

**ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2009



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

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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UNICOI COUNTY, TENNESSEE

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

Scope

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

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include 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 five findings and recommendations, which we have reviewed with Unicoi County management. Detailed findings, recommendations, and management's response 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.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ Deficiencies were noted in computer system backup procedures.
-

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, 2009

Officials

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

Board of County Commissioners

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

Board of Education

Renea Rogers, Chairman	Willie Manning
Pascal Bailey	Steve Scott
Garland Evely	Bo Shadden

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

February 12, 2010

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, 2009, 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, 2009, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2010, 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.

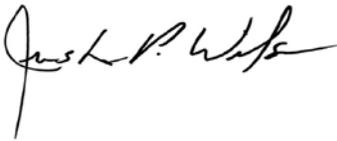
As described in Note V.B., Unicoi County has adopted the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management of 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 other postemployment benefits information on pages 73 through 79 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 in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government Governmental Activities	Component Unit Unicoi County School Department
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 11,658	\$ 66,000
Equity in Pooled Cash and Investments	9,011,245	11,700,608
Accounts Receivable	157,688	2,986
Due from Other Governments	433,709	554,487
Due from Component Units	70,605	0
Property Taxes Receivable	5,058,050	2,730,362
Allowance for Uncollectible Property Taxes	(183,818)	(102,751)
Deferred Charges - Debt Issuance Cost	238,556	0
Capital Assets		
Assets Not Depreciated:		
Land	457,064	618,886
Construction in Progress	362,943	7,496,351
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,178,438	11,669,224
Other Capital Assets	1,027,910	820,984
Infrastructure	3,988,978	0
Total Assets	<u>\$ 22,813,026</u>	<u>\$ 35,557,137</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 84,458	\$ 38,809
Accrued Payroll	76,912	0
Accrued Interest Payable	199,832	424
Payroll Deductions Payable	24,207	0
Contracts Payable	0	1,004,847
Retainage Payable	0	52,887
Due to Primary Government	0	70,605
Due to State of Tennessee	27	0
Other Current Liabilities	0	328,900
Deferred Revenue - Current Property Taxes	4,673,280	2,510,565
Noncurrent Liabilities:		
Due Within One Year	1,419,186	58,585
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	30,484,407	451,459
Total Liabilities	<u>\$ 36,962,309</u>	<u>\$ 4,517,081</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	<u>Component Unit Unicoi County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 3,906,436	\$ 20,310,929
Restricted for:		
Solid Waste/Sanitation	17,088	0
Drug Control	25,175	0
Highways	2,643,776	0
Debt Service	4,311,327	0
Capital Projects	0	7,873,753
State and Federal Financial Assistance Programs	20,153	366,462
Alcohol and Drug Treatment	1,897	0
Automation Purposes - Constitutional Officers	65,192	0
Litigation Tax - General Sessions Judge Salary	48,752	0
Other Purposes	6,694	0
Unrestricted	<u>(25,195,773)</u>	<u>2,488,912</u>
Total Net Assets (Deficit)	<u>\$ (14,149,283)</u>	<u>\$ 31,040,056</u>

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

Exhibit B

Unicoi County, Tennessee
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government		Component Unit	
					Total Governmental Activities	Unicoi County School Department		
Primary Government:								
Governmental Activities:								
General Government	\$ 904,171	\$ 105,339	\$ 37,864	\$ 0	\$ 0	\$ (760,968)	\$ 0	0
Finance	708,782	390,149	6,920	0	0	(311,713)	0	0
Administration of Justice	604,739	612,666	9,000	0	0	16,927	0	0
Public Safety	3,013,485	494,294	199,932	213,134	0	(2,106,125)	0	0
Public Health and Welfare	880,014	0	197,013	0	0	(683,001)	0	0
Social, Cultural, and Recreational Services	75,766	10,862	0	0	0	(64,904)	0	0
Agriculture and Natural Resources	34,082	0	0	0	0	(34,082)	0	0
Other Operations	61,797	0	0	0	0	(61,797)	0	0
Highways	2,324,811	177,067	1,298,870	0	0	(848,874)	0	0
Education	14,676,131	0	0	0	0	(14,676,131)	0	0
Interest on Long-term Debt	1,116,893	0	0	0	0	(1,116,893)	0	0
Debt Service	48,026	0	0	0	0	(48,026)	0	0
Total Primary Government	\$ 24,448,697	\$ 1,790,377	\$ 1,749,599	\$ 213,134	\$ 0	\$ (20,695,587)	\$ 0	0
Component Unit:								
Unicoi County School Department	\$ 19,716,973	\$ 525,067	\$ 2,962,781	\$ 14,883,912	\$ 0	\$ 0	\$ (1,345,213)	0
Total Component Unit	\$ 19,716,973	\$ 525,067	\$ 2,962,781	\$ 14,883,912	\$ 0	\$ 0	\$ (1,345,213)	0

(Continued)

Exhibit B

Unicoi County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
				Government	Unicoi
Expenses			Total Governmental Activities	County School Department	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes			\$ 3,110,601	\$	2,587,906
Property Taxes Levied for Debt Service			1,317,421		0
Local Option Sales Taxes			754,378		1,347,085
Hotel/Motel Tax			60,409		0
Litigation Tax - General			157,074		0
Litigation Tax - Special Purpose			57		0
Litigation Tax - Jail, Workhouse, or Courthouse			145,534		0
Business Tax			63,723		37,278
Mineral Severance Tax			49,681		0
Wholesale Beer Tax			1,640		1,471
Interstate Telecommunications Tax			974		2,270
Other Statutory Local Taxes			44,456		0
Other Local Taxes			0		279
Grants and Contributions Not Restricted to Specific Programs			388,073		12,143,369
Unrestricted Investment Income			418,210		8,623
Miscellaneous			117,960		114,454
Total General Revenues			\$ 6,630,191	\$	16,242,735
Change in Net Assets			\$ (14,065,396)	\$	14,897,522
Net Assets, July 1, 2008			(83,887)		16,142,534
Net Assets, June 30, 2009			\$ (14,149,283)	\$	31,040,056

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, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Capital Projects	Other	Governmental Funds		
						General	Governmental	
\$	0	0	0	0	0	11,658	\$	11,658
Cash	273,663	2,400,019	4,297,442	1,991,203	48,918	48,918		9,011,245
Equity in Pooled Cash and Investments	9,274	148,270	0	0	144	0		157,688
Accounts Receivable	196,775	116,253	120,681	0	0	0		433,709
Due from Other Governments	12,252	0	0	0	37,770	50,022		50,022
Due from Other Funds	70,605	0	0	0	0	0		70,605
Due from Component Units	3,547,884	112,090	1,398,076	0	0	0		5,058,050
Property Taxes Receivable	(127,803)	(3,402)	(52,613)	0	0	0		(183,818)
Allowance for Uncollectible Property Taxes								
Total Assets	\$ 3,982,650	\$ 2,773,230	\$ 5,763,586	\$ 1,991,203	\$ 98,490	\$ 14,609,159		

ASSETS

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	\$	44,048	\$	1,037	\$	0	\$	0	\$	39,373	\$	84,458
Accounts Payable	76,912	0	0	0	0	0	0	0	0	0	0	76,912
Accrued Payroll	23,751	456	0	0	0	0	0	0	0	0	0	24,207
Payroll Deductions Payable	37,770	0	0	0	0	12,252	0	0	0	0	0	50,022
Due to Other Funds	27	0	0	0	0	0	0	0	0	0	0	27
Due to State of Tennessee												
Deferred Revenue - Current Property Taxes	3,281,883	105,867	1,285,530	0	0	0	0	0	0	0	0	4,673,280
Deferred Revenue - Delinquent Property Taxes	127,598	2,605	55,336	0	0	0	0	0	0	0	0	185,539
Other Deferred Revenues	48,133	116,253	62,203	0	0	0	0	0	0	0	0	226,589
Total Liabilities	\$ 3,640,122	\$ 226,218	\$ 1,403,069	\$ 0	\$ 0	\$ 51,625	\$ 5,321,034					
<u>Fund Balances</u>	\$	0	\$	0	\$	0	\$	21,604	\$	0	\$	21,604
Reserved for Encumbrances	1,897	0	0	0	0	0	0	0	0	0	0	1,897
Reserved for Alcohol and Drug Treatment	0	0	105,586	0	0	0	0	0	0	0	0	105,586
Reserved for Litigation Tax - Jail, Workhouse, or	4,610	0	0	0	0	0	0	0	0	0	0	4,610
Reserved for Sexual Offender Registration	1,694	0	0	0	0	0	0	0	0	0	0	1,694
Reserved for Courtroom Security												

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other		
					Governmental	Funds	
\$	2,501	0	0	0	0	0	2,501
	2,311	0	0	0	0	0	2,311
	20,008	0	0	0	0	0	20,008
	1,745	0	0	0	0	0	1,745
	31,438	0	0	0	0	0	31,438
	5,961	0	0	0	0	0	5,961
	1,228	0	0	0	0	0	1,228
	20,153	0	0	0	0	0	20,153
	48,752	0	0	0	0	0	48,752
	200,230	0	0	0	0	0	200,230
	0	2,547,012	0	0	42,653	2,589,665	
	0	0	4,254,931	0	0	4,254,931	
	0	0	0	1,969,599	4,212	1,973,811	
	\$ 342,528	\$ 2,547,012	\$ 4,360,517	\$ 1,991,203	\$ 46,865	\$ 9,288,125	
	\$ 3,982,650	\$ 2,773,230	\$ 5,763,586	\$ 1,991,203	\$ 98,490	\$ 14,609,159	

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Reserved for Computer System - Register	
Reserved for Automation Purposes - Circuit Court	
Reserved for Automation Purposes - General Sessions Court	
Reserved for Automation Purposes - Chancery Court	
Reserved for Automation Purposes - Other Courts	
Reserved for Automation Purposes - Sheriff	
Reserved for Automation Purposes - County Clerk	
Other Federal Reserves	
Reserved for Other General Purposes	
Unreserved, Reported In:	
General Fund	
Special Revenue Funds	
Debt Service Funds	
Capital Projects Funds	
Total Fund Balances	
Total Liabilities and Fund Balances	

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, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	9,288,125
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	457,064	
Add: construction in progress		362,943	
Add: buildings and improvements net of accumulated depreciation		2,178,438	
Add: other capital assets net of accumulated depreciation		1,027,910	
Add: infrastructure net of accumulated depreciation		<u>3,988,978</u>	8,015,333
(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	\$	(3,898,314)	
Less: other loans payable		(617,960)	
Less: capital leases payable		(1,059)	
Less: bonds payable		(27,200,055)	
Add: deferred amount on refunding		33,103	
Add: deferred charges - debt issuance costs		238,556	
Less: compensated absences payable		(168,731)	
Less: accrued interest on bonds, notes, and capital leases		(199,832)	
Less: other deferred revenue - premium on debt		<u>(50,577)</u>	(31,864,869)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>412,128</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>(14,149,283)</u></u>

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

Exhibit C-3

Unicoi County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General		Capital Projects	Other Governmental Funds	Governmental Funds		
			Debt Service	General					
Revenues									
Local Taxes	\$ 3,370,444	\$ 87,627	\$ 2,258,995	\$ 0	\$ 0	\$ 51	\$ 5,717,117		
Licenses and Permits	16,933	346	7,344	0	0	0	24,623		
Fines, Forfeitures, and Penalties	162,926	0	0	0	0	144,584	307,510		
Charges for Current Services	40,627	0	0	0	0	0	40,627		
Other Local Revenues	132,692	91,193	251,320	0	0	3,268	478,473		
Fees Received from County Officials	855,613	0	0	0	0	0	855,613		
State of Tennessee	695,311	1,297,316	0	0	0	2,328	1,994,955		
Federal Government	254,692	22,952	0	0	0	75	277,719		
Other Governments and Citizens Groups	311,053	161,739	74,914	0	0	50,508	598,214		
Total Revenues	\$ 5,840,291	\$ 1,661,173	\$ 2,592,573	\$ 0	\$ 0	\$ 200,814	\$ 10,294,851		
Expenditures									
Current:									
General Government	\$ 784,911	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 784,911		
Finance	655,856	0	0	0	0	847	656,703		
Administration of Justice	553,072	0	0	0	0	0	553,072		
Public Safety	2,534,430	0	0	0	0	229,687	2,764,117		
Public Health and Welfare	366,168	0	0	0	0	487,412	853,580		
Social, Cultural, and Recreational Services	71,209	0	0	0	0	0	71,209		
Agriculture and Natural Resources	34,082	0	0	0	0	0	34,082		
Other Operations	426,933	0	0	0	0	0	426,933		
Highways	0	2,222,345	0	0	0	0	2,222,345		
Debt Service:									
Principal on Debt	3,049	0	1,855,973	0	0	0	1,859,022		
Interest on Debt	170	0	1,005,330	0	0	0	1,005,500		
Other Debt Service	0	0	38,576	196,803	0	0	235,379		
Capital Projects	4,107	0	0	1,093,995	0	450	1,098,552		
Capital Projects - Donated	29,500	0	0	14,676,131	0	0	14,705,631		
Total Expenditures	\$ 5,463,487	\$ 2,222,345	\$ 2,899,879	\$ 15,966,929	\$ 718,396	\$ 27,271,036			
Excess (Deficiency) of Revenues Over Expenditures	\$ 376,804	\$ (561,172)	\$ (307,306)	\$ (15,966,929)	\$ (517,582)	\$ (16,976,185)			

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Other Governmental Funds	Governmental Funds	
		Public Works	Debt Service	Capital Projects			
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 1,529,403	\$ 14,820,597	\$ 0	\$ 0	\$ 16,350,000
Notes Issued	0	0	0	3,200,000	0	0	3,200,000
Premiums on Debt Issued	0	0	0	17,518	0	0	17,518
Insurance Recovery	1,969	1,863	0	0	17,847	0	21,679
Transfers In	0	0	0	0	483,726	0	483,726
Transfers Out	(483,726)	0	0	0	0	0	(483,726)
Total Other Financing Sources (Uses)	\$ (481,757)	\$ 1,863	\$ 1,529,403	\$ 18,038,115	\$ 501,573	\$ 0	\$ 19,589,197
Net Change in Fund Balances	\$ (104,953)	\$ (559,309)	\$ 1,222,097	\$ 2,071,186	\$ (16,009)	\$ 0	\$ 2,613,012
Fund Balance, July 1, 2008	447,481	3,106,321	3,138,420	(79,983)	62,874	0	6,675,113
Fund Balance, June 30, 2009	\$ 342,528	\$ 2,547,012	\$ 4,360,517	\$ 1,991,203	\$ 46,865	\$ 0	\$ 9,288,125

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, 2009

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 2,613,012
(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	\$ 1,410,600	
Less: current year depreciation expense	(548,022)	
Less: net book value of assets disposed	<u>(15,776)</u>	846,802
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 412,128	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(323,678)</u>	88,450
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (3,200,000)	
Less: bond proceeds	(16,350,000)	
Less: change in premium on debt issuances	(11,566)	
Add: change in deferred debt issuance costs	171,351	
Add: principal payments on bonds	596,398	
Add: principal payments on notes	1,063,069	
Add: principal payments on other loans	196,506	
Add: principal payments on capital leases	3,049	
Less: amortization of deferred amount on refunding debt	<u>(4,259)</u>	(17,535,452)
(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	\$ (97,084)	
Change in compensated absences payable	<u>18,876</u>	<u>(78,208)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (14,065,396)</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 315,478
Accounts Receivable	50
Due from Other Governments	203,301
Cash Shortage	12,891
Restricted Assets:	
Other Restricted Assets	<u>28,667</u>
Total Assets	<u>\$ 560,387</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 203,301
Due to Litigants, Heirs, and Others	<u>357,086</u>
Total Liabilities	<u>\$ 560,387</u>

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

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

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.

