



**ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

BRYAN W. BURKLIN, CPA, CGFM
Audit Manager

MARK TREECE, CPA, CGFM
Auditor 4

MARIE ELLIOTT, CPA
ROBERT ANDERSON
GREG BRUSH
State Auditors

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

UNICOI COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Unicoi County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	25
Notes to the Financial Statements		26-57
REQUIRED SUPPLEMENTARY INFORMATION:		58
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	E-1	59-60
Highway/Public Works Fund	E-2	61
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Unicoi County School Department	E-3	62
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Unicoi County School Department	E-4	63
Notes to the Required Supplementary Information		64

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		65
Nonmajor Governmental Funds:		66
Combining Balance Sheet	F-1	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	68
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	69
Solid Waste/Sanitation Fund	F-4	70
Drug Control Fund	F-5	71
Major Governmental Fund:		72
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	73
Fiduciary Funds:		74
Combining Statement of Fiduciary Assets and Liabilities	H-1	75
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	76
Component Unit:		
Discretely Presented Unicoi County School Department:		77
Statement of Activities	I-1	78
Balance Sheet – Governmental Funds	I-2	79-80
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	81
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	82
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	83
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-6	84-85
School Federal Projects Fund	I-7	86
Central Cafeteria Fund	I-8	87
Miscellaneous Schedules:		88
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Unicoi County School Department	J-1	89-90
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Unicoi County School Department	J-2	91-92

	Exhibit	Page(s)
Schedule of Transfers – Primary Government and Discretely Presented Unicoi County School Department	J-3	93
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Unicoi County School Department	J-4	94
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	95-99
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Unicoi County School Department	J-6	100-101
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	102-119
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Unicoi County School Department	J-8	120-133
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	134
<u>SINGLE AUDIT SECTION</u>		135
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		136-138
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		139-141
Schedule of Expenditures of Federal Awards and State Grants		142-143
Schedule of Audit Findings Not Corrected		144
Schedule of Findings and Questioned Costs		145-152
Auditee Reporting Responsibilities		153

Audit Highlights
Annual Financial Report
Unicoi County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Unicoi County as of and for the year ended June 30, 2010.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one 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 seven findings and recommendations, which we have reviewed with Unicoi County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

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

UNICOI COUNTY AND UNICOI COUNTY SCHOOL DEPARTMENT

- ◆ Unicoi County and the Unicoi County School Department do not have the resources to produce financial statements and notes to the financial statements.
-

OFFICE OF COUNTY MAYOR

- ◆ Deficiencies were noted in the construction of the jail annex.
-

OFFICES OF COUNTY MAYOR AND SHERIFF

- ◆ Deficiencies were noted in the administration of the drug control program.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ The office had deficiencies in computer system backup procedures.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ A cash shortage of \$20,967.36 existed in the General Purpose School Fund as of May 25, 2010.
-

OTHER FINDINGS

- ◆ Unicoi County has a material recurring audit finding.
 - ◆ Duties were not segregated adequately among the officials and employees in the Offices of Clerk and Master and Sheriff.
-

BEST PRACTICE

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

INTRODUCTORY SECTION

Unicoi County Officials
June 30, 2010

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

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

Board of Education

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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

January 31, 2011

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, 2010, 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, as of June 30, 2010, 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, 2010, and the respective changes in financial 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 January 31, 2011, 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

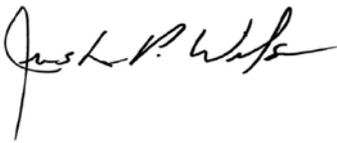
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 59 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Unicoi County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government Governmental Activities	Unit Unit Unicoi County School Department
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 10,260	\$ 66,000
Equity in Pooled Cash and Investments	6,972,023	4,408,400
Accounts Receivable	86,316	2,631
Due from Other Governments	493,937	533,220
Property Taxes Receivable	5,092,174	2,735,602
Allowance for Uncollectible Property Taxes	(287,069)	(154,219)
Deferred Charges - Debt Issuance Cost	224,055	0
Capital Assets:		
Assets Not Depreciated:		
Land	457,064	618,886
Construction in Progress	1,962,603	14,659,533
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,244,830	11,245,527
Other Capital Assets	835,106	1,062,858
Infrastructure	3,978,646	0
Total Assets	<u>\$ 22,069,945</u>	<u>\$ 35,178,438</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 66,997	\$ 94,176
Accrued Payroll	83,929	0
Accrued Interest Payable	185,105	340
Payroll Deductions Payable	15	0
Due to State of Tennessee	11,093	0
Other Current Liabilities	0	349,250
Deferred Revenue - Current Property Taxes	4,645,030	2,495,388
Noncurrent Liabilities:		
Due Within One Year	1,407,514	60,966
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	29,214,151	344,527
Total Liabilities	<u>\$ 35,613,834</u>	<u>\$ 3,344,647</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Unicoi County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 4,214,174	\$ 27,350,873
Restricted for:		
Solid Waste/Sanitation	12,511	0
Drug Control	60,370	0
Highways	2,426,785	0
Debt Service	3,954,975	0
Capital Projects	0	672,036
State and Federal Financial Assistance Programs	18,016	399,811
Alcohol and Drug Treatment	3,067	0
Automation Purposes - Constitutional Officers	75,001	0
Litigation Tax - General Sessions Judge Salary	3,581	0
Other Purposes	7,549	0
Unrestricted	<u>(24,319,918)</u>	<u>3,411,071</u>
Total Net Assets (Deficit)	<u>\$ (13,543,889)</u>	<u>\$ 31,833,791</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, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		Unicoi
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 902,713	\$ 86,252	\$ 36,898	\$ 0	\$ (779,563)	\$ 0
Finance	730,015	395,415	5,524	0	(329,076)	0
Administration of Justice	625,610	589,582	9,000	0	(27,028)	0
Public Safety	3,011,310	528,322	235,618	61,027	(2,186,343)	0
Public Health and Welfare	1,166,740	0	234,505	272,230	(660,005)	0
Social, Cultural, and Recreational Services	47,102	28,074	0	123,818	104,790	0
Agriculture and Natural Resources	50,253	0	0	0	(50,253)	0
Other Operations	59,967	0	0	0	(59,967)	0
Highways	2,304,505	234,820	1,304,561	200,434	(564,690)	0
Interest on Long-term Debt	1,413,958	0	0	0	(1,413,958)	0
Debt Service	37,441	0	0	0	(37,441)	0
Total Primary Government	\$ 10,349,614	\$ 1,862,465	\$ 1,826,106	\$ 657,509	\$ (6,003,534)	\$ 0
Component Unit:						
Unicoi County School Department	\$ 19,829,735	\$ 404,448	\$ 3,513,809	\$ 92,053	\$ 0	\$ (15,819,425)
Total Component Unit	\$ 19,829,735	\$ 404,448	\$ 3,513,809	\$ 92,053	\$ 0	\$ (15,819,425)

(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	Government		Unicoi County School Department
				Total Governmental Activities	Component Unit	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 3,438,100	\$	2,554,294
Property Taxes Levied for Debt Service				1,307,921		0
Local Option Sales Taxes				650,154		1,253,003
Hotel/Motel Tax				59,222		0
Litigation Tax - General				141,776		0
Litigation Tax - Special Purpose				70		0
Litigation Tax - Jail, Workhouse, or Courthouse				193,435		0
Business Tax				62,478		33,531
Mineral Severance Tax				34,381		0
Wholesale Beer Tax				2,747		1,475
Interstate Telecommunications Tax				724		1,533
Other Statutory Local Taxes				28,084		0
Other Local Taxes				0		217
Grants and Contributions Not Restricted to Specific Programs				347,456		12,658,437
Unrestricted Investment Income				202,655		6,866
Miscellaneous				139,725		103,804
Total General Revenues				\$ 6,608,928	\$	16,613,160
Change in Net Assets				\$ 605,394	\$	793,735
Net Assets (Deficit), July 1, 2009				(14,149,283)		31,040,056
Net Assets (Deficit), June 30, 2010				\$ (13,543,889)	\$	31,833,791

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, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Other	Governmental	Funds	
		Public Works	Debt Service	Capital Projects				
Cash	0 \$	0 \$	0 \$	0 \$	0 \$	10,260 \$	10,260	
Equity in Pooled Cash and Investments	405,131	2,141,833	3,951,108	392,818	81,133	6,972,023	6,972,023	
Accounts Receivable	263	79,393	0	0	6,660	86,316	86,316	
Due from Other Governments	132,112	245,926	115,899	0	0	493,937	493,937	
Due from Other Funds	10,260	0	0	0	37,374	47,634	47,634	
Property Taxes Receivable	3,576,057	115,357	1,400,760	0	0	5,092,174	5,092,174	
Allowance for Uncollectible Property Taxes	(201,599)	(6,503)	(78,967)	0	0	(287,069)	(287,069)	
Total Assets	\$ 3,922,224	\$ 2,576,006	\$ 5,388,800	\$ 392,818	\$ 135,427	\$ 12,415,275	12,415,275	

ASSETS

Cash	0 \$	0 \$	0 \$	0 \$	0 \$	10,260 \$	10,260
Equity in Pooled Cash and Investments	405,131	2,141,833	3,951,108	392,818	81,133	6,972,023	6,972,023
Accounts Receivable	263	79,393	0	0	6,660	86,316	86,316
Due from Other Governments	132,112	245,926	115,899	0	0	493,937	493,937
Due from Other Funds	10,260	0	0	0	37,374	47,634	47,634
Property Taxes Receivable	3,576,057	115,357	1,400,760	0	0	5,092,174	5,092,174
Allowance for Uncollectible Property Taxes	(201,599)	(6,503)	(78,967)	0	0	(287,069)	(287,069)
Total Assets	\$ 3,922,224	\$ 2,576,006	\$ 5,388,800	\$ 392,818	\$ 135,427	\$ 12,415,275	12,415,275

LIABILITIES AND FUND BALANCES

Liabilities	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental	Funds	
Accounts Payable	9,594	16,486	0	0	40,917	66,997	66,997	
Accrued Payroll	80,388	0	0	819	2,722	83,929	83,929	
Payroll Deductions Payable	15	0	0	0	0	15	15	
Due to Other Funds	37,374	0	0	0	10,260	47,634	47,634	
Due to State of Tennessee	11,093	0	0	0	0	11,093	11,093	
Deferred Revenue - Current Property Taxes	3,262,043	105,228	1,277,759	0	0	4,645,030	4,645,030	
Deferred Revenue - Delinquent Property Taxes	101,273	3,267	39,669	0	0	144,209	144,209	
Other Deferred Revenues	48,133	116,253	62,203	0	0	226,589	226,589	
Total Liabilities	\$ 3,549,913	\$ 241,234	\$ 1,379,631	\$ 819	\$ 53,899	\$ 5,225,496	5,225,496	

Fund Balances	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental	Funds
Reserved for Alcohol and Drug Treatment	3,067	0	0	0	0	3,067	3,067
Reserved for Sexual Offender Registration	5,760	0	0	0	0	5,760	5,760
Reserved for Courtroom Security	1,354	0	0	0	0	1,354	1,354
Reserved for Computer System - Register	7,615	0	0	0	0	7,615	7,615
Reserved for Automation Purposes - Circuit Court	3,548	0	0	0	0	3,548	3,548
Reserved for Automation Purposes - General Sessions Court	22,997	0	0	0	0	22,997	22,997

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Other	Governmental	
		Public Works	Debt Service	Capital Projects			
\$	2,907	0	0	0	0	0	2,907
	26,899	0	0	0	0	0	26,899
	8,825	0	0	0	0	0	8,825
	2,210	0	0	0	0	0	2,210
	18,016	0	0	0	0	0	18,016
	3,581	0	0	0	0	0	3,581
	265,532	0	0	0	0	0	265,532
	0	2,334,772	0	0	73,316	0	2,408,088
	0	0	4,009,169	0	0	0	4,009,169
	0	0	0	391,999	8,212	0	400,211
	372,311	2,334,772	4,009,169	391,999	81,528	0	7,189,779
	3,922,224	2,576,006	5,388,800	392,818	135,427	0	12,415,275

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
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, 2010

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)		\$	7,189,779
(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		1,962,603	
Add: buildings and improvements net of accumulated depreciation		2,244,830	
Add: other capital assets net of accumulated depreciation		835,106	
Add: infrastructure net of accumulated depreciation		3,978,646	9,478,249
(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	\$	(3,508,321)	
Less: other loans payable		(421,454)	
Less: bonds payable		(26,478,102)	
Add: deferred amount on refunding		29,039	
Add: deferred charges - debt issuance costs		224,055	
Less: compensated absences payable		(195,736)	
Less: accrued interest on bonds, notes, and capital leases		(185,105)	
Less: other deferred revenue - premium on debt		(47,091)	(30,582,715)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>370,798</u>
Net assets of governmental activities (Exhibit A)		\$	<u>(13,543,889)</u>

