ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2008

TENNESSEE
COMPTROLLER
OF THE TREASURY

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ANNUAL FINANCIAL REPORT

UNICOI COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2008

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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State Auditors

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

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Audit Highlights

Annual Financial Report
Unicoi County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Unicoi County as of and for the year ended June 30, 2008.

Results

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

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

Findings

The following are summaries of the audit findings:

UNICOI COUNTY

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

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, AND DIRECTOR OF SCHOOLS

- Material audit adjustments were required for proper financial statement presentation.

OFFICE OF COUNTY MAYOR

- General Fund expenditures exceeded appropriations in certain major appropriation categories.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- Deficiencies were noted in computer system backup procedures.

OTHER FINDINGS

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

INTRODUCTORY SECTION

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Unicoi County Officials
June 30, 2008

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

Board of Education

Pascal Bailey, Chairman
Garland Evely
Willie Manning
Jan Parsley
Renea Rogers
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 37243-1402
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INDEPENDENT AUDITOR'S REPORT

April 14, 2009

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, 2008, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Unicoi County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Unicoi County Emergency Communications District, which should be included to conform

with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Unicoi County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Unicoi County, Tennessee, at June 30, 2008, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Unicoi County, Tennessee, as of June 30, 2008, 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 April 14, 2009, 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.

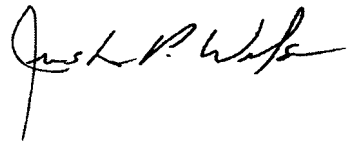
As described in Note V.B., Unicoi County has adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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,



Justin P. Wilson
Comptroller of the Treasury

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Basic Financial Statements

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Exhibit A

Unicoi County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Government	Component Unit
	Governmental Activities	Unicoi County School Department
ASSETS		
Cash and Equivalents	$ 8,891	$ 66,000
Equity in Pooled Cash and Investments	6,519,636	1,873,018
Accounts Receivable	290,005	10,511
Due from Other Governments	229,255	687,220
Property Taxes Receivable	4,585,887	2,690,495
Allowance for Uncollectible Property Taxes	(161,819)	(101,896)
Deferred Charges - Debt Issuance Cost	67,205	0
Capital Assets		
Assets Not Depreciated:		
Land	157,064	618,886
Construction in Progress	542,232	669,195
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,294,003	12,190,922
Other Capital Assets	1,029,719	802,312
Infrastructure	4,145,513	0
Total Assets	$ 18,707,591	$ 19,506,663
LIABILITIES		
Accounts Payable	$ 94,917	$ 35,848
Accrued Payroll	57,707	0
Accrued Interest Payable	102,748	505
Payroll Deductions Payable	10,134	0
Retainage Payable	0	17,309
Other Current Liabilities	0	338,810
Deferred Revenue - Current Property Taxes	4,310,306	2,510,565
Noncurrent Liabilities:		
Due Within One Year	1,135,312	65,481
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	13,080,354	395,611
Total Liabilities	$ 18,791,478	$ 3,364,129

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Unicoi County School Department
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 4,001,753	$ 13,921,318
Restricted for:		
Solid Waste/Sanitation	2,927	0
Drug Control	54,946	0
Highways	3,198,734	0
Debt Service	3,191,318	0
Capital Projects	4,662	0
State and Federal Financial Assistance Programs	0	513,902
Alcohol and Drug Treatment	5,244	0
Automation Purposes - Constitutional Officers	50,151	0
Litigation Tax - General Sessions Judge Salary	110,184	0
Other Purposes	4,943	0
Unrestricted	(10,708,749)	1,707,314
Total Net Assets (Deficit)	$ (83,887)	$ 16,142,534

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, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Unit: Unicoi County School Department
Primary Government:						
Governmental Activities:						
General Government	$ 810,382	$ 110,199	$ 34,028	$ 0	$ (666,155)	$ 0
Finance	739,979	398,725	6,882	0	(334,372)	0
Administration of Justice	557,733	637,978	9,600	31,907	121,752	0
Public Safety	2,816,610	576,111	182,744	43,813	(2,013,942)	0
Public Health and Welfare	1,345,872	0	193,527	468,600	(683,745)	0
Social, Cultural, and Recreational Services	83,941	19,218	0	20,000	(44,723)	0
Agriculture and Natural Resources	41,380	0	0	0	(41,380)	0
Other Operations	180,043	0	0	117,274	(62,769)	0
Highways	2,761,625	248,924	1,365,049	556,493	(591,159)	0
Education	669,196	0	0	0	(669,196)	
Interest on Long-term Debt	632,070	185	0	0	(631,885)	0
Debt Service	30,708	0	0	0	(30,708)	0
Total Primary Government	$ 10,669,539	$ 1,991,340	$ 1,791,830	$ 1,238,087	$ (5,648,282)	$ 0
Component Unit:						
Unicoi County School Department	$ 19,444,235	$ 574,840	$ 3,072,455	$ 669,196	$ 0	$ (15,127,744)
Total Component Unit	$ 19,444,235	$ 574,840	$ 3,072,455	$ 669,196	$ 0	$ (15,127,744)

(Continued)

Exhibit B

Unicoi County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Unit: Unicoi County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					$ 2,763,867	$ 2,567,593
Property Taxes Levied for Debt Service					975,019	0
Local Option Sales Taxes					709,677	1,338,887
Hotel/Motel Tax					60,457	0
Litigation Tax - General					140,856	0
Litigation Tax - Special Purpose					213	0
Litigation Tax - Jail, Workhouse, or Courthouse					40,632	0
Business Tax					53,145	0
Mineral Severance Tax					48,203	0
Wholesale Beer Tax					5,667	0
Interstate Telecommunications Tax					1,091	0
Other Statutory Local Taxes					100,095	0
Other Local Taxes					0	40,118
Grants and Contributions Not Restricted to Specific Programs					255,773	11,923,494
Unrestricted Investment Income					428,194	9,561
Miscellaneous					151,884	68,941
Gain on Disposal of Capital Assets					2,975	13,808
Total General Revenues					$ 5,737,748	$ 15,962,402
Change in Net Assets					$ 89,466	$ 834,658
Net Assets, July 1, 2007					(173,353)	15,307,876
Net Assets, June 30, 2008					$ (83,887)	$ 16,142,534

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, 2008

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 8,891	$ 8,891
Equity in Pooled Cash and Investments	519,401	2,940,612	2,918,668	140,955	6,519,636
Accounts Receivable	9,601	280,320	0	84	290,005
Due from Other Governments	75,835	0	153,420	0	229,255
Due from Other Funds	8,975	0	155,000	39,526	203,501
Property Taxes Receivable	3,160,449	64,831	1,360,607	0	4,585,887
Allowance for Uncollectible Property Taxes	(113,902)	(2,456)	(45,461)	0	(161,819)
Total Assets	$ 3,660,359	$ 3,283,307	$ 4,542,234	$ 189,456	$ 11,675,356
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 50,741	$ 1,586	$ 0	$ 42,590	$ 94,917
Accrued Payroll	57,707	0	0	0	57,707
Payroll Deductions Payable	9,307	827	0	0	10,134
Due to Other Funds	39,526	0	0	163,975	203,501
Deferred Revenue - Current Property Taxes	2,964,281	60,495	1,285,530	0	4,310,306
Deferred Revenue - Delinquent Property Taxes	69,554	1,589	25,040	0	96,183
Other Deferred Revenues	21,762	112,489	93,244	0	227,495
Total Liabilities	$ 3,212,878	$ 176,986	$ 1,403,814	$ 206,565	$ 5,000,243
Fund Balances					
Reserved for Encumbrances	$ 0	$ 0	$ 0	$ 83,949	$ 83,949
Reserved for Alcohol and Drug Treatment	5,244	0	0	0	5,244
Reserved for Sexual Offender Registration	3,360	0	0	0	3,360
Reserved for Courtroom Security	1,244	0	0	0	1,244
Reserved for Computer System - Register	14,984	0	0	0	14,984
Reserved for Automation Purposes - Circuit Court	1,121	0	0	0	1,121
Reserved for Automation Purposes - General Sessions Court	8,118	0	0	0	8,118
Reserved for Automation Purposes - Chancery Court	757	0	0	0	757
Reserved for Automation Purposes - Other Courts	22,158	0	0	0	22,158
Reserved for Automation Purposes - Sheriff	3,013	0	0	0	3,013
Reserved for Other General Purposes	110,184	0	0	0	110,184
Unreserved, Reported In:					
General Fund	277,298	0	0	0	277,298
Special Revenue Funds	0	3,106,321	0	58,212	3,164,533
Debt Service Funds	0	0	3,138,420	0	3,138,420
Capital Projects Funds (Deficit)	0	0	0	(159,270)	(159,270)
Total Fund Balances	$ 447,481	$ 3,106,321	$ 3,138,420	$ (17,109)	$ 6,675,113
Total Liabilities and Fund Balances	$ 3,660,359	$ 3,283,307	$ 4,542,234	$ 189,456	$ 11,675,356

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, 2008

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)		$ 6,675,113
(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	542,232	
Add: buildings and improvements net of accumulated depreciation	1,294,003	
Add: other capital assets net of accumulated depreciation	1,029,719	
Add: infrastructure net of accumulated depreciation	4,145,513	7,168,531
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	$ (1,761,383)	
Less: other loans payable	(814,466)	
Less: capital leases payable	(4,108)	
Less: bonds payable	(11,446,453)	
Add: deferred amount on refunding	37,362	
Add: deferred charges - debt issuance costs	67,205	
Less: compensated absences payable	(187,607)	
Less: accrued interest on bonds, notes, and capital leases	(102,748)	
Less: other deferred revenue - premium on debt	(39,011)	(14,251,209)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		323,678
Net assets of governmental activities (Exhibit A)		$ (83,887)

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, 2008

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 3,097,003	$ 89,366	$ 1,717,696	$ 213	$ 4,904,278
Licenses and Permits	17,612	403	6,340	0	24,355
Fines, Forfeitures, and Penalties	172,336	0	0	182,111	354,447
Charges for Current Services	41,484	0	0	59	41,543
Other Local Revenues	308,932	208,417	27,320	0	544,669
Fees Received from County Officials	869,208	0	0	0	869,208
State of Tennessee	684,738	1,937,403	0	15,000	2,637,141
Federal Government	75,658	12,305	0	585,874	673,837
Other Governments and Citizens Groups	299,017	213,864	77,030	98,400	688,311
Total Revenues	$ 5,565,988	$ 2,461,758	$ 1,828,386	$ 881,657	$ 10,737,789
Expenditures					
Current:					
General Government	$ 716,783	$ 0	$ 0	$ 62	$ 716,845
Finance	637,081	0	0	1,076	638,157
Administration of Justice	478,178	0	0	0	478,178
Public Safety	2,053,998	0	0	277,085	2,331,083
Public Health and Welfare	360,351	0	0	456,548	816,899
Social, Cultural, and Recreational Services	64,391	0	0	0	64,391
Agriculture and Natural Resources	41,380	0	0	0	41,380
Other Operations	800,675	0	0	0	800,675
Highways	0	2,580,782	0	0	2,580,782
Debt Service:					
Principal on Debt	3,955	0	1,030,618	0	1,034,573
Interest on Debt	362	0	633,504	0	633,866
Other Debt Service	0	0	30,708	0	30,708
Capital Projects	15,789	0	0	1,356,482	1,372,271
Capital Projects - Donated	0	0	669,196	0	669,196
Total Expenditures	$ 5,172,943	$ 2,580,782	$ 2,364,026	$ 2,091,253	$ 12,209,004
Excess (Deficiency) of Revenues Over Expenditures	$ 393,045	$ (119,024)	$ (535,640)	$ (1,209,596)	$ (1,471,215)
Other Financing Sources (Uses)					
Insurance Recovery	$ 0	$ 13,233	$ 0	$ 0	$ 13,233
Transfers In	0	0	0	456,548	456,548
Transfers Out	(456,548)	0	0	0	(456,548)
Total Other Financing Sources (Uses)	$ (456,548)	$ 13,233	$ 0	$ 456,548	$ 13,233
Net Change in Fund Balances	$ (63,503)	$ (105,791)	$ (535,640)	$ (753,048)	$ (1,457,982)
Fund Balance, July 1, 2007	510,984	3,212,112	3,674,060	735,939	8,133,095
Fund Balance, June 30, 2008	$ 447,481	$ 3,106,321	$ 3,138,420	$ (17,109)	$ 6,675,113

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, 2008

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)		$ (1,457,982)
(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	$ 971,487	
Less: current year depreciation expense	(470,847)	
Less: net book value of assets disposed	(1,029)	499,611
(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, 2008	$ 323,678	
Less: deferred delinquent property taxes and other deferred June 30, 2007	(302,462)	21,216
(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:		
Add: change in premium on debt issuances	$ 2,636	
Less: change in deferred debt issuance costs	(4,541)	
Add: principal payments on bonds	565,868	
Add: principal payments on notes	268,244	
Add: principal payments on other loans	196,506	
Add: principal payments on capital leases	3,955	
Less: amortization of deferred amount on refunding debt	(4,271)	1,028,397
(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	$ 7,972	
Change in compensated absences payable	(9,748)	(1,776)
Change in net assets of governmental activities (Exhibit B)		$ 89,466

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, 2008

	Agency Funds
ASSETS	
Cash	$ 273,514
Accounts Receivable	3,775
Due from Other Governments	226,871
Cash Shortage	22,222
Restricted Assets:	
Other Restricted Assets	38,822
Total Assets	$ 565,204
LIABILITIES	
Due to Other Taxing Units	$ 226,871
Due to Litigants, Heirs, and Others	338,333
Total Liabilities	$ 565,204

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

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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 financial statements of the Unicoi County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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. Although required by GAAP, the financial statements of the Unicoi County Emergency Communications District were not available in time for inclusion, as previously mentioned. 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 ($669,196) were contributed by the county to the School Department during the year ended June 30, 2008.

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.

Additionally, Unicoi County reports the following fund types:

Capital Projects Funds – These funds are 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.

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 Unicoi County 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**

All outstanding balances between funds are reported 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. The $338,810 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.

Retainage payable in the School Department's Education Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in this fund.

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:

Assets	Years
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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. **Net Assets and Fund Equity**

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

a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2008, Unicoi County had $10,733,993 in outstanding debt for capital purposes for the discretely presented Unicoi County School Department and $120,000 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. The account Reserved for Other General Purposes in the General Fund consists of excess litigation tax collected to fund increases in the General Sessions Judge's salary.

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 Deficits

The General Capital Projects Fund had a deficit in unreserved fund balance of $147,769 as of June 30, 2008. This deficit resulted from the recognition of a payable of $155,000 to the General Debt Service Fund as a result of internal financing as discussed in Note IV. H. This deficit is expected to be liquidated with the issuance of external capital outlay notes.

The Community Development/Industrial Park Fund had a deficit in unreserved fund balance of $11,501 as of June 30, 2008. This deficit resulted from the unperformed portion of construction contracts totaling $16,163 being reserved as encumbrances in the financial statements of this report. Funding for these future expenditures is being provided through grants.

The School Department's Education Capital Project's Fund had a deficit in unreserved fund balance of $205,000 as of June 30, 2008. This deficit resulted from the unperformed portion of construction contracts totaling $205,000 being reserved as encumbrances in the financial statements. Funding for these future expenditures is expected to be provided through debt issues.

C. Prior-year Cash Shortage

As previously reported, a cash shortage of $22,222 existed in the Office of General Sessions Court Clerk as of June 30, 2007. This cash shortage remained unpaid as of June 30, 2008, and is reflected on the financial statements of this report.

Subsequent to June 30, 2008, the current General Sessions Court Clerk received $9,330 in settlement of a claim filed against the former clerk's bonding company for the period ended August 31, 2006. A different bonding

company insured the county beginning September 1, 2006. A claim has been filed with that company for the remaining balance of the shortage ($12,892). That claim has not been paid as of the date of this report.