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 totaling \$14,676,131 were contributed by the county to the School Department during the year ended June 30, 2009.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Unicoi County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not

measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Unicoi County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

Additionally, Unicoi County reports the following fund type:

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

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

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

Education Capital Projects Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and for the receipt of debt issued by Unicoi

County and contributed to the School Department for building construction and renovations.

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

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.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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 \$328,900 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 a construction contract pending completion of the project. 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:

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

5. Compensated Absences

It is the county’s policy to permit employees to accumulate a limited amount of earned but unused vacation benefits. Vacation benefits for employees of the discretely presented School Department do not vest or accumulate and must be used within the year or lost. There is no liability for unpaid accumulated sick leave since neither Unicoi County nor the discretely presented School Department has a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences 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, 2009, Unicoi County had \$25,523,460 in outstanding debt for capital purposes for the discretely presented Unicoi County School Department and \$60,000 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 County Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/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. 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. During the 2008-09 year, the General Sessions Court Clerk received a check totaling \$9,331 in settlement of a claim filed with 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 was filed with that company for the remaining balance of the shortage (\$12,891); however, that claim was denied.

On March 23, 2009, the County Commission voted to discontinue any litigation against the bonding company for nonpayment of the claim; however, the County Commission did not formally write-off the remaining cash shortage. Therefore, the unpaid balance of \$12,891 is reflected as a cash shortage in the financial statements of this report at June 30, 2009.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Drug Control Fund by \$5,210. In addition, expenditures exceeded appropriations approved by the County Commission in certain major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
Board of Equalization	\$ 180
Jail	17,101
General Debt Service:	
Other Debt Service - General Government	5,145
Discretely Presented Unicoi County School Department:	
General Purpose School:	
Health Services	2,441
School Federal Projects:	
Other Student Support	67

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

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

Investment Balances. As of June 30, 2009, 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.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 3,942,267

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, 2009, 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, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 157,064	\$ 300,000	\$ 0	\$ 457,064
Construction in Progress	542,232	383,919	(563,208)	362,943
Total Capital Assets Not Depreciated	\$ 699,296	\$ 683,919	\$ (563,208)	\$ 820,007
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,076,012	\$ 963,208	\$ 0	\$ 4,039,220
Other Capital Assets	3,024,383	326,681	(77,706)	3,273,358
Infrastructure	6,570,741	0	0	6,570,741
Total Capital Assets Depreciated	\$ 12,671,136	\$ 1,289,889	\$ (77,706)	\$ 13,883,319
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,782,009	\$ 78,773	\$ 0	\$ 1,860,782
Other Capital Assets	1,994,664	312,714	(61,930)	2,245,448
Infrastructure	2,425,228	156,535	0	2,581,763
Total Accumulated Depreciation	\$ 6,201,901	\$ 548,022	\$ (61,930)	\$ 6,687,993

Governmental Activities (Cont.):

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Total Capital Assets				
Depreciated, Net	\$ 6,469,235	\$ 741,867	\$ (15,776)	\$ 7,195,326
Governmental Activities				
Capital Assets, Net	\$ 7,168,531	\$ 1,425,786	\$ (578,984)	\$ 8,015,333

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

Governmental Activities:

General Government	\$ 47,787
Finance	3,410
Administration of Justice	1,323
Public Safety	161,561
Public Health and Welfare	13,769
Highways	320,172
Total Depreciation Expense - Governmental Activities	<u>\$ 548,022</u>

Discretely Presented Unicoi County School Department

Governmental Activities	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 618,886	\$ 0	\$ 618,886
Construction in Progress	669,195	6,827,156	7,496,351
Total Capital Assets Not Depreciated	<u>\$ 1,288,081</u>	<u>\$ 6,827,156</u>	<u>\$ 8,115,237</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 20,971,159	\$ 0	\$ 20,971,159
Other Capital Assets	2,220,652	198,427	2,419,079
Total Capital Assets Depreciated	<u>\$ 23,191,811</u>	<u>\$ 198,427</u>	<u>\$ 23,390,238</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 8,780,237	\$ 521,698	\$ 9,301,935
Other Capital Assets	1,418,340	179,755	1,598,095
Total Accumulated Depreciation	<u>\$ 10,198,577</u>	<u>\$ 701,453</u>	<u>\$ 10,900,030</u>

Discretely Presented Unicoi County School Department (Cont.)

Governmental Activities (Cont.)	Balance		Balance
	7-1-08	Increases	6-30-09
Total Capital Assets			
Depreciated, Net	<u>\$ 12,993,234</u>	<u>\$ (503,026)</u>	<u>\$ 12,490,208</u>
Governmental Activities			
Capital Assets, Net	<u>\$ 14,281,315</u>	<u>\$ 6,324,130</u>	<u>\$ 20,605,445</u>

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

Governmental Activities:

Instruction	\$ 478,943
Support Services	148,111
Operation of Non-Instructional Services	<u>74,399</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 701,453</u>

C. Construction Commitments

At June 30, 2009, Unicoi County had uncompleted construction contracts reflected in the General Capital Projects Fund related to the courthouse roof project totaling \$21,604. Funding for this project has been received from capital outlay notes.

At June 30, 2009, the discretely presented Unicoi County School Department had uncompleted construction contracts reflected in the Education Capital Projects Fund related to the new middle school project totaling \$6,875,922 and the Unicoi Elementary School kitchen floor project totaling \$67,100. Funding for these future expenditures has been received from general obligation bonds.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 12,252
Nonmajor governmental	General	37,770

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Component Unit - School Department: General Purpose School	\$ 70,605

Interfund Transfers:

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

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Fund	\$ 483,726

Discretely Presented Unicoi County School Department

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Purpose School Fund	Education Capital Projects Fund
General Purpose School Fund	\$ 0	\$ 58,860
Nonmajor governmental funds	90,821	0
Total	<u>\$ 90,821</u>	<u>\$ 58,860</u>

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

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, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 1,074
Total Minimum Lease Payments	\$ 1,074
Less: Amount Representing Interest	<u>(15)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,059</u>

Discretely Presented Unicoi County School Department

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

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 69,273
2011	69,273
2012	69,273
2013	69,273
2014	46,182
Total Minimum Lease Payments	\$ 323,274
Less: Amount Representing Interest	(28,758)
Present Value of Minimum Lease Payments	<u>\$ 294,516</u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 38 years for bonds, up to 12 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, 2009, 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, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	3.5 to 4.875 %	\$ 17,050,000	\$ 16,950,055
General Obligation Bonds - Refunding	2.45 to 5.25	12,015,000	10,250,000
Capital Outlay Notes	0 to 4.55	4,446,650	3,898,314
Other Loans	0	1,551,362	617,960
Capital Leases	6.25	13,230	1,059

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, 2009, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 721,953	\$ 1,237,434	\$ 1,959,387
2011	752,536	1,208,389	1,960,925
2012	793,147	1,177,503	1,970,650
2013	813,788	1,144,662	1,958,450
2014	1,049,460	1,107,390	2,156,850
2015-2019	6,493,589	4,756,623	11,250,212
2020-2024	6,806,049	3,162,962	9,969,011
2025-2029	9,559,545	1,465,610	11,025,155
2030-2034	170,697	35,333	206,030
2035	39,291	1,915	41,206
Total	\$ 27,200,055	\$ 15,297,821	\$ 42,497,876

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 389,993	\$ 174,604	\$ 564,597
2011	331,244	147,227	478,471
2012	291,747	134,987	426,734
2013	343,105	124,529	467,634
2014	344,520	111,739	456,259
2015-2019	1,547,705	354,673	1,902,378
2020-2021	650,000	44,590	694,590
Total	\$ 3,898,314	\$ 1,092,349	\$ 4,990,663

Year Ending June 30	<u>Other Loan Principal</u>
2010	\$ 196,506
2011	196,506
2012	<u>224,948</u>
Total	<u>\$ 617,960</u>

There is \$4,360,517 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,540, based on the 2000 federal census. Debt per capita, including bonds, notes, capital leases, and other loans outstanding totaled \$1,795, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2008	\$ 11,446,453	\$ 1,761,383	\$ 814,466
Additions	16,350,000	3,200,000	0
Deductions	<u>(596,398)</u>	<u>(1,063,069)</u>	<u>(196,506)</u>
Balance, June 30, 2009	<u>\$ 27,200,055</u>	<u>\$ 3,898,314</u>	<u>\$ 617,960</u>
Balance Due Within One Year	<u>\$ 721,953</u>	<u>\$ 389,993</u>	<u>\$ 196,506</u>

	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2008	\$ 4,108	\$ 187,607
Additions	0	115,635
Deductions	<u>(3,049)</u>	<u>(134,511)</u>
Balance, June 30, 2009	<u>\$ 1,059</u>	<u>\$ 168,731</u>
Balance Due Within One Year	<u>\$ 1,059</u>	<u>\$ 109,675</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 31,886,119
Less: Balance Due Within One Year	(1,419,186)
Add: Unamortized Premium on Debt	50,577
Less: Deferred Amount on Refunding	<u>(33,103)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 30,484,407</u></u>

Included in notes payable is \$60,000 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 \$63,140 to the General Debt Service Fund for current year interest and principal requirements.

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, 2009, was as follows:

Governmental Activities:

	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2008	\$ 359,997	\$ 101,095
Additions	0	270,121
Deductions	<u>(65,481)</u>	<u>(155,688)</u>
Balance, June 30, 2009	<u>\$ 294,516</u>	<u>\$ 215,528</u>
Balance Due Within One Year	<u><u>\$ 58,585</u></u>	<u><u>\$ 0</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 510,044
Less: Balance Due Within One Year	<u>(58,585)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 451,459</u></u>

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, 2009, were \$65,260 and \$22,792, 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 jail expansion and courthouse roofing projects with idle county funds. This internal debt was repaid through proceeds of externally financed debt issued during the current audit period.

In the prior year, Unicoi County also chose to internally finance a portion of the courthouse HVAC project and school building and construction projects with idle county funds. These debt issues were repaid through the proceeds of externally financed debt issued during the current audit period.

Internally reported notes 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
Capital Outlay Note Series 2008	965,000	0	10-30-08	11-1-11

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

Primary Government (Cont.)

	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
Capital Outlay Note Series 2007	\$ 155,000	\$ 0	\$ (155,000)	\$ 0
Capital Outlay Note Series 2008	0	965,000	(965,000)	0
Total	\$ 155,000	\$ 965,000	\$ (1,120,000)	\$ 0

*These notes were retired during the current year, upon the issuance of external debt.

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 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
Capital Outlay Note Series 2007	\$ 669,196	\$ (669,196)	\$ 0

*This note was retired during the current year, upon issuance of external debt.

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, 2009, was as follows:

	Balance 7-1-08	Issued	Paid	Balance 6-30-09
Tax Anticipation Notes	\$ 0	\$ 850,000	\$ (850,000)	\$ 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 coverage. 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 a public entity risk pool 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. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

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

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

C. Subsequent Event

Subsequent to June 30, 2009, the county issued \$1,100,000 of tax anticipation notes from the county's General Debt Service Fund to the General Fund to provide temporary operating funds. As of the date of this report, the General Fund had not repaid these tax anticipation notes.

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. Change in Administration

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

F. 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 \$34,401 to the Animal Welfare Board for the year ended June 30, 2009.

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

G. Jointly Governed Organizations

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated (TCA), 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 their designee and one nonvoting member representing 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.

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Unicoi County and various other counties and cities in the Upper East Tennessee area. The cooperative was authorized through Chapter 49 of TCA. 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.

H. 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 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, 2009, was 8.06 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, 2009, Unicoi County's annual pension cost of \$432,999 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. 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, 2007, was eight years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$432,999	100%	\$0
6-30-08	419,212	100	0
6-30-07	407,066	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 \$5 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, 2009, was 6.42 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 ended June 30, 2009, 2008, and 2007, were \$573,248, \$547,279, and \$517,855, respectively, equal to the required contributions for each year.

I. 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 plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated, 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://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The 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, 2009, the School Department contributed \$155,688 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 270,000
Interest on the NPO	4,549
Adjustment to the ARC	(4,428)
Annual OPEB cost	<hr/> \$ 270,121
Amount of contribution	(155,688)
Increase/decrease in NPO	<hr/> \$ 114,433
Net OPEB obligation, 7-1-08	<hr/> 101,095
	<hr/>
Net OPEB obligation, 6-30-09	<hr/> <hr/> \$ 215,528

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
		<hr/>		
6-30-08	Local Education Group	\$ 267,000	62%	\$ 101,095
6-30-09	"	270,121	58	215,528

*Data only available for two years.