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

Exhibit C-3

Union County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General		Other Governmental Funds	Total Governmental Funds	
			Debt Service	Capital Projects			
Revenues							
Local Taxes	\$ 3,710,190	\$ 126,194	\$ 2,209,101	\$ 0	\$ 45	\$ 6,045,530	
Licenses and Permits	18,135	585	7,104	0	0	25,824	
Fines, Forfeitures, and Penalties	141,420	0	0	0	203,935	345,355	
Charges for Current Services	44,472	0	0	0	14,071	58,543	
Other Local Revenues	106,653	44,784	119,221	650	59	271,367	
Fees Received from County Officials	839,910	0	0	0	0	839,910	
State of Tennessee	689,013	1,509,209	0	0	0	2,198,222	
Federal Government	211,167	20,518	0	0	1,492	233,177	
Other Governments and Citizens Groups	346,634	234,820	72,711	0	324,245	978,410	
Total Revenues	\$ 6,107,594	\$ 1,936,110	\$ 2,408,137	\$ 650	\$ 543,847	\$ 10,996,338	
Expenditures							
Current:							
General Government	\$ 811,154	\$ 0	\$ 0	\$ 0	\$ 0	\$ 811,154	
Finance	724,497	0	0	0	1,234	725,731	
Administration of Justice	609,781	0	0	0	13,971	623,752	
Public Safety	2,687,899	0	0	0	244,492	2,932,391	
Public Health and Welfare	396,605	0	0	0	484,491	881,096	
Social, Cultural, and Recreational Services	71,209	0	0	0	0	71,209	
Agriculture and Natural Resources	50,253	0	0	0	0	50,253	
Other Operations	77,396	0	0	0	0	77,396	
Highways	0	2,151,071	0	0	0	2,151,071	
Debt Service:							
Principal on Debt	1,060	0	1,308,452	0	0	1,309,512	
Interest on Debt	14	0	1,413,592	0	0	1,413,606	
Other Debt Service	0	0	37,441	0	0	37,441	
Capital Projects	168,029	0	0	1,599,854	268,230	2,036,113	
Total Expenditures	\$ 5,597,897	\$ 2,151,071	\$ 2,759,485	\$ 1,599,854	\$ 1,012,418	\$ 13,120,725	
Excess (Deficiency) of Revenues Over Expenditures	\$ 509,697	\$ (214,961)	\$ (351,348)	\$ (1,599,204)	\$ (468,571)	\$ (2,124,387)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 2,721	\$ 0	\$ 0	\$ 23,320	\$ 26,041	
Transfers In	0	0	0	0	479,914	479,914	
Transfers Out	(479,914)	0	0	0	0	(479,914)	
Total Other Financing Sources (Uses)	\$ (479,914)	\$ 2,721	\$ 0	\$ 0	\$ 503,234	\$ 26,041	
Net Change in Fund Balances	\$ 29,783	\$ (212,240)	\$ (351,348)	\$ (1,599,204)	\$ 34,663	\$ (2,098,346)	
Fund Balance, July 1, 2009	342,528	2,547,012	4,360,517	1,991,203	46,865	9,288,125	
Fund Balance, June 30, 2010	\$ 372,311	\$ 2,334,772	\$ 4,009,169	\$ 391,999	\$ 81,528	\$ 7,189,779	

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, 2010

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)		\$ (2,098,346)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,955,811	
Less: current year depreciation expense	(485,782)	
Less: net book value of assets disposed	<u>(7,113)</u>	1,462,916
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 370,798	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(412,128)</u>	(41,330)
<p>(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:</p>		
Add: change in premium on debt issuances	\$ 3,486	
Less: change in deferred debt issuance costs	(14,501)	
Add: principal payments on bonds	721,953	
Add: principal payments on notes	389,993	
Add: principal payments on other loans	196,506	
Add: principal payments on capital leases	1,059	
Less: amortization of deferred amount on refunding debt	<u>(4,063)</u>	1,294,433
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 14,728	
Change in compensated absences payable	<u>(27,005)</u>	<u>(12,277)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 605,396</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 344,205
Accounts Receivable	50
Due from Other Governments	204,680
Cash Shortage	12,891
Restricted Assets:	
Other Restricted Assets	<u>28,927</u>
Total Assets	<u>\$ 590,753</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 204,680
Due to Litigants, Heirs, and Others	<u>386,073</u>
Total Liabilities	<u>\$ 590,753</u>

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

UNICOI COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2010.

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 the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded 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.

School Federal Projects Fund – This fund accounts for restricted federal revenues, which must be expended on specific education programs.

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.

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

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to three 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 \$349,250 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 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, 2010, Unicoi County had \$24,716,454 in outstanding debt for capital purposes for the discretely presented Unicoi County School Department. This debt is a liability of Unicoi County, but the capital assets acquired are reported in the financial statements of the School Department. 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. Fund Deficit

The Education Capital Projects Fund had a deficit in unreserved fund balance of \$218,642 at June 30, 2010. This deficit resulted from the unperformed portions of construction contracts of \$890,678 being reserved as encumbrances. Funding for these future expenditures is expected to be provided for through available resources of the discretely presented School Department.

C. Cash Shortages: Prior and Current Years

The audit of Unicoi County for the 2005-06 year reported a cash shortage of \$21,431 as of June 30, 2006, and an additional \$791 cash shortage was reported in the 2006-07 year for a total cash shortage of \$22,222 as of June 30, 2007, in the Office of General Sessions Court Clerk. During the 2008-09 year, the county 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, 2010.

On June 28, 2010, the State Comptroller's Office issued a special report on the Unicoi County School Department for the period July 1, 2009, through May 25, 2010. This report disclosed that the director of finance, Angie Williams, disbursed School Department funds totaling \$20,417.36 for personal use. In addition, Ms. Williams failed to pay the School Department \$550 for a laptop computer, which the vocational department built for her, bringing the total cash shortage of \$20,967.36 as of May 25, 2010. Ms. Williams paid restitution totaling \$20,967.36 on May 27, 2010. Ms. Williams, pled guilty to theft over \$10,000 on January 6, 2011, and was sentenced to 90 days

confinement, ten years probation, and payment of restitution of \$8,790 for the additional cost of the audit.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the discretely presented School Department:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Health Services	\$ 385
Principal on Debt - Education	7,461
Interest on Debt - Education	883

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

Investment Balances. As of June 30, 2010, 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	\$ 3,958,951

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, 2010, 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, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 457,064	\$ 0	\$ 0	\$ 457,064
Construction in Progress	362,943	1,799,653	(199,993)	1,962,603
Total Capital Assets Not Depreciated	\$ 820,007	\$ 1,799,653	\$ (199,993)	\$ 2,419,667
Capital Assets Depreciated:				
Buildings and Improvements	\$ 4,039,220	\$ 167,832	\$ 0	\$ 4,207,052
Other Capital Assets	3,273,358	39,005	(49,690)	3,262,673
Infrastructure	6,570,741	149,314	0	6,720,055
Total Capital Assets Depreciated	\$ 13,883,319	\$ 356,151	\$ (49,690)	\$ 14,189,780
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,860,782	\$ 101,440	\$ 0	\$ 1,962,222
Other Capital Assets	2,245,448	224,696	(42,577)	2,427,567
Infrastructure	2,581,763	159,646	0	2,741,409
Total Accumulated Depreciation	\$ 6,687,993	\$ 485,782	\$ (42,577)	\$ 7,131,198
Total Capital Assets Depreciated, Net	\$ 7,195,326	\$ (129,631)	\$ (7,113)	\$ 7,058,582
Governmental Activities Capital Assets, Net	\$ 8,015,333	\$ 1,670,022	\$ (207,106)	\$ 9,478,249

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

Governmental Activities:

General Government	\$ 69,282
Finance	1,889
Administration of Justice	1,323
Public Safety	101,742
Public Health and Welfare	13,769
Highways	<u>297,777</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 485,782</u>

Discretely Presented Unicoi County School Department

Governmental Activities	Balance		Balance
	7-1-09	Increases	
Capital Assets Not Depreciated:			
Land	\$ 618,886	\$ 0	\$ 618,886
Construction in Progress	<u>7,496,351</u>	<u>7,163,182</u>	<u>14,659,533</u>
Total Capital Assets Not Depreciated	<u>\$ 8,115,237</u>	<u>\$ 7,163,182</u>	<u>\$ 15,278,419</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 20,971,159	\$ 75,379	\$ 21,046,538
Other Capital Assets	<u>2,419,079</u>	<u>470,680</u>	<u>2,889,759</u>
Total Capital Assets Depreciated	<u>\$ 23,390,238</u>	<u>\$ 546,059</u>	<u>\$ 23,936,297</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 9,301,935	\$ 499,076	\$ 9,801,011
Other Capital Assets	<u>1,598,095</u>	<u>228,806</u>	<u>1,826,901</u>
Total Accumulated Depreciation	<u>\$ 10,900,030</u>	<u>\$ 727,882</u>	<u>\$ 11,627,912</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,490,208</u>	<u>\$ (181,823)</u>	<u>\$ 12,308,385</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,605,445</u>	<u>\$ 6,981,359</u>	<u>\$ 27,586,804</u>

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

Governmental Activities:

Instruction	\$ 493,627
Support Services	155,831
Operation of Non-Instructional Services	<u>78,424</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 727,882</u>

C. Construction Commitments

At June 30, 2010, 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 \$890,678. Funding for these future expenditures is expected to be provided for through available resources of the discretely presented School Department.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 10,260
Nonmajor governmental	General	37,374

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Fund	\$ 479,914

Discretely Presented Unicoi County School Department

Transfers Out	Transfers In	
	School Federal Projects Fund	Education Capital Projects Fund
General Purpose School Fund	\$ 5,000	\$ 63,285

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

Discretely Presented Unicoi County School Department

The discretely presented School Department has entered into a ten-year lease-purchase agreement for HVAC equipment. The terms of the agreement require total lease payments of \$570,442 plus interest of 3.99 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, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 69,273
2012	69,273
2013	69,273
2014	46,182
Total Minimum Lease Payments	\$ 254,001
Less: Amount Representing Interest	(18,070)
Present Value of Minimum Lease Payments	<u>\$ 235,931</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 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, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
General Obligation Bonds	3.5 to 4.875 %	\$ 17,050,000	\$ 16,838,102
General Obligation Bonds - Refunding	2.45 to 5.25	12,015,000	9,640,000
Capital Outlay Notes	0 to 4.55	4,146,650	3,508,321
Other Loans	0	1,551,362	421,454

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 2012.

The annual requirements to amortize all general obligation bonds, notes, and the other loan outstanding as of June 30, 2010, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2016-2020	6,837,664	4,462,373	11,300,037
2021-2025	6,721,219	2,856,698	9,577,917
2026-2030	8,141,104	1,014,926	9,156,030
2031-2035	179,019	27,011	206,030
Total	\$ 26,478,102	\$ 14,060,387	\$ 40,538,489

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2016-2020	1,556,110	285,358	1,841,468
2021	330,000	15,015	345,015
Total	\$ 3,508,321	\$ 917,745	\$ 4,426,066

Year Ending June 30	Other Loan
	Principal
2011	\$ 196,506
2012	224,948
Total	\$ 421,454

There is \$4,009,169 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,499, based on the 2000 federal census. Debt per capita, including bonds, notes, and the other loan outstanding totaled \$1,721, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loan
Balance, July 1, 2009	\$ 27,200,055	\$ 3,898,314	\$ 617,960
Additions	0	0	0
Deductions	(721,953)	(389,993)	(196,506)
Balance, June 30, 2010	<u>\$ 26,478,102</u>	<u>\$ 3,508,321</u>	<u>\$ 421,454</u>
Balance Due Within One Year	<u>\$ 752,536</u>	<u>\$ 331,244</u>	<u>\$ 196,506</u>

	Capital Leases	Compensated Absences
Balance, July 1, 2009	\$ 1,059	\$ 168,731
Additions	0	112,454
Deductions	(1,059)	(85,449)
Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 195,736</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 127,228</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 30,603,613
Less: Balance Due Within One Year	(1,407,514)
Add: Unamortized Premium on Debt	47,091
Less: Deferred Amount on Refunding	<u>(29,039)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 29,214,151</u>

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

During the 2004-05 fiscal year, Unicoi County issued a \$300,000 note for the benefit of the Unicoi County Emergency Communications District. The district reimburses Unicoi County for principal and interest requirements on this note. During the year, the district paid \$60,937 to the General Debt Service Fund for current-year interest and principal requirements. As of June 30, 2010, the debt has been retired.