D. Expenditures Exceeded Appropriations

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

Fund/Major Appropriation Category	Amount Overspent
General:	
County Buildings	$ 360
Other Finance	3,305
Jail	12,698
Other Public Safety	203

Such overexpenditures are a violation of state law. These overexpenditures were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool

may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

Investment Balances. As of June 30, 2008, 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 Unicoi County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities		Cost
State Treasurer's Investment Pool	Daily	$	622,616

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, 2008, 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, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	$ 157,064	$ 0	$ 0	$ 157,064
Construction in Progress	80,991	634,671	(173,430)	542,232
Total Capital Assets Not Depreciated	$ 238,055	$ 634,671	$ (173,430)	$ 699,296
Capital Assets Depreciated:				
Buildings and Improvements	$ 2,902,582	$ 173,430	$ 0	$ 3,076,012
Other Capital Assets	2,791,392	336,816	(103,825)	3,024,383
Infrastructure	6,570,741	0	0	6,570,741
Total Capital Assets Depreciated	$ 12,264,715	$ 510,246	$ (103,825)	$ 12,671,136
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 1,731,443	$ 50,566	$ 0	$ 1,782,009
Other Capital Assets	1,833,714	263,746	(102,796)	1,994,664
Infrastructure	2,268,693	156,535	0	2,425,228
Total Accumulated Depreciation	$ 5,833,850	$ 470,847	$ (102,796)	$ 6,201,901
Total Capital Assets Depreciated, Net	$ 6,430,865	$ 39,399	$ (1,029)	$ 6,469,235
Governmental Activities Capital Assets, Net	$ 6,668,920	$ 674,070	$ (174,459)	$ 7,168,531

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

Governmental Activities:

General Government	$ 20,380
Finance	3,026
Administration of Justice	1,323
Public Safety	121,212
Public Health and Welfare	13,769
Highways	311,137
Total Depreciation Expense - Governmental Activities	$ 470,847

Discretely Presented Unicoi County School Department

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	$ 618,886	$ 0	$ 0	$ 618,886
Construction in Progress	0	669,195	0	669,195
Total Capital Assets Not Depreciated	$ 618,886	$ 669,195	$ 0	$ 1,288,081
Capital Assets Depreciated:				
Buildings and Improvements	$ 20,035,478	$ 935,681	$ 0	$ 20,971,159
Other Capital Assets	2,133,795	179,957	(93,100)	2,220,652
Total Capital Assets Depreciated	$ 22,169,273	$ 1,115,638	$ (93,100)	$ 23,191,811
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 8,281,568	$ 498,669	$ 0	$ 8,780,237
Other Capital Assets	1,349,088	162,352	(93,100)	1,418,340
Total Accumulated Depreciation	$ 9,630,656	$ 661,021	$ (93,100)	$ 10,198,577
Total Capital Assets Depreciated, Net	$ 12,538,617	$ 454,617	$ 0	$ 12,993,234
Governmental Activities Capital Assets, Net	$ 13,157,503	$ 1,123,812	$ 0	$ 14,281,315

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

Governmental Activities:

Instruction	$ 506,366
Support Services	140,980
Operation of Non-Instructional Services	13,675
Total Depreciation Expense - Governmental Activities	$ 661,021

C. Construction Commitments

At June 30, 2008, Unicoi County had uncompleted construction contracts reflected in the nonmajor governmental funds related to the courthouse HVAC project ($67,786) and linear trial project ($16,163). Funding for the courthouse HVAC is expected to be received from capital outlay notes. Funding for the linear trail project will be provided through a grant.

At June 30, 2008, the discretely presented Unicoi County School Department had uncompleted construction contracts reflected in the nonmajor governmental funds related to the new middle school project ($205,000). Funding for these future expenditures is expected to be received from general obligation bonds.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 8,975
General Debt Service	Nonmajor governmental	155,000
Nonmajor governmental	General	39,526
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	10,030
Nonmajor governmental	General Purpose School	17,309

The amount due to the General Debt Service Fund from the nonmajor governmental funds represents internal financing as discussed in Note IV.H. The remaining 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, 2008, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In: Nonmajor Governmental Funds
General Fund	$ 456,548

Discretely Presented Unicoi County School Department

Transfers Out	Transfers In: General Purpose School Fund	Transfers In: Nonmajor Governmental Funds
General Purpose School Fund	$ 0	$ 611,952
Nonmajor governmental funds	92,776	0
Total	$ 92,776	$ 611,952

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 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 transfers 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, 2008, were as follows:

Year Ending June 30		Governmental Funds
2009	$	3,218
2010		1,075
Total Minimum Lease Payments	$	4,293
Amount Representing Interest		(185)
Present Value of Minimum Lease Payments	$	4,108

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, 2008, were as follows:

Year Ending June 30		Governmental Funds
2009	$	78,532
2010		69,273
2011		69,273
2012		69,273
2013		69,273
2014		46,182
Total Minimum Lease Payments	$	401,806
Amount Representing Interest		(41,809)
Present Value of Minimum Lease Payments	$	359,997

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

Year Ending June 30	Bonds Principal	Interest	Total
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
2014-2018	4,174,703	1,589,090	5,763,793
2019-2023	3,626,120	497,173	4,123,293
2024-2028	128,290	77,740	206,030
2029-2033	162,763	43,267	206,030
2034-2035	76,755	5,657	82,412
Total	$ 11,446,453	$ 4,624,629	$ 16,071,082

Year Ending June 30	Notes Principal	Interest	Total
2009	$ 273,698	$ 63,504	$ 337,202
2010	279,430	53,866	333,296
2011	225,455	44,971	270,426
2012	190,987	36,803	227,790
2013	197,641	30,149	227,790
2014-2017	594,172	48,056	642,228
Total	$ 1,761,383	$ 277,349	$ 2,038,732

Year Ending June 30	Other Loan Principal
2009	$ 196,506
2010	196,506
2011	196,506
2012	224,948
Total	$ 814,466

There is $3,138,420 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled $648, based on the 2000 federal census. Debt per capita, including bonds, notes, capital leases, and other loans outstanding totaled $794, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2007	$ 12,012,321	$ 2,029,627	$ 1,010,972
Deductions	(565,868)	(268,244)	(196,506)
Balance, June 30, 2008	$ 11,446,453	$ 1,761,383	$ 814,466
Balance Due Within One Year	$ 596,398	$ 273,698	$ 196,506

	Capital Leases	Compensated Absences
Balance, July 1, 2007	$ 8,063	$ 177,859
Additions	0	136,797
Deductions	(3,955)	(127,049)
Balance, June 30, 2008	$ 4,108	$ 187,607
Balance Due Within One Year	$ 3,048	$ 65,662

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	$ 14,214,017
Less: Balance Due Within One Year	(1,135,312)
Add: Unamortized Premium on Debt	39,011
Less: Deferred Amount on Refunding	(37,362)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 13,080,354

Included in notes payable is $120,000 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 $65,256 to the General Debt Service Fund for current year interest and principal requirements.

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, 2008, 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, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	4.875 %	$ 700,000	$ 611,453
General Obligation Bonds - Refunding	2.45 to 5.25	12,015,000	10,835,000
Capital Outlay Notes	0 to 5.2	2,246,650	1,761,383
Other Loans	0	1,551,362	814,466
Capital Leases	6.25	13,230	4,108

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.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2008, including interest payments, are presented in the following tables:

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, 2008, was as follows:

Governmental Activities:

	Capital Leases	Other Post-Employment Benefits
Balance, July 1, 2007	$ 449,721	$ 0
Additions	0	267,000
Deductions	(89,724)	(165,905)
Balance, June 30, 2008	$ 359,997	$ 101,095
Balance Due Within One Year	$ 65,481	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	$ 461,092
Less: Balance Due Within One Year	(65,481)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 395,611

G. On-Behalf Payments - Discretely Presented Unicoi County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Unicoi County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were $62,499 and $22,025, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Internal Financing

In lieu-of issuing debt with financial institutions, Unicoi County chose to internally finance a portion of the courthouse HVAC project with idle county funds. The debt issued is reflected as a due to other funds liability in the General Capital Projects Fund and as a due from other funds receivable in the General Debt Service Fund. This internal debt was repaid through proceeds of externally financed debt issued subsequent to June 30, 2008.

In addition, Unicoi County also chose to internally finance a portion of school building and construction projects with idle county funds. The debt issue is reflected as a contribution to the discretely presented Unicoi County School Department in the Education Capital Projects Fund from the primary government's General Debt Service Fund. The debt issue is expected to ultimately be repaid from the same fund (General Debt Service) in which the loan was obtained, through proceeds of externally financed debt to be issued by the county.

Internally reported notes receivable from idle funds loaned from the General Debt Service Fund are reflected below:

Internally Reported Interfund Notes Receivable/Payable
Through the General Debt Service Fund

Primary Government

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Capital Outlay Note Series 2007	$ 155,000	0 %	8-6-07 *	8-6-10

	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
Capital Outlay Note Series 2007	$ 0	$ 155,000	$ 0	$ 155,000

* This note was retired subsequent to June 30, 2008, upon the issuance of external debt.

Internally Reported Interfund Notes Receivable/Payable
Through the General Debt Service Fund (Cont.)

Discretely Presented Unicoi County School Department

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Capital Outlay Note Series 2007	$ 669,196	0 %	8-6-07	8-6-10

	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
Capital Outlay Note Series 2007	$ 0	$ 669,196	$ 0	$ 669,196

I. Short-term Debt

Unicoi County issued tax 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, 2008, was as follows:

	Balance 7-1-07	Issued	Redeemed	Balance 6-30-08
Tax Anticipation Notes	$ 0	$ 900,000	$ (900,000)	$ 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 participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

The 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 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. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosure, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Unicoi County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose, in the notes to the financial statements, the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge of receivables or sale of future revenue will not apply to Unicoi County. GASB Statement No. 48 had no effect on the financial statements of Unicoi County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Unicoi County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Unicoi County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Events

Subsequent to June 30, 2008, the county issued $850,000 of tax anticipation notes from the county's General Debt Service Fund to the General Fund to provide temporary operating funds. On March 11, 2009, the General Fund repaid these tax anticipation notes.

On August 31, 2008, William Gaines left the Office of Assessor of Property and was succeeded by Patsy Bennett.

On September 24, 2008, Unicoi County issued general obligation bonds totaling $16,350,000 for various School Department construction projects.

On November 12, 2008, Unicoi County issued capital outlay notes totaling $965,000 for various county capital projects. These notes were initially issued internally from the county's General Debt Service Fund but were refinanced with external capital outlay notes on February 18, 2009.

On February 18, 2009, Unicoi County issued external capital outlay notes totaling $3,200,000 for various county capital projects.

D. 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.

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 $34,242 to the Animal Welfare Board for the year ended June 30, 2008.

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 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.tn.gov/treasury/tcrs.

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, 2008, 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, 2008, Unicoi County's annual pension cost of $419,212 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 postretirement 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, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	$419,212	100%	$0
6-30-07	407,066	100	0
6-30-06	289,672	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 89.15 percent funded. The actuarial accrued liability for benefits was $12.41 million, and the actuarial value of assets was $11.06 million, resulting in an unfunded actuarial accrued liability (UAAL) of $1.35 million. The covered payroll (annual payroll of active employees covered by the plan) was $4.81 million, and the ratio of the UAAL to the covered payroll was 27.98 percent.

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

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

School Teachers

Plan Description

The 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.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Unicoi County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 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, 2008, 2007, and 2006, were $547,279, $517,855, and $450,927, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Unicoi County School Department

The Unicoi County School Department participates in the state administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for teachers. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tennessee.gov/finance/act/cafr.html.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2008, the School Department contributed $165,905 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	$ 267,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	$ 267,000
Amount of contribution	(165,905)
Increase/decrease in NPO	$ 101,095
Net OPEB obligation, 7-1-07	0
Net OPEB obligation, 6-30-08	$ 101,095

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	$ 267,000	62%	$ 101,095

*Data not available for two proceeding years.

Funding Status and Funding Progress

The funding status of the plan as of June 30, 2008, was as follows:

	Local Education Group Plan
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	$ 2,230,000
Actuarial value of plan assets	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 2,230,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	$ 9,690,237
UAAL as of % of covered payroll	23%

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

Actuarial Methods and Assumptions

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

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare trend rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by Chapter 678, Private Acts of 1949, and 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.

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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, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 3,097,003	$ 3,074,447	$ 3,074,447	$ 22,556
Licenses and Permits	17,612	16,409	16,409	1,203
Fines, Forfeitures, and Penalties	172,336	128,674	135,760	36,576
Charges for Current Services	41,484	45,915	45,915	(4,431)
Other Local Revenues	308,932	93,300	314,411	(5,479)
Fees Received from County Officials	869,208	798,000	798,000	71,208
State of Tennessee	684,738	556,920	642,125	42,613
Federal Government	75,658	296,674	301,852	(226,194)
Other Governments and Citizens Groups	299,017	320,473	339,086	(40,069)
Total Revenues	$ 5,565,988	$ 5,330,812	$ 5,668,005	$ (102,017)
Expenditures				
General Government				
County Commission	$ 49,475	$ 56,200	$ 56,200	$ 6,725
Board of Equalization	2,839	5,300	5,300	2,461
County Mayor/Executive	175,651	193,244	193,245	17,594
County Attorney	12,000	16,500	16,500	4,500
Election Commission	115,148	121,679	123,452	8,304
Register of Deeds	131,569	133,105	133,205	1,636
Development	7,750	7,000	7,750	0
County Buildings	138,679	103,776	138,319	(360)
Other General Administration	83,672	101,088	101,088	17,416
Finance				
Property Assessor's Office	219,921	224,149	224,149	4,228
County Trustee's Office	138,007	146,135	146,135	8,128
County Clerk's Office	215,348	195,521	217,055	1,707
Other Finance	63,805	60,000	60,500	(3,305)
Administration of Justice				
Circuit Court	265,867	271,932	285,721	19,854
General Sessions Court	79,006	79,261	79,261	255
Chancery Court	94,763	91,759	96,243	1,480
Juvenile Court	38,542	45,857	45,857	7,315
Public Safety				
Sheriff's Department	1,385,291	1,308,767	1,409,060	23,769
Jail	481,434	403,909	468,736	(12,698)
Juvenile Services	9,000	9,000	9,000	0
Fire Prevention and Control	45,000	45,000	45,000	0
Civil Defense	65,623	275,470	275,470	209,847
Other Emergency Management	5,000	5,000	5,000	0
County Coroner/Medical Examiner	14,177	14,386	14,386	209
Public Safety Grant Programs	48,270	48,256	49,316	1,046
Other Public Safety	203	0	0	(203)

(Continued)

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Health and Welfare				
Local Health Center	$ 222,452	$ 296,828	$ 298,404	$ 75,952
Rabies and Animal Control	34,242	44,810	44,810	10,568
Ambulance/Emergency Medical Services	39,361	0	41,000	1,639
Regional Mental Health Center	10,185	10,185	10,185	0
Appropriation to State	23,519	23,519	23,519	0
Sanitation Education/Information	30,592	30,841	30,841	249
Social, Cultural, and Recreational Services				
Adult Activities	5,000	5,000	5,000	0
Senior Citizens Assistance	30,600	30,600	30,600	0
Libraries	24,000	24,000	24,000	0
Other Social, Cultural, and Recreational	4,791	4,791	4,791	0
Agriculture and Natural Resources				
Agriculture Extension Service	35,135	34,653	35,877	742
Forest Service	800	800	800	0
Soil Conservation	5,445	5,445	5,445	0
Other Operations				
Tourism	23,250	23,250	23,250	0
Industrial Development	33,552	34,112	34,112	560
Other Economic and Community Development	1,967	2,000	2,000	33
Veterans' Services	500	500	500	0
Contributions to Other Agencies	0	1,000	1,000	1,000
Employee Benefits	736,906	729,578	749,537	12,631
Miscellaneous	4,500	4,500	4,500	0
Principal on Debt				
General Government	3,955	3,965	3,955	0
Interest on Debt				
General Government	362	355	365	3
Capital Projects				
Other General Government Projects	15,789	0	15,789	0
Total Expenditures	$ 5,172,943	$ 5,273,026	$ 5,596,228	$ 423,285
Excess (Deficiency) of Revenues Over Expenditures	$ 393,045	$ 57,786	$ 71,777	$ 321,268
Other Financing Sources (Uses)				
Transfers Out	$ (456,548)	$ (466,000)	$ (471,000)	$ 14,452
Total Other Financing Sources (Uses)	$ (456,548)	$ (466,000)	$ (471,000)	$ 14,452
Net Change in Fund Balance	$ (63,503)	$ (408,214)	$ (399,223)	$ 335,720
Fund Balance, July 1, 2007	510,984	471,050	701,761	(190,777)
Fund Balance, June 30, 2008	$ 447,481	$ 62,836	$ 302,538	$ 144,943