Funding Status and Funding Progress

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

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-07
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)	\$ 9,832,160
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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor 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 provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented 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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,370,444	\$ 3,331,069	\$ 3,331,069	\$ 39,375
Licenses and Permits	16,933	17,612	17,612	(679)
Fines, Forfeitures, and Penalties	162,926	163,850	171,650	(8,724)
Charges for Current Services	40,627	39,075	42,200	(1,573)
Other Local Revenues	132,692	241,800	260,077	(127,385)
Fees Received from County Officials	855,613	829,000	829,000	26,613
State of Tennessee	695,311	613,737	631,596	63,715
Federal Government	254,692	242,885	249,580	5,112
Other Governments and Citizens Groups	311,053	316,515	333,302	(22,249)
Total Revenues	\$ 5,840,291	\$ 5,795,543	\$ 5,866,086	\$ (25,795)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 49,411	\$ 50,950	\$ 52,795	\$ 3,384
Board of Equalization	2,480	2,300	2,300	(180)
County Mayor/Executive	211,072	193,500	216,254	5,182
County Attorney	12,072	16,500	16,500	4,428
Election Commission	147,599	152,110	169,997	22,398
Register of Deeds	163,658	137,392	169,924	6,266
Development	7,750	7,750	7,750	0
County Buildings	112,475	125,676	128,709	16,234
Other General Administration	78,394	97,588	97,588	19,194
<u>Finance</u>				
Property Assessor's Office	219,044	225,528	247,753	28,709
County Trustee's Office	148,720	141,414	158,602	9,882
County Clerk's Office	220,566	200,692	229,876	9,310
Other Finance	67,526	67,000	70,400	2,874
<u>Administration of Justice</u>				
Circuit Court	307,470	284,172	317,265	9,795
General Sessions Court	92,409	81,701	92,501	92
Chancery Court	108,271	97,438	110,616	2,345
Juvenile Court	44,922	54,457	55,099	10,177
<u>Public Safety</u>				
Sheriff's Department	1,665,926	1,447,553	1,680,687	14,761
Jail	553,118	478,190	536,017	(17,101)
Juvenile Services	9,000	9,000	9,000	0
Fire Prevention and Control	55,000	55,000	55,000	0
Civil Defense	181,987	222,595	199,228	17,241
Other Emergency Management	5,000	5,000	5,000	0
County Coroner/Medical Examiner	21,326	19,286	21,380	54
Public Safety Grant Programs	43,073	43,041	43,780	707
<u>Public Health and Welfare</u>				
Local Health Center	234,109	289,128	294,523	60,414

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Rabies and Animal Control	\$ 60,701	\$ 44,810	\$ 60,954	\$ 253
Regional Mental Health Center	10,600	10,600	10,600	0
Appropriation to State	23,519	23,519	23,519	0
Sanitation Education/Information	37,239	34,237	37,556	317
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	5,000	5,000	5,000	0
Senior Citizens Assistance	35,600	35,600	35,600	0
Libraries	24,000	24,000	24,000	0
Other Social, Cultural, and Recreational	6,609	6,609	6,609	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	27,837	37,427	35,927	8,090
Forest Service	800	800	800	0
Soil Conservation	5,445	5,445	5,445	0
<u>Other Operations</u>				
Tourism	18,250	18,250	18,250	0
Industrial Development	31,047	32,532	32,532	1,485
Other Economic and Community Development	0	2,000	2,000	2,000
Veterans' Services	1,000	1,000	1,000	0
Contributions to Other Agencies	7,000	7,000	7,000	0
Employee Benefits	365,136	765,000	370,364	5,228
Miscellaneous	4,500	4,500	4,500	0
<u>Principal on Debt</u>				
General Government	3,049	0	3,049	0
<u>Interest on Debt</u>				
General Government	170	0	170	0
<u>Capital Projects</u>				
Other General Government Projects	4,107	24,557	24,557	20,450
<u>Capital Projects - Donated</u>				
Capital Projects Donated to Other Entities	29,500	0	29,500	0
Total Expenditures	\$ 5,463,487	\$ 5,587,847	\$ 5,727,476	\$ 263,989
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 376,804	\$ 207,696	\$ 138,610	\$ 238,194
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,969	\$ 0	\$ 0	\$ 1,969
Transfers Out	(483,726)	(490,745)	(500,745)	17,019
Total Other Financing Sources (Uses)	\$ (481,757)	\$ (490,745)	\$ (500,745)	\$ 18,988
Net Change in Fund Balance				
Fund Balance, July 1, 2008	\$ 447,481	\$ 428,260	\$ 428,260	\$ 19,221
Fund Balance, June 30, 2009				
	\$ 342,528	\$ 145,211	\$ 66,125	\$ 276,403

Exhibit E-2

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 87,627	\$ 84,090	\$ 84,090	\$ 3,537
Licenses and Permits	346	403	403	(57)
Other Local Revenues	91,193	149,712	149,712	(58,519)
State of Tennessee	1,297,316	1,914,548	1,914,548	(617,232)
Federal Government	22,952	12,305	12,305	10,647
Other Governments and Citizens Groups	161,739	200,000	200,000	(38,261)
Total Revenues	<u>\$ 1,661,173</u>	<u>\$ 2,361,058</u>	<u>\$ 2,361,058</u>	<u>\$ (699,885)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 115,835	\$ 127,347	\$ 127,347	\$ 11,512
Highway and Bridge Maintenance	1,189,212	1,316,601	1,325,768	136,556
Operation and Maintenance of Equipment	206,642	295,908	289,741	83,099
Other Charges	120,178	138,457	135,457	15,279
Employee Benefits	245,371	255,480	255,480	10,109
Capital Outlay	345,107	882,677	882,677	537,570
Total Expenditures	<u>\$ 2,222,345</u>	<u>\$ 3,016,470</u>	<u>\$ 3,016,470</u>	<u>\$ 794,125</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (561,172)</u>	<u>\$ (655,412)</u>	<u>\$ (655,412)</u>	<u>\$ 94,240</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,863	\$ 0	\$ 0	\$ 1,863
Total Other Financing Sources (Uses)	<u>\$ 1,863</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,863</u>
Net Change in Fund Balance	\$ (559,309)	\$ (655,412)	\$ (655,412)	\$ 96,103
Fund Balance, July 1, 2008	<u>3,106,321</u>	<u>2,935,854</u>	<u>2,935,854</u>	<u>170,467</u>
Fund Balance, June 30, 2009	<u>\$ 2,547,012</u>	<u>\$ 2,280,442</u>	<u>\$ 2,280,442</u>	<u>\$ 266,570</u>

Exhibit E-3

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

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial 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)
6-30-09	7-1-07	\$ 11,064	\$ 12,411	\$ 1,347	89.15 %	\$ 4,814	27.98 %
6-30-08	7-1-07	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 2007-08 year; therefore, data is only presented for two years.

Exhibit E-4

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

(Dollar amounts in thousands)

Plan	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	6-30-08	7-1-07	\$ 0	\$ 2,230	\$ 2,230	0%	\$ 9,690	23.01%
"	6-30-09	7-1-07	0	2,230	2,230	0	9,690	23.01

*Data available for only two years.

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

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 County Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/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:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Board of Equalization	\$ 180
Jail	17,101

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.

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, 2009

	Special Revenue Funds					Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Community Development/ Industrial Park				
\$	0	0	0	11,658	0	11,658	0	0	11,658
	390	17,088	26,778	0	4,662	44,256	4,662	0	48,918
	0	0	0	144	0	144	0	0	144
	0	37,770	0	0	0	37,770	0	0	37,770
\$	390	54,858	26,778	11,802	4,662	93,828	4,662	0	98,490

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Funds

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Due to Other Funds
 Total Liabilities

Fund Balances

Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0	37,770	1,603	0	0	39,373	0	0	39,373
	0	0	0	11,802	450	11,802	450	0	12,252
\$	0	37,770	1,603	11,802	450	51,175	450	0	51,625
\$	390	17,088	25,175	0	4,212	42,653	4,212	0	46,865
\$	390	17,088	25,175	0	4,212	42,653	4,212	0	46,865
\$	390	54,858	26,778	11,802	4,662	93,828	4,662	0	98,490

Exhibit F-2

Union County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2009

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Total	Community Development/Industrial Park	Total	
Revenues							
Local Taxes	\$ 51	\$ 0	\$ 0	\$ 51	\$ 0	\$ 51	
Fines, Forfeitures, and Penalties	0	0	144,584	144,584	0	144,584	
Other Local Revenues	0	0	3,268	3,268	0	3,268	
State of Tennessee	0	0	2,328	2,328	0	2,328	
Federal Government	0	0	75	75	0	75	
Other Governments and Citizens Groups	0	0	50,508	50,508	0	50,508	
Total Revenues	\$ 51	\$ 0	\$ 200,763	\$ 200,814	\$ 0	\$ 200,814	
Expenditures							
Current:							
Finance	0	0	847	847	0	847	
Public Safety	0	0	229,687	229,687	0	229,687	
Public Health and Welfare	0	487,412	0	487,412	0	487,412	
Capital Projects	0	0	0	0	450	450	
Total Expenditures	\$ 0	\$ 487,412	\$ 230,534	\$ 717,946	\$ 450	\$ 718,396	
Excess (Deficiency) of Revenues Over Expenditures	\$ 51	\$ (487,412)	\$ (29,771)	\$ (517,132)	\$ (450)	\$ (517,582)	
Other Financing Sources (Uses)							
Insurance Recovery	0	17,847	0	17,847	0	17,847	
Transfers In	0	483,726	0	483,726	0	483,726	
Total Other Financing Sources (Uses)	\$ 0	\$ 501,573	\$ 0	\$ 501,573	\$ 0	\$ 501,573	
Net Change in Fund Balances	\$ 51	\$ 14,161	\$ (29,771)	\$ (15,559)	\$ (450)	\$ (16,009)	
Fund Balance, July 1, 2008	339	2,927	54,946	58,212	4,662	62,874	
Fund Balance, June 30, 2009	\$ 390	\$ 17,088	\$ 25,175	\$ 42,653	\$ 4,212	\$ 46,865	

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 51	\$ 203	\$ 203	\$ (152)
Total Revenues	<u>\$ 51</u>	<u>\$ 203</u>	<u>\$ 203</u>	<u>\$ (152)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 203	\$ 203	\$ 203
Total Expenditures	<u>\$ 0</u>	<u>\$ 203</u>	<u>\$ 203</u>	<u>\$ 203</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 51</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 51</u>
Net Change in Fund Balance	\$ 51	\$ 0	\$ 0	\$ 51
Fund Balance, July 1, 2008	<u>339</u>	<u>338</u>	<u>338</u>	<u>1</u>
Fund Balance, June 30, 2009	<u><u>\$ 390</u></u>	<u><u>\$ 338</u></u>	<u><u>\$ 338</u></u>	<u><u>\$ 52</u></u>

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 487,412	\$ 490,745	\$ 500,745	\$ 13,333
Total Expenditures	\$ 487,412	\$ 490,745	\$ 500,745	\$ 13,333
Excess (Deficiency) of Revenues Over Expenditures	\$ (487,412)	\$ (490,745)	\$ (500,745)	\$ 13,333
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 17,847	\$ 0	\$ 0	\$ 17,847
Transfers In	483,726	490,745	490,745	(7,019)
Total Other Financing Sources (Uses)	\$ 501,573	\$ 490,745	\$ 490,745	\$ 10,828
Net Change in Fund Balance	\$ 14,161	\$ 0	\$ (10,000)	\$ 24,161
Fund Balance, July 1, 2008	2,927	2,578	12,578	(9,651)
Fund Balance, June 30, 2009	\$ 17,088	\$ 2,578	\$ 2,578	\$ 14,510

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 144,584	\$ 160,000	\$ 160,000	\$ (15,416)
Other Local Revenues	3,268	1,000	1,000	2,268
State of Tennessee	2,328	0	0	2,328
Federal Government	75	0	0	75
Other Governments and Citizens Groups	50,508	42,000	42,000	8,508
Total Revenues	<u>\$ 200,763</u>	<u>\$ 203,000</u>	<u>\$ 203,000</u>	<u>\$ (2,237)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 847	\$ 1,300	\$ 1,300	\$ 453
<u>Public Safety</u>				
Sheriff's Department	229,687	201,550	224,024	(5,663)
Total Expenditures	<u>\$ 230,534</u>	<u>\$ 202,850</u>	<u>\$ 225,324</u>	<u>\$ (5,210)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (29,771)</u>	<u>\$ 150</u>	<u>\$ (22,324)</u>	<u>\$ (7,447)</u>
Net Change in Fund Balance	\$ (29,771)	\$ 150	\$ (22,324)	\$ (7,447)
Fund Balance, July 1, 2008	54,946	77,282	77,282	(22,336)
Fund Balance, June 30, 2009	<u>\$ 25,175</u>	<u>\$ 77,432</u>	<u>\$ 54,958</u>	<u>\$ (29,783)</u>

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Major Governmental Funds

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,258,995	\$ 2,079,941	\$ 2,079,941	\$ 179,054
Licenses and Permits	7,344	6,300	6,300	1,044
Other Local Revenues	251,320	180	275,086	(23,766)
Other Governments and Citizens Groups	74,914	74,929	74,929	(15)
Total Revenues	<u>\$ 2,592,573</u>	<u>\$ 2,161,350</u>	<u>\$ 2,436,256</u>	<u>\$ 156,317</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,855,973	\$ 1,066,634	\$ 1,951,126	\$ 95,153
<u>Interest on Debt</u>				
General Government	1,005,330	597,709	1,036,468	31,138
<u>Other Debt Service</u>				
General Government	38,576	31,310	33,431	(5,145)
Total Expenditures	<u>\$ 2,899,879</u>	<u>\$ 1,695,653</u>	<u>\$ 3,021,025</u>	<u>\$ 121,146</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (307,306)</u>	<u>\$ 465,697</u>	<u>\$ (584,769)</u>	<u>\$ 277,463</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 1,529,403	\$ 0	\$ 1,529,403	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 1,529,403</u>	<u>\$ 0</u>	<u>\$ 1,529,403</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,222,097	\$ 465,697	\$ 944,634	\$ 277,463
Fund Balance, July 1, 2008	<u>3,138,420</u>	<u>3,802,938</u>	<u>3,802,938</u>	<u>(664,518)</u>
Fund Balance, June 30, 2009	<u>\$ 4,360,517</u>	<u>\$ 4,268,635</u>	<u>\$ 4,747,572</u>	<u>\$ (387,055)</u>

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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, 2009

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 315,478	\$ 315,478
Accounts Receivable	0	50	50
Due from Other Governments	203,301	0	203,301
Cash Shortage	0	12,891	12,891
Restricted Assets:			
Other Restricted Assets	0	28,667	28,667
Total Assets	<u>\$ 203,301</u>	<u>\$ 357,086</u>	<u>\$ 560,387</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 203,301	\$ 0	\$ 203,301
Due to Litigants, Heirs, and Others	0	357,086	357,086
Total Liabilities	<u>\$ 203,301</u>	<u>\$ 357,086</u>	<u>\$ 560,387</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,214,909	\$ 1,214,909	\$ 0
Due from Other Governments	226,871	203,301	226,871	203,301
		0		
Total Assets	\$ 226,871	\$ 1,418,210	\$ 1,441,780	\$ 203,301
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 226,871	\$ 1,418,210	\$ 1,441,780	\$ 203,301
Total Liabilities	\$ 226,871	\$ 1,418,210	\$ 1,441,780	\$ 203,301
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 273,514	\$ 3,724,025	\$ 3,682,061	\$ 315,478
Accounts Receivable	3,775	50	3,775	50
Cash Shortage	22,222	12,891	22,222	12,891
Other Restricted Assets	38,822	28,667	38,822	28,667
Total Assets	\$ 338,333	\$ 3,765,633	\$ 3,746,880	\$ 357,086
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 338,333	\$ 3,765,633	\$ 3,746,880	\$ 357,086
Total Liabilities	\$ 338,333	\$ 3,765,633	\$ 3,746,880	\$ 357,086
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 273,514	\$ 3,724,025	\$ 3,682,061	\$ 315,478
Equity in Pooled Cash and Investments	0	1,214,909	1,214,909	0
Accounts Receivable	3,775	50	3,775	50
Due from Other Governments	226,871	203,301	226,871	203,301
Cash Shortage	22,222	12,891	22,222	12,891
Other Restricted Assets	38,822	28,667	38,822	28,667
Total Assets	\$ 565,204	\$ 5,183,843	\$ 5,188,660	\$ 560,387
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 226,871	\$ 1,418,210	\$ 1,441,780	\$ 203,301
Due to Litigants, Heirs, and Others	338,333	3,765,633	3,746,880	357,086
Total Liabilities	\$ 565,204	\$ 5,183,843	\$ 5,188,660	\$ 560,387