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, 2010, was as follows:

Governmental Activities:

	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2009	\$ 294,516	\$ 215,528
Additions	0	183,512
Deductions	(58,585)	(229,478)
Balance, June 30, 2010	<u>\$ 235,931</u>	<u>\$ 169,562</u>
Balance Due Within One Year	<u>\$ 60,966</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 405,493
Less: Balance Due Within One Year	<u>(60,966)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 344,527</u>

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

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, 2010, were \$69,718 and \$23,961, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. 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, 2010, was as follows:

	Balance			Balance
	7-1-09	Issued	Paid	6-30-10
Tax Anticipation Notes	\$ 0	\$ 1,100,000	\$ (1,100,000)	\$ 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 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. Retirees are not allowed to participate in the county's health insurance plan.

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 discretely presented Unicoi County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

The 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Unicoi County and the Unicoi County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Unicoi County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks,

options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Unicoi County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Unicoi County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Unicoi County may enter into derivative transactions in subsequent years.

C. Subsequent Events

Subsequent to June 30, 2010, the county issued \$1,400,000 of tax anticipation notes from the 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.

On August 31, 2010, Tracie Pate left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Darren Sheldon, and Ruby McLaughlin left the Office of County Clerk and was succeeded by Mitzi Bowen.

On December 1, 2010, Unicoi County issued capital outlay notes totaling \$150,000 for jail construction.

D. Contingent Liabilities

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

E. Joint Ventures

The Unicoi County Memorial Hospital is a joint venture in which the county and the Town of Erwin participate. The hospital was created to provide care for the mental and physical needs of the citizens of Unicoi County, Tennessee, and the surrounding areas. The hospital is governed by a seven-member board comprising three appointees from the county, three from the city, and

the president of the medical staff. On dissolution of the corporation, the net assets of the hospital will be shared equally by the county and the city. The hospital generates its operating revenue from providing health care services to the community.

The Upper East Tennessee Regional 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 \$45,907 to the Animal Welfare Board for the year ended June 30, 2010.

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

Administrative Offices:

Unicoi County Memorial Hospital
Greenway Circle
Erwin, TN 37650

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

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

F. Jointly Governed 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's 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.

G. Retirement Commitments

Employees

Plan Description

Employees of Unicoi County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four

years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Unicoi County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Unicoi County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, Unicoi County's annual pension cost of \$432,943 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$432,943	100%	\$0
6-30-09	432,999	100	0
6-30-08	419,212	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.16 percent funded. The actuarial accrued liability for benefits was \$14.16 million, and the actuarial value of assets was \$11.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.46 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.36 million, and the ratio of the UAAL to the covered payroll was 45.93 percent.

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

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

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/Schools>.

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, 2010, 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, 2010, 2009, and 2008, were \$562,237, \$573,248, and \$547,279, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Unicoi County School Department

The Unicoi County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB 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 for Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2010, the School Department contributed \$229,478 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 183,000
Interest on the NPO	9,699
Adjustment to the ARC	(9,187)
Annual OPEB cost	<hr/> \$ 183,512
Amount of contribution	(229,478)
Increase/decrease in NPO	<hr/> \$ (45,966)
Net OPEB obligation, 7-1-09	<hr/> 215,528
	<hr/>
Net OPEB obligation, 6-30-10	<u><u>\$ 169,562</u></u>

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
6-30-10	"	183,512	125	169,562

Funding Status and Funding Progress

The funding status of the plan as of June 30, 2010, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 1,654,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,654,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 8,339,495
UAAL as of % of covered payroll	20%

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

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the Local Education Group Plan, 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 cost rent rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the 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 exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,710,190	\$ 3,719,499	\$ 3,719,499	\$ (9,309)
Licenses and Permits	18,135	17,000	17,000	1,135
Fines, Forfeitures, and Penalties	141,420	163,700	175,131	(33,711)
Charges for Current Services	44,472	43,875	43,875	597
Other Local Revenues	106,653	127,450	207,765	(101,112)
Fees Received from County Officials	839,910	877,000	877,000	(37,090)
State of Tennessee	689,013	663,137	712,237	(23,224)
Federal Government	211,167	83,622	233,500	(22,333)
Other Governments and Citizens Groups	346,634	321,158	329,410	17,224
Total Revenues	\$ 6,107,594	\$ 6,016,441	\$ 6,315,417	\$ (207,823)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 50,398	\$ 52,130	\$ 52,130	\$ 1,732
Board of Equalization	2,100	2,300	2,300	200
County Mayor/Executive	222,047	234,731	234,379	12,332
County Attorney	15,000	23,000	23,000	8,000
Election Commission	146,800	148,180	148,680	1,880
Register of Deeds	156,607	162,704	162,511	5,904
Development	7,750	7,750	7,750	0
County Buildings	120,849	130,757	134,990	14,141
Other General Administration	89,603	94,412	93,926	4,323
<u>Finance</u>				
Property Assessor's Office	237,751	255,184	254,791	17,040
County Trustee's Office	166,672	170,706	170,473	3,801
County Clerk's Office	245,086	258,695	278,433	33,347
Other Finance	74,988	75,000	75,000	12
<u>Administration of Justice</u>				
Circuit Court	339,536	354,381	359,312	19,776
General Sessions Court	103,983	105,845	105,845	1,862
Chancery Court	121,858	124,848	124,743	2,885
Juvenile Court	44,404	54,457	54,404	10,000
<u>Public Safety</u>				
Sheriff's Department	1,856,446	1,818,214	1,879,189	22,743
Jail	596,387	583,461	621,579	25,192
Juvenile Services	8,818	9,000	9,000	182
Fire Prevention and Control	55,000	55,000	55,000	0
Civil Defense	77,640	63,866	85,348	7,708
Other Emergency Management	25,153	25,153	25,153	0
County Coroner/Medical Examiner	25,293	25,566	25,566	273
Public Safety Grant Programs	43,162	44,435	44,317	1,155
<u>Public Health and Welfare</u>				
Local Health Center	84,613	91,824	90,928	6,315

(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	\$ 64,740	\$ 52,923	\$ 67,694	\$ 2,954
Ambulance/Emergency Medical Services	2,318	0	2,500	182
Other Local Health Services	181,862	203,600	255,300	73,438
Regional Mental Health Center	10,600	10,600	10,600	0
Appropriation to State	23,519	23,519	23,519	0
Sanitation Education/Information	28,953	29,237	29,059	106
<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	44,008	35,927	44,045	37
Forest Service	800	800	800	0
Soil Conservation	5,445	5,445	5,445	0
<u>Other Operations</u>				
Tourism	19,750	18,250	19,750	0
Industrial Development	22,717	26,139	30,015	7,298
Veterans' Services	1,000	1,000	1,000	0
Contributions to Other Agencies	12,000	12,000	12,000	0
Employee Benefits	17,429	20,000	18,336	907
Miscellaneous	4,500	4,500	4,500	0
<u>Principal on Debt</u>				
General Government	1,060	0	1,060	0
<u>Interest on Debt</u>				
General Government	14	0	14	0
<u>Capital Projects</u>				
Other General Government Projects	168,029	24,557	288,375	120,346
Total Expenditures	<u>\$ 5,597,897</u>	<u>\$ 5,511,305</u>	<u>\$ 6,003,968</u>	<u>\$ 406,071</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 509,697</u>	<u>\$ 505,136</u>	<u>\$ 311,449</u>	<u>\$ 198,248</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (479,914)</u>	<u>\$ (505,295)</u>	<u>\$ (505,295)</u>	<u>\$ 25,381</u>
Total Other Financing Sources (Uses)	<u>\$ (479,914)</u>	<u>\$ (505,295)</u>	<u>\$ (505,295)</u>	<u>\$ 25,381</u>
Net Change in Fund Balance	\$ 29,783	\$ (159)	\$ (193,846)	\$ 223,629
Fund Balance, July 1, 2009	342,528	319,241	319,241	23,287
Fund Balance, June 30, 2010	<u>\$ 372,311</u>	<u>\$ 319,082</u>	<u>\$ 125,395</u>	<u>\$ 246,916</u>

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 126,194	\$ 135,702	\$ 135,702	\$ (9,508)
Licenses and Permits	585	346	346	239
Other Local Revenues	44,784	60,298	60,298	(15,514)
State of Tennessee	1,509,209	1,913,798	1,913,798	(404,589)
Federal Government	20,518	22,952	22,952	(2,434)
Other Governments and Citizens Groups	234,820	200,000	200,000	34,820
Total Revenues	<u>\$ 1,936,110</u>	<u>\$ 2,333,096</u>	<u>\$ 2,333,096</u>	<u>\$ (396,986)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 121,245	\$ 125,227	\$ 128,577	\$ 7,332
Highway and Bridge Maintenance	1,099,153	1,240,812	1,308,778	209,625
Operation and Maintenance of Equipment	233,159	233,458	252,858	19,699
Other Charges	129,558	125,236	132,295	2,737
Employee Benefits	265,842	283,363	283,363	17,521
Capital Outlay	302,114	793,191	755,808	453,694
Total Expenditures	<u>\$ 2,151,071</u>	<u>\$ 2,801,287</u>	<u>\$ 2,861,679</u>	<u>\$ 710,608</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (214,961)</u>	<u>\$ (468,191)</u>	<u>\$ (528,583)</u>	<u>\$ 313,622</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,721	\$ 0	\$ 0	\$ 2,721
Total Other Financing Sources (Uses)	<u>\$ 2,721</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,721</u>
Net Change in Fund Balance	\$ (212,240)	\$ (468,191)	\$ (528,583)	\$ 316,343
Fund Balance, July 1, 2009	2,547,012	2,713,217	2,713,217	(166,205)
Fund Balance, June 30, 2010	<u>\$ 2,334,772</u>	<u>\$ 2,245,026</u>	<u>\$ 2,184,634</u>	<u>\$ 150,138</u>

Exhibit E-3

Unicoi County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Unicoi County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 11,701	\$ 14,163	\$ 2,462	82.61 %	\$ 5,361	45.93 %
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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Unicoi County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Unicoi County School Department
June 30, 2010

(Dollar amounts in thousands)

Plan	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	7-1-07	\$ 0	\$ 2,230	\$ 2,230	0%	\$ 9,690	23.01%
"	7-1-09	0	1,654	1,654	0	8,339	19.83

*Data available for only two actuarial valuations.

UNICOI COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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.

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

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.

Exhibit F-1

Unicoi County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	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 \$	10,260 \$	0 \$	10,260 \$	0 \$	10,260	
	432	12,511	59,978	0	8,212	72,921	8,212	81,133	
	3	0	6,657	0	0	6,660	0	6,660	
	0	37,374	0	0	0	37,374	0	37,374	
\$	435 \$	49,885 \$	66,635 \$	10,260 \$	8,212 \$	127,215 \$	8,212 \$	135,427	

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Accrued Payroll
 Due to Other Funds

Total Liabilities

Fund Balances

Unreserved

Total Fund Balances

Total Liabilities and Fund Balances

\$	0 \$	37,374 \$	3,543 \$	0 \$	0 \$	40,917 \$	0 \$	40,917
	0	0	2,722	0	0	2,722	0	2,722
	0	0	0	10,260	0	10,260	0	10,260
\$	0 \$	37,374 \$	6,265 \$	10,260 \$	0 \$	53,899 \$	0 \$	53,899
\$	435 \$	12,511 \$	60,370 \$	0 \$	0 \$	73,316 \$	8,212 \$	81,528
\$	435 \$	12,511 \$	60,370 \$	0 \$	0 \$	73,316 \$	8,212 \$	81,528
\$	435 \$	49,885 \$	66,635 \$	10,260 \$	8,212 \$	127,215 \$	8,212 \$	135,427

Exhibit F-2

Unicoi County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2010

	Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	Community Development/ Industrial Park		
Revenues								
Local Taxes	45 \$	0 \$	0 \$	0 \$	45 \$	0 \$	0 \$	45
Fines, Forfeitures, and Penalties	0	0	203,935	0	203,935	0	0	203,935
Charges for Current Services	0	0	0	14,071	14,071	0	0	14,071
Other Local Revenues	0	0	59	0	59	0	0	59
Federal Government	0	0	1,492	0	1,492	0	0	1,492
Other Governments and Citizens Groups	0	0	52,015	0	52,015	272,230	0	324,245
Total Revenues	45 \$	0 \$	257,501 \$	14,071 \$	271,617 \$	272,230 \$	0 \$	543,847
Expenditures								
Current:								
Finance	0 \$	0 \$	1,234 \$	0 \$	1,234 \$	0 \$	0 \$	1,234
Administration of Justice	0	0	0	13,971	13,971	0	0	13,971
Public Safety	0	0	244,392	100	244,492	0	0	244,492
Public Health and Welfare	0	484,491	0	0	484,491	0	0	484,491
Capital Projects	0	0	0	0	0	268,230	0	268,230
Total Expenditures	0 \$	484,491 \$	245,626 \$	14,071 \$	744,188 \$	268,230 \$	0 \$	1,012,418
Excess (Deficiency) of Revenues Over Expenditures	45 \$	(484,491) \$	11,875 \$	0 \$	(472,571) \$	4,000 \$	0 \$	(468,571)
Other Financing Sources (Uses)								
Insurance Recovery	0 \$	0 \$	23,320 \$	0 \$	23,320 \$	0 \$	0 \$	23,320
Transfers In	0	479,914	0	0	479,914	0	0	479,914
Total Other Financing Sources (Uses)	0 \$	479,914 \$	23,320 \$	0 \$	503,234 \$	0 \$	0 \$	503,234
Net Change in Fund Balances	45 \$	(4,577) \$	35,195 \$	0 \$	30,663 \$	4,000 \$	0 \$	34,663
Fund Balance, July 1, 2009	390	17,088	25,175	0	42,653	4,212	0	46,865
Fund Balance, June 30, 2010	435 \$	12,511 \$	60,370 \$	0 \$	73,316 \$	8,212 \$	0 \$	81,528