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 89,366	$ 0	$ 89,366	$ 92,462	$ 92,462	$ (3,096)
Licenses and Permits	403	0	403	408	408	(5)
Other Local Revenues	208,417	0	208,417	131,657	157,595	50,822
State of Tennessee	1,937,403	0	1,937,403	1,495,628	2,057,711	(120,308)
Federal Government	12,305	0	12,305	12,330	12,330	(25)
Other Governments and Citizens Groups	213,864	0	213,864	155,000	155,000	58,864
Total Revenues	$ 2,461,758	$ 0	$ 2,461,758	$ 1,887,485	$ 2,475,506	$ (13,748)
Expenditures						
Highways						
Administration	$ 117,519	$ 0	$ 117,519	$ 123,660	$ 123,960	$ 6,441
Highway and Bridge Maintenance	1,024,615	0	1,024,615	976,382	1,189,960	165,345
Operation and Maintenance of Equipment	245,427	0	245,427	187,320	272,134	26,707
Other Charges	119,956	0	119,956	136,300	136,324	16,368
Employee Benefits	233,396	0	233,396	221,514	252,114	18,718
Capital Outlay	839,869	(1,700)	838,169	269,175	847,194	9,025
Total Expenditures	$ 2,580,782	$ (1,700)	$ 2,579,082	$ 1,914,351	$ 2,821,686	$ 242,604
Excess (Deficiency) of Revenues Over Expenditures	$ (119,024)	$ 1,700	$ (117,324)	$ (26,866)	$ (346,180)	$ 228,856
Other Financing Sources (Uses)						
Insurance Recovery	$ 13,233	$ 0	$ 13,233	$ 0	$ 13,233	$ 0
Total Other Financing Sources (Uses)	$ 13,233	$ 0	$ 13,233	$ 0	$ 13,233	$ 0
Net Change in Fund Balance	$ (105,791)	$ 1,700	$ (104,091)	$ (26,866)	$ (332,947)	$ 228,856
Fund Balance, July 1, 2007	3,212,112	(1,700)	3,210,412	3,140,459	3,140,459	69,953
Fund Balance, June 30, 2008	$ 3,106,321	$ 0	$ 3,106,321	$ 3,113,593	$ 2,807,512	$ 298,809

Exhibit E-3

Unicoi County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	$ 11,064	$ 12,411	$ 1,347	89.15 %	$ 4,814	27.98 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit E-4

Unicoi County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Unicoi County School Department
June 30, 2008

(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)
Local Education Group Plan	6-30-07	$ 0	$ 2,230	$ 2,230	0%	$ 9,690	23.01%

*Data not available for two preceding years.

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UNICOI COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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 difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

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

Major Appropriation Category	Amount Overspent
County Buildings	$ 360
Other Finance	3,305
Jail	12,698
Other Public Safety	203

Such overexpenditures are a violation of state law. These overexpenditures were funded by available fund balance.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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Exhibit F-1

Unicoi County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds					Capital Projects Funds			
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	Total Nonmajor Governmental Funds
ASSETS									
Cash	$ 0	$ 0	$ 0	$ 8,891	$ 8,891	$ 0	$ 0	$ 0	$ 8,891
Equity in Pooled Cash and Investments	339	2,927	58,010	0	61,276	75,017	4,662	79,679	140,955
Accounts Receivable	0	0	0	84	84	0	0	0	84
Due from Other Funds	0	39,526	0	0	39,526	0	0	0	39,526
Total Assets	$ 339	$ 42,453	$ 58,010	$ 8,975	$ 109,777	$ 75,017	$ 4,662	$ 79,679	$ 189,456
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts Payable	$ 0	$ 39,526	$ 3,064	$ 0	$ 42,590	$ 0	$ 0	$ 0	$ 42,590
Due to Other Funds	0	0	0	8,975	8,975	155,000	0	155,000	163,975
Total Liabilities	$ 0	$ 39,526	$ 3,064	$ 8,975	$ 51,565	$ 155,000	$ 0	$ 155,000	$ 206,565
Fund Balances									
Reserved for Encumbrances	$ 0	$ 0	$ 0	$ 0	$ 0	$ 67,786	$ 16,163	$ 83,949	$ 83,949
Unreserved (Deficit)	339	2,927	54,946	0	58,212	(147,769)	(11,501)	(159,270)	(101,058)
Total Fund Balances	$ 339	$ 2,927	$ 54,946	$ 0	$ 58,212	$ (79,983)	$ 4,662	$ (75,321)	$ (17,109)
Total Liabilities and Fund Balances	$ 339	$ 42,453	$ 58,010	$ 8,975	$ 109,777	$ 75,017	$ 4,662	$ 79,679	$ 189,456

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, 2008

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
Revenues									
Local Taxes	$ 213	$ 0	$ 0	$ 0	$ 213	$ 0	$ 0	$ 0	$ 213
Fines, Forfeitures, and Penalties	0	0	182,111	0	182,111	0	0	0	182,111
Charges for Current Services	0	0	0	59	59	0	0	0	59
State of Tennessee	0	0	15,000	0	15,000	0	0	0	15,000
Federal Government	0	0	0	0	0	0	585,874	585,874	585,874
Other Governments and Citizens Groups	0	0	78,400	0	78,400	0	20,000	20,000	98,400
Total Revenues	$ 213	$ 0	$ 275,511	$ 59	$ 275,783	$ 0	$ 605,874	$ 605,874	$ 881,657
Expenditures									
Current:									
General Government	$ 3	$ 0	$ 0	$ 59	$ 62	$ 0	$ 0	$ 0	$ 62
Finance	0	0	1,076	0	1,076	0	0	0	1,076
Public Safety	0	0	277,085	0	277,085	0	0	0	277,085
Public Health and Welfare	0	456,548	0	0	456,548	0	0	0	456,548
Capital Projects	0	0	0	0	0	752,058	604,424	1,356,482	1,356,482
Total Expenditures	$ 3	$ 456,548	$ 278,161	$ 59	$ 734,771	$ 752,058	$ 604,424	$ 1,356,482	$ 2,091,253
Excess (Deficiency) of Revenues Over Expenditures	$ 210	$ (456,548)	$ (2,650)	$ 0	$ (458,988)	$ (752,058)	$ 1,450	$ (750,608)	$ (1,209,596)
Other Financing Sources (Uses)									
Transfers In	$ 0	$ 456,548	$ 0	$ 0	$ 456,548	$ 0	$ 0	$ 0	$ 456,548
Total Other Financing Sources (Uses)	$ 0	$ 456,548	$ 0	$ 0	$ 456,548	$ 0	$ 0	$ 0	$ 456,548
Net Change in Fund Balances	$ 210	$ 0	$ (2,650)	$ 0	$ (2,440)	$ (752,058)	$ 1,450	$ (750,608)	$ (753,048)
Fund Balance, July 1, 2007	129	2,927	57,596	0	60,652	672,075	3,212	675,287	735,939
Fund Balance, June 30, 2008	$ 339	$ 2,927	$ 54,946	$ 0	$ 58,212	$ (79,983)	$ 4,662	$ (75,321)	$ (17,109)

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, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 213	$ 4,900	$ 4,900	$ (4,687)
Total Revenues	$ 213	$ 4,900	$ 4,900	$ (4,687)
Expenditures				
General Government				
County Buildings	$ 3	$ 4,000	$ 4,000	$ 3,997
Total Expenditures	$ 3	$ 4,000	$ 4,000	$ 3,997
Excess (Deficiency) of Revenues Over Expenditures	$ 210	$ 900	$ 900	$ (690)
Net Change in Fund Balance	$ 210	$ 900	$ 900	$ (690)
Fund Balance, July 1, 2007	129	129	129	0
Fund Balance, June 30, 2008	$ 339	$ 1,029	$ 1,029	$ (690)

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, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Total Revenues	$ 0	$ 0	$ 0	$ 0
Expenditures				
Public Health and Welfare				
Sanitation Management	$ 456,548	$ 462,595	$ 471,000	$ 14,452
Total Expenditures	$ 456,548	$ 462,595	$ 471,000	$ 14,452
Excess (Deficiency) of Revenues Over Expenditures	$ (456,548)	$ (462,595)	$ (471,000)	$ 14,452
Other Financing Sources (Uses)				
Transfers In	$ 456,548	$ 466,000	$ 466,000	$ (9,452)
Total Other Financing Sources (Uses)	$ 456,548	$ 466,000	$ 466,000	$ (9,452)
Net Change in Fund Balance	$ 0	$ 3,405	$ (5,000)	$ 5,000
Fund Balance, July 1, 2007	2,927	0	5,000	(2,073)
Fund Balance, June 30, 2008	$ 2,927	$ 3,405	$ 0	$ 2,927

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, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 182,111	$ 107,000	$ 107,000	$ 75,111
Other Local Revenues	0	3,500	3,965	(3,965)
State of Tennessee	15,000	0	15,000	0
Other Governments and Citizens Groups	78,400	40,000	47,363	31,037
Total Revenues	$ 275,511	$ 150,500	$ 173,328	$ 102,183
Expenditures				
Finance				
Other Finance	$ 1,076	$ 0	$ 1,100	$ 24
Public Safety				
Sheriff's Department	277,085	91,350	285,017	7,932
Total Expenditures	$ 278,161	$ 91,350	$ 286,117	$ 7,956
Excess (Deficiency) of Revenues Over Expenditures	$ (2,650)	$ 59,150	$ (112,789)	$ 110,139
Net Change in Fund Balance	$ (2,650)	$ 59,150	$ (112,789)	$ 110,139
Fund Balance, July 1, 2007	57,596	53,711	53,711	3,885
Fund Balance, June 30, 2008	$ 54,946	$ 112,861	$ (59,078)	$ 114,024

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Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, 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, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,717,696	$ 1,664,914	$ 1,664,914	$ 52,782
Licenses and Permits	6,340	5,500	5,500	840
Other Local Revenues	27,320	65,300	23,735	3,585
State of Tennessee	0	27,000	0	0
Other Governments and Citizens Groups	77,030	10,000	10,000	67,030
Total Revenues	$ 1,828,386	$ 1,772,714	$ 1,704,149	$ 124,237
Expenditures				
Principal on Debt				
General Government	$ 1,030,618	$ 1,030,648	$ 1,052,776	$ 22,158
Interest on Debt				
General Government	633,504	633,298	633,984	480
Other Debt Service				
General Government	30,708	27,200	31,871	1,163
Capital Projects - Donated				
Capital Projects Donated to School Department	669,196	0	669,196	0
Total Expenditures	$ 2,364,026	$ 1,691,146	$ 2,387,827	$ 23,801
Excess (Deficiency) of Revenues Over Expenditures	$ (535,640)	$ 81,568	$ (683,678)	$ 148,038
Net Change in Fund Balance	$ (535,640)	$ 81,568	$ (683,678)	$ 148,038
Fund Balance, July 1, 2007	3,674,060	3,656,897	3,656,897	17,163
Fund Balance, June 30, 2008	$ 3,138,420	$ 3,738,465	$ 2,973,219	$ 165,201

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Fiduciary Funds

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.

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

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

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Exhibit H-1

Unicoi County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 273,514	$ 273,514
Accounts Receivable	0	3,775	3,775
Due from Other Governments	226,871	0	226,871
Cash Shortage	0	22,222	22,222
Restricted Assets:			
Other Restricted Assets	0	38,822	38,822
Total Assets	$ 226,871	$ 338,333	$ 565,204
LIABILITIES			
Due to Other Taxing Units	$ 226,871	$ 0	$ 226,871
Due to Litigants, Heirs, and Others	0	338,333	338,333
Total Liabilities	$ 226,871	$ 338,333	$ 565,204

Exhibit H-2

Unicoi County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 1,195,894	$ 1,195,894	$ 0
Due from Other Governments	198,568	226,871	198,568	226,871
		0		
Total Assets	$ 198,568	$ 1,422,765	$ 1,394,462	$ 226,871
Liabilities				
Due to Other Taxing Units	$ 198,568	$ 1,422,765	$ 1,394,462	$ 226,871
Total Liabilities	$ 198,568	$ 1,422,765	$ 1,394,462	$ 226,871
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 285,505	$ 3,682,061	$ 3,694,052	$ 273,514
Accounts Receivable	4,056	3,775	4,056	3,775
Cash Shortage	22,222	0	0	22,222
Other Restricted Assets	38,405	38,822	38,405	38,822
Total Assets	$ 350,188	$ 3,724,658	$ 3,736,513	$ 338,333
Liabilities				
Due to Litigants, Heirs, and Others	$ 350,188	$ 3,724,658	$ 3,736,513	$ 338,333
Total Liabilities	$ 350,188	$ 3,724,658	$ 3,736,513	$ 338,333
Totals - All Agency Funds				
Assets				
Cash	$ 285,505	$ 3,682,061	$ 3,694,052	$ 273,514
Equity in Pooled Cash and Investments	0	1,195,894	1,195,894	0
Accounts Receivable	4,056	3,775	4,056	3,775
Due from Other Governments	198,568	226,871	198,568	226,871
Cash Shortage	22,222	0	0	22,222
Other Restricted Assets	38,405	38,822	38,405	38,822
Total Assets	$ 548,756	$ 5,147,423	$ 5,130,975	$ 565,204
Liabilities				
Due to Other Taxing Units	$ 198,568	$ 1,422,765	$ 1,394,462	$ 226,871
Due to Litigants, Heirs, and Others	350,188	3,724,658	3,736,513	338,333
Total Liabilities	$ 548,756	$ 5,147,423	$ 5,130,975	$ 565,204

Unicoi County School Department

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.

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.