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, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 11,215,300	\$ 29,434	\$ 14,883,912	\$ 5,193,293
Support Services	6,548,319	0	132,682	(6,415,637)
Operation of Non-Instructional Services	1,940,384	495,633	1,334,852	(109,899)
Interest on Long-term Debt	12,970	0	0	(12,970)
Total Governmental Activities	\$ 19,716,973	\$ 525,067	\$ 2,962,781	\$ (1,345,213)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,587,906
Local Option Sales Taxes				1,347,085
Business Tax				37,278
Wholesale Beer Tax				1,471
Interstate Telecommunications Tax				2,270
Other Local Taxes				279
Grants and Contributions Not Restricted to Specific Programs				12,143,369
Unrestricted Investment Income				8,623
Miscellaneous				114,454
Total General Revenues				\$ 16,242,735
Change in Net Assets				\$ 14,897,522
Net Assets, July 1, 2008				16,142,534
Net Assets, June 30, 2009				\$ 31,040,056

Exhibit I-2

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

	Major Funds		Nonmajor	Total
	General	Education	Funds	
	Purpose	Capital	Other	
	School	Projects	Governmental	Governmental
			Funds	Funds
<u>ASSETS</u>				
Cash	\$ 63,000	\$ 0	\$ 3,000	\$ 66,000
Equity in Pooled Cash and Investments	2,459,761	8,931,487	309,360	11,700,608
Accounts Receivable	2,607	0	379	2,986
Due from Other Governments	509,003	0	45,484	554,487
Property Taxes Receivable	2,730,362	0	0	2,730,362
Allowance for Uncollectible Property Taxes	(102,751)	0	0	(102,751)
Total Assets	\$ 5,661,982	\$ 8,931,487	\$ 358,223	\$ 14,951,692
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 9,507	\$ 0	\$ 29,302	\$ 38,809
Contracts Payable	0	1,004,847	0	1,004,847
Retainage Payable	0	52,887	0	52,887
Due to Primary Government	70,605	0	0	70,605
Other Current Liabilities	328,900	0	0	328,900
Deferred Revenue - Current Property Taxes	2,510,565	0	0	2,510,565
Deferred Revenue - Delinquent Property Taxes	108,069	0	0	108,069
Other Deferred Revenues	160,619	0	0	160,619
Total Liabilities	\$ 3,188,265	\$ 1,057,734	\$ 29,302	\$ 4,275,301
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 282,754	\$ 6,943,022	\$ 2,720	\$ 7,228,496
Reserved for Career Ladder - Extended Contract	17,195	0	0	17,195
Reserved for Technology	20,346	0	0	20,346
Reserved for Title I Grants to Local Education Agencies	0	0	66,048	66,048
Unreserved, Reported In:				
General Fund	2,153,422	0	0	2,153,422
Special Revenue Funds	0	0	260,153	260,153
Capital Projects Funds	0	930,731	0	930,731
Total Fund Balances	\$ 2,473,717	\$ 7,873,753	\$ 328,921	\$ 10,676,391
Total Liabilities and Fund Balances	\$ 5,661,982	\$ 8,931,487	\$ 358,223	\$ 14,951,692

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, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 10,676,391
(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	7,496,351	
Add: building and improvements net of accumulated depreciation	11,669,224	
Add: other capital assets net of accumulated depreciation	<u>820,984</u>	20,605,445
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		268,688
(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	\$ (294,516)	
Less: accrued interest on capital leases	(424)	
Less: other postemployment benefits	<u>(215,528)</u>	<u>(510,468)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 31,040,056</u>

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, 2009

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
				<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 4,000,915	\$ 0	\$ 0	\$ 4,000,915
Licenses and Permits	16,763	0	0	16,763
Fines, Forfeitures, and Penalties	998	0	0	998
Charges for Current Services	29,434	0	292,351	321,785
Other Local Revenues	293,646	754	33,559	327,959
State of Tennessee	12,469,729	0	13,409	12,483,138
Federal Government	656,682	0	2,005,983	2,662,665
Other Governments and Citizens Groups	22,553	14,676,131	0	14,698,684
Total Revenues	\$ 17,490,720	\$ 14,676,885	\$ 2,345,302	\$ 34,512,907
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,592,471	\$ 0	\$ 1,062,380	\$ 10,654,851
Support Services	6,203,197	0	315,306	6,518,503
Operation of Non-Instructional Services	755,222	0	1,031,246	1,786,468
Capital Outlay	0	6,861,992	0	6,861,992
Debt Service:				
Principal on Debt	65,481	0	0	65,481
Interest on Debt	13,051	0	0	13,051
Total Expenditures	\$ 16,629,422	\$ 6,861,992	\$ 2,408,932	\$ 25,900,346
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 861,298	\$ 7,814,893	\$ (63,630)	\$ 8,612,561
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,255	\$ 0	\$ 0	\$ 1,255
Transfers In	90,821	58,860	0	149,681
Transfers Out	(58,860)	0	(90,821)	(149,681)
Total Other Financing Sources (Uses)	\$ 33,216	\$ 58,860	\$ (90,821)	\$ 1,255
Net Change in Fund Balances	\$ 894,514	\$ 7,873,753	\$ (154,451)	\$ 8,613,816
Fund Balance, July 1, 2008	1,579,203	0	483,372	2,062,575
Fund Balance, June 30, 2009	\$ 2,473,717	\$ 7,873,753	\$ 328,921	\$ 10,676,391

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, 2009

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 8,613,816
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 7,025,583	
Less: current year depreciation expense	<u>(701,453)</u>	6,324,130
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 268,688	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(260,241)</u>	8,447
(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	\$ 65,481	
Less: change in other postemployment benefits	<u>(114,433)</u>	(48,952)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable		<u>81</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 14,897,522</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,000	\$ 3,000
Equity in Pooled Cash and Investments	22,905	286,455	309,360
Accounts Receivable	379	0	379
Due from Other Governments	45,484	0	45,484
Total Assets	<u>\$ 68,768</u>	<u>\$ 289,455</u>	<u>\$ 358,223</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 29,302	\$ 29,302
Total Liabilities	<u>\$ 0</u>	<u>\$ 29,302</u>	<u>\$ 29,302</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 2,720	\$ 0	\$ 2,720
Reserved for Title I Grants to Local Education Agencies	66,048	0	66,048
Unreserved	0	260,153	260,153
Total Fund Balances	<u>\$ 68,768</u>	<u>\$ 260,153</u>	<u>\$ 328,921</u>
Total Liabilities and Fund Balances	<u>\$ 68,768</u>	<u>\$ 289,455</u>	<u>\$ 358,223</u>

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, 2009

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 292,351	\$ 292,351
Other Local Revenues	0	33,559	33,559
State of Tennessee	0	13,409	13,409
Federal Government	1,332,379	673,604	2,005,983
Total Revenues	<u>\$ 1,332,379</u>	<u>\$ 1,012,923</u>	<u>\$ 2,345,302</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,062,380	\$ 0	\$ 1,062,380
Support Services	315,306	0	315,306
Operation of Non-Instructional Services	0	1,031,246	1,031,246
Total Expenditures	<u>\$ 1,377,686</u>	<u>\$ 1,031,246</u>	<u>\$ 2,408,932</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (45,307)</u>	<u>\$ (18,323)</u>	<u>\$ (63,630)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (90,821)	\$ 0	\$ (90,821)
Total Other Financing Sources (Uses)	<u>\$ (90,821)</u>	<u>\$ 0</u>	<u>\$ (90,821)</u>
Net Change in Fund Balances	\$ (136,128)	\$ (18,323)	\$ (154,451)
Fund Balance, July 1, 2008	204,896	278,476	483,372
Fund Balance, June 30, 2009	<u>\$ 68,768</u>	<u>\$ 260,153</u>	<u>\$ 328,921</u>

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 4,000,915	\$ 0	\$ 0	\$ 4,000,915	\$ 3,899,881	\$ 3,899,881	\$ 101,034	
Licenses and Permits	16,763	0	0	16,763	20,400	20,400	(3,637)	
Fines, Forfeitures, and Penalties	998	0	0	998	0	808	190	
Charges for Current Services	29,434	0	0	29,434	16,910	33,532	(4,098)	
Other Local Revenues	293,646	0	0	293,646	321,642	416,650	(123,004)	
State of Tennessee	12,469,729	0	0	12,469,729	11,991,271	12,355,990	113,739	
Federal Government	656,682	0	0	656,682	158,250	499,178	157,504	
Other Governments and Citizens Groups	22,553	0	0	22,553	0	21,022	1,531	
Total Revenues	\$ 17,490,720	\$ 0	\$ 0	\$ 17,490,720	\$ 16,408,354	\$ 17,247,461	\$ 243,259	
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 7,533,235	\$ 0	\$ 158	\$ 7,533,393	\$ 7,399,122	\$ 7,721,664	\$ 188,271	
Alternative Instruction Program	41,289	0	0	41,289	93,307	83,501	42,212	
Special Education Program	1,159,271	(1,701)	1,620	1,159,190	1,145,869	1,203,344	44,154	
Vocational Education Program	657,585	0	0	657,585	685,656	671,167	13,582	
Student Body Education Program	201,091	(9,044)	10,000	202,047	200,000	275,000	72,953	
<u>Support Services</u>								
Attendance	86,247	0	0	86,247	87,820	87,605	1,358	
Health Services	230,682	(7,017)	18,568	242,233	222,227	239,792	(2,441)	
Other Student Support	589,749	0	0	589,749	611,982	596,254	6,505	
Regular Instruction Program	431,421	(3,028)	1,159	429,552	620,360	571,048	141,496	
Special Education Program	141,217	(176)	0	141,041	120,790	141,855	814	
Vocational Education Program	124,634	0	0	124,634	128,004	128,068	3,434	

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 88,052	\$ 0	\$ 0	\$ 88,052	\$ 0	\$ 88,052	\$ 0
Board of Education	402,329	(47)	0	402,282	406,836	445,417	43,135
Director of Schools	318,047	(104)	165	318,108	311,612	322,713	4,605
Office of the Principal	1,006,999	0	0	1,006,999	1,043,128	1,040,128	33,129
Fiscal Services	111,379	(203)	242	111,418	115,028	114,825	3,407
Operation of Plant	1,274,153	0	23	1,274,176	1,254,016	1,287,074	12,898
Maintenance of Plant	460,959	(1,538)	21,702	481,123	482,268	496,982	15,859
Transportation	656,322	(6,010)	8,692	659,004	811,948	769,757	110,753
Central and Other	281,007	(2,900)	10,124	288,231	233,010	308,592	20,361
<u>Operation of Non-Instructional Services</u>							
Food Service	1,140	0	0	1,140	1,141	1,141	1
Community Services	150,636	(7,586)	208,111	351,161	0	351,781	620
Early Childhood Education	603,446	(30,785)	2,190	574,851	564,724	584,858	10,007
<u>Principal on Debt</u>							
Education	65,481	0	0	65,481	60,928	65,482	1
<u>Interest on Debt</u>							
Education	13,051	0	0	13,051	17,606	13,052	1
<u>Total Expenditures</u>	<u>\$ 16,629,422</u>	<u>\$ (70,139)</u>	<u>\$ 282,754</u>	<u>\$ 16,842,037</u>	<u>\$ 16,617,382</u>	<u>\$ 17,609,152</u>	<u>\$ 767,115</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ 861,298</u>	<u>\$ 70,139</u>	<u>\$ (282,754)</u>	<u>\$ 648,683</u>	<u>\$ (209,028)</u>	<u>\$ (361,691)</u>	<u>\$ 1,010,374</u>

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,255	\$ 0	\$ 0	\$ 1,255	\$ 0	\$ 17,642	\$ (16,387)
Transfers In	90,821	0	0	90,821	90,821	90,821	0
Transfers Out	(58,860)	0	0	(58,860)	(58,860)	(58,860)	0
Total Other Financing Sources (Uses)	\$ 33,216	\$ 0	\$ 0	\$ 33,216	\$ 31,961	\$ 49,603	\$ (16,387)
Net Change in Fund Balance	\$ 894,514	\$ 70,139	\$ (282,754)	\$ 681,899	\$ (177,067)	\$ (312,088)	\$ 993,987
Fund Balance, July 1, 2008	1,579,203	(70,139)	0	1,509,064	1,438,923	1,438,923	70,141
Fund Balance, June 30, 2009	\$ 2,473,717	\$ 0	\$ (282,754)	\$ 2,190,963	\$ 1,261,856	\$ 1,126,835	\$ 1,064,128

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71,802	\$ 71,802	\$ (71,802)
Federal Government	1,332,379	0	0	1,332,379	1,291,724	1,292,248	40,131
Total Revenues	\$ 1,332,379	\$ 0	\$ 0	\$ 1,332,379	\$ 1,363,526	\$ 1,364,050	\$ (31,671)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 417,871	\$ 0	\$ 0	\$ 417,871	\$ 475,833	\$ 475,833	\$ 57,962
Special Education Program	614,009	0	0	614,009	644,788	645,312	31,303
Vocational Education Program	30,500	(2,972)	2,720	30,248	30,248	30,248	0
<u>Support Services</u>							
Other Student Support	17,212	0	0	17,212	17,145	17,145	(67)
Regular Instruction Program	260,726	0	0	260,726	296,556	296,556	35,830
Special Education Program	35,628	0	0	35,628	39,825	39,825	4,197
Vocational Education Program	1,740	0	0	1,740	1,740	1,740	0
Total Expenditures	\$ 1,377,686	\$ (2,972)	\$ 2,720	\$ 1,377,434	\$ 1,506,135	\$ 1,506,659	\$ 129,225
Excess (Deficiency) of Revenues Over Expenditures	\$ (45,307)	\$ 2,972	\$ (2,720)	\$ (45,055)	\$ (142,609)	\$ (142,609)	\$ 97,554
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 148,913	\$ 0	\$ 0
Transfers Out	(90,821)	0	0	(90,821)	(239,734)	(90,821)	0
Total Other Financing Sources (Uses)	\$ (90,821)	\$ 0	\$ 0	\$ (90,821)	\$ (90,821)	\$ (90,821)	\$ 0
Net Change in Fund Balance	\$ (136,128)	\$ 2,972	\$ (2,720)	\$ (135,876)	\$ (233,430)	\$ (233,430)	\$ 97,554
Fund Balance, July 1, 2008	204,896	(2,972)	0	201,924	233,430	233,430	(31,506)
Fund Balance, June 30, 2009	\$ 68,768	\$ 0	\$ (2,720)	\$ 66,048	\$ 0	\$ 0	\$ 66,048

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 292,351	\$ 335,500	\$ 335,500	\$ (43,149)
Other Local Revenues	33,559	36,500	36,500	(2,941)
State of Tennessee	13,409	15,000	15,000	(1,591)
Federal Government	673,604	666,000	666,000	7,604
Total Revenues	<u>\$ 1,012,923</u>	<u>\$ 1,053,000</u>	<u>\$ 1,053,000</u>	<u>\$ (40,077)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,031,246	\$ 1,197,024	\$ 1,197,024	\$ 165,778
Total Expenditures	<u>\$ 1,031,246</u>	<u>\$ 1,197,024</u>	<u>\$ 1,197,024</u>	<u>\$ 165,778</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,323)</u>	<u>\$ (144,024)</u>	<u>\$ (144,024)</u>	<u>\$ 125,701</u>
Net Change in Fund Balance	\$ (18,323)	\$ (144,024)	\$ (144,024)	\$ 125,701
Fund Balance, July 1, 2008	<u>278,476</u>	<u>278,475</u>	<u>278,475</u>	<u>1</u>
Fund Balance, June 30, 2009	<u>\$ 260,153</u>	<u>\$ 134,451</u>	<u>\$ 134,451</u>	<u>\$ 125,702</u>

