 2007, revealed an additional cash shortage of \$791, bringing the total cash shortage to \$22,222. The additional cash shortage of \$791 resulted from the failure to properly account for the following transactions:

#### Cash Shortage

- A. Receipts issued on the following days were not deposited to the official bank account:
- |         |    |        |
|---------|----|--------|
| 1-7-07  | \$ | 120.75 |
| 2-13-07 |    | 20.00  |
| 2-20-07 |    | 160.00 |
| 2-23-07 |    | 100.00 |
- B. One check from a customer was deposited on April 23, 2007, but was not receipted. The name and address on the check could be traced to a case in General Sessions Court
- 190.00

Cash Shortage (Cont.)

C. Cash presented for count on May 7, 2007, which was related to undeposited collections for May 4, 2007, was short and has not been accounted for currently	\$ 150.00
D. Contents of one employee's cash drawer was not on hand for cash count on May 7, 2007, and this amount has not been accounted for currently	<u>50.00</u>
Total additional cash shortage	<u><u>\$ 790.75</u></u>

The cash shortage of \$22,222 has been reviewed with former circuit and general sessions courts clerk, Christy Howard, current circuit and general sessions courts clerk, Tracie Pate, the district attorney general, Tennessee Bureau of Investigation, and the county mayor.

RECOMMENDATION

Officials should take steps to liquidate the cash shortage of \$22,222. All receipts should be deposited to the official bank account within three days of collection, and all collections should be receipted as required by state statutes. Cash on hand should be reconciled with collections and stored in locked and secure locations until deposited.

MANAGEMENT'S RESPONSE – CURRENT CLERK – TRACIE PATE

This cash shortage occurred under a prior administration. Information has been forwarded to the County Mayor's Office to be filed with the bonding company in an attempt to recover the county's money.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The bonding company has been notified of this shortage, and the county attorney and I will pursue collection of the total shortage.

FINDING 07.02      **ACCOUNTING RECORDS WERE NOT PROPERLY MAINTAINED, RECONCILED, AND CLOSED ON A TIMELY BASIS**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Accounting records were not properly maintained, reconciled, and closed on a timely basis for the period December 2006 through December 2007. We requested the completion of all postings and bank reconciliations numerous times beginning in May 2007, with a final

request on November 20, 2007. On January 7, 2008, the accounting records and bank reconciliations were completed and provided to us.

The following deficiencies were noted in the maintenance of the circuit and general sessions courts clerk's accounting records:

- A. Since bank reconciliations had not been prepared, errors were not identified and corrected in a timely manner. Once reconciliations were performed, variances between the bank statements and the general ledger balances were identified. Total identified variances at June 30, 2007, were \$9,283 in Circuit Court, \$14,027 in General Sessions Court, and \$4,062 in Juvenile Court. These variances resulted from numerous posting errors, including receipts that had been posted twice, invalid adjusting entries, and various cash receipts and disbursements journals that were not posted to the general ledger.
- B. Trust accounts were not reconciled with the general ledger control account. Interest earned on the trust accounts and two withdrawals had not been posted to the general ledger until we brought this to the clerk's attention. One of these withdrawals (\$31,449) was made on May 10, 2007; however, this withdrawal was not supported by a court order until January 15, 2008. The case file related to the remaining withdrawal of \$3,081 could not be located. Consequently, no court order has been provided to us to support that withdrawal.
- C. The clerk did not maintain a control listing of checks returned for insufficient funds reflecting amounts received and/or collected. Also, no attempt was made to collect the returned checks during the period under review. As of June 30, 2007, checks on hand, which were returned for insufficient funds totaled \$929 in Circuit Court and \$3,018 in General Sessions Court and are included in accounts receivable in the financial statements of this report.
- D. Since general ledger postings had not been made currently, accounting records had not been closed in a timely manner. From our review of the closing logs, most months' accounting records were not closed until the clerk provided records to us on January 7, 2008.

#### RECOMMENDATION

Bank accounts should be reconciled with the general ledger monthly, and all variances should be identified and corrected promptly. Trust accounts should be reconciled with the general ledger control account, interest earned and withdrawals should be posted to the general ledger currently, and withdrawals should be supported by court orders. A control listing of checks returned for insufficient funds should be maintained, and efforts should be made to collect them. The office should close its accounting records within 60 days following the end of the month to provide the public with current financial information.

MANAGEMENT'S RESPONSE – CURRENT CLERK – TRACIE PATE

Bank accounts and trust accounts have been properly reconciled as of February 29, 2008. As of March 28, 2008, we have collected insufficient funds checks totaling \$1,591 and \$310 in General Sessions Court and Circuit Court, respectively. Also, as of January 2008, necessary corrections have been made to the general ledger, and accounting periods have since been closed.