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Exhibit I-1

Unicoi County, Tennessee
Statement of Activities
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:					
Instruction	$ 11,013,438	$ 17,950	$ 1,616,011	$ 0	$ (9,379,477)
Support Services	6,487,614	0	23,534	669,196	(5,794,884)
Operation of Non-Instructional Services	1,927,099	556,890	1,432,910	0	62,701
Interest on Long-term Debt	16,084	0	0	0	(16,084)
Total Governmental Activities	$ 19,444,235	$ 574,840	$ 3,072,455	$ 669,196	$ (15,127,744)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					$ 2,567,593
Local Option Sales Taxes					1,338,887
Other Local Taxes					40,118
Grants and Contributions Not Restricted to Specific Programs					11,923,494
Unrestricted Investment Income					9,561
Miscellaneous					68,941
Gain on Disposal of Capital Assets					13,808
Total General Revenues					$ 15,962,402
Change in Net Assets					$ 834,658
Net Assets, July 1, 2007					15,307,876
Net Assets, June 30, 2008					$ 16,142,534

Exhibit I-2

Unicoi County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2008

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 63,000	$ 3,000	$ 66,000
Equity in Pooled Cash and Investments	1,558,363	314,655	1,873,018
Accounts Receivable	5,088	5,423	10,511
Due from Other Governments	506,576	180,644	687,220
Due from Other Funds	10,030	17,309	27,339
Property Taxes Receivable	2,690,495	0	2,690,495
Allowance for Uncollectible Property Taxes	(101,896)	0	(101,896)
Total Assets	$ 4,731,656	$ 521,031	$ 5,252,687
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 25,528	$ 10,320	$ 35,848
Retainage Payable	0	17,309	17,309
Due to Other Funds	17,309	10,030	27,339
Other Current Liabilities	338,810	0	338,810
Deferred Revenue - Current Property Taxes	2,510,565	0	2,510,565
Deferred Revenue - Delinquent Property Taxes	65,976	0	65,976
Other Deferred Revenues	194,265	0	194,265
Total Liabilities	$ 3,152,453	$ 37,659	$ 3,190,112
Fund Balances			
Reserved for Encumbrances	$ 70,139	$ 207,972	$ 278,111
Reserved for Technology	30,530	0	30,530
Reserved for Title I Grants to Local Education Agencies	0	57,489	57,489
Reserved for Special Education - Grants to States	0	106,290	106,290
Other Federal Reserves	0	38,145	38,145
Unreserved, Reported In:			
General Fund	1,478,534	0	1,478,534
Special Revenue Funds	0	278,476	278,476
Capital Projects Funds (Deficit)	0	(205,000)	(205,000)
Total Fund Balances	$ 1,579,203	$ 483,372	$ 2,062,575
Total Liabilities and Fund Balances	$ 4,731,656	$ 521,031	$ 5,252,687

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, 2008

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)			$ 2,062,575
(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: construction in progress		669,195	
Add: building and improvements net of accumulated depreciation		12,190,922	
Add: other capital assets net of accumulated depreciation		802,312	14,281,315
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			260,241
(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	$	(359,997)	
Less: accrued interest on capital leases		(505)	
Less: other postemployment benefits		(101,095)	(461,597)
Net assets of governmental activities (Exhibit A)			$ 16,142,534

Exhibit I-4

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, 2008

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Governmental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 3,941,922	$ 0	$ 3,941,922
Licenses and Permits	18,758	0	18,758
Fines, Forfeitures, and Penalties	1,924	0	1,924
Charges for Current Services	17,950	321,767	339,717
Other Local Revenues	297,538	29,895	327,433
State of Tennessee	12,297,343	14,118	12,311,461
Federal Government	444,097	2,050,997	2,495,094
Other Governments and Citizens Groups	20,449	669,196	689,645
Total Revenues	$ 17,039,981	$ 3,085,973	$ 20,125,954
Expenditures			
Current:			
Instruction	$ 9,531,778	$ 888,158	$ 10,419,936
Support Services	6,153,283	345,375	6,498,658
Operation of Non-Instructional Services	781,320	1,063,017	1,844,337
Capital Outlay	0	1,619,809	1,619,809
Debt Service:			
Principal on Debt	89,724	0	89,724
Interest on Debt	16,585	0	16,585
Total Expenditures	$ 16,572,690	$ 3,916,359	$ 20,489,049
Excess (Deficiency) of Revenues Over Expenditures	$ 467,291	$ (830,386)	$ (363,095)
Other Financing Sources (Uses)			
Insurance Recovery	$ 959	$ 0	$ 959
Transfers In	92,776	611,952	704,728
Transfers Out	(611,952)	(92,776)	(704,728)
Total Other Financing Sources (Uses)	$ (518,217)	$ 519,176	$ 959
Net Change in Fund Balances	$ (50,926)	$ (311,210)	$ (362,136)
Fund Balance, July 1, 2007	1,630,129	794,582	2,424,711
Fund Balance, June 30, 2008	$ 1,579,203	$ 483,372	$ 2,062,575

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, 2008

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)		$ (362,136)
(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	$ 1,784,833	
Less: current year depreciation expense	(661,021)	1,123,812
(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, 2008	$ 260,241	
Less: deferred delinquent property taxes and other deferred June 30, 2007	(176,389)	83,852
(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.		
Add: principal payments on leases	$ 89,724	
Less: change in other postemployment benefits	(101,095)	(11,371)
(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		501
Change in net assets of governmental activities (Exhibit B)		$ 834,658

Exhibit I-6

Unicoi County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2008

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
ASSETS					
Cash	$ 0	$ 3,000	$ 3,000	$ 0	$ 3,000
Equity in Pooled Cash and Investments	94,816	219,839	314,655	0	314,655
Accounts Receivable	0	5,423	5,423	0	5,423
Due from Other Governments	120,400	60,244	180,644	0	180,644
Due from Other Funds	0	0	0	17,309	17,309
Total Assets	$ 215,216	$ 288,506	$ 503,722	$ 17,309	$ 521,031
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 10,320	$ 0	$ 10,320	$ 0	$ 10,320
Retainage Payable	0	0	0	17,309	17,309
Due to Other Funds	0	10,030	10,030	0	10,030
Total Liabilities	$ 10,320	$ 10,030	$ 20,350	$ 17,309	$ 37,659
Fund Balances					
Reserved for Encumbrances	$ 2,972	$ 0	$ 2,972	$ 205,000	$ 207,972
Reserved for Title I Grants to Local Education Agencies	57,489	0	57,489	0	57,489
Reserved for Special Education - Grants to States	106,290	0	106,290	0	106,290
Other Federal Reserves	38,145	0	38,145	0	38,145
Unreserved (Deficit)	0	278,476	278,476	(205,000)	73,476
Total Fund Balances	$ 204,896	$ 278,476	$ 483,372	$ 0	$ 483,372
Total Liabilities and Fund Balances	$ 215,216	$ 288,506	$ 503,722	$ 17,309	$ 521,031

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, 2008

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
Revenues					
Charges for Current Services	$ 0	$ 321,767	$ 321,767	$ 0	$ 321,767
Other Local Revenues	0	29,895	29,895	0	29,895
State of Tennessee	0	14,118	14,118	0	14,118
Federal Government	1,418,468	632,529	2,050,997	0	2,050,997
Other Governments and Citizens Groups	0	0	0	669,196	669,196
Total Revenues	$ 1,418,468	$ 998,309	$ 2,416,777	$ 669,196	$ 3,085,973
Expenditures					
Current:					
Instruction	$ 888,158	$ 0	$ 888,158	$ 0	$ 888,158
Support Services	345,375	0	345,375	0	345,375
Operation of Non-Instructional Services	0	1,063,017	1,063,017	0	1,063,017
Capital Outlay	0	0	0	1,619,809	1,619,809
Total Expenditures	$ 1,233,533	$ 1,063,017	$ 2,296,550	$ 1,619,809	$ 3,916,359
Excess (Deficiency) of Revenues Over Expenditures	$ 184,935	$ (64,708)	$ 120,227	$ (950,613)	$ (830,386)
Other Financing Sources (Uses)					
Transfers In	$ 0	$ 0	$ 0	$ 611,952	$ 611,952
Transfers Out	(92,776)	0	(92,776)	0	(92,776)
Total Other Financing Sources (Uses)	$ (92,776)	$ 0	$ (92,776)	$ 611,952	$ 519,176
Net Change in Fund Balances	$ 92,159	$ (64,708)	$ 27,451	$ (338,661)	$ (311,210)
Fund Balance, July 1, 2007	112,737	343,184	455,921	338,661	794,582
Fund Balance, June 30, 2008	$ 204,896	$ 278,476	$ 483,372	$ 0	$ 483,372

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 3,941,922	$ 0	$ 0	$ 3,941,922	$ 3,895,881	$ 3,895,881	$ 46,041
Licenses and Permits	18,758	0	0	18,758	20,400	20,400	(1,642)
Fines, Forfeitures, and Penalties	1,924	0	0	1,924	0	1,200	724
Charges for Current Services	17,950	0	0	17,950	10,500	15,550	2,400
Other Local Revenues	297,538	0	0	297,538	268,800	383,459	(85,921)
State of Tennessee	12,297,343	0	0	12,297,343	11,876,710	12,311,076	(13,733)
Federal Government	444,097	0	0	444,097	305,164	408,377	35,720
Other Governments and Citizens Groups	20,449	0	0	20,449	0	0	20,449
Total Revenues	$ 17,039,981	$ 0	$ 0	$ 17,039,981	$ 16,377,455	$ 17,035,943	$ 4,038
Expenditures							
Instruction							
Regular Instruction Program	$ 7,432,167	$ (575)	$ 0	$ 7,431,592	$ 7,559,430	$ 7,566,432	$ 134,840
Alternative Instruction Program	73,728	0	0	73,728	83,484	83,484	9,756
Special Education Program	1,119,179	(1,294)	1,701	1,119,586	1,129,940	1,142,600	23,014
Vocational Education Program	713,002	(775)	0	712,227	711,530	738,514	26,287
Student Body Education Program	190,782	0	9,044	199,826	160,000	200,000	174
Adult Education Program	2,920	(200)	0	2,720	3,930	12,000	9,280
Support Services							
Attendance	86,541	0	0	86,541	83,995	87,599	1,058
Health Services	233,348	(9,860)	7,017	230,505	250,759	254,095	23,590
Other Student Support	598,101	0	0	598,101	626,828	601,224	3,123
Regular Instruction Program	498,298	0	3,028	501,326	425,726	561,648	60,322
Special Education Program	119,467	0	176	119,643	119,898	119,898	255

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Vocational Education Program	$ 125,144	$ 0	$ 0	$ 125,144	$ 125,101	$ 127,379	$ 2,235
Adult Programs	74,348	0	0	74,348	75,037	75,037	689
Other Programs	84,524	0	0	84,524	0	84,524	0
Board of Education	364,091	(245)	47	363,893	388,165	388,415	24,522
Director of Schools	293,055	(664)	104	292,495	293,237	300,539	8,044
Office of the Principal	992,818	0	0	992,818	1,001,100	1,016,422	23,604
Fiscal Services	112,450	0	203	112,653	115,167	114,857	2,204
Operation of Plant	1,223,734	0	0	1,223,734	1,201,428	1,234,857	11,123
Maintenance of Plant	441,637	(16,990)	1,538	426,185	486,021	454,660	28,475
Transportation	677,203	(1,841)	6,010	681,372	710,041	709,957	28,585
Central and Other	228,524	(3,792)	2,900	227,632	235,244	256,075	28,443
Operation of Non-Instructional Services							
Food Service	1,138	0	0	1,138	1,139	1,139	1
Community Services	145,532	(45,075)	7,586	108,043	0	120,303	12,260
Early Childhood Education	634,650	(49,175)	30,785	616,260	628,515	634,946	18,686
Principal on Debt							
Education	89,724	0	0	89,724	89,725	89,725	1
Interest on Debt							
Education	16,585	0	0	16,585	16,586	16,586	1
Total Expenditures	$ 16,572,690	$ (130,486)	$ 70,139	$ 16,512,343	$ 16,522,026	$ 16,992,915	$ 480,572
Excess (Deficiency) of Revenues Over Expenditures	$ 467,291	$ 130,486	$ (70,139)	$ 527,638	$ (144,571)	$ 43,028	$ 484,610

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses)							
Insurance Recovery	$ 959	$ 0	$ 0	$ 959	$ 0	$ 1,000	$ (41)
Transfers In	92,776	0	0	92,776	94,000	94,000	(1,224)
Transfers Out	(611,952)	0	0	(611,952)	(423,348)	(611,952)	0
Total Other Financing Sources (Uses)	$ (518,217)	$ 0	$ 0	$ (518,217)	$ (329,348)	$ (516,952)	$ (1,265)
Net Change in Fund Balance	$ (50,926)	$ 130,486	$ (70,139)	$ 9,421	$ (473,919)	$ (473,924)	$ 483,345
Fund Balance, July 1, 2007	1,630,129	(130,486)	0	1,499,643	959,362	959,362	540,281
Fund Balance, June 30, 2008	$ 1,579,203	$ 0	$ (70,139)	$ 1,509,064	$ 485,443	$ 485,438	$ 1,023,626

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Federal Government	$ 1,418,468	$ 0	$ 0	$ 1,418,468	$ 1,346,764	$ 1,349,548	$ 68,920
Total Revenues	$ 1,418,468	$ 0	$ 0	$ 1,418,468	$ 1,346,764	$ 1,349,548	$ 68,920
Expenditures							
Instruction							
Regular Instruction Program	$ 328,648	$ 0	$ 0	$ 328,648	$ 393,923	$ 393,423	$ 64,775
Special Education Program	528,170	(280)	0	527,890	625,501	625,501	97,611
Vocational Education Program	31,340	0	2,972	34,312	31,529	34,313	1
Support Services							
Other Student Support	19,570	0	0	19,570	19,700	19,700	130
Regular Instruction Program	271,321	0	0	271,321	342,181	342,681	71,360
Special Education Program	50,084	0	0	50,084	52,939	52,939	2,855
Vocational Education Program	4,400	0	0	4,400	4,400	4,400	0
Total Expenditures	$ 1,233,533	$ (280)	$ 2,972	$ 1,236,225	$ 1,470,173	$ 1,472,957	$ 236,732
Excess (Deficiency) of Revenues Over Expenditures	$ 184,935	$ 280	$ (2,972)	$ 182,243	$ (123,409)	$ (123,409)	$ 305,652
Other Financing Sources (Uses)							
Transfers Out	$ (92,776)	$ 0	$ 0	$ (92,776)	$ (92,776)	$ (92,776)	$ 0
Total Other Financing Sources (Uses)	$ (92,776)	$ 0	$ 0	$ (92,776)	$ (92,776)	$ (92,776)	$ 0
Net Change in Fund Balance	$ 92,159	$ 280	$ (2,972)	$ 89,467	$ (216,185)	$ (216,185)	$ 305,652
Fund Balance, July 1, 2007	112,737	(280)	0	112,457	216,185	216,185	(103,728)
Fund Balance, June 30, 2008	$ 204,896	$ 0	$ (2,972)	$ 201,924	$ 0	$ 0	$ 201,924

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, 2008

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 321,767	$ 335,500	$ 335,500	$ (13,733)
Other Local Revenues	29,895	41,000	41,000	(11,105)
State of Tennessee	14,118	0	14,118	0
Federal Government	632,529	646,500	646,500	(13,971)
Total Revenues	$ 998,309	$ 1,023,000	$ 1,037,118	$ (38,809)
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 1,063,017	$ 1,168,500	$ 1,182,618	$ 119,601
Total Expenditures	$ 1,063,017	$ 1,168,500	$ 1,182,618	$ 119,601
Excess (Deficiency) of Revenues Over Expenditures	$ (64,708)	$ (145,500)	$ (145,500)	$ 80,792
Net Change in Fund Balance	$ (64,708)	$ (145,500)	$ (145,500)	$ 80,792
Fund Balance, July 1, 2007	343,184	236,604	236,604	106,580
Fund Balance, June 30, 2008	$ 278,476	$ 91,104	$ 91,104	$ 187,372

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, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Paid and/or Matured During Period	Outstanding 6-30-08
PRIMARY GOVERNMENT							
NOTES PAYABLE							
Payable through General Debt Service Fund							
Capital Outlay - 911 Communications Equipment	$ 300,000	3.45%	10-4-04	10-4-09	$ 180,000	$ 60,000	$ 120,000
Capital Outlay - Election Commission Building	204,000	4.5	6-16-06	6-16-11	163,200	40,800	122,400
Capital Outlay - School Building Improvements	1,000,000	5.2	11-13-06	11-13-16	954,881	80,604	874,277
Capital Outlay - Jail Renovations/Courthouse HVAC	326,850	4.12	2-18-07	1-18-17	315,746	27,440	288,306
Capital Outlay - Energy Efficiency	415,800	0	4-23-07	6-1-14	415,800	59,400	356,400
Total Payable through General Debt Service Fund					$ 2,029,627	$ 268,244	$ 1,761,383
Total Notes Payable					$ 2,029,627	$ 268,244	$ 1,761,383
OTHER LOANS PAYABLE							
Payable through General Debt Service Fund							
Tennessee State School Bond Authority							
Loan Agreement							
Qualified Zone Academy Bonds - School Renovation, Repairs, and Equipping	1,551,362	0	9-29-01	11-1-11	$ 1,010,972	$ 196,506	$ 814,466
Total Payable through General Debt Service Fund					$ 1,010,972	$ 196,506	$ 814,466
Total Other Loans Payable					$ 1,010,972	$ 196,506	$ 814,466
CAPITAL LEASES PAYABLE							
Payable through General Fund							
Sheriff Department Vehicle	18,349	5.05	9-13-04	8-13-07	$ 1,089	$ 1,089	$ 0
Circuit Court Computer System	13,230	6.25	12-24-04	11-21-09	6,974	2,866	4,108
Total Payable through General Fund					$ 8,063	$ 3,955	$ 4,108
Total Capital Leases Payable					$ 8,063	$ 3,955	$ 4,108