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, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Capital Outlay - 911 Communications Equipment	\$ 300,000	3.45%	10-4-04	10-4-09	\$ 120,000	\$ 0	\$ 60,000	\$ 60,000
Capital Outlay - Election Commission Building	204,000	4.5	6-16-06	6-16-11	122,400	0	40,800	81,600
Capital Outlay - School Building Improvements	1,000,000	5.2	11-13-06	11-13-08	874,277	0	874,277	0
Capital Outlay - Jail Renovations/Courthouse HVAC	326,850	4.12	2-18-07	1-18-17	288,306	0	28,592	259,714
Capital Outlay - Energy Efficiency	415,800	0	4-23-07	6-1-14	356,400	0	59,400	297,000
Capital Outlay - Public Works	3,200,000	4.55	2-26-09	4-1-21	0	3,200,000	0	3,200,000
Total Payable through General Debt Service Fund					\$ 1,761,383	\$ 3,200,000	\$ 1,063,069	\$ 3,898,314
Total Notes Payable					\$ 1,761,383	\$ 3,200,000	\$ 1,063,069	\$ 3,898,314
<u>OTHER LOANS PAYABLE</u>								
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	\$ 814,466	\$ 0	\$ 196,506	\$ 617,960
Total Payable through General Debt Service Fund					\$ 814,466	\$ 0	\$ 196,506	\$ 617,960
Total Other Loans Payable					\$ 814,466	\$ 0	\$ 196,506	\$ 617,960
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Fund								
Circuit Court Computer System	13,230	6.25	12-24-04	11-21-09	\$ 4,108	\$ 0	\$ 3,049	\$ 1,059
Total Payable through General Fund					\$ 4,108	\$ 0	\$ 3,049	\$ 1,059
Total Capital Leases Payable					\$ 4,108	\$ 0	\$ 3,049	\$ 1,059

(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 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<u>PRIMARY GOVERNMENT (CONTL.)</u>								
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
General Obligation Public Improvement Bond	\$ 700,000	4.875%	4-9-1997	1-1-35	\$ 611,453	\$ 0	\$ 11,398	\$ 600,055
General Obligation Refunding Bond	8,715,000	2.45 to 5.25	9-1-01	4-1-21	7,545,000	0	435,000	7,110,000
General Obligation Refunding Bond	3,300,000	4	10-18-06	4-1-23	3,290,000	0	150,000	3,140,000
General Obligation School Bonds	16,350,000	3.5 to 4.75	9-24-08	5-1-29	0	16,350,000	0	16,350,000
Total Payable through General Debt Service Fund					<u>\$ 11,446,453</u>	<u>\$ 16,350,000</u>	<u>\$ 596,398</u>	<u>\$ 27,200,055</u>
Total Bonds Payable					<u>\$ 11,446,453</u>	<u>\$ 16,350,000</u>	<u>\$ 596,398</u>	<u>\$ 27,200,055</u>
<u>DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Purpose School Fund								
HVAC Equipment	291,927	4.93	9-9-1998	9-9-08	\$ 9,183	\$ 0	\$ 9,183	\$ 0
HVAC Equipment	570,442	3.99	2-17-04	2-17-14	350,814	0	56,298	294,516
Total Payable through General Purpose School Fund					<u>\$ 359,997</u>	<u>\$ 0</u>	<u>\$ 65,481</u>	<u>\$ 294,516</u>
Total Capital Leases Payable					<u>\$ 359,997</u>	<u>\$ 0</u>	<u>\$ 65,481</u>	<u>\$ 294,516</u>

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	Notes		Total
	Principal	Interest	
2010	\$ 389,993	\$ 174,604	\$ 564,597
2011	331,244	147,227	478,471
2012	291,747	134,987	426,734
2013	343,105	124,529	467,634
2014	344,520	111,739	456,259
2015	311,595	98,890	410,485
2016	313,131	84,841	397,972
2017	322,979	70,842	393,821
2018	300,000	56,875	356,875
2019	300,000	43,225	343,225
2020	320,000	29,575	349,575
2021	330,000	15,015	345,015
Total	\$ 3,898,314	\$ 1,092,349	\$ 4,990,663

Year Ending June 30	Other Loans		Total
	Principal	Interest	
2010	\$ 196,506	\$ 0	\$ 196,506
2011	196,506	0	196,506
2012	224,948	0	224,948
Total	\$ 617,960	\$ 0	\$ 617,960

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2010	\$ 1,059	\$ 15	\$ 1,074
Total	\$ 1,059	\$ 15	\$ 1,074

(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	Bonds		
	Principal	Interest	Total
2010	\$ 721,953	\$ 1,237,434	\$ 1,959,387
2011	752,536	1,208,389	1,960,925
2012	793,147	1,177,503	1,970,650
2013	813,788	1,144,662	1,958,450
2014	1,049,460	1,107,390	2,156,850
2015	1,190,165	1,061,435	2,251,600
2016	1,230,905	1,010,045	2,240,950
2017	1,276,680	954,232	2,230,912
2018	1,327,493	896,207	2,223,700
2019	1,468,346	834,704	2,303,050
2020	1,534,240	767,185	2,301,425
2021	1,590,178	696,459	2,286,637
2022	1,256,162	621,738	1,877,900
2023	1,277,194	566,306	1,843,500
2024	1,148,275	511,274	1,659,549
2025	1,449,410	460,921	1,910,331
2026	2,025,600	395,606	2,421,206
2027	2,026,848	299,358	2,326,206
2028	2,028,157	203,049	2,231,206
2029	2,029,530	106,676	2,136,206
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	\$ 27,200,055	\$ 15,297,821	\$ 42,497,876

DISCRETELY PRESENTED UNICOI
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
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	\$ 294,516	\$ 28,758	\$ 323,274

Exhibit J-3

Unicoi County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ <u>483,726</u>
Total Transfers Primary Government			\$ <u><u>483,726</u></u>
<u>DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School School Federal Projects	Education Capital Projects General Purpose School	Capital expenditures Early intervening services	\$ 58,860 90,821
Total Transfers Discretely Presented Unicoi County School Department			\$ <u><u>149,681</u></u>

Exhibit J-4

Unicoi County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 70,038	\$ 50,000	Auto Owners (Mutual) Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	63,527	100,000 "	"
Director of Schools	State Board of Education and County Board of Education	102,475 (1)	50,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	57,751	575,000	Auto Owners (Mutual) Insurance Company
Assessor of Property:				
William Gaines (7-1-08 through 8-31-08)	Section 8-24-102, <u>TCA</u>	9,625	10,000	Ohio Casualty Insurance Company
Patsy Bennett (9-1-08 through 6-30-09)	Section 8-24-102, <u>TCA</u>	48,126	10,000	Auto Owners (Mutual) Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	57,751	70,000 "	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	57,751	100,000 "	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,751	100,000	Ohio Casualty Insurance Company
Register	Section 8-24-102, <u>TCA</u>	57,751	25,000	Auto Owners (Mutual) Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	67,303 (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 \$4,000.

(2) Includes \$3,176 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

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

	Special Revenue Funds						Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway/ Public Works	Debt Service Fund		
					General	Debt Service	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 2,839,614	\$ 0	\$ 0	\$ 57,919	\$ 1,232,401	\$ 4,129,934	
Trustee's Collections - Prior Year	79,594	0	0	1,819	28,653	110,066	
Circuit/Clerk & Master Collections - Prior Years	53,262	0	0	1,217	19,174	73,653	
Interest and Penalty	17,097	0	0	376	6,631	24,104	
Pick-up Taxes	630	0	0	13	266	909	
Payments in-Lieu-of Taxes - T.V.A.	214	0	0	4	93	311	
Payments in-Lieu-of Taxes - Local Utilities	39,090	0	0	798	16,952	56,840	
Payments in-Lieu-of Taxes - Other	8,119	0	0	133	2,827	11,079	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	785,378	785,378	
Hotel/Motel Tax	60,409	0	0	0	0	60,409	
Litigation Tax - General	157,074	0	0	0	0	157,074	
Litigation Tax - Special Purpose	0	47	0	0	10	57	
Litigation Tax - Jail, Workhouse, or Courthouse Business Tax	10	4	0	0	145,520	145,534	
Mineral Severance Tax	43,879	0	0	899	18,945	63,723	
Statutory Local Taxes	25,286	0	0	24,395	0	49,681	
Bank Excise Tax	862	0	0	18	374	1,254	
Wholesale Beer Tax	848	0	0	36	756	1,640	
Interstate Telecommunications Tax	0	0	0	0	1,015	1,015	
Other Statutory Local Taxes	44,456	0	0	0	0	44,456	
Total Local Taxes	\$ 3,370,444	\$ 51	\$ 0	\$ 87,627	\$ 2,258,995	\$ 5,717,117	
<u>Licenses and Permits</u>							
Licenses							
Cable TV Franchise	\$ 16,933	\$ 0	\$ 0	\$ 346	\$ 7,344	\$ 24,623	
Total Licenses and Permits	\$ 16,933	\$ 0	\$ 0	\$ 346	\$ 7,344	\$ 24,623	

(Continued)

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

	Special Revenue Funds							Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway/ Public Works	Debt Service Fund		Total	
					General	Debt Service		
\$	4,253	0	0	0	0	0	4,253	
<u>Circuit Court</u>								
Fines	764	0	0	0	0	0	764	
Officers Costs	0	0	15,354	0	0	0	15,354	
Drug Control Fines	123	0	0	0	0	0	123	
Jail Fees	88	0	0	0	0	0	88	
DUI Treatment Fines	237	0	0	0	0	0	237	
Courtroom Security Fee								
<u>Criminal Court</u>								
Data Entry Fee - Criminal Court	1,190	0	0	0	0	0	1,190	
<u>General Sessions Court</u>								
Fines	46,767	0	0	0	0	0	46,767	
Officers Costs	40,200	0	0	0	0	0	40,200	
Game and Fish Fines	50	0	0	0	0	0	50	
Drug Control Fines	0	0	46,138	0	0	0	46,138	
Jail Fees	14,629	0	0	0	0	0	14,629	
DUI Treatment Fines	9,179	0	0	0	0	0	9,179	
Data Entry Fee - General Sessions Court	10,477	0	0	0	0	0	10,477	
Courtroom Security Fee	716	0	0	0	0	0	716	
<u>Juvenile Court</u>								
Fines	355	0	0	0	0	0	355	
Officers Costs	625	0	0	0	0	0	625	
Drug Control Fines	1,439	0	0	0	0	0	1,439	
Jail Fees	10,708	0	0	0	0	0	10,708	
Data Entry Fee - Juvenile Court	1,413	0	0	0	0	0	1,413	
Courtroom Security Fee	273	0	0	0	0	0	273	
<u>Chancery Court</u>								
Officers Costs	1,168	0	0	0	0	0	1,168	
Data Entry Fee - Chancery Court	988	0	0	0	0	0	988	
Courtroom Security Fee	74	0	0	0	0	0	74	
<u>Judicial District Drug Program</u>								
Data Entry Fee - Other Courts	16,090	0	0	0	0	0	16,090	

(Continued)

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway/ Public Works	General Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	\$ 1,125	\$ 0	\$ 61,775	\$ 0	\$ 0	\$ 0	\$ 62,900
Other Fines, Forfeitures, and Penalties	0	0	21,317	0	0	0	21,317
Total Fines, Forfeitures, and Penalties	\$ 1,125	\$ 0	\$ 83,092	\$ 0	\$ 0	\$ 0	\$ 83,092
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
<u>Work Release Charges for Board Fees</u>	\$ 17,153	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,153
Recreation Fees	10,862	0	0	0	0	0	10,862
Telephone Commissions	1,082	0	0	0	0	0	1,082
Data Processing Fee - Register	6,104	0	0	0	0	0	6,104
Data Processing Fee - Sheriff	2,948	0	0	0	0	0	2,948
Sexual Offender Registration Fees - Sheriff	1,250	0	0	0	0	0	1,250
Data Processing Fee - County Clerk	1,228	0	0	0	0	0	1,228
Total Charges for Current Services	\$ 40,627	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,627
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 94,830	\$ 0	\$ 0	\$ 72,060	\$ 251,320	\$ 0	\$ 418,210
Commissary Sales	143	0	0	0	0	0	143
Sale of Gasoline	0	0	0	15,328	0	0	15,328
Sale of Maps	605	0	0	0	0	0	605
Sale of Recycled Materials	1,141	0	0	0	0	0	1,141
Retirees' Insurance Payments	6,052	0	0	547	0	0	6,599
Miscellaneous Refunds	29,921	0	3,268	3,258	0	0	36,447
Total Other Local Revenues	\$ 132,692	\$ 0	\$ 3,268	\$ 91,193	\$ 251,320	\$ 0	\$ 478,473
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>	\$ 142,854	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,854
County Clerk							

(Continued)

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Drug Control	Highway/ Public Works	General Debt Service		
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Circuit Court Clerk	\$ 44,666	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,666
General Sessions Court Clerk	320,426	0	0	0	0	0	320,426
Clerk and Master	40,371	0	0	0	0	0	40,371
Register	67,561	0	0	0	0	0	67,561
Sheriff	9,758	0	0	0	0	0	9,758
Trustee	229,977	0	0	0	0	0	229,977
Total Fees Received from County Officials	\$ 855,613	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 855,613
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Other General Government Grants	2,000	0	0	0	0	0	2,000
<u>Public Safety Grants</u>							
Other Public Safety Grants	4,385	0	2,328	0	0	0	6,713
Health and Welfare Grants							
Health Department Programs	141,244	0	0	0	0	0	141,244
<u>Public Works Grants</u>							
Litter Program	27,469	0	0	0	0	0	27,469
<u>Other State Revenues</u>							
Income Tax	87,490	0	0	0	0	0	87,490
Beer Tax	18,701	0	0	0	0	0	18,701
Alcoholic Beverage Tax	25,423	0	0	0	0	0	25,423
Mixed Drink Tax	2,004	0	0	0	0	0	2,004
State Revenue Sharing - T.V.A.	155,282	0	0	2,210	0	0	157,492
Contracted Prisoner Boarding	168,808	0	0	0	0	0	168,808
Gasoline and Motor Fuel Tax	0	0	0	1,280,917	0	0	1,280,917
Petroleum Special Tax	0	0	0	14,189	0	0	14,189
Reappraisal Program Reimbursement	6,920	0	0	0	0	0	6,920
Registrar's Salary Supplement	14,912	0	0	0	0	0	14,912
Other State Grants	31,673	0	0	0	0	0	31,673
Total State of Tennessee	\$ 695,311	\$ 0	\$ 2,328	\$ 1,297,316	\$ 0	\$ 0	\$ 1,994,955

(Continued)