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 45	\$ 55	\$ 55	\$ (10)
Total Revenues	\$ 45	\$ 55	\$ 55	\$ (10)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 55	\$ 55	\$ 55
Total Expenditures	\$ 0	\$ 55	\$ 55	\$ 55
Excess (Deficiency) of Revenues Over Expenditures	\$ 45	\$ 0	\$ 0	\$ 45
Net Change in Fund Balance	\$ 45	\$ 0	\$ 0	\$ 45
Fund Balance, July 1, 2009	390	391	391	(1)
Fund Balance, June 30, 2010	\$ 435	\$ 391	\$ 391	\$ 44

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, 2010

	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	\$ 484,491	\$ 505,295	\$ 510,795	\$ 26,304
Total Expenditures	\$ 484,491	\$ 505,295	\$ 510,795	\$ 26,304
Excess (Deficiency) of Revenues Over Expenditures	\$ (484,491)	\$ (505,295)	\$ (510,795)	\$ 26,304
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 479,914	\$ 505,295	\$ 505,295	\$ (25,381)
Total Other Financing Sources (Uses)	\$ 479,914	\$ 505,295	\$ 505,295	\$ (25,381)
Net Change in Fund Balance	\$ (4,577)	\$ 0	\$ (5,500)	\$ 923
Fund Balance, July 1, 2009	17,088	16,466	16,466	622
Fund Balance, June 30, 2010	\$ 12,511	\$ 16,466	\$ 10,966	\$ 1,545

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 203,935	\$ 151,000	\$ 151,000	\$ 52,935
Other Local Revenues	59	1,000	1,000	(941)
Federal Government	1,492	0	0	1,492
Other Governments and Citizens Groups	52,015	42,000	42,000	10,015
Total Revenues	<u>\$ 257,501</u>	<u>\$ 194,000</u>	<u>\$ 194,000</u>	<u>\$ 63,501</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 1,234	\$ 0	\$ 1,250	\$ 16
<u>Public Safety</u>				
Sheriff's Department	244,392	134,095	251,515	7,123
Total Expenditures	<u>\$ 245,626</u>	<u>\$ 134,095</u>	<u>\$ 252,765</u>	<u>\$ 7,139</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,875</u>	<u>\$ 59,905</u>	<u>\$ (58,765)</u>	<u>\$ 70,640</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 23,320	\$ 0	\$ 7,825	\$ 15,495
Total Other Financing Sources (Uses)	<u>\$ 23,320</u>	<u>\$ 0</u>	<u>\$ 7,825</u>	<u>\$ 15,495</u>
Net Change in Fund Balance	\$ 35,195	\$ 59,905	\$ (50,940)	\$ 86,135
Fund Balance, July 1, 2009	25,175	25,174	25,174	1
Fund Balance, June 30, 2010	<u>\$ 60,370</u>	<u>\$ 85,079</u>	<u>\$ (25,766)</u>	<u>\$ 86,136</u>

Major Governmental Fund

General Debt Service Fund

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

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,209,101	\$ 2,243,596	\$ 2,243,596	\$ (34,495)
Licenses and Permits	7,104	7,000	7,000	104
Other Local Revenues	119,221	65,000	78,129	41,092
Other Governments and Citizens Groups	72,711	72,809	72,809	(98)
Total Revenues	<u>\$ 2,408,137</u>	<u>\$ 2,388,405</u>	<u>\$ 2,401,534</u>	<u>\$ 6,603</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,308,452	\$ 1,308,278	\$ 1,319,410	\$ 10,958
<u>Interest on Debt</u>				
General Government	1,413,592	1,412,216	1,413,592	0
<u>Other Debt Service</u>				
General Government	37,441	38,325	38,946	1,505
Total Expenditures	<u>\$ 2,759,485</u>	<u>\$ 2,758,819</u>	<u>\$ 2,771,948</u>	<u>\$ 12,463</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (351,348)</u>	<u>\$ (370,414)</u>	<u>\$ (370,414)</u>	<u>\$ 19,066</u>
Net Change in Fund Balance	\$ (351,348)	\$ (370,414)	\$ (370,414)	\$ 19,066
Fund Balance, July 1, 2009	<u>4,360,517</u>	<u>4,355,865</u>	<u>4,355,865</u>	<u>4,652</u>
Fund Balance, June 30, 2010	<u>\$ 4,009,169</u>	<u>\$ 3,985,451</u>	<u>\$ 3,985,451</u>	<u>\$ 23,718</u>

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.

Exhibit H-1

Unicoi County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 344,205	\$ 344,205
Accounts Receivable	0	50	50
Due from Other Governments	204,680	0	204,680
Cash Shortage	0	12,891	12,891
Restricted Assets:			
Other Restricted Assets	0	28,927	28,927
Total Assets	<u>\$ 204,680</u>	<u>\$ 386,073</u>	<u>\$ 590,753</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 204,680	\$ 0	\$ 204,680
Due to Litigants, Heirs, and Others	0	386,073	386,073
Total Liabilities	<u>\$ 204,680</u>	<u>\$ 386,073</u>	<u>\$ 590,753</u>

Exhibit H-2

Unicoi County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,164,292	\$ 1,164,292	\$ 0
Due from Other Governments	203,301	204,680	203,301	204,680
		0		
Total Assets	\$ 203,301	\$ 1,368,972	\$ 1,367,593	\$ 204,680
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 203,301	\$ 1,368,972	\$ 1,367,593	\$ 204,680
Total Liabilities	\$ 203,301	\$ 1,368,972	\$ 1,367,593	\$ 204,680
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 315,478	\$ 3,235,024	\$ 3,206,297	\$ 344,205
Accounts Receivable	50	0	0	50
Cash Shortage	12,891	0	0	12,891
Other Restricted Assets	28,667	260	0	28,927
Total Assets	\$ 357,086	\$ 3,235,284	\$ 3,206,297	\$ 386,073
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 357,086	\$ 3,235,284	\$ 3,206,297	\$ 386,073
Total Liabilities	\$ 357,086	\$ 3,235,284	\$ 3,206,297	\$ 386,073
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 315,478	\$ 3,235,024	\$ 3,206,297	\$ 344,205
Equity in Pooled Cash and Investments	0	1,164,292	1,164,292	0
Accounts Receivable	50	0	0	50
Due from Other Governments	203,301	204,680	203,301	204,680
Cash Shortage	12,891	0	0	12,891
Other Restricted Assets	28,667	260	0	28,927
Total Assets	\$ 560,387	\$ 4,604,256	\$ 4,573,890	\$ 590,753
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 203,301	\$ 1,368,972	\$ 1,367,593	\$ 204,680
Due to Litigants, Heirs, and Others	357,086	3,235,284	3,206,297	386,073
Total Liabilities	\$ 560,387	\$ 4,604,256	\$ 4,573,890	\$ 590,753

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.

Exhibit I-1

Unicoi County, Tennessee
Statement of Activities
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 11,409,082	\$ 32,238	\$ 2,502,512	\$ 92,053	\$ (8,782,279)
Support Services	6,400,228	0	149,163	0	(6,251,065)
Operation of Non-Instructional Services	2,009,821	372,210	862,134	0	(775,477)
Interest on Long-term Debt	10,604	0	0	0	(10,604)
Total Governmental Activities	\$ 19,829,735	\$ 404,448	\$ 3,513,809	\$ 92,053	\$ (15,819,425)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	2,554,294
Local Option Sales Taxes					1,253,003
Business Tax					33,531
Wholesale Beer Tax					1,475
Interstate Telecommunications Tax					1,533
Other Local Taxes					217
Grants and Contributions Not Restricted to Specific Programs					12,658,437
Unrestricted Investment Income					6,866
Miscellaneous					103,804
Total General Revenues				\$	\$ 16,613,160
Change in Net Assets				\$	793,735
Net Assets, July 1, 2009					31,040,056
Net Assets, June 30, 2010				\$	\$ 31,833,791

Exhibit I-2

Unicoi County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2010

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Central Cafeteria Fund		
\$ 63,000 \$	0 \$	0 \$	0 \$	3,000 \$	66,000	
3,346,378	81,008	672,036	308,978		4,408,400	
2,631	0	0	0		2,631	
527,284	5,936	0	0		533,220	
2,735,602	0	0	0		2,735,602	
(154,219)	0	0	0		(154,219)	
\$ 6,520,676 \$	86,944 \$	672,036 \$	311,978 \$		7,591,634	

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	
Accounts Payable	94,176
Other Current Liabilities	349,250
Deferred Revenue - Current Property Taxes	2,495,388
Deferred Revenue - Delinquent Property Taxes	77,471
Other Deferred Revenues	116,891
Total Liabilities	3,133,176

(Continued)

Exhibit I-2

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Central Cafeteria Fund		
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 122,492	\$ 0	\$ 890,678	\$ 0	\$ 0	1,013,170
Reserved for Career Ladder - Extended Contract	17,195	0	0	0	0	17,195
Reserved for Career Ladder Program	2,051	0	0	0	0	2,051
Reserved for Technology	3,528	0	0	0	0	3,528
Reserved for Title I Grants to Local Education Agencies	0	30,540	0	0	0	30,540
Reserved for Special Education - Grants to States	0	51,404	0	0	0	51,404
Reserved for Other General Purposes	0	5,000	0	0	0	5,000
Unreserved, Reported In:						
General Fund	3,264,119	0	0	0	0	3,264,119
Special Revenue Funds	0	0	0	290,093	0	290,093
Capital Projects Funds (Deficit)	0	0	(218,642)	0	0	(218,642)
<u>Total Fund Balances</u>	<u>\$ 3,409,385</u>	<u>\$ 86,944</u>	<u>\$ 672,036</u>	<u>\$ 290,093</u>	<u>\$ 0</u>	<u>\$ 4,458,458</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 6,520,676</u>	<u>\$ 86,944</u>	<u>\$ 672,036</u>	<u>\$ 311,978</u>	<u>\$ 0</u>	<u>\$ 7,591,634</u>

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, 2010

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)		\$	4,458,458
(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		14,659,533	
Add: building and improvements net of accumulated depreciation		11,245,527	
Add: other capital assets net of accumulated depreciation		<u>1,062,858</u>	27,586,804
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			194,362
(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	\$	(235,931)	
Less: accrued interest on capital leases		(340)	
Less: other postemployment benefits liability		<u>(169,562)</u>	<u>(405,833)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 31,833,791</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, 2010

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	Education Capital Projects	Funds Central Cafeteria Fund	
<u>Revenues</u>					
Local Taxes	\$ 3,919,513	\$ 0	\$ 0	\$ 0	\$ 3,919,513
Licenses and Permits	15,809	0	0	0	15,809
Fines, Forfeitures, and Penalties	1,145	0	0	0	1,145
Charges for Current Services	32,238	0	0	259,226	291,464
Other Local Revenues	187,516	0	0	36,138	223,654
State of Tennessee	12,914,865	0	0	13,004	12,927,869
Federal Government	330,108	2,076,221	0	879,481	3,285,810
Other Governments and Citizens Groups	32,532	0	0	0	32,532
Total Revenues	\$ 17,433,726	\$ 2,076,221	\$ 0	\$ 1,187,849	\$ 20,697,796
<u>Expenditures</u>					
Current:					
Instruction	\$ 9,344,449	\$ 1,643,141	\$ 0	\$ 0	\$ 10,987,590
Support Services	6,000,529	419,904	0	0	6,420,433
Operation of Non-Instructional Services	1,016,505	0	0	1,157,909	2,174,414
Capital Outlay	0	0	7,265,002	0	7,265,002
Debt Service:					
Principal on Debt	58,585	0	0	0	58,585
Interest on Debt	10,688	0	0	0	10,688
Total Expenditures	\$ 16,430,756	\$ 2,063,045	\$ 7,265,002	\$ 1,157,909	\$ 26,916,712
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,002,970	\$ 13,176	\$ (7,265,002)	\$ 29,940	\$ (6,218,916)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 983	\$ 0	\$ 0	\$ 0	\$ 983
Transfers In	0	5,000	63,285	0	68,285
Transfers Out	(68,285)	0	0	0	(68,285)
Total Other Financing Sources (Uses)	\$ (67,302)	\$ 5,000	\$ 63,285	\$ 0	\$ 983
Net Change in Fund Balances	\$ 935,668	\$ 18,176	\$ (7,201,717)	\$ 29,940	\$ (6,217,933)
Fund Balance, July 1, 2009	2,473,717	68,768	7,873,753	260,153	10,676,391
Fund Balance, June 30, 2010	\$ 3,409,385	\$ 86,944	\$ 672,036	\$ 290,093	\$ 4,458,458