(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 7-1-07	Paid and/or Matured During Period	Outstanding 6-30-08
PRIMARY GOVERNMENT (CONT.)							
BONDS PAYABLE							
Payable through General Debt Service Fund							
General Obligation Public Improvement Bond	$ 700,000	4.875%	4-9-1997	1-1-35	$ 622,321	$ 10,868	$ 611,453
General Obligation Public Improvement Bond	800,000	5.1 to 6.2	5-1-1997	4-1-08	35,000	35,000	0
School Bonds	3,000,000	3.9 to 4.85	9-1-1998	4-1-08	95,000	95,000	0
General Obligation Refunding Bond	8,715,000	2.45 to 5.25	9-1-01	4-1-21	7,960,000	415,000	7,545,000
General Obligation Refunding Bond	3,300,000	4	10-18-06	4-1-23	3,300,000	10,000	3,290,000
Total Payable through General Debt Service Fund					$ 12,012,321	$ 565,868	$ 11,446,453
Total Bonds Payable					$ 12,012,321	$ 565,868	$ 11,446,453
DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT							
CAPITAL LEASES PAYABLE							
Payable through General Purpose School Fund							
HVAC Equipment	291,927	4.93	9-9-1998	9-9-08	$ 44,808	$ 35,625	$ 9,183
HVAC Equipment	570,442	3.99	2-17-04	2-17-14	404,913	54,099	350,814
Total Payable through General Purpose School Fund					$ 449,721	$ 89,724	$ 359,997
Total Capital Leases Payable					$ 449,721	$ 89,724	$ 359,997

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	$ 273,698	$ 63,504	$ 337,202
2010	279,430	53,866	333,296
2011	225,455	44,971	270,426
2012	190,987	36,803	227,790
2013	197,641	30,149	227,790
2014	204,636	23,154	227,790
2015	152,587	15,802	168,389
2016	160,314	8,075	168,389
2017	76,635	1,025	77,660
Total	$ 1,761,383	$ 277,349	$ 2,038,732

Year Ending June 30	Other Loan Principal	Other Loan Interest	Total Other Loan Requirements
2009	$ 196,506	$ 0	$ 196,506
2010	196,506	0	196,506
2011	196,506	0	196,506
2012	224,948	0	224,948
Total	$ 814,466	$ 0	$ 814,466

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	$ 3,048	$ 170	$ 3,218
2010	1,060	15	1,075
Total	$ 4,108	$ 185	$ 4,293

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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	320,701	1,151,606
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	$ 11,446,453	$ 4,624,629	$ 16,071,082

(Continued)

Exhibit J-2

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

DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	$ 65,481	$ 13,051	$ 78,532
2010	58,585	10,688	69,273
2011	60,966	8,307	69,273
2012	63,444	5,829	69,273
2013	66,022	3,251	69,273
2014	45,499	683	46,182
Total	$ 359,997	$ 41,809	$ 401,806

Exhibit J-3

Unicoi County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2008

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
General	Solid Waste/Sanitation	Operations	$ 456,548
Total Transfers			$ 456,548
DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT			
General Purpose School	Education Capital Projects	Bus garage	$ 611,952
School Federal Projects	General Purpose School	Early intervening services	92,776
Total Transfers			$ 704,728

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, 2008

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, TCA	$ 66,547		$ 50,000	Auto Owners (Mutual) Insurance Company
Road Superintendent	Section 8-24-102, TCA	60,360		100,000	"
Director of Schools	State Board of Education and County Board of Education	98,100	(1)	50,000	Western Surety Company
Trustee	Section 8-24-102, TCA	54,872		575,000	Auto Owners (Mutual) Insurance Company
Assessor of Property	Section 8-24-102, TCA	54,872		10,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, TCA	54,872		70,000	Auto Owners (Mutual) Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	54,872		100,000	"
Clerk and Master	Section 8-24-102, TCA	54,872		100,000	Ohio Casualty Insurance Company
Register	Section 8-24-102, TCA	54,872		25,000	Auto Owners (Mutual) Insurance Company
Sheriff	Section 8-24-102, TCA	60,360	(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) Does not include a workhouse superintendent supplement of $3,018, and does not include a law enforcement training supplement of $600.

Exhibit J-5

Unicoi County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2008

	General	Special Revenue Funds: Courthouse and Jail Maintenance	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitutional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Capital Projects Fund: Community Development/ Industrial Park	Total
Local Taxes								
County Property Taxes								
Current Property Tax	$ 2,531,113	$ 0	$ 0	$ 0	$ 57,822	$ 910,465	$ 0	$ 3,499,400
Trustee's Collections - Prior Year	73,077	0	0	0	1,818	29,812	0	104,707
Circuit/Clerk & Master Collections - Prior Years	66,476	0	0	0	1,592	25,661	0	93,729
Interest and Penalty	14,733	0	0	0	357	5,803	0	20,893
Pick-up Taxes	3,546	0	0	0	81	1,278	0	4,905
Payments in-Lieu-of Taxes - T.V.A.	212	0	0	0	5	76	0	293
Payments in-Lieu-of Taxes - Local Utilities	31,339	0	0	0	728	11,257	0	43,324
Payments in-Lieu-of Taxes - Other	8,034	0	0	0	147	2,316	0	10,497
County Local Option Taxes								
Local Option Sales Tax	0	0	0	0	0	674,735	0	674,735
Hotel/Motel Tax	60,457	0	0	0	0	0	0	60,457
Litigation Tax - General	140,856	0	0	0	0	0	0	140,856
Litigation Tax - Special Purpose	0	213	0	0	0	0	0	213
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	40,632	0	40,632
Business Tax	38,606	0	0	0	873	13,666	0	53,145
Mineral Severance Tax	22,319	0	0	0	25,884	0	0	48,203
Statutory Local Taxes								
Bank Excise Tax	1,049	0	0	0	24	378	0	1,451
Wholesale Beer Tax	5,091	0	0	0	35	541	0	5,667
Interstate Telecommunications Tax	0	0	0	0	0	1,076	0	1,076
Other Statutory Local Taxes	100,095	0	0	0	0	0	0	100,095
Total Local Taxes	$ 3,097,003	$ 213	$ 0	$ 0	$ 89,366	$ 1,717,696	$ 0	$ 4,904,278
Licenses and Permits								
Licenses								
Cable TV Franchise	$ 17,612	$ 0	$ 0	$ 0	$ 403	$ 6,340	$ 0	$ 24,355
Total Licenses and Permits	$ 17,612	$ 0	$ 0	$ 0	$ 403	$ 6,340	$ 0	$ 24,355

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds: Courthouse and Jail Maintenance	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitutional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Capital Projects Fund: Community Development/ Industrial Park	Total
Fines, Forfeitures, and Penalties								
Circuit Court								
Fines	$ 9,108	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,108
Officers Costs	1,523	0	0	0	0	0	0	1,523
Drug Control Fines	0	0	19,959	0	0	0	0	19,959
Jail Fees	428	0	0	0	0	0	0	428
DUI Treatment Fines	380	0	0	0	0	0	0	380
Courtroom Security Fee	70	0	0	0	0	0	0	70
Criminal Court								
Data Entry Fee - Criminal Court	1,035	0	0	0	0	0	0	1,035
General Sessions Court								
Fines	42,746	0	0	0	0	0	0	42,746
Officers Costs	41,417	0	0	0	0	0	0	41,417
Game and Fish Fines	83	0	0	0	0	0	0	83
Drug Control Fines	0	0	59,911	0	0	0	0	59,911
Jail Fees	19,463	0	0	0	0	0	0	19,463
DUI Treatment Fines	9,177	0	0	0	0	0	0	9,177
Data Entry Fee - General Sessions Court	9,305	0	0	0	0	0	0	9,305
Courtroom Security Fee	574	0	0	0	0	0	0	574
Juvenile Court								
Fines	1,429	0	0	0	0	0	0	1,429
Officers Costs	681	0	0	0	0	0	0	681
Drug Control Fines	875	0	0	0	0	0	0	875
Jail Fees	12,815	0	0	0	0	0	0	12,815
Data Entry Fee - Juvenile Court	1,428	0	0	0	0	0	0	1,428
Chancery Court								
Officers Costs	816	0	0	0	0	0	0	816
Data Entry Fee - Chancery Court	1,236	0	0	0	0	0	0	1,236
Courtroom Security Fee	62	0	0	0	0	0	0	62
Judicial District Drug Program								
Data Entry Fee - Other Courts	17,685	0	0	0	0	0	0	17,685

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds: Courthouse and Jail Maintenance	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitutional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Capital Projects Fund: Community Development/ Industrial Park	Total
Fines, Forfeitures, and Penalties (Cont.)								
Other Fines, Forfeitures, and Penalties								
Proceeds from Confiscated Property	$ 0	$ 0	$ 69,993	$ 0	$ 0	$ 0	$ 0	$ 69,993
Other Fines, Forfeitures, and Penalties	0	0	32,248	0	0	0	0	32,248
Total Fines, Forfeitures, and Penalties	$ 172,336	$ 0	$ 182,111	$ 0	$ 0	$ 0	$ 0	$ 354,447
Charges for Current Services								
General Service Charges								
Patient Charges	$ 1,416	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,416
Work Release Charges for Board	8,945	0	0	0	0	0	0	8,945
Fees								
Recreation Fees	19,218	0	0	0	0	0	0	19,218
Copy Fees	43	0	0	0	0	0	0	43
Telephone Commissions	1,031	0	0	0	0	0	0	1,031
Vending Machine Collections	351	0	0	0	0	0	0	351
Constitutional Officers' Fees and Commissions	0	0	0	59	0	0	0	59
Data Processing Fee - Register	6,364	0	0	0	0	0	0	6,364
Data Processing Fee - Sheriff	2,916	0	0	0	0	0	0	2,916
Sexual Offender Registration Fees - Sheriff	1,200	0	0	0	0	0	0	1,200
Total Charges for Current Services	$ 41,484	$ 0	$ 0	$ 59	$ 0	$ 0	$ 0	$ 41,543
Other Local Revenues								
Recurring Items								
Investment Income	$ 263,666	$ 0	$ 0	$ 0	$ 137,393	$ 27,135	$ 0	$ 428,194
Lease/Rentals	515	0	0	0	12	185	0	712
Sale of Gasoline	0	0	0	0	35,048	0	0	35,048
Sale of Maps	2,050	0	0	0	0	0	0	2,050
Sale of Recycled Materials	836	0	0	0	0	0	0	836
Retirees' Insurance Payments	8,915	0	0	0	682	0	0	9,597
Cobra Insurance Payments	1,377	0	0	0	0	0	0	1,377
Miscellaneous Refunds	28,598	0	0	0	35,282	0	0	63,880

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds: Courthouse and Jail Maintenance	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitutional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Capital Projects Fund: Community Development/ Industrial Park	Total
Other Local Revenues (Cont.)								
Nonrecurring Items								
Sale of Equipment	$ 575	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 575
Sale of Property	2,400	0	0	0	0	0	0	2,400
Total Other Local Revenues	$ 308,932	$ 0	$ 0	$ 0	$ 208,417	$ 27,320	$ 0	$ 544,669
Fees Received from County Officials								
Fees in-Lieu-of Salary								
County Clerk	$ 162,710	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 162,710
Circuit Court Clerk	58,744	0	0	0	0	0	0	58,744
General Sessions Court Clerk	296,998	0	0	0	0	0	0	296,998
Clerk and Master	47,656	0	0	0	0	0	0	47,656
Register	75,685	0	0	0	0	0	0	75,685
Sheriff	9,085	0	0	0	0	0	0	9,085
Trustee	218,330	0	0	0	0	0	0	218,330
Total Fees Received from County Officials	$ 869,208	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 869,208
State of Tennessee								
General Government Grants								
Juvenile Services Program	$ 9,600	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,600
State Reappraisal Grant	6,882	0	0	0	0	0	0	6,882
Other General Government Grants	17,648	0	0	0	0	0	0	17,648
Public Safety Grants								
Other Public Safety Grants	31,907	0	15,000	0	0	0	0	46,907
Health and Welfare Grants								
Health Department Programs	141,707	0	0	0	0	0	0	141,707
Public Works Grants								
State Aid Program	0	0	0	0	556,493	0	0	556,493
Litter Program	27,301	0	0	0	0	0	0	27,301
Other State Revenues								
Income Tax	25,071	0	0	0	0	0	0	25,071
Beer Tax	19,312	0	0	0	0	0	0	19,312

(Continued)

Exhibit J-5

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

	General	Special Revenue Funds: Courthouse and Jail Maintenance	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitutional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Capital Projects Fund: Community Development/ Industrial Park	Total
State of Tennessee (Cont.)								
Other State Revenues (Cont.)								
Alcoholic Beverage Tax	$ 24,532	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 24,532
Mixed Drink Tax	2,667	0	0	0	0	0	0	2,667
State Revenue Sharing - T.V.A.	138,607	0	0	0	2,330	0	0	140,937
Contracted Prisoner Boarding	207,335	0	0	0	0	0	0	207,335
Gasoline and Motor Fuel Tax	0	0	0	0	1,364,392	0	0	1,364,392
Petroleum Special Tax	0	0	0	0	14,188	0	0	14,188
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	15,789	0	0	0	0	0	0	15,789
Total State of Tennessee	$ 684,738	$ 0	$ 15,000	$ 0	$ 1,937,403	$ 0	$ 0	$ 2,637,141
Federal Government								
Federal Through State								
Community Development	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 468,600	$ 468,600
Homeland Security Grants	30,486	0	0	0	0	0	0	30,486
Other Federal through State	554	0	0	0	0	0	117,274	117,828
Direct Federal Revenue								
Forest Service	10,000	0	0	0	12,305	0	0	22,305
Public Safety Partnership and Community Policing - COPS	34,218	0	0	0	0	0	0	34,218
Other Direct Federal Revenue	400	0	0	0	0	0	0	400
Total Federal Government	$ 75,658	$ 0	$ 0	$ 0	$ 12,305	$ 0	$ 585,874	$ 673,837
Other Governments and Citizens Groups								
Other Governments								
Contributions	$ 82,075	$ 0	$ 53,400	$ 0	$ 0	$ 0	$ 20,000	$ 155,475
Contracted Services	216,942	0	25,000	0	213,864	0	0	455,806
Other								
Other	0	0	0	0	0	77,030	0	77,030
Total Other Governments and Citizens Groups	$ 299,017	$ 0	$ 78,400	$ 0	$ 213,864	$ 77,030	$ 20,000	$ 688,311
Total	$ 5,565,988	$ 213	$ 275,511	$ 59	$ 2,461,758	$ 1,828,386	$ 605,874	$ 10,737,789