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

	Special Revenue Funds				Debt Service Fund	Total
	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service		
Federal Government						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 21,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,000
Homeland Security Grants	186,602	0	0	0	0	186,602
Other Federal through State	430	0	75	0	0	505
<u>Direct Federal Revenue</u>						
Forest Service	16,731	0	0	22,952	0	39,683
Public Safety Partnership and Community Policing - COPS	29,129	0	0	0	0	29,129
Other Direct Federal Revenue	800	0	0	0	0	800
Total Federal Government	\$ 254,692	\$ 0	\$ 75	\$ 22,952	\$ 0	\$ 277,719
<u>Other Governments and Citizens Groups</u>						
Contributions	\$ 102,193	\$ 0	\$ 49,308	\$ 0	\$ 0	\$ 151,501
Contracted Services	208,860	0	1,200	161,739	0	371,799
<u>Other</u>	0	0	0	0	74,914	74,914
Total Other Governments and Citizens Groups	\$ 311,053	\$ 0	\$ 50,508	\$ 161,739	\$ 74,914	\$ 598,214
Total	\$ 5,840,291	\$ 51	\$ 200,763	\$ 1,661,173	\$ 2,592,573	\$ 10,294,851

Exhibit J-6

Unicoi County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,415,744	\$ 0	\$ 0	\$ 0	\$ 2,415,744
Trustee's Collections - Prior Year	63,443	0	0	0	63,443
Circuit/Clerk & Master Collections - Prior Years	50,523	0	0	0	50,523
Interest and Penalty	15,559	0	0	0	15,559
Pick-up Taxes	544	0	0	0	544
Payments in-Lieu-of Taxes - T.V.A.	182	0	0	0	182
Payments in-Lieu-of Taxes - Local Utilities	33,107	0	0	0	33,107
Payments in-Lieu-of Taxes - Other	5,521	0	0	0	5,521
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,374,387	0	0	0	1,374,387
Business Tax	37,278	0	0	0	37,278
Other County Local Option Taxes	279	0	0	0	279
<u>Statutory Local Taxes</u>					
Bank Excise Tax	730	0	0	0	730
Wholesale Beer Tax	1,471	0	0	0	1,471
Interstate Telecommunications Tax	2,147	0	0	0	2,147
Total Local Taxes	\$ 4,000,915	\$ 0	\$ 0	\$ 0	\$ 4,000,915
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,422	\$ 0	\$ 0	\$ 0	\$ 2,422
Cable TV Franchise	14,341	0	0	0	14,341
Total Licenses and Permits	\$ 16,763	\$ 0	\$ 0	\$ 0	\$ 16,763
<u>Fines, Forfeitures, and Penalties</u>					
<u>Juvenile Court</u>					
Fines	\$ 998	\$ 0	\$ 0	\$ 0	\$ 998
Total Fines, Forfeitures, and Penalties	\$ 998	\$ 0	\$ 0	\$ 0	\$ 998
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 14,651	\$ 0	\$ 0	\$ 0	\$ 14,651
Tuition - Other	14,783	0	0	0	14,783
Lunch Payments - Children	0	0	208,794	0	208,794
Lunch Payments - Adults	0	0	21,125	0	21,125
Income from Breakfast	0	0	159	0	159
A la carte Sales	0	0	62,273	0	62,273
Total Charges for Current Services	\$ 29,434	\$ 0	\$ 292,351	\$ 0	\$ 321,785
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,996	\$ 0	\$ 4,878	\$ 749	\$ 8,623
Sale of Materials and Supplies	203,207	0	0	0	203,207
Retirees' Insurance Payments	1,356	0	0	0	1,356
Miscellaneous Refunds	83,545	0	28,606	5	112,156
<u>Nonrecurring Items</u>					
Sale of Equipment	942	0	0	0	942
Contributions and Gifts	1,600	0	0	0	1,600

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 75	\$ 0	\$ 75
Total Other Local Revenues	\$ 293,646	\$ 0	\$ 33,559	\$ 754	\$ 327,959
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 1,141	\$ 0	\$ 0	\$ 0	\$ 1,141
On-Behalf Contributions for OPEB	88,052	0	0	0	88,052
<u>State Education Funds</u>					
Basic Education Program	11,175,848	0	0	0	11,175,848
Early Childhood Education	554,698	0	0	0	554,698
School Food Service	0	0	13,409	0	13,409
Other State Education Funds	351,161	0	0	0	351,161
Career Ladder Program	127,597	0	0	0	127,597
Career Ladder - Extended Contract	79,500	0	0	0	79,500
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	91,732	0	0	0	91,732
Total State of Tennessee	\$ 12,469,729	\$ 0	\$ 13,409	\$ 0	\$ 12,483,138
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 501,778	\$ 0	\$ 501,778
Breakfast	0	0	165,741	0	165,741
USDA - Other	207,781	0	6,085	0	213,866
Vocational Education - Basic Grants to States	0	43,688	0	0	43,688
Other Vocational	25,000	0	0	0	25,000
Title I Grants to Local Education Agencies	0	504,470	0	0	504,470
Special Education - Grants to States	89,995	578,921	0	0	668,916
Special Education Preschool Grants	0	55,243	0	0	55,243
Eisenhower Professional Development State Grants	0	141,182	0	0	141,182
Other Federal through State	0	8,875	0	0	8,875
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	116,101	0	0	0	116,101
ROTC Reimbursement	33,444	0	0	0	33,444
Forest Service	184,361	0	0	0	184,361
Total Federal Government	\$ 656,682	\$ 1,332,379	\$ 673,604	\$ 0	\$ 2,662,665
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 14,676,131	\$ 14,676,131
<u>Citizens Groups</u>					
Donations	22,553	0	0	0	22,553
Total Other Governments and Citizens Groups	\$ 22,553	\$ 0	\$ 0	\$ 14,676,131	\$ 14,698,684
Total	\$ 17,490,720	\$ 1,332,379	\$ 1,012,923	\$ 14,676,885	\$ 34,512,907

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,400	
Social Security		1,652	
State Retirement		193	
Audit Services		5,300	
Contracts with Government Agencies		1,250	
Dues and Memberships		4,246	
Legal Notices, Recording, and Court Costs		2,605	
Other Charges		<u>1,765</u>	
Total County Commission			\$ 49,411

Board of Equalization

Board and Committee Members Fees	\$	<u>2,480</u>	
Total Board of Equalization			2,480

County Mayor/Executive

County Official/Administrative Officer	\$	70,038	
Accountants/Bookkeepers		27,786	
Salary Supplements		3,679	
Secretary(ies)		27,786	
Clerical Personnel		27,786	
Bonus Payments		1,500	
Social Security		6,975	
State Retirement		7,348	
Employee and Dependent Insurance		135	
Life Insurance		425	
Medical Insurance		7,204	
Dental Insurance		429	
Unemployment Compensation		299	
Communication		5,497	
Data Processing Services		14,666	
Dues and Memberships		1,100	
Maintenance and Repair Services - Office Equipment		1,842	
Maintenance and Repair Services - Vehicles		133	
Travel		3,259	
Office Supplies		2,437	
Other Charges		387	
Office Equipment		<u>361</u>	
Total County Mayor/Executive			211,072

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	12,000	
Legal Services		72	
Total County Attorney			\$ 12,072

Election Commission

County Official/Administrative Officer	\$	51,976	
Deputy(ies)		25,547	
Mechanic(s)		480	
Clerical Personnel		10,742	
Bonus Payments		500	
Election Commission		4,020	
Election Workers		15,160	
Social Security		3,761	
State Retirement		3,600	
Employee and Dependent Insurance		85	
Life Insurance		204	
Medical Insurance		5,633	
Dental Insurance		271	
Unemployment Compensation		216	
Communication		1,813	
Data Processing Services		3,200	
Dues and Memberships		175	
Janitorial Services		805	
Legal Notices, Recording, and Court Costs		5,696	
Maintenance and Repair Services - Equipment		427	
Postal Charges		500	
Printing, Stationery, and Forms		645	
Travel		4,197	
Other Contracted Services		920	
Electricity		2,500	
Office Supplies		1,778	
Office Equipment		2,748	
Total Election Commission			147,599

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		27,289	
Clerical Personnel		21,326	
Part-time Personnel		1,103	
Bonus Payments		1,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Social Security	\$	4,776	
State Retirement		4,374	
Employee and Dependent Insurance		96	
Life Insurance		230	
Medical Insurance		4,467	
Dental Insurance		305	
Unemployment Compensation		207	
Communication		3,000	
Data Processing Services		23,879	
Dues and Memberships		497	
Maintenance and Repair Services - Office Equipment		219	
Travel		2,188	
Other Contracted Services		110	
Data Processing Supplies		1,655	
Office Supplies		2,888	
Data Processing Equipment		335	
Office Equipment		5,963	
Total Register of Deeds			\$ 163,658

Development

Contracts with Government Agencies	\$	7,750	
Total Development			7,750

County Buildings

Custodial Personnel	\$	22,125	
Part-time Personnel		11,044	
Bonus Payments		500	
Social Security		1,352	
Unemployment Compensation		161	
Maintenance and Repair Services - Buildings		19,064	
Custodial Supplies		2,866	
Natural Gas		13,597	
Utilities		36,406	
Building and Contents Insurance		4,406	
Other Capital Outlay		954	
Total County Buildings			112,475

Other General Administration

Postal Charges	\$	19,920	
Duplicating Supplies		3,218	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Office Supplies	\$	428	
Other Supplies and Materials		125	
Excess Risk Insurance		1,919	
Indirect Cost		206	
Liability Insurance		52,578	
Total Other General Administration			\$ 78,394

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		24,781	
Deputy(ies)		26,875	
Clerical Personnel		28,727	
Bonus Payments		1,500	
Other Salaries and Wages		10,597	
Social Security		6,394	
State Retirement		5,685	
Employee and Dependent Insurance		167	
Life Insurance		400	
Medical Insurance		8,777	
Dental Insurance		531	
Unemployment Compensation		310	
Audit Services		11,577	
Communication		3,878	
Data Processing Services		8,859	
Dues and Memberships		997	
Maintenance and Repair Services - Office Equipment		7,231	
Postal Charges		102	
Printing, Stationery, and Forms		1,500	
Travel		3,929	
Office Supplies		3,169	
Premiums on Corporate Surety Bonds		128	
Office Equipment		5,179	
Total Property Assessor's Office			219,044

County Trustee's Office

County Official/Administrative Officer	\$	57,751
Assistant(s)		27,574
Deputy(ies)		27,786
Bonus Payments		1,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Social Security	\$	4,992	
State Retirement		5,260	
Employee and Dependent Insurance		128	
Life Insurance		306	
Medical Insurance		5,955	
Dental Insurance		407	
Unemployment Compensation		180	
Communication		2,178	
Data Processing Services		7,659	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		432	
Maintenance and Repair Services - Office Equipment		595	
Travel		1,376	
Office Supplies		1,177	
Office Equipment		3,457	
Total County Trustee's Office			\$ 148,720

County Clerk's Office

County Official/Administrative Officer	\$	57,751
Deputy(ies)		26,829
Salary Supplements		2,133
Clerical Personnel		27,787
Temporary Personnel		1,354
Part-time Personnel		18,859
Bonus Payments		1,500
Other Salaries and Wages		27,787
Social Security		7,262
State Retirement		5,869
Employee and Dependent Insurance		142
Life Insurance		340
Medical Insurance		7,952
Dental Insurance		452
Unemployment Compensation		443
Communication		5,965
Dues and Memberships		507
Maintenance and Repair Services - Buildings		4,030
Maintenance and Repair Services - Office Equipment		11,519
Travel		1,179
Office Supplies		3,094
Utilities		1,019

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Data Processing Equipment	\$	3,288	
Office Equipment		<u>3,505</u>	
Total County Clerk's Office			\$ 220,566

Other Finance

Trustee's Commission	\$	<u>67,526</u>	
Total Other Finance			67,526

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Assistant(s)		29,232	
Deputy(ies)		45,936	
Accountants/Bookkeepers		21,208	
Clerical Personnel		22,968	
Part-time Personnel		27,144	
Bonus Payments		3,500	
Other Salaries and Wages		24,040	
Jury and Witness Fees		7,374	
Social Security		9,939	
State Retirement		9,324	
Employee and Dependent Insurance		292	
Life Insurance		696	
Medical Insurance		14,629	
Dental Insurance		925	
Unemployment Compensation		719	
Communication		4,810	
Data Processing Services		380	
Dues and Memberships		457	
Maintenance and Repair Services - Office Equipment		13,083	
Travel		202	
Data Processing Supplies		468	
Office Supplies		7,707	
Premiums on Corporate Surety Bonds		523	
Office Equipment		<u>4,163</u>	
Total Circuit Court			307,470

General Sessions Court

Judge(s)	\$	79,301	
Social Security		3,570	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

State Retirement	\$	3,761	
Employee and Dependent Insurance		43	
Life Insurance		102	
Medical Insurance		2,987	
Dental Insurance		136	
Communication		635	
Dues and Memberships		50	
Travel		1,824	
Total General Sessions Court			\$ 92,409

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,882	
Bonus Payments		500	
Social Security		3,643	
State Retirement		3,838	
Employee and Dependent Insurance		85	
Life Insurance		204	
Medical Insurance		4,972	
Dental Insurance		271	
Unemployment Compensation		90	
Communication		1,389	
Dues and Memberships		557	
Legal Notices, Recording, and Court Costs		673	
Maintenance and Repair Services - Office Equipment		5,395	
Travel		164	
Office Supplies		1,686	
Premiums on Corporate Surety Bonds		250	
Office Equipment		1,921	
Total Chancery Court			108,271

Juvenile Court

Salary Supplements	\$	4,126	
Social Security		577	
Unemployment Compensation		62	
Communication		607	
Contracts with Government Agencies		36,939	
Travel		2,611	
Total Juvenile Court			44,922

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,303	
Supervisor/Director		80,108	
Deputy(ies)		243,407	
Investigator(s)		99,712	
Captain(s)		67,447	
Lieutenant(s)		65,023	
Youth Service Officer(s)		87,507	
Sergeant(s)		31,962	
Dispatchers/Radio Operators		206,391	
Secretary(ies)		65,396	
Bonus Payments		11,500	
Other Salaries and Wages		146,934	
In-Service Training		4,168	
Social Security		51,117	
State Retirement		43,045	
Employee and Dependent Insurance		1,364	
Life Insurance		3,257	
Medical Insurance		71,446	
Dental Insurance		4,330	
Unemployment Compensation		3,586	
Communication		5,946	
Dues and Memberships		1,100	
Maintenance and Repair Services - Buildings		20	
Maintenance and Repair Services - Equipment		1,264	
Maintenance and Repair Services - Vehicles		48,613	
Travel		958	
Gasoline		115,388	
Law Enforcement Supplies		16,098	
Office Supplies		3,012	
Tires and Tubes		15,577	
Uniforms		8,538	
Liability Insurance		27,758	
Workers' Compensation Insurance		51,962	
Other Charges		859	
Communication Equipment		845	
Law Enforcement Equipment		12,805	
Office Equipment		180	
Total Sheriff's Department			\$ 1,665,926

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Supervisor/Director	\$	30,402	
Guards		134,982	
Bonus Payments		4,000	
Other Salaries and Wages		93,299	
Social Security		12,368	
State Retirement		8,803	
Employee and Dependent Insurance		326	
Life Insurance		847	
Medical Insurance		17,360	
Dental Insurance		1,035	
Unemployment Compensation		1,156	
Maintenance and Repair Services - Buildings		10,787	
Maintenance and Repair Services - Equipment		693	
Medical and Dental Services		59,894	
Travel		1,365	
Custodial Supplies		2,074	
Drugs and Medical Supplies		11,045	
Food Supplies		102,215	
Natural Gas		8,028	
Office Supplies		192	
Prisoners Clothing		1,438	
Utilities		45,875	
Building and Contents Insurance		<u>4,934</u>	
Total Jail			\$ 553,118

Juvenile Services

Other Salaries and Wages	\$	8,606	
Social Security		283	
Other Fringe Benefits		<u>111</u>	
Total Juvenile Services			9,000

Fire Prevention and Control

Contributions	\$	<u>55,000</u>	
Total Fire Prevention and Control			55,000

Civil Defense

County Official/Administrative Officer	\$	33,202	
Bonus Payments		500	
Social Security		1,427	
State Retirement		1,503	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Employee and Dependent Insurance	\$	43	
Life Insurance		102	
Medical Insurance		1,985	
Dental Insurance		136	
Unemployment Compensation		85	
Contributions		1,000	
Maintenance and Repair Services - Vehicles		478	
Travel		195	
Gasoline		1,848	
Law Enforcement Supplies		142	
Office Supplies		267	
Other Supplies and Materials		137,102	
Communication Equipment		1,972	
Total Civil Defense			\$ 181,987

Other Emergency Management

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

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	1,864	
Social Security		95	
State Retirement		100	
Unemployment Compensation		5	
Contracts with Other Public Agencies		14,216	
Other Contracted Services		4,800	
Law Enforcement Supplies		246	
Total County Coroner/Medical Examiner			21,326

Public Safety Grant Programs

Deputy(ies)	\$	27,938	
Bonus Payments		500	
In-Service Training		121	
Social Security		2,129	
State Retirement		2,506	
Employee and Dependent Insurance		40	
Life Insurance		96	
Medical Insurance		4,078	
Dental Insurance		128	
Unemployment Compensation		89	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Public Safety Grant Programs (Cont.)