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, 2010

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)		\$ (6,217,933)
(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	\$ 7,709,241	
Less: current year depreciation expense	<u>(727,882)</u>	6,981,359
(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, 2010	\$ 194,362	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(268,688)</u>	(74,326)
(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	\$ 58,585	
Less: change in other postemployment benefits liability	<u>45,966</u>	104,551
(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>84</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 793,735</u>

Exhibit I-6

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 3,919,513	\$ 0	\$ 0	\$ 3,919,513	\$ 3,944,722	\$ 3,989,563	\$ (70,050)
Licenses and Permits	15,809	0	0	15,809	20,400	20,400	(4,591)
Fines, Forfeitures, and Penalties	1,145	0	0	1,145	0	0	1,145
Charges for Current Services	32,238	0	0	32,238	3,630	22,325	9,913
Other Local Revenues	187,516	0	0	187,516	316,000	350,904	(163,388)
State of Tennessee	12,914,865	0	0	12,914,865	11,549,868	12,609,083	305,782
Federal Government	330,108	0	0	330,108	172,150	278,574	51,534
Other Governments and Citizens Groups	32,532	0	0	32,532	0	0	32,532
Total Revenues	\$ 17,433,726	\$ 0	\$ 0	\$ 17,433,726	\$ 16,006,770	\$ 17,270,849	\$ 162,877
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,537,134	(158)	2,652	\$ 7,539,628	\$ 7,678,915	\$ 7,792,773	\$ 253,145
Alternative Instruction Program	90,069	0	0	90,069	95,824	95,824	5,755
Special Education Program	930,927	(1,620)	0	929,307	928,022	982,314	53,007
Vocational Education Program	664,384	0	0	664,384	673,628	674,116	9,732
Student Body Education Program	121,935	(10,000)	0	111,935	200,000	200,000	88,065
<u>Support Services</u>							
Attendance	86,370	0	0	86,370	87,963	87,963	1,593
Health Services	254,528	(18,568)	18,670	254,630	135,754	254,245	(385)
Other Student Support	527,664	0	0	527,664	614,629	614,629	86,965
Regular Instruction Program	480,324	(1,159)	16,408	495,573	584,752	569,752	74,179
Special Education Program	87,094	0	0	87,094	93,118	93,118	6,024
Vocational Education Program	122,577	0	0	122,577	128,804	128,804	6,227

(Continued)

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 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 93,679	\$ 0	\$ 0	\$ 93,679	\$ 0	\$ 93,679	\$ 0
Board of Education	400,841	0	0	400,841	435,176	435,176	34,335
Director of Schools	303,052	(165)	0	302,887	330,732	333,732	30,845
Office of the Principal	960,683	0	0	960,683	1,049,834	1,046,834	86,151
Fiscal Services	111,179	(242)	0	110,937	115,258	115,258	4,321
Operation of Plant	1,232,637	(23)	12,490	1,245,104	1,388,274	1,388,274	143,170
Maintenance of Plant	445,798	(21,702)	42,514	466,610	648,100	692,941	226,331
Transportation	657,144	(8,692)	6,573	655,025	776,302	776,302	121,277
Central and Other	236,959	(10,124)	2,500	229,335	213,745	237,014	7,679
<u>Operation of Non-Instructional Services</u>							
Food Service	1,140	0	0	1,140	1,141	1,141	1
Community Services	444,789	(208,111)	6,016	242,694	0	265,813	23,119
Early Childhood Education	570,576	(2,190)	14,669	583,055	7,757	584,300	1,245
Principal on Debt							
Education	58,585	0	0	58,585	51,124	51,124	(7,461)
Interest on Debt							
Education	10,688	0	0	10,688	9,805	9,805	(883)
Total Expenditures	\$ 16,430,756	\$ (282,754)	\$ 122,492	\$ 16,270,494	\$ 16,248,657	\$ 17,524,931	\$ 1,254,437
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,002,970	\$ 282,754	\$ (122,492)	\$ 1,163,232	\$ (241,887)	\$ (254,082)	\$ 1,417,314
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 983	\$ 0	\$ 0	\$ 983	\$ 0	\$ 0	\$ 983
Transfers Out	(68,285)	0	0	(68,285)	(67,100)	(72,100)	3,815
Total Other Financing Sources (Uses)	\$ (67,302)	\$ 0	\$ 0	\$ (67,302)	\$ (67,100)	\$ (72,100)	\$ 4,798
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 935,668	\$ 282,754	\$ (122,492)	\$ 1,095,930	\$ (308,987)	\$ (326,182)	\$ 1,422,112
Fund Balance, July 1, 2009	2,473,717	(282,754)	0	2,190,963	1,449,948	1,449,948	741,015
Fund Balance, June 30, 2010	\$ 3,409,385	\$ 0	\$ (122,492)	\$ 3,286,893	\$ 1,140,961	\$ 1,123,766	\$ 2,163,127

Exhibit I-7

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Federal Government	\$ 2,076,221	0	\$ 2,076,221	\$ 2,439,450	\$ 2,440,467	\$ (364,246)
Total Revenues	\$ 2,076,221	0	\$ 2,076,221	\$ 2,439,450	\$ 2,440,467	\$ (364,246)
Expenditures						
Instruction						
Regular Instruction Program	\$ 575,192	0	\$ 575,192	\$ 651,104	\$ 651,104	\$ 75,912
Special Education Program	965,985	0	965,985	1,204,557	1,204,563	238,578
Vocational Education Program	101,964	(2,720)	99,244	98,250	99,150	(94)
Support Services						
Other Student Support	18,912	0	18,912	172,134	172,245	153,333
Regular Instruction Program	258,861	0	258,861	292,614	292,614	33,753
Special Education Program	84,674	0	84,674	93,984	93,984	9,310
Vocational Education Program	1,780	0	1,780	1,800	1,800	20
Transportation	55,677	0	55,677	55,677	55,677	0
Total Expenditures	\$ 2,063,045	(2,720)	\$ 2,060,325	\$ 2,570,120	\$ 2,571,137	\$ 510,812
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,176	2,720	\$ 15,896	\$ (130,670)	\$ (130,670)	\$ 146,566
Other Financing Sources (Uses)						
Transfers In	\$ 5,000	0	\$ 5,000	\$ 138,865	\$ 0	\$ 5,000
Transfers Out	0	0	0	(138,865)	0	0
Total Other Financing Sources (Uses)	\$ 5,000	0	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 18,176	2,720	\$ 20,896	\$ (130,670)	\$ (130,670)	\$ 151,566
	68,768	(2,720)	66,048	130,670	130,670	(64,622)
Fund Balance, June 30, 2010	\$ 86,944	0	\$ 86,944	\$ 0	\$ 0	\$ 86,944

Exhibit I-8

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 259,226	\$ 327,200	\$ 327,200	\$ (67,974)
Other Local Revenues	36,138	25,100	25,100	11,038
State of Tennessee	13,004	15,000	15,000	(1,996)
Federal Government	879,481	733,850	821,140	58,341
Total Revenues	<u>\$ 1,187,849</u>	<u>\$ 1,101,150</u>	<u>\$ 1,188,440</u>	<u>\$ (591)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,157,909	\$ 1,101,150	\$ 1,188,440	\$ 30,531
Total Expenditures	<u>\$ 1,157,909</u>	<u>\$ 1,101,150</u>	<u>\$ 1,188,440</u>	<u>\$ 30,531</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,940</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,940</u>
Net Change in Fund Balance	\$ 29,940	\$ 0	\$ 0	\$ 29,940
Fund Balance, July 1, 2009	<u>260,153</u>	<u>134,452</u>	<u>134,452</u>	<u>125,701</u>
Fund Balance, June 30, 2010	<u><u>\$ 290,093</u></u>	<u><u>\$ 134,452</u></u>	<u><u>\$ 134,452</u></u>	<u><u>\$ 155,641</u></u>

MISCELLANEOUS SCHEDULES

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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Paid and/or		
						Matured During Period	Outstanding 6-30-10	
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Capital Outlay - 911 Communications Equipment	\$ 300,000	3.45%	10-4-04	10-4-09	\$ 60,000	\$ 60,000	\$ 0	
Capital Outlay - Election Commission Building	204,000	4.5	6-16-06	6-16-11	81,600	40,800	40,800	
Capital Outlay - Jail Renovations/Courthouse HVAC	326,850	4.12	2-18-07	1-18-17	259,714	29,793	229,921	
Capital Outlay - Energy Efficiency	415,800	0	4-23-07	6-1-14	297,000	59,400	237,600	
Capital Outlay - Public Works	3,200,000	4.55	2-26-09	4-1-21	3,200,000	200,000	3,000,000	
Total Payable through General Debt Service Fund					\$ 3,898,314	\$ 389,993	\$ 3,508,321	
Total Notes Payable					\$ 3,898,314	\$ 389,993	\$ 3,508,321	
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Tennessee State School Bond Authority Loan Agreement	1,551,362	0	9-29-01	11-1-11	\$ 617,960	\$ 196,506	\$ 421,454	
Qualified Zone Academy Bonds - School Renovation, Repairs, and Equipping					\$ 617,960	\$ 196,506	\$ 421,454	
Total Payable through General Debt Service Fund					\$ 617,960	\$ 196,506	\$ 421,454	
Total Other Loans Payable					\$ 617,960	\$ 196,506	\$ 421,454	
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Circuit Court Computer System	13,230	6.25	12-24-04	11-21-09	\$ 1,059	\$ 1,059	\$ 0	
Total Payable through General Fund					\$ 1,059	\$ 1,059	\$ 0	
Total Capital Leases Payable					\$ 1,059	\$ 1,059	\$ 0	

(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 7-1-09	Paid and/or Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT (CONT.)</u>							
<u>BONDS PAYABLE</u>							
Payable through <u>General Debt Service Fund</u>							
General Obligation Public Improvement	\$ 700,000	4.875%	4-9-1997	1-1-35	\$ 600,055	\$ 11,953	\$ 588,102
General Obligation Refunding	8,715,000	2.45 to 5.25	9-1-01	4-1-21	7,110,000	450,000	6,660,000
General Obligation Refunding	3,300,000	4	10-18-06	4-1-23	3,140,000	160,000	2,980,000
General Obligation School	16,350,000	3.5 to 4.75	9-24-08	5-1-29	16,350,000	100,000	16,250,000
Total Payable through General Debt Service Fund					\$ 27,200,055	\$ 721,953	\$ 26,478,102
Total Bonds Payable					\$ 27,200,055	\$ 721,953	\$ 26,478,102
<u>DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT</u>							
<u>CAPITAL LEASES PAYABLE</u>							
Payable through <u>General Purpose School Fund</u>							
HVAC Equipment	570,442	3.99	2-17-04	2-17-14	\$ 294,516	\$ 58,585	\$ 235,931
Total Payable through General Purpose School Fund					\$ 294,516	\$ 58,585	\$ 235,931
Total Capital Leases Payable					\$ 294,516	\$ 58,585	\$ 235,931

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	
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	\$ 3,508,321	\$ 917,745	\$ 4,426,066

Year Ending June 30	Other Loan		Total
	Principal	Interest	
2011	\$ 196,506	\$ 0	\$ 196,506
2012	224,948	0	224,948
Total	\$ 421,454	\$ 0	\$ 421,454

Year Ending June 30	Bonds		Total
	Principal	Interest	
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

(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 (Cont.)		
	Principal	Interest	Total
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	\$ 26,478,102	\$ 14,060,387	\$ 40,538,489

DISCRETELY PRESENTED UNICOI
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
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	\$ 235,931	\$ 18,070	\$ 254,001

Exhibit J-3

Unicoi County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 479,914
Total Transfers Primary Government			<u>\$ 479,914</u>
<u>DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Matching	\$ 5,000
General Purpose School	Education Capital Projects	Capital expenditures	<u>63,285</u>
Total Transfers Discretely Presented Unicoi County School Department			<u>\$ 68,285</u>

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, 2010

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		105,690 (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	Section 8-24-102, <u>TCA</u>		57,751	10,000	"
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 (2)	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 (3)	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) Does not include special commissioner fees of \$13,971.