Unicoi County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 2,413,042	$ 0	$ 0	$ 0	$ 2,413,042
Trustee's Collections - Prior Year	62,716	0	0	0	62,716
Circuit/Clerk & Master Collections - Prior Years	66,528	0	0	0	66,528
Interest and Penalty	14,976	0	0	0	14,976
Pick-up Taxes	3,366	0	0	0	3,366
Payments in-Lieu-of Taxes - T.V.A.	201	0	0	0	201
Payments in-Lieu-of Taxes - Local Utilities	30,223	0	0	0	30,223
Payments in-Lieu-of Taxes - Other	6,103	0	0	0	6,103
County Local Option Taxes					
Local Option Sales Tax	1,303,476	0	0	0	1,303,476
Business Tax	36,155	0	0	0	36,155
Other County Local Option Taxes	434	0	0	0	434
Statutory Local Taxes					
Bank Excise Tax	995	0	0	0	995
Wholesale Beer Tax	1,431	0	0	0	1,431
Interstate Telecommunications Tax	2,276	0	0	0	2,276
Total Local Taxes	$ 3,941,922	$ 0	$ 0	$ 0	$ 3,941,922
Licenses and Permits					
Licenses					
Marriage Licenses	$ 2,052	$ 0	$ 0	$ 0	$ 2,052
Cable TV Franchise	16,706	0	0	0	16,706
Total Licenses and Permits	$ 18,758	$ 0	$ 0	$ 0	$ 18,758
Fines, Forfeitures, and Penalties					
Juvenile Court					
Fines	$ 1,924	$ 0	$ 0	$ 0	$ 1,924
Total Fines, Forfeitures, and Penalties	$ 1,924	$ 0	$ 0	$ 0	$ 1,924
Charges for Current Services					
Education Charges					
Tuition - Regular Day Students	$ 3,990	$ 0	$ 0	$ 0	$ 3,990
Tuition - Other	13,960	0	0	0	13,960
Lunch Payments - Children	0	0	234,322	0	234,322
Lunch Payments - Adults	0	0	18,440	0	18,440
Income from Breakfast	0	0	194	0	194
A la carte Sales	0	0	68,811	0	68,811
Total Charges for Current Services	$ 17,950	$ 0	$ 321,767	$ 0	$ 339,717
Other Local Revenues					
Recurring Items					
Investment Income	$ 3,940	$ 0	$ 5,621	$ 0	$ 9,561
Lease/Rentals	488	0	0	0	488
Sale of Materials and Supplies	234,220	0	0	0	234,220
Miscellaneous Refunds	45,082	0	23,859	0	68,941
Nonrecurring Items					
Sale of Equipment	13,808	0	0	0	13,808

(Continued)

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
Other Local Revenues (Cont.)					
Other Local Revenues					
Other Local Revenues	$ 0	$ 0	$ 415	$ 0	$ 415
Total Other Local Revenues	$ 297,538	$ 0	$ 29,895	$ 0	$ 327,433
State of Tennessee					
General Government Grants					
On-Behalf Contributions for OPEB	$ 84,524	$ 0	$ 0	$ 0	$ 84,524
State Education Funds					
Basic Education Program	11,047,409	0	0	0	11,047,409
Early Childhood Education	631,652	0	0	0	631,652
School Food Service	0	0	14,118	0	14,118
Driver Education	2,520	0	0	0	2,520
Other State Education Funds	163,166	0	0	0	163,166
Career Ladder Program	158,713	0	0	0	158,713
Career Ladder - Extended Contract	91,359	0	0	0	91,359
Other State Revenues					
State Revenue Sharing - T.V.A.	96,676	0	0	0	96,676
Other State Revenues	21,324	0	0	0	21,324
Total State of Tennessee	$ 12,297,343	$ 0	$ 14,118	$ 0	$ 12,311,461
Federal Government					
Federal Through State					
USDA School Lunch Program	$ 0	$ 0	$ 469,421	$ 0	$ 469,421
Breakfast	0	0	159,372	0	159,372
USDA - Other	0	0	3,736	0	3,736
Adult Education State Grant Program	56,151	0	0	0	56,151
Vocational Education - Basic Grants to States	0	47,233	0	0	47,233
Other Vocational	24,800	0	0	0	24,800
Title I Grants to Local Education Agencies	0	460,397	0	0	460,397
Innovative Education Program Strategies	0	4,111	0	0	4,111
Special Education - Grants to States	24,874	678,907	0	0	703,781
Special Education Preschool Grants	0	69,410	0	0	69,410
English Language Acquisition Grants	0	4,851	0	0	4,851
Safe and Drug-Free Schools - State Grants	0	7,000	0	0	7,000
Eisenhower Professional Development State Grants	0	136,153	0	0	136,153
Other Federal through State	80,645	10,406	0	0	91,051
Direct Federal Revenue					
Public Law 874 - Maintenance and Operation	147,999	0	0	0	147,999
ROTC Reimbursement	22,254	0	0	0	22,254
Forest Service	87,374	0	0	0	87,374
Total Federal Government	$ 444,097	$ 1,418,468	$ 632,529	$ 0	$ 2,495,094
Other Governments and Citizens Groups					
Other Governments					
Contributions	$ 0	$ 0	$ 0	$ 669,196	$ 669,196
Citizens Groups					
Donations	20,449	0	0	0	20,449
Total Other Governments and Citizens Groups	$ 20,449	$ 0	$ 0	$ 669,196	$ 689,645
Total	$ 17,039,981	$ 1,418,468	$ 998,309	$ 669,196	$ 20,125,954

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund			
General Government			
County Commission			
Board and Committee Members Fees	$ 32,400		
Audit Services	4,063		
Contracts with Government Agencies	1,250		
Dues and Memberships	4,246		
Legal Notices, Recording, and Court Costs	1,846		
Travel	1,371		
Other Charges	4,299		
Total County Commission		$	49,475
Board of Equalization			
Board and Committee Members Fees	$ 2,520		
Legal Notices, Recording, and Court Costs	319		
Total Board of Equalization			2,839
County Mayor/Executive			
County Official/Administrative Officer	$ 66,547		
Accountants/Bookkeepers	27,851		
Salary Supplements	2,735		
Secretary(ies)	27,878		
Clerical Personnel	27,867		
Communication	4,888		
Data Processing Services	8,890		
Dues and Memberships	1,100		
Maintenance and Repair Services - Office Equipment	1,434		
Travel	3,915		
Office Supplies	2,313		
Other Charges	233		
Total County Mayor/Executive			175,651
County Attorney			
County Official/Administrative Officer	$ 12,000		
Total County Attorney			12,000
Election Commission			
County Official/Administrative Officer	$ 49,385		
Assistant(s)	398		
Deputy(ies)	25,177		
Mechanic(s)	225		
Clerical Personnel	4,658		
Election Commission	4,020		

(Continued)

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

General Fund (Cont.)			
General Government (Cont.)			
Election Commission (Cont.)			
Election Workers	$ 6,500		
Communication	1,843		
Data Processing Services	1,500		
Dues and Memberships	175		
Janitorial Services	920		
Legal Notices, Recording, and Court Costs	3,466		
Maintenance and Repair Services - Equipment	1,730		
Postal Charges	58		
Printing, Stationery, and Forms	1,985		
Travel	2,209		
Other Contracted Services	5,500		
Electricity	2,240		
Office Supplies	1,386		
Office Equipment	1,773		
Total Election Commission		$	115,148
Register of Deeds			
County Official/Administrative Officer	$ 54,872		
Deputy(ies)	27,261		
Clerical Personnel	22,880		
Part-time Personnel	1,989		
Communication	2,959		
Data Processing Services	5,541		
Dues and Memberships	522		
Maintenance and Repair Services - Office Equipment	826		
Travel	3,406		
Data Processing Supplies	1,466		
Office Supplies	2,985		
Premiums on Corporate Surety Bonds	64		
Office Equipment	6,798		
Total Register of Deeds			131,569
Development			
Contracts with Government Agencies	$ 7,750		
Total Development			7,750
County Buildings			
Custodial Personnel	$ 32,662		
Maintenance and Repair Services - Buildings	19,825		
Custodial Supplies	3,448		

(Continued)

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

General Fund (Cont.)			
General Government (Cont.)			
County Buildings (Cont.)			
Natural Gas	$ 10,762		
Utilities	34,480		
Building and Contents Insurance	2,959		
Other Capital Outlay	34,543		
Total County Buildings		$	138,679
Other General Administration			
Postal Charges	$ 25,196		
Duplicating Supplies	3,290		
Office Supplies	794		
Excess Risk Insurance	500		
Indirect Cost	210		
Liability Insurance	53,682		
Total Other General Administration			83,672
Finance			
Property Assessor's Office			
County Official/Administrative Officer	$ 54,872		
Assistant(s)	27,912		
Deputy(ies)	29,984		
Clerical Personnel	28,748		
Other Salaries and Wages	26,317		
Audit Services	6,000		
Communication	3,825		
Data Processing Services	8,995		
Dues and Memberships	1,037		
Maintenance and Repair Services - Office Equipment	6,718		
Postal Charges	1,486		
Travel	6,075		
Office Supplies	12,374		
Office Equipment	5,578		
Total Property Assessor's Office			219,921
County Trustee's Office			
County Official/Administrative Officer	$ 54,872		
Assistant(s)	30,310		
Deputy(ies)	27,839		
Temporary Personnel	1,581		
Communication	1,933		
Data Processing Services	5,764		

(Continued)

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

General Fund (Cont.)			
Finance (Cont.)			
County Trustee's Office (Cont.)			
Dues and Memberships	$ 507		
Legal Notices, Recording, and Court Costs	202		
Maintenance and Repair Services - Office Equipment	532		
Travel	1,837		
Office Supplies	1,619		
Premiums on Corporate Surety Bonds	17		
Office Equipment	10,994		
Total County Trustee's Office		$	138,007
County Clerk's Office			
County Official/Administrative Officer	$ 54,872		
Deputy(ies)	27,808		
Salary Supplements	2,267		
Clerical Personnel	27,808		
Temporary Personnel	2,643		
Part-time Personnel	10,653		
Other Salaries and Wages	27,808		
Communication	5,783		
Dues and Memberships	497		
Maintenance and Repair Services - Office Equipment	15,441		
Travel	1,317		
Office Supplies	3,969		
Data Processing Equipment	16,902		
Office Equipment	17,580		
Total County Clerk's Office			215,348
Other Finance			
Trustee's Commission	$ 63,805		
Total Other Finance			63,805
Administration of Justice			
Circuit Court			
County Official/Administrative Officer	$ 54,872		
Assistant(s)	29,287		
Deputy(ies)	45,970		
Accountants/Bookkeepers	21,243		
Clerical Personnel	23,147		
Part-time Personnel	26,884		
Other Salaries and Wages	25,096		
Jury and Witness Fees	5,680		

(Continued)

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

General Fund (Cont.)			
Administration of Justice (Cont.)			
Circuit Court (Cont.)			
Communication	$ 5,017		
Dues and Memberships	457		
Maintenance and Repair Services - Office Equipment	9,566		
Data Processing Supplies	569		
Office Supplies	8,039		
Office Equipment	10,040		
Total Circuit Court		$	265,867
General Sessions Court			
Judge(s)	$ 77,141		
Communication	641		
Dues and Memberships	315		
Travel	909		
Total General Sessions Court			79,006
Chancery Court			
County Official/Administrative Officer	$ 54,872		
Deputy(ies)	24,901		
Communication	1,359		
Dues and Memberships	457		
Legal Notices, Recording, and Court Costs	466		
Maintenance and Repair Services - Office Equipment	4,337		
Data Processing Supplies	4,092		
Office Supplies	1,529		
Premiums on Corporate Surety Bonds	250		
Office Equipment	2,500		
Total Chancery Court			94,763
Juvenile Court			
Salary Supplements	$ 451		
Communication	197		
Contracts with Government Agencies	36,567		
Travel	1,327		
Total Juvenile Court			38,542
Public Safety			
Sheriff's Department			
County Official/Administrative Officer	$ 63,978		
Supervisor/Director	84,934		
Deputy(ies)	230,927		

(Continued)

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

General Fund (Cont.)			
Public Safety (Cont.)			
Sheriff's Department (Cont.)			
Investigator(s)	$ 91,968		
Captain(s)	67,368		
Lieutenant(s)	76,179		
Youth Service Officer(s)	89,014		
Sergeant(s)	28,209		
Dispatchers/Radio Operators	148,340		
Secretary(ies)	59,076		
Other Salaries and Wages	157,920		
In-Service Training	6,614		
Communication	11,116		
Dues and Memberships	1,100		
Maintenance and Repair Services - Buildings	32		
Maintenance and Repair Services - Equipment	1,811		
Maintenance and Repair Services - Vehicles	29,141		
Travel	783		
Gasoline	126,854		
Law Enforcement Supplies	12,086		
Office Supplies	686		
Tires and Tubes	7,972		
Uniforms	9,831		
Liability Insurance	34,009		
Workers' Compensation Insurance	36,861		
Other Charges	426		
Communication Equipment	1,373		
Law Enforcement Equipment	6,479		
Other Capital Outlay	204		
Total Sheriff's Department		$	1,385,291
Jail			
Supervisor/Director	$ 30,424		
Guards	149,295		
Other Salaries and Wages	76,872		
Maintenance and Repair Services - Buildings	8,670		
Maintenance and Repair Services - Equipment	2,185		
Medical and Dental Services	67,183		
Travel	1,000		
Custodial Supplies	1,800		
Drugs and Medical Supplies	16,363		
Food Supplies	84,916		
Natural Gas	3,451		

(Continued)

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

General Fund (Cont.)			
Public Safety (Cont.)			
Jail (Cont.)			
Prisoners Clothing	$ 1,143		
Utilities	38,132		
Total Jail		$	481,434
Juvenile Services			
Other Salaries and Wages	$ 8,790		
Other Fringe Benefits	210		
Total Juvenile Services			9,000
Fire Prevention and Control			
Contributions	$ 45,000		
Total Fire Prevention and Control			45,000
Civil Defense			
County Official/Administrative Officer	$ 32,332		
Contributions	1,000		
Maintenance and Repair Services - Vehicles	216		
Gasoline	1,652		
Law Enforcement Supplies	205		
Office Supplies	10		
Other Supplies and Materials	29,187		
Communication Equipment	1,021		
Total Civil Defense			65,623
Other Emergency Management			
Contributions	$ 5,000		
Total Other Emergency Management			5,000
County Coroner/Medical Examiner			
County Official/Administrative Officer	$ 1,864		
Contracts with Other Public Agencies	12,122		
Law Enforcement Supplies	191		
Total County Coroner/Medical Examiner			14,177
Public Safety Grant Programs			
Deputy(ies)	$ 27,560		
In-Service Training	700		
Social Security	2,101		
State Retirement	2,254		
Medical Insurance	3,789		

(Continued)

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

General Fund (Cont.)			
Public Safety (Cont.)			
Public Safety Grant Programs (Cont.)			
Communication	$ 912		
Maintenance and Repair Services - Equipment	249		
Postal Charges	300		
Printing, Stationery, and Forms	500		
Travel	559		
Office Supplies	4,819		
Workers' Compensation Insurance	1,274		
Law Enforcement Equipment	3,253		
Total Public Safety Grant Programs		$	48,270
Other Public Safety			
Other Fringe Benefits	$ 203		
Total Other Public Safety			203
Public Health and Welfare			
Local Health Center			
Paraprofessionals	$ 139,749		
Other Salaries and Wages	35,366		
Communication	3,456		
Maintenance and Repair Services - Equipment	1,099		
Maintenance and Repair Services - Office Equipment	263		
Matching Share	4,800		
Custodial Supplies	1,913		
Drugs and Medical Supplies	6,835		
Electricity	16,527		
Office Supplies	3,035		
Water and Sewer	418		
Other Supplies and Materials	6,627		
Other Charges	2,364		
Total Local Health Center			222,452
Rabies and Animal Control			
Paraprofessionals	$ 152		
Part-time Personnel	18,900		
Contributions	15,190		
Total Rabies and Animal Control			34,242
Ambulance/Emergency Medical Services			
Other Charges	$ 39,361		
Total Ambulance/Emergency Medical Services			39,361

(Continued)

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Regional Mental Health Center		
Contributions	$ 10,185	
Total Regional Mental Health Center		$ 10,185
Appropriation to State		
Contracts with Government Agencies	$ 23,519	
Total Appropriation to State		23,519
Sanitation Education/Information		
Other Salaries and Wages	$ 26,417	
Instructional Supplies and Materials	4,175	
Total Sanitation Education/Information		30,592
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	$ 24,000	
Total Libraries		24,000
Other Social, Cultural, and Recreational		
Contributions	$ 4,791	
Total Other Social, Cultural, and Recreational		4,791
Agriculture and Natural Resources		
Agriculture Extension Service		
Communication	$ 2,766	
Contributions	30,401	
Travel	1,968	
Total Agriculture Extension Service		35,135
Forest Service		
Contributions	$ 800	
Total Forest Service		800