Communication	\$	1,452	
Maintenance and Repair Services - Equipment		355	
Postal Charges		300	
Printing, Stationery, and Forms		480	
Travel		600	
Office Supplies		387	
Uniforms		600	
Workers' Compensation Insurance		1,274	
Total Public Safety Grant Programs			\$ 43,073

Public Health and Welfare

Local Health Center

Paraprofessionals	\$	140,344	
Bonus Payments		500	
Other Salaries and Wages		34,185	
Social Security		6,832	
State Retirement		3,238	
Employee and Dependent Insurance		85	
Life Insurance		306	
Medical Insurance		3,970	
Dental Insurance		271	
Unemployment Compensation		480	
Communication		3,643	
Maintenance and Repair Services - Equipment		966	
Maintenance and Repair Services - Office Equipment		2,184	
Custodial Supplies		1,655	
Drugs and Medical Supplies		5,884	
Natural Gas		4,171	
Office Supplies		1,991	
Utilities		16,799	
Other Supplies and Materials		4,095	
Other Charges		2,510	
Total Local Health Center			234,109

Rabies and Animal Control

Part-time Personnel	\$	50,827	
Social Security		2,143	
Unemployment Compensation		231	
Contributions		7,500	
Total Rabies and Animal Control			60,701

(Continued)

Exhibit J-7

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	\$ 10,600	
Total Regional Mental Health Center		\$ 10,600

Appropriation to State

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

Sanitation Education/Information

Other Salaries and Wages	\$ 29,874	
Social Security	1,379	
Employee and Dependent Insurance	14	
Life Insurance	34	
Medical Insurance	662	
Dental Insurance	45	
Unemployment Compensation	166	
Instructional Supplies and Materials	5,065	
Total Sanitation Education/Information		37,239

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	25,000	
Total Senior Citizens Assistance		35,600

Libraries

Contributions	\$ 24,000	
Total Libraries		24,000

Other Social, Cultural, and Recreational

Contributions	\$ 6,609	
Total Other Social, Cultural, and Recreational		6,609

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$ 2,452	
Contributions	24,353	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Travel	\$ 1,032	
Total Agriculture Extension Service		\$ 27,837

Forest Service

Contributions	\$ 800	
Total Forest Service		800

Soil Conservation

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

Other Operations

Tourism

Contributions	\$ 15,000	
Dues and Memberships	1,250	
Other Charges	2,000	
Total Tourism		18,250

Industrial Development

Contributions	\$ 26,032	
Other Charges	5,015	
Total Industrial Development		31,047

Veterans' Services

Contributions	\$ 1,000	
Total Veterans' Services		1,000

Contributions to Other Agencies

Contributions	\$ 7,000	
Total Contributions to Other Agencies		7,000

Employee Benefits

Social Security	\$ 92,314	
State Retirement	93,447	
Employee and Dependent Insurance	5,783	
Medical Insurance	152,337	
Dental Insurance	9,334	
Unemployment Compensation	2,216	
Workers' Compensation Insurance	9,705	
Total Employee Benefits		365,136

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contributions	\$ 4,500	
Total Miscellaneous		\$ 4,500

Principal on Debt

General Government

Principal on Capital Leases	\$ 3,049	
Total General Government		3,049

Interest on Debt

General Government

Interest on Capital Leases	\$ 170	
Total General Government		170

Capital Projects

Other General Government Projects

Other Capital Outlay	\$ 4,107	
Total Other General Government Projects		4,107

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Supplies and Materials	\$ 29,500	
Total Capital Projects Donated to Other Entities		<u>29,500</u>

Total General Fund		\$ 5,463,487
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Social Security	\$ 525	
Unemployment Compensation	63	
Communication	1,900	
Contracts with Private Agencies	436,943	
Operating Lease Payments	21,851	
Maintenance and Repair Services - Office Equipment	2,816	
Rentals	845	
Other Contracted Services	10,397	
Electricity	5,690	
Site Development	6,382	
Total Sanitation Management		<u>\$ 487,412</u>

Total Solid Waste/Sanitation Fund		487,412
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(Continued)

Exhibit J-7

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

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$ 847	
Total Other Finance		\$ 847

Public Safety

Sheriff's Department

Investigator(s)	\$ 7,198	
In-Service Training	11,550	
Advertising	12,559	
Communication	1,831	
Confidential Drug Enforcement Payments	22,700	
Dues and Memberships	300	
Maintenance and Repair Services - Buildings	16,121	
Maintenance and Repair Services - Equipment	1,005	
Maintenance and Repair Services - Vehicles	23,445	
Travel	7,739	
Veterinary Services	6,245	
Animal Food and Supplies	6,995	
Law Enforcement Supplies	8,988	
Office Supplies	1,563	
Uniforms	1,835	
Other Supplies and Materials	373	
Refunds	1,610	
Other Charges	1,893	
Communication Equipment	961	
Law Enforcement Equipment	15,428	
Motor Vehicles	79,348	
Total Sheriff's Department		<u>229,687</u>

Total Drug Control Fund		\$ 230,534
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527
Accountants/Bookkeepers	43,544
Communication	2,572
Postal Charges	390
Travel	1,424
Data Processing Supplies	372
Office Supplies	1,006

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Other Charges	\$	2,345	
Data Processing Equipment		289	
Office Equipment		366	
Total Administration			\$ 115,835

Highway and Bridge Maintenance

Foremen	\$	40,812	
Laborers		632,072	
Other Salaries and Wages		14,420	
Asphalt		387,862	
Concrete		9,983	
Crushed Stone		23,377	
Other Road Supplies		51,906	
Pipe		7,722	
Structural Steel		14,277	
Wood Products		4,793	
Other Supplies and Materials		1,988	
Total Highway and Bridge Maintenance			1,189,212

Operation and Maintenance of Equipment

Mechanic(s)	\$	37,358	
Communication		3,970	
Diesel Fuel		51,592	
Electricity		6,054	
Equipment and Machinery Parts		63,725	
Garage Supplies		3,321	
Gasoline		22,425	
Lubricants		638	
Natural Gas		4,976	
Propane Gas		2,813	
Tires and Tubes		9,000	
Communication Equipment		491	
Office Equipment		279	
Total Operation and Maintenance of Equipment			206,642

Other Charges

Dues and Memberships	\$	2,264	
Maintenance Agreements		4,617	
Office Supplies		352	
Trustee's Commission		14,906	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$ 30,367	
Workers' Compensation Insurance	<u>67,672</u>	
Total Other Charges		\$ 120,178

Employee Benefits

Social Security	\$ 63,704	
State Retirement	65,295	
Employee and Dependent Insurance	112,611	
Unemployment Compensation	1,361	
Uniforms	<u>2,400</u>	
Total Employee Benefits		245,371

Capital Outlay

Bridge Construction	\$ 142,216	
Highway Equipment	<u>202,891</u>	
Total Capital Outlay		<u>345,107</u>

Total Highway/Public Works Fund \$ 2,222,345

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 596,398	
Principal on Notes	1,063,069	
Principal on Other Loans	<u>196,506</u>	
Total General Government		\$ 1,855,973

Interest on Debt

General Government

Interest on Bonds	\$ 972,821	
Interest on Notes	<u>32,509</u>	
Total General Government		1,005,330

Other Debt Service

General Government

Trustee's Commission	\$ 37,706	
Other Debt Service	<u>870</u>	
Total General Government		<u>38,576</u>

Total General Debt Service Fund 2,899,879

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Fiscal Agent Charges	\$ 34,000	
Underwriter's Discount	98,684	
Other Debt Issuance Charges	<u>64,119</u>	
Total General Government		\$ 196,803
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Architects	\$ 171,471	
Travel	2,648	
Building Improvements	8,356	
Land	<u>701,506</u>	
Total Public Safety Projects		883,981
<u>Public Health and Welfare Projects</u>		
Building Improvements	<u>\$ 14,618</u>	
Total Public Health and Welfare Projects		14,618
<u>Other General Government Projects</u>		
Architects	\$ 9,431	
Building Improvements	130,097	
Heating and Air Conditioning Equipment	55,418	
Other Capital Outlay	<u>450</u>	
Total Other General Government Projects		195,396
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	<u>\$ 14,676,131</u>	
Total Capital Projects Donated to School Department		<u>14,676,131</u>
Total General Capital Projects Fund		\$ 15,966,929
<u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Social, Cultural, and Recreation Projects</u>		
Engineering Services	<u>\$ 450</u>	
Total Social, Cultural, and Recreation Projects		<u>\$ 450</u>
Total Community Development/Industrial Park Fund		<u>450</u>
Total Governmental Funds - Primary Government		<u>\$ 27,271,036</u>

Exhibit J-8

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	5,240,050	
Career Ladder Program		71,066	
Career Ladder Extended Contracts		54,620	
Homebound Teachers		820	
Educational Assistants		71,761	
Other Salaries and Wages		118,365	
Certified Substitute Teachers		9,846	
Non-certified Substitute Teachers		64,781	
Social Security		343,231	
State Retirement		356,892	
Life Insurance		5,413	
Medical Insurance		793,591	
Dental Insurance		11,667	
Employer Medicare		80,194	
Instructional Supplies and Materials		83,500	
Textbooks		179,957	
Other Supplies and Materials		7,845	
Fee Waivers		18,645	
Other Charges		20,991	
Total Regular Instruction Program			\$ 7,533,235

Alternative Instruction Program

Teachers	\$	31,446	
Social Security		1,950	
State Retirement		2,019	
Life Insurance		40	
Medical Insurance		5,378	
Employer Medicare		456	
Total Alternative Instruction Program			41,289

Special Education Program

Teachers	\$	620,989
Career Ladder Program		8,042
Educational Assistants		64,969
Speech Pathologist		126,470
Certified Substitute Teachers		1,680
Non-certified Substitute Teachers		13,666
Social Security		49,588
State Retirement		52,332

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	964	
Medical Insurance		140,840	
Dental Insurance		2,145	
Employer Medicare		11,606	
Other Fringe Benefits		6,593	
Other Contracted Services		30,072	
Instructional Supplies and Materials		18,015	
Other Supplies and Materials		5,792	
Other Charges		453	
Special Education Equipment		5,055	
Total Special Education Program			\$ 1,159,271

Vocational Education Program

Teachers	\$	454,083	
Career Ladder Program		5,000	
Certified Substitute Teachers		1,173	
Non-certified Substitute Teachers		9,449	
Social Security		27,513	
State Retirement		29,486	
Life Insurance		486	
Medical Insurance		91,420	
Dental Insurance		903	
Employer Medicare		6,425	
Maintenance and Repair Services - Equipment		2,316	
Other Contracted Services		3,312	
Instructional Supplies and Materials		15,622	
Textbooks		2,782	
Other Supplies and Materials		354	
Other Charges		30	
Vocational Instruction Equipment		7,231	
Total Vocational Education Program			657,585

Student Body Education Program

Other Equipment	\$	201,091	
Total Student Body Education Program			201,091

Support Services

Attendance

Supervisor/Director	\$	67,707	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Career Ladder Program	\$	2,000	
Social Security		4,305	
State Retirement		4,475	
Life Insurance		40	
Medical Insurance		5,378	
Dental Insurance		120	
Employer Medicare		1,007	
Travel		1,215	
Total Attendance			\$ 86,247

Health Services

Medical Personnel	\$	80,060	
Other Salaries and Wages		73,308	
Social Security		14,750	
State Retirement		11,048	
Life Insurance		284	
Medical Insurance		14,441	
Employer Medicare		2,211	
Travel		7,723	
Other Contracted Services		650	
Drugs and Medical Supplies		3,706	
Other Supplies and Materials		20,184	
Other Charges		897	
Health Equipment		1,420	
Total Health Services			230,682

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		288,013	
Psychological Personnel		42,570	
Social Workers		66,706	
School Resource Officer		53,246	
Other Salaries and Wages		13,728	
Social Security		24,554	
State Retirement		29,883	
Life Insurance		436	
Medical Insurance		55,116	
Dental Insurance		822	
Unemployment Compensation		140	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	5,742	
Evaluation and Testing		7,793	
Total Other Student Support			\$ 589,749

Regular Instruction Program

Career Ladder Program	\$	6,600	
Librarians		196,147	
Education Media Personnel		52,460	
Educational Assistants		12,228	
Social Security		16,241	
State Retirement		17,435	
Life Insurance		283	
Medical Insurance		36,539	
Dental Insurance		480	
Employer Medicare		3,798	
Other Fringe Benefits		416	
Travel		17,656	
Periodicals		58	
Other Supplies and Materials		17,181	
In Service/Staff Development		34,049	
Other Equipment		19,850	
Total Regular Instruction Program			431,421

Special Education Program

Supervisor/Director	\$	61,426	
Career Ladder Program		1,000	
Secretary(ies)		25,286	
Social Security		5,343	
State Retirement		6,046	
Life Insurance		81	
Medical Insurance		17,162	
Dental Insurance		132	
Employer Medicare		1,250	
Travel		10,294	
In Service/Staff Development		13,197	
Total Special Education Program			141,217

Vocational Education Program

Supervisor/Director	\$	66,517	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	1,000	
Secretary(ies)		26,935	
Social Security		5,791	
State Retirement		6,508	
Life Insurance		81	
Medical Insurance		11,053	
Dental Insurance		240	
Employer Medicare		1,354	
Maintenance and Repair Services - Equipment		3,512	
Travel		1,000	
In Service/Staff Development		643	
Total Vocational Education Program			\$ 124,634