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

Exhibit J-5

Unicoi County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2010

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds			Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/Industrial Park		
								Development	Industrial Park	
<u>Local Taxes</u>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 3,143,502	\$ 0	\$ 0	\$ 0	\$ 101,746	\$ 1,230,880	\$ 0	\$ 0	\$ 0	\$ 4,476,128
Trustee's Collections - Prior Year	112,395	0	0	0	2,077	48,743	0	0	0	163,215
Circuit/Clerk & Master Collections - Prior Years	59,126	0	0	0	1,129	25,641	0	0	0	85,896
Interest and Penalty	22,817	0	0	0	526	9,680	0	0	0	33,023
Pick-up Taxes	20,025	0	0	0	420	8,644	0	0	0	29,089
Payments in-Lieu-of Taxes - T.V.A.	225	0	0	0	7	88	0	0	0	320
Payments in-Lieu-of Taxes - Local Utilities	43,661	0	0	0	1,408	17,102	0	0	0	62,171
Payments in-Lieu-of Taxes - Other	8,453	0	0	0	221	2,684	0	0	0	11,358
<u>County Local Option Taxes</u>										
Local Option Sales Tax	0	0	0	0	0	650,154	0	0	0	650,154
Hotel/Motel Tax	59,222	0	0	0	0	0	0	0	0	59,222
Litigation Tax - General	141,496	0	0	0	0	280	0	0	0	141,776
Litigation Tax - Special Purpose	0	42	0	0	0	28	0	0	0	70
Litigation Tax - Jail, Workhouse, or Courthouse	0	3	0	0	0	193,432	0	0	0	193,435
Business Tax	44,153	0	0	0	1,156	17,169	0	0	0	62,478
Mineral Severance Tax	17,191	0	0	0	17,190	0	0	0	0	34,381
<u>Statutory Local Taxes</u>										
Bank Excise Tax	7,907	0	0	0	255	3,097	0	0	0	11,259
Wholesale Beer Tax	1,933	0	0	0	59	755	0	0	0	2,747
Interstate Telecommunications Tax	0	0	0	0	0	724	0	0	0	724
Other Statutory Local Taxes	28,084	0	0	0	0	0	0	0	0	28,084
Total Local Taxes	\$ 3,710,190	\$ 45	\$ 0	\$ 0	\$ 126,194	\$ 2,209,101	\$ 0	\$ 0	\$ 0	\$ 6,045,530
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Cable TV Franchise	\$ 18,135	\$ 0	\$ 0	\$ 0	\$ 585	\$ 7,104	\$ 0	\$ 0	\$ 0	\$ 25,824
Total Licenses and Permits	\$ 18,135	\$ 0	\$ 0	\$ 0	\$ 585	\$ 7,104	\$ 0	\$ 0	\$ 0	\$ 25,824

(Continued)

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds			Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/Industrial Park		
								Development/Industrial Park		
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 1,642	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,642
Officers Costs	948	0	0	0	0	0	0	0	0	948
Drug Control Fines	0	0	11,291	0	0	0	0	0	0	11,291
Jail Fees	323	0	0	0	0	0	0	0	0	323
DUI Treatment Fines	95	0	0	0	0	0	0	0	0	95
Courtroom Security Fee	374	0	0	0	0	0	0	0	0	374
<u>Criminal Court</u>										
Data Entry Fee - Criminal Court	1,238	0	0	0	0	0	0	0	0	1,238
<u>General Sessions Court</u>										
Fines	34,477	0	0	0	0	0	0	0	0	34,477
Officers Costs	35,603	0	0	0	0	0	0	0	0	35,603
Game and Fish Fines	2,950	0	0	0	0	0	0	0	0	2,950
Drug Control Fines	0	0	42,246	0	0	0	0	0	0	42,246
Jail Fees	14,819	0	0	0	0	0	0	0	0	14,819
DUI Treatment Fines	7,198	0	0	0	0	0	0	0	0	7,198
Data Entry Fee - General Sessions Court	8,674	0	0	0	0	0	0	0	0	8,674
Courtroom Security Fee	986	0	0	0	0	0	0	0	0	986
<u>Juvenile Court</u>										
Fines	996	0	0	0	0	0	0	0	0	996
Officers Costs	997	0	0	0	0	0	0	0	0	997
Drug Control Fines	1,496	0	0	0	0	0	0	0	0	1,496
Jail Fees	9,577	0	0	0	0	0	0	0	0	9,577
Data Entry Fee - Juvenile Court	1,015	0	0	0	0	0	0	0	0	1,015
Courtroom Security Fee	80	0	0	0	0	0	0	0	0	80
<u>Chancery Court</u>										
Officers Costs	995	0	0	0	0	0	0	0	0	995
Data Entry Fee - Chancery Court	1,162	0	0	0	0	0	0	0	0	1,162
Courtroom Security Fee	20	0	0	0	0	0	0	0	0	20
<u>Judicial District Drug Program</u>										
Data Entry Fee - Other Courts	15,755	0	0	0	0	0	0	0	0	15,755

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds			Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>										
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 82,211	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,211
Other Fines, Forfeitures, and Penalties	0	0	68,187	0	0	0	0	0	0	68,187
Total Fines, Forfeitures, and Penalties	\$ 141,420	\$ 0	\$ 203,935	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 345,355
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
Work Release Charges for Board Fees	\$ 5,588	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,588
Recreation Fees	28,074	0	0	0	0	0	0	0	0	28,074
Telephone Commissions	700	0	0	0	0	0	0	0	0	700
Constitutional Officers' Fees and Commissions	0	0	0	100	0	0	0	0	0	100
Special Commissioner Fees/Special Master Fees	0	0	0	13,971	0	0	0	0	0	13,971
Data Processing Fee - Register	5,114	0	0	0	0	0	0	0	0	5,114
Data Processing Fee - Sheriff	2,864	0	0	0	0	0	0	0	0	2,864
Sexual Offender Registration Fees - Sheriff	1,150	0	0	0	0	0	0	0	0	1,150
Data Processing Fee - County Clerk	982	0	0	0	0	0	0	0	0	982
Total Charges for Current Services	\$ 44,472	\$ 0	\$ 0	\$ 14,071	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,543
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 47,711	\$ 0	\$ 0	\$ 0	\$ 35,723	\$ 119,221	\$ 0	\$ 0	\$ 0	\$ 202,655
Sale of Maps	655	0	0	0	0	0	0	0	0	655
Sale of Recycled Materials	1,043	0	0	0	0	0	0	0	0	1,043
Retirees' Insurance Payments	5,910	0	0	0	515	0	0	0	0	6,425
Cobra Insurance Payments	0	0	0	0	26	0	0	0	0	26
Miscellaneous Refunds	51,334	0	59	0	8,520	0	650	0	0	60,563
Total Other Local Revenues	\$ 106,653	\$ 0	\$ 59	\$ 0	\$ 44,784	\$ 119,221	\$ 650	\$ 0	\$ 0	\$ 271,367

(Continued)

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds			Total
	General	Courthouse and Jail Maintenance	Constitutional Officers - Fees		Highway / Public Works	General Debt Service	General Capital Projects	Community Development/Industrial Park		
			Drug Control							
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of-Salary</u>										
County Clerk	\$ 142,813	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,813
Circuit Court Clerk	49,800	0	0	0	0	0	0	0	0	49,800
General Sessions Court Clerk	301,086	0	0	0	0	0	0	0	0	301,086
Clerk and Master	45,523	0	0	0	0	0	0	0	0	45,523
Register	53,616	0	0	0	0	0	0	0	0	53,616
Sheriff	11,207	0	0	0	0	0	0	0	0	11,207
Trustee	235,865	0	0	0	0	0	0	0	0	235,865
Total Fees Received from County Officials	\$ 839,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 839,910
<u>State of Tennessee</u>										
General Government Grants	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Juvenile Services Program	2,762	0	0	0	0	0	0	0	0	2,762
State Reappraisal Grant										
Public Safety Grants	16,700	0	0	0	0	0	0	0	0	16,700
Other Public Safety Grants										
Health and Welfare Grants	165,873	0	0	0	0	0	0	0	0	165,873
Health Department Programs										
Public Works Grants	0	0	0	0	0	0	0	0	0	0
State Aid Program	49,799	0	0	0	200,434	0	0	0	0	200,434
Litter Program										
Other State Revenues	28,797	0	0	0	0	0	0	0	0	28,797
Income Tax	17,778	0	0	0	0	0	0	0	0	17,778
Beer Tax	26,227	0	0	0	0	0	0	0	0	26,227
Alcoholic Beverage Tax	2,390	0	0	0	0	0	0	0	0	2,390
Mixed Drink Tax	181,784	0	0	0	4,214	0	0	0	0	185,998
State Revenue Sharing - T.V.A.	150,745	0	0	0	0	0	0	0	0	150,745
Contracted Prisoner Boarding	0	0	0	0	1,290,372	0	0	0	0	1,290,372
Gasoline and Motor Fuel Tax	0	0	0	0	14,189	0	0	0	0	14,189
Petroleum Special Tax	0	0	0	0	0	0	0	0	0	0
Reappraisal Program Reimbursement	2,762	0	0	0	0	0	0	0	0	2,762

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Highway / Public Works	Debt Service Fund		Capital Projects Funds			Total
	General	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Community Development/ Industrial Park		
<u>State of Tennessee (Cont.)</u>											
<u>Other State Revenues (Cont.)</u>											
Registrar's Salary Supplement	\$ 16,380	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,380
Other State Grants	18,016	0	0	0	0	0	0	0	0	0	18,016
Total State of Tennessee	\$ 689,013	\$ 0	\$ 0	\$ 1,509,209	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,198,222
<u>Federal Government</u>											
<u>Federal Through State</u>											
Homeland Security Grants	\$ 20,359	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,359
Law Enforcement Grants	0	0	1,492	0	0	0	0	0	0	0	1,492
ARRA Grant # 1	6,820	0	0	0	0	0	0	0	0	0	6,820
Other Federal through State	124,222	0	0	0	0	0	0	0	0	0	124,222
<u>Direct Federal Revenue</u>											
Forest Service	22,352	0	0	0	20,518	0	0	0	0	0	42,870
Public Safety Partnership and Community Policing - COPS	34,614	0	0	0	0	0	0	0	0	0	34,614
Other Direct Federal Revenue	2,800	0	0	0	0	0	0	0	0	0	2,800
Total Federal Government	\$ 211,167	\$ 0	\$ 1,492	\$ 0	\$ 20,518	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 233,177
<u>Other Governments and Citizens Groups</u>											
<u>Other Governments</u>											
Contributions	\$ 141,064	\$ 0	\$ 52,015	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 193,079
Contracted Services	205,570	0	0	0	294,820	0	0	0	0	272,230	712,620
Other	0	0	0	0	0	72,711	0	0	0	0	72,711
Total Other Governments and Citizens Groups	\$ 346,634	\$ 0	\$ 52,015	\$ 0	\$ 294,820	\$ 72,711	\$ 0	\$ 272,230	\$ 0	\$ 272,230	\$ 978,410
Total	\$ 6,107,594	\$ 45	\$ 257,501	\$ 14,071	\$ 1,936,110	\$ 2,408,137	\$ 650	\$ 272,230	\$ 10,996,338		

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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,403,838	\$ 0	\$ 0	\$ 2,403,838
Trustee's Collections - Prior Year	95,192	0	0	95,192
Circuit/Clerk & Master Collections - Prior Years	50,076	0	0	50,076
Interest and Penalty	18,904	0	0	18,904
Pick-up Taxes	16,882	0	0	16,882
Payments in-Lieu-of Taxes - T.V.A.	172	0	0	172
Payments in-Lieu-of Taxes - Local Utilities	33,400	0	0	33,400
Payments in-Lieu-of Taxes - Other	5,242	0	0	5,242
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,253,003	0	0	1,253,003
Business Tax	33,531	0	0	33,531
Other County Local Option Taxes	217	0	0	217
<u>Statutory Local Taxes</u>				
Bank Excise Tax	6,048	0	0	6,048
Wholesale Beer Tax	1,475	0	0	1,475
Interstate Telecommunications Tax	1,533	0	0	1,533
Total Local Taxes	\$ 3,919,513	\$ 0	\$ 0	\$ 3,919,513
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,936	\$ 0	\$ 0	\$ 1,936
Cable TV Franchise	13,873	0	0	13,873
Total Licenses and Permits	\$ 15,809	\$ 0	\$ 0	\$ 15,809
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 1,145	\$ 0	\$ 0	\$ 1,145
Total Fines, Forfeitures, and Penalties	\$ 1,145	\$ 0	\$ 0	\$ 1,145
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 8,925	\$ 0	\$ 0	\$ 8,925
Tuition - Other	23,313	0	0	23,313
Lunch Payments - Children	0	0	205,544	205,544
Lunch Payments - Adults	0	0	20,788	20,788
Income from Breakfast	0	0	112	112
A la carte Sales	0	0	32,782	32,782
Total Charges for Current Services	\$ 32,238	\$ 0	\$ 259,226	\$ 291,464
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,635	\$ 0	\$ 5,231	\$ 6,866
Sale of Materials and Supplies	112,982	0	0	112,982
Retirees' Insurance Payments	35	0	0	35
Miscellaneous Refunds	68,355	0	30,905	99,260
<u>Nonrecurring Items</u>				
Sale of Equipment	4,509	0	0	4,509