(Continued)

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

General Fund (Cont.)		
Agriculture and Natural Resources (Cont.)		
Soil Conservation		
Contributions	$ 5,445	
Total Soil Conservation		$ 5,445
Other Operations		
Tourism		
Contributions	$ 20,000	
Dues and Memberships	1,250	
Other Charges	2,000	
Total Tourism		23,250
Industrial Development		
Contributions	$ 29,612	
Other Charges	3,940	
Total Industrial Development		33,552
Other Economic and Community Development		
Other Capital Outlay	$ 1,967	
Total Other Economic and Community Development		1,967
Veterans' Services		
Contributions	$ 500	
Total Veterans' Services		500
Employee Benefits		
Social Security	$ 204,170	
State Retirement	171,135	
Employee and Dependent Insurance	6,065	
Medical Insurance	316,548	
Dental Insurance	18,021	
Unemployment Compensation	10,668	
Workers' Compensation Insurance	10,299	
Total Employee Benefits		736,906
Miscellaneous		
Contributions	$ 4,500	
Total Miscellaneous		4,500
Principal on Debt		
General Government		
Principal on Capital Leases	$ 3,955	
Total General Government		3,955

(Continued)

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

General Fund (Cont.)			
Interest on Debt			
General Government			
Interest on Capital Leases	$ 362		
Total General Government		$ 362	
Capital Projects			
Other General Government Projects			
Other Capital Outlay	$ 15,789		
Total Other General Government Projects		15,789	
Total General Fund			$ 5,172,943
Courthouse and Jail Maintenance Fund			
General Government			
County Buildings			
Trustee's Commission	$ 3		
Total County Buildings		$ 3	
Total Courthouse and Jail Maintenance Fund			3
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Sanitation Management			
Communication	$ 1,818		
Contracts with Private Agencies	415,968		
Operating Lease Payments	15,360		
Maintenance and Repair Services - Office Equipment	2,204		
Rentals	845		
Other Contracted Services	12,300		
Electricity	4,938		
Site Development	3,115		
Total Sanitation Management		$ 456,548	
Total Solid Waste/Sanitation Fund			456,548
Drug Control Fund			
Finance			
Other Finance			
Trustee's Commission	$ 1,076		
Total Other Finance		$ 1,076	

(Continued)

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

Drug Control Fund (Cont.)			
Public Safety			
Sheriff's Department			
Investigator(s)	$ 351		
In-Service Training	16,540		
Advertising	14,489		
Communication	2,117		
Confidential Drug Enforcement Payments	13,600		
Dues and Memberships	1,700		
Legal Notices, Recording, and Court Costs	41		
Maintenance and Repair Services - Buildings	3,046		
Maintenance and Repair Services - Equipment	243		
Maintenance and Repair Services - Vehicles	24,211		
Travel	8,964		
Veterinary Services	12,923		
Animal Food and Supplies	3,391		
Law Enforcement Supplies	18,844		
Office Supplies	5,588		
Tires and Tubes	31		
Uniforms	6,840		
Other Supplies and Materials	306		
Refunds	6,075		
Other Charges	1,002		
Building Improvements	2,343		
Communication Equipment	1,779		
Law Enforcement Equipment	88,888		
Motor Vehicles	43,773		
Total Sheriff's Department		$ 277,085	
Total Drug Control Fund			$ 278,161
Constitutional Officers - Fees Fund			
General Government			
Other General Administration			
Other Charges	$ 59		
Total Other General Administration		$ 59	
Total Constitutional Officers - Fees Fund			59
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 60,360		

(Continued)

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Administration (Cont.)			
Accountants/Bookkeepers	$ 46,768		
Audit Services	700		
Communication	2,669		
Postal Charges	348		
Travel	1,128		
Data Processing Supplies	284		
Office Supplies	962		
Other Charges	3,796		
Data Processing Equipment	109		
Office Equipment	395		
Total Administration		$	117,519
Highway and Bridge Maintenance			
Foremen	$ 39,025		
Laborers	565,972		
Other Salaries and Wages	11,437		
Asphalt	335,248		
Concrete	3,397		
Crushed Stone	31,079		
Other Road Supplies	24,122		
Pipe	5,342		
Structural Steel	7,051		
Other Supplies and Materials	1,942		
Total Highway and Bridge Maintenance			1,024,615
Operation and Maintenance of Equipment			
Mechanic(s)	$ 28,867		
Communication	3,544		
Diesel Fuel	64,341		
Electricity	5,284		
Equipment and Machinery Parts	54,854		
Garage Supplies	1,396		
Gasoline	70,852		
Lubricants	2,751		
Natural Gas	3,546		
Propane Gas	2,143		
Tires and Tubes	7,849		
Total Operation and Maintenance of Equipment			245,427

(Continued)

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Other Charges			
Dues and Memberships	$ 2,109		
Maintenance Agreements	4,501		
Office Supplies	324		
Trustee's Commission	16,407		
Vehicle and Equipment Insurance	31,677		
Workers' Compensation Insurance	64,938		
Total Other Charges		$ 119,956	
Employee Benefits			
Social Security	$ 57,693		
State Retirement	61,374		
Employee and Dependent Insurance	106,529		
Unemployment Compensation	1,351		
Uniforms	6,449		
Total Employee Benefits		233,396	
Capital Outlay			
Bridge Construction	$ 5,590		
Highway Construction	703,112		
Highway Equipment	128,885		
Other Capital Outlay	2,282		
Total Capital Outlay		839,869	
Total Highway/Public Works Fund			$ 2,580,782
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 565,868		
Principal on Notes	268,244		
Principal on Other Loans	196,506		
Total General Government		$ 1,030,618	
Interest on Debt			
General Government			
Interest on Bonds	$ 560,440		
Interest on Notes	73,064		
Total General Government		633,504	

(Continued)

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

General Debt Service Fund (Cont.)			
Other Debt Service			
General Government			
Trustee's Commission	$ 29,110		
Other Debt Service	1,598		
Total General Government		$ 30,708	
Capital Projects - Donated			
Capital Projects Donated to School Department			
Contributions	$ 669,196		
Total Capital Projects Donated to School Department		669,196	
Total General Debt Service Fund			$ 2,364,026
General Capital Projects Fund			
Capital Projects			
Public Safety Projects			
Other Contracted Services	$ 11,900		
Building Improvements	81,536		
Furniture and Fixtures	12,010		
Motor Vehicles	126,700		
Total Public Safety Projects		$ 232,146	
Public Health and Welfare Projects			
Building Improvements	$ 969		
Total Public Health and Welfare Projects		969	
Other General Government Projects			
Engineering Services	$ 3,514		
Heating and Air Conditioning Equipment	515,429		
Total Other General Government Projects		518,943	
Total General Capital Projects Fund			752,058
Community Development/Industrial Park Fund			
Capital Projects			
Social, Cultural, and Recreation Projects			
Engineering Services	$ 19,550		
Total Social, Cultural, and Recreation Projects		$ 19,550	
Public Utility Projects			
Consultants	$ 20,000		
Engineering Services	25,100		

(Continued)

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

Community Development/Industrial Park Fund (Cont.)			
Capital Projects (Cont.)			
Public Utility Projects (Cont.)			
Other Capital Outlay	$ 423,500		
Total Public Utility Projects		$ 468,600	
Other General Government Projects			
Architects	$ 4,736		
Consultants	9,344		
Other Contracted Services	92,194		
Other Capital Outlay	10,000		
Total Other General Government Projects		116,274	
Total Community Development/Industrial Park Fund			$ 604,424
Total Governmental Funds - Primary Government			$ 12,209,004

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2008

General Purpose School Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 5,140,779		
Career Ladder Program	73,481		
Career Ladder Extended Contracts	80,217		
Homebound Teachers	352		
Educational Assistants	139,119		
Certified Substitute Teachers	20,623		
Non-certified Substitute Teachers	65,193		
Social Security	343,630		
State Retirement	340,908		
Life Insurance	5,524		
Medical Insurance	795,012		
Dental Insurance	11,640		
Employer Medicare	78,556		
Other Contracted Services	47,590		
Instructional Supplies and Materials	82,997		
Textbooks	153,028		
Other Supplies and Materials	16,983		
Fee Waivers	18,015		
Other Charges	18,520		
Total Regular Instruction Program		$	7,432,167
Alternative Instruction Program			
Teachers	$ 44,540		
Career Ladder Program	1,000		
Social Security	2,810		
State Retirement	2,842		
Life Insurance	40		
Medical Insurance	5,468		
Dental Insurance	120		
Employer Medicare	657		
Contracts with Other School Systems	16,251		
Total Alternative Instruction Program			73,728
Special Education Program			
Teachers	$ 601,915		
Career Ladder Program	10,305		
Educational Assistants	53,870		
Speech Pathologist	127,507		
Certified Substitute Teachers	2,932		

(Continued)

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.)			
Non-certified Substitute Teachers	$ 17,285		
Social Security	47,866		
State Retirement	49,885		
Life Insurance	894		
Medical Insurance	136,972		
Dental Insurance	2,161		
Employer Medicare	11,197		
Maintenance and Repair Services - Equipment	65		
Other Contracted Services	23,027		
Instructional Supplies and Materials	6,652		
Other Supplies and Materials	8,458		
Other Charges	1,598		
Special Education Equipment	16,590		
Total Special Education Program		$	1,119,179
Vocational Education Program			
Teachers	$ 485,805		
Career Ladder Program	5,000		
Educational Assistants	19,878		
Certified Substitute Teachers	1,626		
Non-certified Substitute Teachers	8,026		
Social Security	30,868		
State Retirement	32,359		
Life Insurance	560		
Medical Insurance	91,034		
Dental Insurance	936		
Employer Medicare	7,226		
Maintenance and Repair Services - Equipment	2,800		
Other Contracted Services	635		
Instructional Supplies and Materials	13,700		
Textbooks	3,500		
Other Supplies and Materials	402		
Other Charges	3,368		
Vocational Instruction Equipment	5,279		
Total Vocational Education Program			713,002
Student Body Education Program			
Other Equipment	$ 190,782		
Total Student Body Education Program			190,782

(Continued)

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			
Teachers	$ 1,791		
Social Security	373		
Employer Medicare	87		
Instructional Supplies and Materials	195		
Other Supplies and Materials	474		
Total Adult Education Program		$	2,920
Support Services			
Attendance			
Supervisor/Director	$ 67,707		
Career Ladder Program	2,000		
Social Security	4,309		
State Retirement	4,350		
Life Insurance	40		
Medical Insurance	5,279		
Dental Insurance	120		
Employer Medicare	1,008		
Travel	1,728		
Total Attendance			86,541
Health Services			
Medical Personnel	$ 82,619		
Other Salaries and Wages	73,470		
Social Security	9,575		
State Retirement	9,382		
Life Insurance	283		
Medical Insurance	4,508		
Dental Insurance	191		
Employer Medicare	2,239		
Travel	5,150		
Drugs and Medical Supplies	4,961		
Other Supplies and Materials	20,770		
Other Charges	2,353		
Health Equipment	17,847		
Total Health Services			233,348
Other Student Support			
Career Ladder Program	$ 2,364		
Guidance Personnel	289,024		

(Continued)

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.)			
Psychological Personnel	$ 42,099		
Social Workers	64,424		
School Resource Officer	54,040		
Other Salaries and Wages	14,360		
Social Security	29,199		
State Retirement	29,162		
Life Insurance	459		
Medical Insurance	59,455		
Dental Insurance	757		
Employer Medicare	5,967		
Evaluation and Testing	6,791		
Total Other Student Support		$	598,101
Regular Instruction Program			
Career Ladder Program	$ 6,600		
Librarians	194,083		
Education Media Personnel	52,072		
Educational Assistants	12,409		
Other Salaries and Wages	10,396		
Social Security	16,696		
State Retirement	16,562		
Life Insurance	281		
Medical Insurance	32,755		
Dental Insurance	473		
Employer Medicare	3,905		
Travel	15,816		
Periodicals	3,435		
In Service/Staff Development	38,215		
Other Equipment	94,600		
Total Regular Instruction Program			498,298
Special Education Program			
Supervisor/Director	$ 61,191		
Career Ladder Program	1,000		
Secretary(ies)	25,286		
Social Security	5,342		
State Retirement	5,995		
Life Insurance	81		
Medical Insurance	11,880		

(Continued)

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 (Cont.)			
Dental Insurance	$ 119		
Employer Medicare	1,249		
Travel	4,000		
In Service/Staff Development	3,324		
Total Special Education Program		$	119,467
Vocational Education Program			
Supervisor/Director	$ 66,630		
Career Ladder Program	1,000		
Secretary(ies)	26,497		
Social Security	5,805		
State Retirement	6,435		
Life Insurance	81		
Medical Insurance	10,914		
Dental Insurance	240		
Employer Medicare	1,353		
Maintenance and Repair Services - Equipment	4,804		
Travel	835		
In Service/Staff Development	550		
Total Vocational Education Program			125,144
Adult Programs			
Supervisor/Director	$ 56,753		
Career Ladder Program	3,600		
Social Security	3,742		
State Retirement	3,764		
Life Insurance	40		
Medical Insurance	5,457		
Dental Insurance	120		
Employer Medicare	872		
Total Adult Programs			74,348
Other Programs			
On-Behalf Payments to OPEB	$ 84,524		
Total Other Programs			84,524
Board of Education			
Secretary to Board	$ 25,899		
Other Salaries and Wages	53,015		

(Continued)

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 (Cont.)			
Board and Committee Members Fees	$ 5,580		
Social Security	3,693		
State Retirement	3,797		
Life Insurance	40		
Medical Insurance	5,166		
Dental Insurance	240		
Unemployment Compensation	6,788		
Employer Medicare	864		
Audit Services	11,440		
Dues and Memberships	9,069		
Legal Services	1,508		
Travel	13,218		
Other Contracted Services	23,675		
Other Supplies and Materials	2,980		
Liability Insurance	21,268		
Premiums on Corporate Surety Bonds	1,091		
Trustee's Commission	95,948		
Workers' Compensation Insurance	72,576		
Other Charges	6,236		
Total Board of Education		$	364,091
Director of Schools			
County Official/Administrative Officer	$ 98,100		
Assistant(s)	32,548		
Secretary(ies)	18,286		
Clerical Personnel	5,000		
Social Security	9,148		
State Retirement	10,058		
Life Insurance	123		
Medical Insurance	10,691		
Dental Insurance	360		
Employer Medicare	2,140		
Other Fringe Benefits	1,354		
Communication	61,495		
Dues and Memberships	3,254		
Postal Charges	8,631		
Travel	4,781		
Other Contracted Services	9,896		
Office Supplies	6,413		

(Continued)

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.)			
Other Charges	$ 6,136		
Administration Equipment	4,641		
Total Director of Schools		$	293,055
Office of the Principal			
Principals	$ 355,337		
Career Ladder Program	6,970		
Accountants/Bookkeepers	47,441		
Assistant Principals	212,673		
Secretary(ies)	142,450		
Social Security	46,455		
State Retirement	51,949		
Life Insurance	763		
Medical Insurance	113,000		
Dental Insurance	1,793		
Employer Medicare	11,037		
Dues and Memberships	2,950		
Total Office of the Principal			992,818
Fiscal Services			
Accountants/Bookkeepers	$ 80,401		
Social Security	4,928		
State Retirement	6,722		
Life Insurance	81		
Medical Insurance	5,094		
Dental Insurance	86		
Employer Medicare	1,153		
Travel	1,562		
Other Contracted Services	6,875		
Data Processing Supplies	2,483		
Office Supplies	965		
Administration Equipment	2,100		
Total Fiscal Services			112,450
Operation of Plant			
Supervisor/Director	$ 31,943		
Custodial Personnel	344,164		
Social Security	23,291		
State Retirement	27,260		