Other Programs

On-Behalf Payments to OPEB	\$	88,052	
Total Other Programs			88,052

Board of Education

Secretary to Board	\$	25,899	
Other Salaries and Wages		64,815	
Board and Committee Members Fees		5,550	
Social Security		4,180	
State Retirement		2,160	
Life Insurance		40	
Medical Insurance		5,065	
Dental Insurance		1,266	
Unemployment Compensation		30,672	
Employer Medicare		978	
Audit Services		10,500	
Dues and Memberships		9,012	
Legal Services		18,000	
Travel		10,536	
Other Contracted Services		24,835	
Other Supplies and Materials		2,997	
Liability Insurance		22,592	
Trustee's Commission		96,787	
Workers' Compensation Insurance		60,200	
Other Charges		6,245	
Total Board of Education			402,329

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	102,475	
Assistant(s)		32,548	
Secretary(ies)		20,361	
Clerical Personnel		3,140	
Social Security		9,560	
State Retirement		10,891	
Life Insurance		120	
Medical Insurance		11,815	
Dental Insurance		272	
Employer Medicare		2,154	
Other Fringe Benefits		1,354	
Communication		78,852	
Dues and Memberships		4,282	
Postal Charges		7,751	
Travel		5,591	
Other Contracted Services		13,630	
Office Supplies		5,208	
Other Charges		6,944	
Administration Equipment		1,099	
Total Director of Schools			\$ 318,047

Office of the Principal

Principals	\$	358,085	
Career Ladder Program		7,000	
Accountants/Bookkeepers		46,431	
Assistant Principals		215,068	
Secretary(ies)		148,377	
Social Security		46,857	
State Retirement		53,141	
Life Insurance		758	
Medical Insurance		115,599	
Dental Insurance		1,774	
Employer Medicare		10,959	
Dues and Memberships		2,950	
Total Office of the Principal			1,006,999

Fiscal Services

Accountants/Bookkeepers	\$	78,837
Social Security		4,845

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

State Retirement	\$	6,374	
Life Insurance		81	
Medical Insurance		5,065	
Dental Insurance		108	
Employer Medicare		1,138	
Travel		1,240	
Other Contracted Services		7,135	
Data Processing Supplies		1,720	
Office Supplies		1,001	
Administration Equipment		3,835	
Total Fiscal Services			\$ 111,379

Operation of Plant

Supervisor/Director	\$	31,943	
Custodial Personnel		338,128	
Social Security		22,910	
State Retirement		27,195	
Life Insurance		686	
Medical Insurance		74,122	
Dental Insurance		744	
Employer Medicare		5,350	
Disposal Fees		32,571	
Other Contracted Services		19,999	
Custodial Supplies		41,996	
Electricity		450,000	
Natural Gas		139,964	
Water and Sewer		21,000	
Building and Contents Insurance		67,545	
Total Operation of Plant			1,274,153

Maintenance of Plant

Supervisor/Director	\$	45,760	
Maintenance Personnel		182,708	
Social Security		14,051	
State Retirement		18,415	
Life Insurance		323	
Medical Insurance		42,718	
Dental Insurance		478	
Employer Medicare		3,286	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Laundry Service	\$	8,100	
Maintenance and Repair Services - Buildings		48,166	
Maintenance and Repair Services - Equipment		14,272	
Maintenance and Repair Services - Vehicles		2,536	
Other Contracted Services		24,891	
Equipment and Machinery Parts		15,096	
General Construction Materials		4,440	
Other Supplies and Materials		25,919	
Maintenance Equipment		9,800	
Total Maintenance of Plant			\$ 460,959

Transportation

Supervisor/Director	\$	39,489	
Mechanic(s)		28,186	
Bus Drivers		213,622	
Other Salaries and Wages		2,508	
Social Security		19,387	
State Retirement		13,140	
Life Insurance		93	
Medical Insurance		12,065	
Dental Insurance		124	
Employer Medicare		4,534	
Medical and Dental Services		953	
Other Contracted Services		7,426	
Diesel Fuel		75,921	
Garage Supplies		3,066	
Gasoline		11,999	
Tires and Tubes		5,482	
Vehicle Parts		49,084	
Vehicle and Equipment Insurance		20,855	
Other Charges		2,975	
Transportation Equipment		145,413	
Total Transportation			656,322

Central and Other

Supervisor/Director	\$	53,296
Computer Programmer(s)		32,883
Data Processing Personnel		12,458
Other Salaries and Wages		53,635

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Social Security	\$	8,605	
State Retirement		8,668	
Life Insurance		122	
Medical Insurance		20,372	
Dental Insurance		240	
Employer Medicare		2,011	
Travel		1,533	
Other Contracted Services		24,951	
Data Processing Supplies		22,100	
Other Supplies and Materials		40,133	
Total Central and Other			\$ 281,007

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		64	
Employer Medicare		14	
Total Food Service			1,140

Community Services

Supervisor/Director	\$	9,235	
Teachers		51,334	
Guidance Personnel		4,010	
Bus Drivers		3,712	
Secretary(ies)		5,644	
Educational Assistants		25,582	
Custodial Personnel		4,198	
Social Security		6,431	
State Retirement		7,001	
Employer Medicare		1,504	
Other Contracted Services		1,000	
Other Supplies and Materials		22,238	
In Service/Staff Development		2,000	
Other Charges		6,747	
Total Community Services			150,636

Early Childhood Education

Supervisor/Director	\$	48,450	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Teachers	\$	242,296	
Educational Assistants		99,811	
Other Salaries and Wages		5,294	
Certified Substitute Teachers		4,800	
Social Security		24,514	
State Retirement		26,921	
Life Insurance		683	
Medical Insurance		61,378	
Dental Insurance		1,200	
Employer Medicare		5,733	
Other Supplies and Materials		37,851	
In Service/Staff Development		13,053	
Other Charges		14,368	
Other Equipment		17,094	
Total Early Childhood Education			\$ 603,446

Principal on Debt

Education

Principal on Capital Leases	\$	65,481	
Total Education			65,481

Interest on Debt

Education

Interest on Capital Leases	\$	13,051	
Total Education			13,051

Total General Purpose School Fund \$ 16,629,422

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	44,073	
Educational Assistants		189,945	
Certified Substitute Teachers		1,454	
Non-certified Substitute Teachers		6,348	
Social Security		14,886	
State Retirement		16,658	
Life Insurance		624	
Medical Insurance		41,543	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Dental Insurance	\$	636	
Employer Medicare		3,482	
Other Fringe Benefits		1,935	
Maintenance and Repair Services - Equipment		2,195	
Instructional Supplies and Materials		48,293	
Other Supplies and Materials		5,189	
Other Charges		30	
Regular Instruction Equipment		40,580	
Total Regular Instruction Program			\$ 417,871

Special Education Program

Teachers	\$	36,953	
Educational Assistants		367,163	
Social Security		22,976	
State Retirement		28,410	
Life Insurance		1,131	
Medical Insurance		106,765	
Dental Insurance		1,787	
Employer Medicare		5,580	
Other Fringe Benefits		3,686	
Contracts with Private Agencies		25,536	
Other Contracted Services		188	
Instructional Supplies and Materials		4,164	
Other Supplies and Materials		9,670	
Total Special Education Program			614,009

Vocational Education Program

Instructional Supplies and Materials	\$	1,570	
Vocational Instruction Equipment		28,930	
Total Vocational Education Program			30,500

Support Services

Other Student Support

Travel	\$	9,426	
Other Supplies and Materials		4,348	
In Service/Staff Development		2,750	
Other Charges		688	
Total Other Student Support			17,212

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	74,734	
Secretary(ies)		28,000	
In-Service Training		20,553	
Social Security		6,344	
State Retirement		7,055	
Life Insurance		81	
Medical Insurance		10,130	
Dental Insurance		240	
Employer Medicare		1,484	
Other Fringe Benefits		651	
Maintenance and Repair Services - Equipment		251	
Travel		1,393	
Library Books/Media		23,306	
Other Supplies and Materials		4,751	
In Service/Staff Development		79,012	
Other Charges		2,741	
Total Regular Instruction Program			\$ 260,726

Special Education Program

Secretary(ies)	\$	20,856	
Clerical Personnel		3,001	
Social Security		1,496	
State Retirement		1,691	
Life Insurance		42	
Medical Insurance		97	
Employer Medicare		348	
Other Fringe Benefits		195	
Travel		3,963	
In Service/Staff Development		3,939	
Total Special Education Program			35,628

Vocational Education Program

Travel	\$	800	
Other Equipment		940	
Total Vocational Education Program			1,740

Total School Federal Projects Fund \$ 1,377,686

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	74,734	
Clerical Personnel		25,717	
Cafeteria Personnel		303,249	
Social Security		24,684	
State Retirement		16,045	
Life Insurance		369	
Medical Insurance		42,808	
Dental Insurance		708	
Employer Medicare		5,773	
Other Fringe Benefits		7,822	
Advertising		176	
Dues and Memberships		724	
Licenses		480	
Maintenance Agreements		2,700	
Maintenance and Repair Services - Equipment		12,396	
Travel		4,777	
Other Contracted Services		28,934	
Food Preparation Supplies		52,483	
Food Supplies		401,631	
Office Supplies		3,016	
Small Tools		2,041	
Uniforms		1,628	
Other Supplies and Materials		69	
In Service/Staff Development		2,406	
Other Charges		876	
Food Service Equipment		15,000	
Total Food Service			\$ <u>1,031,246</u>

Total Central Cafeteria Fund \$ 1,031,246

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	267,928	
Other Charges		8	
Building Construction		6,594,056	
Total Regular Capital Outlay			\$ <u>6,861,992</u>

Total Education Capital Projects Fund 6,861,992

Total Governmental Funds - Unicoi County School Department \$ 25,900,346

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, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,214,909
Total Cash Receipts	<u>\$ 1,214,909</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,202,760
Trustee's Commissions	12,149
Total Cash Disbursements	<u>\$ 1,214,909</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2008	<u>0</u>
 Cash Balance, June 30, 2009	<u><u>\$ 0</u></u>

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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

February 12, 2010

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, 2009, which collectively comprise Unicoi County's basic financial statements and have issued our report thereon dated February 12, 2010. 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: 09.01, 09.02, 09.03, and 09.04.

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 item 09.01 to be a material weakness.

Compliance and Other Matters

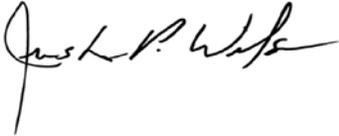
As part of obtaining reasonable assurance about whether Unicoi County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We consider item 09.05 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 response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Unicoi County's response and, accordingly, we express no opinion on it.

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,

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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

February 12, 2010

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, 2009. 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, 2009.

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

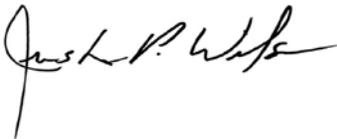
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unicoi County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated February 12, 2010. 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 response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Unicoi County's response and, accordingly, we express no opinion on it.

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Schools and Roads - Grants to States	10.665	N/A	\$ 91,808
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	207,781
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	93,141 (5)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	165,741
National School Lunch Program	10.555	N/A	507,863 (5)
Total U.S. Department of Agriculture			<u>\$ 1,066,334</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 115,505</u>
Total U.S. Department of the Interior:			<u>\$ 115,505</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 2,328
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Z-06-027523-00	<u>29,129</u>
Total U.S. Department of Justice			<u>\$ 31,457</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(3)	<u>\$ 15,905</u>
Total U.S. Department of Transportation			<u>\$ 15,905</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 25,000
Title I Grants to Local Educational Agencies	84.010	N/A	495,724
Special Education Cluster:			
Special Education Grants to States	84.027	N/A	746,528
Special Education - Preschool Grants	84.173	N/A	83,922
Impact Aid	84.041	N/A	116,101
Career and Technical Education - Basic Grants to States	84.048	N/A	43,948
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	8,875
State Grants for Innovative Programs	84.298	N/A	8,000
Education Technology State Grants	84.318	(2)	5,043
Improving Teacher Quality State Grants	84.367	N/A	166,464
Total U.S. Department of Education			<u>\$ 1,699,605</u>

(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:			
Buffer Zone Protection Program (BZPP)	97.078	GG-07-26025-00	\$ 165,553
Emergency Management Performance Grants	97.042	(4)	39,949
Total U.S. Department of Homeland Security			\$ 205,502
 Total Expenditures of Federal Awards			 \$ 3,134,308
 <u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
State Reappraisal - Comptroller of the Treasury	N/A	(2)	6,920
Health Department Program - State Department of Health	N/A	(2)	141,244
Litter Program - State Department of Transportation	N/A	(2)	27,469
Safe Schools Act Grant - State Department of Education	N/A	(2)	14,400
Lottery for Education After School Program - State Department of Education	N/A	(2)	150,466
Coordinated School Health - State Department of Education	N/A	(2)	105,000
Early Childhood Education Project - State Department of Education	N/A	(2)	369,799
Early Childhood Education Pilot Projects - State Department of Education	N/A	(2)	184,899
 Total State Grants			 \$ 1,009,197

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-08-023764-00: \$4,385; Z-09-214691-00: \$11,520.
- (4) GG-08-25949-00: \$21,000; Z-09-213782-00: \$18,949.
- (5) Total for CFDA No. 10.555 is \$601,004.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Unicoi County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

UNICOI COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	174	Unicoi County does not have the resources to produce financial statements and notes to the financial statements

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.04	176	The office had deficiencies in computer system backup procedures

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.05	177	Duties were not segregated adequately in the Offices of Clerk and Master and Sheriff
08.06	177	A central system of accounting, budgeting, and purchasing had not been adopted

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UNICOI COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Unicoi County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
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), and the Special Education Cluster: Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Unicoi County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the road superintendent and clerk and master are paraphrased in this report.

UNICOI COUNTY

FINDING 09.01 **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 its financial statements and notes as a matter of convenience as long as the county has the skills needed to prepare its financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

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.

OFFICE OF ROAD SUPERINTENDENT

FINDING 09.02 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off site on a regular basis. 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. Sound business practices dictate that off-site storage of system backups be implemented. During the prior-year audit, management stored system backups off site. However, during the current period, management chose to discontinue this practice. 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.

RECOMMENDATION

In addition to daily system backups, a weekly system backup should be rotated off site on a weekly basis. Year-end backups should be stored off site and retained indefinitely. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe-deposit box at a local bank. Furthermore, these backups should be tested on a periodic basis to ensure reliability.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

When this was brought to our attention, proper procedures were put in place.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 09.03 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off-site until several months into the fiscal year. Sound business practices dictate that off-site storage of system backups be implemented. During the prior-year audit, we advised management of the importance of storing system backups off-site, and management began taking backups off-site. However, during the current period, management chose to discontinue this practice. When the importance of storing system backups was again brought to management's attention in April 2009, they resumed the practice. 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 09.04 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

This has been an annual finding, and has been previously discussed with the auditor. 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 a significant annual expense 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 09.05 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal programs.

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

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