(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	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Other Local Revenues</u>				
Other Local Revenues	\$ 0	\$ 0	\$ 2	\$ 2
Total Other Local Revenues	\$ 187,516	\$ 0	\$ 36,138	\$ 223,654
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 93,679	\$ 0	\$ 0	\$ 93,679
<u>State Education Funds</u>				
Basic Education Program	11,220,832	0	0	11,220,832
Basic Education Program - ARRA	453,400	0	0	453,400
Early Childhood Education	555,873	0	0	555,873
School Food Service	0	0	13,004	13,004
Other State Education Funds	205,244	0	0	205,244
Coordinated School Health - ARRA	100,000	0	0	100,000
Internet Connectivity - ARRA	7,291	0	0	7,291
Career Ladder Program	107,625	0	0	107,625
Career Ladder - Extended Contract - ARRA	56,600	0	0	56,600
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	99,921	0	0	99,921
Safe Schools - ARRA	14,400	0	0	14,400
Total State of Tennessee	\$ 12,914,865	\$ 0	\$ 13,004	\$ 12,927,869
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 567,543	\$ 567,543
USDA - Commodities	0	0	87,290	87,290
Breakfast	0	0	188,604	188,604
USDA - Other	92,053	0	5,693	97,746
USDA Food Service Equipment Grant - ARRA	0	0	30,351	30,351
Vocational Education - Basic Grants to States	0	113,461	0	113,461
Title I Grants to Local Education Agencies	0	633,608	0	633,608
Special Education - Grants to States	14,371	1,109,931	0	1,124,302
Special Education Preschool Grants	0	47,808	0	47,808
English Language Acquisition Grants	0	13,559	0	13,559
Safe and Drug-free Schools - State Grants	0	8,550	0	8,550
Eisenhower Professional Development State Grants	0	136,524	0	136,524
Other Federal through State	0	12,780	0	12,780
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	82,435	0	0	82,435
ROTC Reimbursement	45,526	0	0	45,526
Forest Service	95,723	0	0	95,723
Total Federal Government	\$ 330,108	\$ 2,076,221	\$ 879,481	\$ 3,285,810
<u>Other Governments and Citizens Groups</u>				
<u>Citizens Groups</u>				
Donations	\$ 32,532	\$ 0	\$ 0	\$ 32,532
Total Other Governments and Citizens Groups	\$ 32,532	\$ 0	\$ 0	\$ 32,532
Total	\$ 17,433,726	\$ 2,076,221	\$ 1,187,849	\$ 20,697,796

Exhibit J-7

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,400	
Social Security		2,479	
State Retirement		290	
Audit Services		5,300	
Contracts with Government Agencies		1,250	
Dues and Memberships		3,846	
Legal Notices, Recording, and Court Costs		1,593	
Travel		748	
Other Charges		2,492	
Total County Commission			\$ 50,398

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Total Board of Equalization			2,100

County Mayor/Executive

County Official/Administrative Officer	\$	70,038	
Accountants/Bookkeepers		27,787	
Secretary(ies)		27,787	
Clerical Personnel		27,786	
Social Security		11,152	
State Retirement		12,158	
Life Insurance		408	
Medical Insurance		15,101	
Dental Insurance		656	
Unemployment Compensation		176	
Communication		5,605	
Data Processing Services		14,152	
Dues and Memberships		1,645	
Maintenance and Repair Services - Office Equipment		1,338	
Travel		2,493	
Office Supplies		3,033	
Other Charges		732	
Total County Mayor/Executive			222,047

County Attorney

County Official/Administrative Officer	\$	15,000	
Total County Attorney			15,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	51,976	
Deputy(ies)		25,547	
Mechanic(s)		582	
Clerical Personnel		5,003	
Election Commission		3,760	
Election Workers		8,150	
Social Security		6,766	
State Retirement		6,447	
Life Insurance		204	
Medical Insurance		12,540	
Dental Insurance		542	
Unemployment Compensation		215	
Communication		1,726	
Data Processing Services		6,934	
Dues and Memberships		175	
Janitorial Services		700	
Legal Notices, Recording, and Court Costs		4,027	
Maintenance and Repair Services - Buildings		100	
Maintenance and Repair Services - Equipment		2,000	
Printing, Stationery, and Forms		1,485	
Travel		2,808	
Other Contracted Services		898	
Electricity		2,764	
Office Supplies		1,451	
Total Election Commission			\$ 146,800

Register of Deeds

County Official/Administrative Officer	\$	57,751
Deputy(ies)		23,331
Clerical Personnel		23,090
Part-time Personnel		3,706
Social Security		8,214
State Retirement		7,251
Life Insurance		212
Medical Insurance		9,456
Dental Insurance		565
Unemployment Compensation		194
Communication		2,810
Data Processing Services		4,978
Dues and Memberships		422

(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.)

Maintenance and Repair Services - Office Equipment	\$	980	
Travel		1,054	
Other Contracted Services		150	
Data Processing Supplies		2,495	
Office Supplies		3,474	
Premiums on Corporate Surety Bonds		11	
Data Processing Equipment		493	
Office Equipment		5,970	
Total Register of Deeds			\$ 156,607

Development

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

County Buildings

Custodial Personnel	\$	15,830	
Part-time Personnel		16,564	
Social Security		2,478	
State Retirement		25	
Life Insurance		17	
Dental Insurance		45	
Unemployment Compensation		210	
Maintenance and Repair Services - Buildings		28,326	
Custodial Supplies		3,877	
Natural Gas		11,039	
Utilities		33,588	
Building and Contents Insurance		8,850	
Total County Buildings			120,849

Other General Administration

Postal Charges	\$	25,081	
Duplicating Supplies		3,408	
Office Supplies		744	
Excess Risk Insurance		1,500	
Indirect Cost		1,212	
Liability Insurance		57,658	
Total Other General Administration			89,603

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		24,092	
Deputy(ies)		25,979	
Clerical Personnel		27,186	
Other Salaries and Wages		13,719	
Social Security		10,996	
State Retirement		10,884	
Life Insurance		408	
Medical Insurance		22,672	
Dental Insurance		1,085	
Unemployment Compensation		325	
Audit Services		3,505	
Communication		3,822	
Data Processing Services		8,982	
Dues and Memberships		997	
Maintenance and Repair Services - Office Equipment		9,189	
Postal Charges		96	
Printing, Stationery, and Forms		1,600	
Travel		3,942	
Office Supplies		4,911	
Office Equipment		5,610	
Total Property Assessor's Office			\$ 237,751

County Trustee's Office

County Official/Administrative Officer	\$	57,751
Assistant(s)		27,787
Deputy(ies)		27,787
Temporary Personnel		612
Social Security		8,679
State Retirement		9,134
Life Insurance		306
Medical Insurance		15,474
Dental Insurance		814
Unemployment Compensation		145
Communication		2,515
Data Processing Services		7,706
Dues and Memberships		507
Legal Notices, Recording, and Court Costs		384
Maintenance and Repair Services - Office Equipment		495
Travel		1,689

(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.)

Office Supplies	\$	1,648	
Office Equipment		3,239	
Total County Trustee's Office			\$ 166,672

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		27,787	
Salary Supplements		2,133	
Clerical Personnel		27,787	
Part-time Personnel		26,525	
Other Salaries and Wages		27,787	
Social Security		12,184	
State Retirement		10,783	
Employee and Dependent Insurance		7	
Life Insurance		408	
Medical Insurance		24,712	
Dental Insurance		1,085	
Unemployment Compensation		365	
Communication		5,737	
Dues and Memberships		497	
Maintenance and Repair Services - Buildings		2,010	
Maintenance and Repair Services - Office Equipment		12,978	
Travel		935	
Office Supplies		1,866	
Utilities		934	
Premiums on Corporate Surety Bonds		11	
Office Equipment		804	
Total County Clerk's Office			245,086

Other Finance

Trustee's Commission	\$	74,988	
Total Other Finance			74,988

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Assistant(s)		29,232	
Deputy(ies)		44,880	
Accountants/Bookkeepers		23,136	
Clerical Personnel		22,968	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Part-time Personnel	\$	27,144	
Other Salaries and Wages		25,112	
Jury and Witness Expense		6,574	
Social Security		17,334	
State Retirement		17,456	
Life Insurance		790	
Medical Insurance		30,169	
Dental Insurance		2,102	
Unemployment Compensation		585	
Communication		4,791	
Data Processing Services		12	
Dues and Memberships		457	
Maintenance and Repair Services - Office Equipment		16,848	
Travel		165	
Data Processing Supplies		1,095	
Office Supplies		9,285	
Office Equipment		1,650	
Total Circuit Court			\$ 339,536

General Sessions Court

Judge(s)	\$	82,315	
Social Security		5,915	
State Retirement		6,635	
Life Insurance		102	
Medical Insurance		7,198	
Dental Insurance		271	
Communication		619	
Dues and Memberships		50	
Travel		878	
Total General Sessions Court			103,983

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,882	
Social Security		5,939	
State Retirement		6,660	
Life Insurance		204	
Medical Insurance		12,356	
Dental Insurance		542	
Unemployment Compensation		72	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Communication	\$	1,629	
Dues and Memberships		457	
Legal Notices, Recording, and Court Costs		838	
Maintenance and Repair Services - Office Equipment		6,784	
Office Supplies		1,981	
Premiums on Corporate Surety Bonds		250	
Office Equipment		1,513	
Total Chancery Court			\$ 121,858

Juvenile Court

Salary Supplements	\$	4,368	
Social Security		334	
State Retirement		4	
Unemployment Compensation		35	
Communication		692	
Contracts with Government Agencies		38,971	
Total Juvenile Court			44,404

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,303	
Supervisor/Director		75,088	
Deputy(ies)		242,055	
Investigator(s)		81,873	
Captain(s)		69,647	
Lieutenant(s)		64,327	
Youth Service Officer(s)		89,557	
Sergeant(s)		31,079	
Dispatchers/Radio Operators		214,039	
Secretary(ies)		67,762	
Other Salaries and Wages		179,012	
In-Service Training		8,198	
Social Security		89,373	
State Retirement		77,832	
Life Insurance		3,153	
Medical Insurance		166,265	
Dental Insurance		8,384	
Unemployment Compensation		3,227	
Communication		7,724	
Dues and Memberships		1,800	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Equipment	\$	2,019	
Maintenance and Repair Services - Vehicles		46,296	
Travel		2,030	
Gasoline		120,747	
Law Enforcement Supplies		13,943	
Office Supplies		1,622	
Tires and Tubes		8,284	
Uniforms		8,954	
Liability Insurance		33,494	
Workers' Compensation Insurance		67,686	
Other Charges		222	
Communication Equipment		837	
Law Enforcement Equipment		2,334	
Other Capital Outlay		280	
Total Sheriff's Department			\$ 1,856,446

Jail

Supervisor/Director	\$	30,957	
Guards		135,292	
Other Salaries and Wages		105,916	
Social Security		23,073	
State Retirement		15,994	
Employee and Dependent Insurance		7	
Life Insurance		807	
Medical Insurance		41,509	
Dental Insurance		1,918	
Unemployment Compensation		1,196	
Maintenance and Repair Services - Buildings		7,046	
Maintenance and Repair Services - Equipment		2,030	
Medical and Dental Services		58,094	
Travel		1,000	
Custodial Supplies		980	
Drugs and Medical Supplies		10,195	
Food Supplies		96,755	
Natural Gas		8,324	
Prisoners Clothing		1,677	
Utilities		46,709	
Building and Contents Insurance		6,908	
Total Jail			596,387

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Other Salaries and Wages	\$	8,160	
Social Security		624	
Unemployment Compensation		34	
Total Juvenile Services			\$ 8,818

Fire Prevention and Control

Contributions	\$	55,000	
Total Fire Prevention and Control			55,000

Civil Defense

County Official/Administrative Officer	\$	35,033	
Social Security		2,680	
State Retirement		2,824	
Life Insurance		102	
Medical Insurance		5,158	
Dental Insurance		271	
Unemployment Compensation		68	
Contributions		1,000	
Maintenance and Repair Services - Vehicles		443	
Travel		79	
Gasoline		2,389	
Law Enforcement Supplies		7,170	
Office Supplies		122	
Other Supplies and Materials		18,206	
Communication Equipment		2,095	
Total Civil Defense			77,640

Other Emergency Management

Contributions	\$	5,000	
Other Equipment		20,153	
Total Other Emergency Management			25,153

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	1,864	
Social Security		143	
State Retirement		150	
Unemployment Compensation		4	
Contracts with Other Public Agencies		18,084	
Other Contracted Services		4,800	
Law Enforcement Supplies		248	
Total County Coroner/Medical Examiner			25,293