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FINDING 07.03      **COLLECTIONS IN CIRCUIT AND GENERAL SESSIONS COURTS WERE NOT DEPOSITED PROPERLY**  
(Noncompliance Under Government Auditing Standards)

The circuit and general sessions courts clerk did not always deposit collections to the offices' bank accounts within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. This statute requires that county officials deposit all funds within three days of collection. In addition, collections were not always deposited intact.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the clerk should deposit all funds intact within three days of collection.

MANAGEMENT'S RESPONSE – CURRENT CLERK – TRACIE PATE

We are now making our deposits as required by state statute

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FINDING 07.04      **CIRCUIT AND GENERAL SESSIONS COURTS DID NOT PREPARE EXECUTION DOCKET TRIAL BALANCES**  
(Noncompliance Under Government Auditing Standards)

At June 30, 2007, the circuit and general sessions courts clerk had not prepared trial balances of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). Therefore, we were unable to determine if the general ledger control records reconciled with cause balances. Furthermore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office.

RECOMMENDATION

Execution docket trial balances for circuit and general sessions courts should be prepared and reconciled with general ledger accounts. Any funds held by the court for one year and

unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

MANAGEMENT'S RESPONSE – CURRENT CLERK – TRACIE PATE

As of August 2007, unclaimed property has been brought up to date and turned over to the State of Tennessee.

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OFFICE OF COUNTY MAYOR

FINDING 07.05      **THE OFFICE HAD PURCHASING DEFICIENCIES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

We noted the following purchasing deficiencies:

- A.     The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has authority to make purchases and to document purchasing commitments. Also, in some instances purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
  
- B.     Unicoi County had not developed procedures to ensure that bids were solicited for all required purchases. Likewise, procedures had not been developed to ensure that bids received and awarded were forwarded to the County Mayor's Office to support payment of the invoices. Also, bid tabulation forms were not used, and there were no standard procedures of awarding bids. Currently, bids are solicited and awarded by the various department heads and officials, and in most instances, the documentation relating to the bid procurement is maintained by these individuals.
  
- C.     Unicoi County had not developed written guidelines governing the use of county provided cellular telephones, credit cards, fuel cards, and county owned vehicles.

RECOMMENDATION

Purchase orders should be issued for all applicable purchases before purchases are made. County officials should develop written policies and procedures for soliciting and awarding bids. These policies and procedures should also include details for the solicitation, public advertisement, documentation, award, and approval of bids. All documentation of the competitive process should be filed in the County Mayor's Office to support the payment of invoices. County officials should also adopt written policies and procedures concerning the use of county provided cellular telephones, credit cards, fuel cards, and county vehicles.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

We will work diligently to improve our controls over the issuance of purchase orders. We are currently attempting to develop bid procedures and communicate these procedures to all departments. Furthermore, we are working on policies governing cell phones, credit cards, fuel cards, and the use of county vehicles.

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### FINDING 07.06      **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS** (A. – Noncompliance Under Government Auditing Standards; B. – Internal Control – Significant Deficiency Under Government Auditing Standards)

We noted the following budget deficiencies:

- A. Expenditures exceeded appropriations approved by the County Commission in six major appropriation categories (the legal level of control) of the General Fund in amounts ranging from \$40 to \$5,101. Expenditures exceeded appropriations in one major appropriation category of the General Debt Service Fund by \$3,461. Also, General Fund expenditures exceeded appropriations in 31 line items for salaries in amounts ranging from \$8 to \$3,195. Furthermore, expenditures exceeded total appropriations in the Courthouse and Jail Maintenance Fund by \$86, Solid Waste/Sanitation Fund by \$5,101, and the Drug Control Fund by \$1,076.

Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

- B. The amended estimated beginning fund balances at July 1, 2006, in the General, Drug Control, and General Debt Service funds exceeded the actual beginning fund balances by \$202,238, \$20,714, and \$954,555, respectively. Overestimating beginning fund balances by significant amounts could result in funds not being available to fund appropriations approved by the County Commission.

### RECOMMENDATION

Expenditures should be held within appropriations as approved by the County Commission. Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

We will be more diligent in monitoring our budgets and work to improve in this area.

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## OTHER FINDINGS AND RECOMMENDATIONS

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

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

### RECOMMENDATION

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

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

This is an annual finding; however, we will discuss this issue in our Finance Committee and County Commission meetings.

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FINDING 07.08      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CLERK AND MASTER AND SHERIFF**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

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

There were no findings and questioned costs for federal programs.

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

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