(Continued)

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 (Cont.)			
Life Insurance	$ 709		
Medical Insurance	82,545		
Dental Insurance	792		
Employer Medicare	5,447		
Disposal Fees	30,600		
Other Contracted Services	14,897		
Custodial Supplies	43,211		
Electricity	409,797		
Natural Gas	125,153		
Water and Sewer	20,798		
Boiler Insurance	3,491		
Building and Contents Insurance	45,105		
Plant Operation Equipment	14,531		
Total Operation of Plant		$	1,223,734
Maintenance of Plant			
Supervisor/Director	$ 45,760		
Maintenance Personnel	172,466		
Social Security	13,427		
State Retirement	17,329		
Life Insurance	303		
Medical Insurance	39,640		
Dental Insurance	453		
Employer Medicare	3,140		
Maintenance and Repair Services - Buildings	48,489		
Maintenance and Repair Services - Equipment	18,076		
Maintenance and Repair Services - Vehicles	2,159		
Other Contracted Services	26,382		
Equipment and Machinery Parts	14,799		
General Construction Materials	4,310		
Other Supplies and Materials	24,575		
Maintenance Equipment	10,329		
Total Maintenance of Plant			441,637
Transportation			
Supervisor/Director	$ 38,905		
Mechanic(s)	28,186		
Bus Drivers	215,416		
Other Salaries and Wages	4,558		

(Continued)

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 (Cont.)			
Social Security	$ 20,073		
State Retirement	14,270		
Life Insurance	91		
Medical Insurance	10,944		
Dental Insurance	128		
Employer Medicare	4,694		
Medical and Dental Services	985		
Other Contracted Services	7,174		
Diesel Fuel	100,000		
Gasoline	18,634		
Lubricants	521		
Tires and Tubes	12,664		
Vehicle Parts	34,945		
Other Supplies and Materials	659		
Vehicle and Equipment Insurance	19,633		
Other Charges	2,741		
Transportation Equipment	141,982		
Total Transportation		$	677,203
Central and Other			
Supervisor/Director	$ 51,166		
Computer Programmer(s)	29,547		
Other Salaries and Wages	52,926		
Social Security	8,417		
State Retirement	8,438		
Life Insurance	123		
Medical Insurance	20,348		
Dental Insurance	120		
Employer Medicare	1,968		
Travel	1,983		
Other Contracted Services	26,000		
Data Processing Supplies	26,478		
Other Supplies and Materials	1,010		
Total Central and Other			228,524
Operation of Non-Instructional Services			
Food Service			
Career Ladder Program	$ 1,000		
Social Security	62		

(Continued)

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.)			
Food Service (Cont.)			
State Retirement	$ 62		
Employer Medicare	14		
Total Food Service		$	1,138
Community Services			
Supervisor/Director	$ 6,277		
Teachers	39,691		
Guidance Personnel	1,942		
Bus Drivers	2,150		
Secretary(ies)	1,479		
Educational Assistants	19,922		
Social Security	3,808		
State Retirement	3,986		
Employer Medicare	889		
Other Contracted Services	1,000		
Data Processing Supplies	23,212		
Instructional Supplies and Materials	400		
Other Supplies and Materials	35,235		
Other Charges	3,827		
Other Equipment	1,714		
Total Community Services			145,532
Early Childhood Education			
Supervisor/Director	$ 53,727		
Teachers	226,559		
Educational Assistants	132,707		
Other Salaries and Wages	3,794		
Certified Substitute Teachers	500		
Social Security	26,148		
State Retirement	28,066		
Life Insurance	682		
Medical Insurance	39,579		
Dental Insurance	840		
Employer Medicare	6,080		
Other Contracted Services	8,644		
Other Supplies and Materials	33,156		
In Service/Staff Development	8,447		
Other Charges	11,591		
Other Equipment	54,130		
Total Early Childhood Education			634,650

(Continued)

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

General Purpose School Fund (Cont.)			
Principal on Debt			
Education			
Principal on Capital Leases	$ 89,724		
Total Education		$ 89,724	
Interest on Debt			
Education			
Interest on Capital Leases	$ 16,585		
Total Education		16,585	
Total General Purpose School Fund			$ 16,572,690
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 2,311		
Educational Assistants	184,288		
Certified Substitute Teachers	1,836		
Non-certified Substitute Teachers	3,657		
Social Security	11,698		
State Retirement	12,706		
Life Insurance	559		
Medical Insurance	23,652		
Dental Insurance	480		
Employer Medicare	2,736		
Other Fringe Benefits	1,198		
Instructional Supplies and Materials	40,272		
Other Supplies and Materials	7,000		
Other Charges	40		
Regular Instruction Equipment	36,215		
Total Regular Instruction Program		$ 328,648	
Special Education Program			
Educational Assistants	$ 355,702		
Social Security	21,217		
State Retirement	22,741		
Life Insurance	1,041		
Medical Insurance	77,603		
Dental Insurance	1,560		
Employer Medicare	4,962		
Other Fringe Benefits	5,154		

(Continued)

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.)			
Special Education Program (Cont.)			
Contracts with Private Agencies	$ 31,350		
Other Contracted Services	2,812		
Instructional Supplies and Materials	1,177		
Other Supplies and Materials	2,851		
Total Special Education Program		$	528,170
Vocational Education Program			
Instructional Supplies and Materials	$ 3,000		
Vocational Instruction Equipment	28,340		
Total Vocational Education Program			31,340
Support Services			
Other Student Support			
Evaluation and Testing	$ 200		
Travel	6,000		
Other Supplies and Materials	9,048		
In Service/Staff Development	2,500		
Other Charges	1,822		
Total Other Student Support			19,570
Regular Instruction Program			
Supervisor/Director	$ 74,734		
Secretary(ies)	25,907		
Other Salaries and Wages	25,850		
Social Security	7,761		
State Retirement	8,472		
Life Insurance	81		
Medical Insurance	10,532		
Dental Insurance	240		
Employer Medicare	1,815		
Other Fringe Benefits	999		
Maintenance and Repair Services - Equipment	827		
Travel	4,771		
Library Books/Media	21,657		
Other Supplies and Materials	2,716		
In Service/Staff Development	76,450		
Other Charges	8,509		
Total Regular Instruction Program			271,321

(Continued)

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.)			
Special Education Program			
Psychological Personnel	$ 3,638		
Secretary(ies)	20,227		
Clerical Personnel	3,000		
Social Security	1,668		
State Retirement	1,927		
Life Insurance	45		
Employer Medicare	390		
Other Fringe Benefits	450		
Travel	11,774		
In Service/Staff Development	6,965		
Total Special Education Program		$ 50,084	
Vocational Education Program			
Travel	$ 4,400		
Total Vocational Education Program		4,400	
Total School Federal Projects Fund			$ 1,233,533
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 74,734		
Clerical Personnel	22,320		
Cafeteria Personnel	312,348		
Social Security	25,017		
State Retirement	13,700		
Life Insurance	393		
Medical Insurance	40,790		
Dental Insurance	696		
Employer Medicare	5,851		
Other Fringe Benefits	10,030		
Maintenance and Repair Services - Equipment	13,545		
Travel	3,985		
Other Contracted Services	42,145		
Food Preparation Supplies	44,054		
Food Supplies	440,954		
Office Supplies	2,874		
Uniforms	930		
Other Supplies and Materials	1,082		

(Continued)

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

Central Cafeteria Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Food Service (Cont.)			
In Service/Staff Development	$ 3,483		
Other Charges	3,328		
Food Service Equipment	758		
Total Food Service		$ 1,063,017	
Total Central Cafeteria Fund			$ 1,063,017
Education Capital Projects Fund			
Capital Outlay			
Regular Capital Outlay			
Architects	$ 297,198		
Building Construction	1,243,056		
Building Improvements	79,555		
Total Regular Capital Outlay		$ 1,619,809	
Total Education Capital Projects Fund			1,619,809
Total Governmental Funds - Unicoi County School Department			$ 20,489,049

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, 2008

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 1,195,894
Total Cash Receipts	$ 1,195,894
Cash Disbursements	
Remittance of Revenues Collected	$ 1,183,935
Trustee's Commissions	11,959
Total Cash Disbursements	$ 1,195,894
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2007	0
Cash Balance, June 30, 2008	$ 0

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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 37243-1402
PHONE (615) 401-7841

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

April 14, 2009

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, 2008, which collectively comprise Unicoi County's basic financial statements and have issued our report thereon dated April 14, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Unicoi County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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: 08.01, 08.02, 08.04, and 08.05.

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 08.01 and 08.02 to be material weaknesses.

Compliance and Other Matters

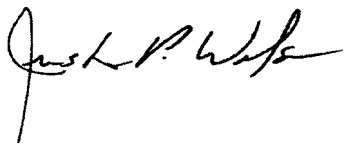
As part of obtaining reasonable assurance about whether Unicoi County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 08.03.

We consider item 08.06 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

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

April 14, 2009

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, 2008. 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 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, 2008.

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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

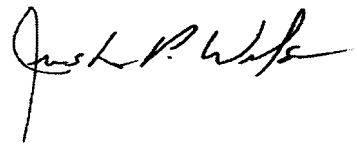
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unicoi County, Tennessee, as of and for the year ended June 30, 2008, and have issued our report thereon dated April 14, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Unicoi County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of

forming our opinions on the financial statements that collectively comprise 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Unicoi County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

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:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	$ 69,087	(5)
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	159,372	
National School Lunch Program	10.555	N/A	473,157	(5)
Passed-through Tennessee Secretary of State:				
Community Facilities Loans and Grants	10.766	N/A	10,000	
Total U.S. Department of Agriculture			$ 711,616	
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	$ 468,600	
Passed-through Tennessee Housing Development Agency:				
HOME Investment Partnerships Program	14.239	DG-07-02028-00	107,274	
Total U.S. Department of Housing and Urban Development			$ 575,874	
U.S. Department of the Interior:				
Direct Program:				
Payments in-Lieu-of Taxes	15.226	N/A	$ 99,679	
Total U.S. Department of the Interior:			$ 99,679	
U.S. Department of Justice:				
Passed-through State Office of Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Z-06-027523-00	$ 34,218	
Total U.S. Department of Justice			$ 34,218	
U.S. Department of Education:				
Passed-through State Department of Education:				
Adult Education - State Grant Program	84.002	(2,4)	$ 24,800	
Title I Grants to Local Educational Agencies	84.010	N/A	487,095	
Special Education Cluster:				
Special Education Grants to States	84.027	N/A	658,208	
Special Education - Preschool Grants	84.173	N/A	37,242	
Impact Aid	84.041	N/A	147,999	
Career and Technical Education - Basic Grants to States	84.048	N/A	44,440	
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	10,406	
Even Start - State Educational Agencies	84.213	N/A	80,045	
State Grants for Innovative Programs	84.298	N/A	4,111	
Education Technology State Grants	84.318	(2)	4,675	
English Language Acquisition Grants	84.365	N/A	11,851	
Improving Teacher Quality State Grants	84.367	N/A	93,153	
Passed-through State Department of Labor and Workforce Development:				
Adult Education - State Grant Program	84.002	(3,4)	56,151	
Total U.S. Department of Education			$ 1,660,176	

(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 Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	Z-05-025215-00	$ 28,813
Emergency Management Performance Grants	97.042	Z-07-020652-00	1,673
Total U.S. Department of Homeland Security			$ 30,486
Total Expenditures of Federal Awards			$ 3,112,049
State Grants		Contract Number	
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	$ 9,600
State Reappraisal - Comptroller of the Treasury	N/A	(2)	6,882
Courtroom Security Grant - Administrative Office of the Courts	N/A	(2)	31,907
Health Department Program - State Department of Health	N/A	Z-08-020389-00	141,707
Tobacco Cessation Grant - State Department of Health	N/A	(2)	15,789
Litter Program - State Department of Transportation	N/A	(2)	27,301
Adult Basic Education - State Department of Education	N/A	Z-08-20836-00	14,602
Safe Schools Act Grant - State Department of Education	N/A	(2)	14,600
Lottery for Education After School Program - State Department of Education	N/A	(2)	93,805
Coordinated School Health - State Department of Education	N/A	(2)	101,928
Early Childhood Education Project - State Department of Education	N/A	(2)	358,564
Early Childhood Education Pilot Projects - State Department of Education	N/A	(2)	179,282
Total State Grants			$ 995,967

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-07-033747-00: $7,187; Z-07-03426-00: $548; Z-07-038004-00: $4,120; Z-08-020836-00: $44,296.
(4) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U.S. Department of Education $80,951.
(5) Total for CFDA No. 10.555 is $542,244.

Unicoi County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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, 2007, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
07.06(A)	167	Expenditures exceeded appropriations in certain major categories of the General Fund

OTHER FINDINGS

Finding Number	Page Number	Subject
07.07	168	A central system of accounting, budgeting, and purchasing had not been adopted
07.08	168	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, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

2. The audit of the financial statements of Unicoi County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.

3. The audit disclosed no instances of noncompliance that are material to the financial statements of 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), the Community Development Block Grant (CFDA No. 14.228), and the Title I Grants to Local Education Agencies (CFDA No. 84.010) 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 clerk and master 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.

UNICOI COUNTY

FINDING 08.01 **UNICOI COUNTY DOES NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**
(Internal Control – Material Weakness Under Government Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We object to the wording of this finding. My staff is very competent and capable and provides information for these statements. Had we known this would become a finding, we would have sought and received the training necessary to generate the statements and notes. We will seek to remedy this finding.

AUDITOR'S REBUTTAL

The preparation of the financial statements and notes to the financial statements and/or having the knowledge to determine the completeness of the financial statements and notes prepared by external auditors has always been management's responsibility. Government standard setting bodies are now placing more emphasis on this issue to encourage management to accept responsibility for their financial reports. Our office notified all county mayors/county executives, highway superintendents, directors of schools, and county finance directors by letter dated January 31, 2008, about the impact of new accounting standards and the possibility of reporting findings in the annual audit that may not have been previously reported. Management must have sufficient accounting expertise to prepare the required statements and disclosures, not just furnish the external auditors with requested information.

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, AND DIRECTOR OF SCHOOLS

FINDING 08.02 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008 certain general ledger account balances in the General, General Debt Service, Highway/Public Works, and General Purpose School funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Unicoi County and the Unicoi County School Department to have adequate internal controls over the maintenance of their accounting records. Material audit adjustments were required because the county's and the School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Unicoi County and the Unicoi County School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The bookkeeper was not aware that these adjustments were necessary. In the future, the necessary adjustments will be made.

OFFICE OF COUNTY MAYOR

FINDING 08.03 **GENERAL FUND EXPENDITURES EXCEEDED APPROPRIATIONS IN CERTAIN MAJOR CATEGORIES**
(Noncompliance Under Government Auditing Standards)

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

Major Category	Amount Overspent
County Buildings	$ 360
Other Finance	3,305
Jail	12,698
Other Public Safety	203

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

RECOMMENDATION

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

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 08.04 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off-site. Sound business practices dictate that system backups be stored off-site. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures are now in place.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.05 **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 the official and employees in the Offices of Clerk and Master and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

This has been an annual finding and has previously been discussed with the auditor. In order to implement segregation of duties in the Office of Clerk and Master, it would be necessary to hire at least one or two additional employees, purchase a computer, desk and chair, and acquire additional office space to accommodate said employee or employees. This would result in significant annual expenses to the county. I do not feel the implementation of segregation of duties at this time would be economically feasible for our county. However, in the event the County Commission deems this implementation appropriate and feasible and is able to adequately fund same on a recurring annual basis, I would be more than happy to comply with all of your recommendations.

AUDITOR'S REBUTTAL

We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, our professional standards require that we bring this matter to your attention.

FINDING 08.06 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing process. The

absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

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

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal programs.

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UNICOI COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008

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