(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

Deputy(ies)	\$	29,336	
Social Security		2,244	
State Retirement		2,365	
Life Insurance		96	
Medical Insurance		4,874	
Dental Insurance		256	
Unemployment Compensation		69	
Communication		1,171	
Maintenance and Repair Services - Equipment		100	
Postal Charges		300	
Printing, Stationery, and Forms		500	
Travel		1,286	
Office Supplies		400	
Uniforms		165	
Total Public Safety Grant Programs			\$ 43,162

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	29,336	
Social Security		1,076	
State Retirement		1,134	
Life Insurance		102	
Medical Insurance		5,158	
Dental Insurance		271	
Unemployment Compensation		59	
Communication		3,510	
Maintenance and Repair Services - Equipment		1,710	
Maintenance and Repair Services - Office Equipment		2,828	
Custodial Supplies		2,483	
Drugs and Medical Supplies		6,956	
Natural Gas		3,679	
Office Supplies		2,001	
Utilities		15,590	
Other Supplies and Materials		3,865	
Liability Insurance		2,181	
Other Charges		2,674	
Total Local Health Center			84,613

Rabies and Animal Control

Part-time Personnel	\$	59,807	
---------------------	----	--------	--

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Social Security	\$	4,575	
State Retirement		44	
Unemployment Compensation		314	
Total Rabies and Animal Control			\$ 64,740

Ambulance/Emergency Medical Services

Utilities	\$	2,318	
Total Ambulance/Emergency Medical Services			2,318

Other Local Health Services

Paraprofessionals	\$	2,528	
Other Salaries and Wages		138,922	
Social Security		11,076	
State Retirement		4,185	
Life Insurance		204	
Medical Insurance		5,158	
Dental Insurance		271	
Unemployment Compensation		423	
Printing, Stationery, and Forms		90	
Travel		888	
Other Contracted Services		7,476	
Other Supplies and Materials		10,641	
Total Other Local Health Services			181,862

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	\$	22,829	
Social Security		1,722	
Unemployment Compensation		102	
Instructional Supplies and Materials		4,300	
Total Sanitation Education/Information			28,953

(Continued)

Exhibit J-7

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

General Fund (Cont.)

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

Other Salaries and Wages	\$ 7,532	
Social Security	559	
Unemployment Compensation	58	
Communication	1,897	
Contributions	33,962	
Total Agriculture Extension Service		44,008

Forest Service

Contributions	\$ 800	
Total Forest Service		800

Soil Conservation

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

Other Operations

Tourism

Contributions	\$ 16,500	
Dues and Memberships	1,250	
Other Charges	2,000	
Total Tourism		19,750

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Other Salaries and Wages	\$ 3,600	
Social Security	275	
Unemployment Compensation	13	
Contributions	14,289	
Other Charges	4,540	
Total Industrial Development		\$ 22,717

Veterans' Services

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

Contributions to Other Agencies

Contributions	\$ 12,000	
Total Contributions to Other Agencies		12,000

Employee Benefits

Employee and Dependent Insurance	\$ 7,093	
Workers' Compensation Insurance	10,336	
Total Employee Benefits		17,429

Miscellaneous

Contributions	\$ 4,500	
Total Miscellaneous		4,500

Principal on Debt

General Government

Principal on Capital Leases	\$ 1,060	
Total General Government		1,060

Interest on Debt

General Government

Interest on Capital Leases	\$ 14	
Total General Government		14

Capital Projects

Other General Government Projects

Other Capital Outlay	\$ 168,029	
Total Other General Government Projects		168,029

Total General Fund \$ 5,597,897

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Social Security	\$	840	
Unemployment Compensation		88	
Communication		1,953	
Contracts with Private Agencies		438,176	
Operating Lease Payments		21,065	
Maintenance and Repair Services - Office Equipment		134	
Rentals		1,345	
Other Contracted Services		10,910	
Electricity		4,757	
Site Development		5,223	
Total Sanitation Management			\$ 484,491

Total Solid Waste/Sanitation Fund \$ 484,491

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$	1,234	
Total Other Finance			\$ 1,234

Public Safety

Sheriff's Department

Deputy(ies)	\$	22,729	
Investigator(s)		22,811	
Other Salaries and Wages		9,582	
In-Service Training		2,977	
Social Security		3,942	
State Retirement		351	
Life Insurance		3	
Medical Insurance		322	
Dental Insurance		13	
Unemployment Compensation		343	
Advertising		27,899	
Communication		3,568	
Confidential Drug Enforcement Payments		21,856	
Maintenance and Repair Services - Buildings		4,166	
Maintenance and Repair Services - Equipment		604	
Maintenance and Repair Services - Vehicles		30,480	
Travel		5,252	
Veterinary Services		5,914	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Animal Food and Supplies	\$	4,414	
Law Enforcement Supplies		23,628	
Office Supplies		3,154	
Tires and Tubes		2,827	
Uniforms		5,345	
Other Supplies and Materials		533	
Refunds		1,190	
Other Charges		5,357	
Law Enforcement Equipment		16,018	
Motor Vehicles		19,114	
Total Sheriff's Department		<u>19,114</u>	\$ 244,392

Total Drug Control Fund \$ 245,626

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	13,971	
Total Chancery Court			\$ 13,971

Public Safety

Sheriff's Department

Liability Insurance	\$	100	
Total Sheriff's Department		<u>100</u>	100

Total Constitutional Officers - Fees Fund 14,071

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
Accountants/Bookkeepers		43,583	
Audit Services		1,600	
Communication		2,865	
Postal Charges		401	
Travel		2,087	
Data Processing Supplies		443	
Office Supplies		1,092	
Other Charges		4,771	
Data Processing Equipment		730	

(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.)

Office Equipment	\$ 146	
Total Administration		\$ 121,245

Highway and Bridge Maintenance

Foremen	\$ 33,913	
Laborers	611,570	
Other Salaries and Wages	25,270	
Asphalt	281,371	
Concrete	740	
Crushed Stone	49,529	
Other Road Supplies	87,534	
Pipe	5,103	
Structural Steel	2,909	
Other Supplies and Materials	1,214	
Total Highway and Bridge Maintenance		1,099,153

Operation and Maintenance of Equipment

Mechanic(s)	\$ 36,679	
Communication	4,063	
Diesel Fuel	57,186	
Electricity	6,670	
Equipment and Machinery Parts	74,748	
Garage Supplies	2,857	
Gasoline	27,099	
Lubricants	4,576	
Natural Gas	4,123	
Propane Gas	1,964	
Tires and Tubes	12,499	
Communication Equipment	313	
Office Equipment	382	
Total Operation and Maintenance of Equipment		233,159

Other Charges

Dues and Memberships	\$ 2,144	
Legal Services	3,000	
Maintenance Agreements	5,280	
Office Supplies	261	
Trustee's Commission	15,528	
Vehicle and Equipment Insurance	25,327	
Workers' Compensation Insurance	73,018	

(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.)

Liability Claims	\$ 5,000	
Total Other Charges		\$ 129,558

Employee Benefits

Social Security	\$ 62,317	
State Retirement	61,880	
Employee and Dependent Insurance	135,839	
Unemployment Compensation	1,381	
Uniforms	4,425	
Total Employee Benefits		265,842

Capital Outlay

Bridge Construction	\$ 31,782	
Highway Construction	270,332	
Total Capital Outlay		302,114

Total Highway/Public Works Fund		\$ 2,151,071
---------------------------------	--	--------------

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 721,953	
Principal on Notes	389,993	
Principal on Other Loans	196,506	
Total General Government		\$ 1,308,452

Interest on Debt

General Government

Interest on Bonds	\$ 1,237,437	
Interest on Notes	176,155	
Total General Government		1,413,592

Other Debt Service

General Government

Trustee's Commission	\$ 36,170	
Other Debt Service	1,271	
Total General Government		37,441

Total General Debt Service Fund		2,759,485
---------------------------------	--	-----------

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Part-time Personnel	\$ 40,765	
Social Security	1,802	
State Retirement	56	
Life Insurance	1	
Medical Insurance	69	
Dental Insurance	3	
Unemployment Compensation	167	
Architects	61,121	
Legal Services	1,200	
Travel	2,874	
Other Contracted Services	4,040	
Building Improvements	<u>1,438,389</u>	
Total Public Safety Projects		\$ 1,550,487
 <u>Public Health and Welfare Projects</u>		
Building Improvements	\$ <u>2,810</u>	
Total Public Health and Welfare Projects		2,810
 <u>Other General Government Projects</u>		
Building Improvements	\$ 21,604	
Other Construction	<u>24,953</u>	
Total Other General Government Projects		<u>46,557</u>
Total General Capital Projects Fund		\$ 1,599,854
 <u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Consultants	\$ 32,870	
Other Contracted Services	<u>235,360</u>	
Total Other General Government Projects		<u>\$ 268,230</u>
Total Community Development/Industrial Park Fund		<u>268,230</u>
Total Governmental Funds - Primary Government		<u>\$ 13,120,725</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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,219,852	
Career Ladder Program	62,138	
Career Ladder Extended Contracts	49,286	
Educational Assistants	72,086	
Certified Substitute Teachers	16,291	
Non-certified Substitute Teachers	77,103	
Social Security	327,657	
State Retirement	344,549	
Life Insurance	5,363	
Medical Insurance	844,106	
Dental Insurance	11,720	
Employer Medicare	77,784	
Instructional Supplies and Materials	80,786	
Textbooks	221,038	
Other Supplies and Materials	15,145	
Fee Waivers	20,025	
Other Charges	25,428	
Regular Instruction Equipment	66,777	
Total Regular Instruction Program		\$ 7,537,134

Alternative Instruction Program

Teachers	\$ 33,353	
Social Security	2,068	
State Retirement	2,141	
Life Insurance	40	
Medical Insurance	5,674	
Employer Medicare	484	
Contracts with Other School Systems	46,309	
Total Alternative Instruction Program		90,069

Special Education Program

Teachers	\$ 631,833	
Career Ladder Program	7,000	
Educational Assistants	31,565	
Certified Substitute Teachers	4,000	
Social Security	39,878	
State Retirement	42,227	
Life Insurance	750	
Medical Insurance	108,465	

(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.)

Dental Insurance	\$	1,645	
Employer Medicare		9,326	
Other Contracted Services		50,404	
Instructional Supplies and Materials		1,620	
Other Supplies and Materials		1,714	
Other Charges		500	
Total Special Education Program			\$ 930,927

Vocational Education Program

Teachers	\$	460,002	
Career Ladder Program		5,000	
Certified Substitute Teachers		1,551	
Non-certified Substitute Teachers		8,280	
Social Security		27,824	
State Retirement		29,853	
Life Insurance		486	
Medical Insurance		86,487	
Dental Insurance		984	
Employer Medicare		6,525	
Maintenance and Repair Services - Equipment		2,910	
Other Contracted Services		3,645	
Instructional Supplies and Materials		15,665	
Textbooks		3,500	
Other Supplies and Materials		189	
Other Charges		3,500	
Vocational Instruction Equipment		7,983	
Total Vocational Education Program			664,384

Student Body Education Program

Other Equipment	\$	121,935	
Total Student Body Education Program			121,935

Support Services

Attendance

Supervisor/Director	\$	67,707	
Career Ladder Program		2,000	
Social Security		4,300	
State Retirement		4,475	
Life Insurance		40	

(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.)

Medical Insurance	\$	5,522	
Dental Insurance		120	
Employer Medicare		1,006	
Travel		1,200	
Total Attendance			\$ 86,370

Health Services

Medical Personnel	\$	81,959	
School Resource Officer		14,400	
Other Salaries and Wages		78,393	
Social Security		9,675	
State Retirement		11,561	
Life Insurance		284	
Medical Insurance		14,844	
Employer Medicare		2,263	
Travel		9,755	
Drugs and Medical Supplies		2,341	
Other Supplies and Materials		26,555	
Other Charges		2,498	
Total Health Services			254,528

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		231,052	
Psychological Personnel		43,114	
Social Workers		67,288	
School Resource Officer		39,680	
Other Salaries and Wages		11,917	
Social Security		25,491	
State Retirement		27,176	
Life Insurance		389	
Medical Insurance		58,960	
Dental Insurance		600	
Employer Medicare		4,990	
Evaluation and Testing		6,238	
Other Charges		9,769	
Total Other Student Support			527,664

(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.)

Regular Instruction Program

Career Ladder Program	\$ 6,600	
Librarians	201,015	
Education Media Personnel	52,481	
Educational Assistants	12,580	
Social Security	16,641	
State Retirement	17,835	
Life Insurance	284	
Medical Insurance	37,295	
Dental Insurance	480	
Employer Medicare	3,892	
Travel	4,279	
Periodicals	16	
In Service/Staff Development	45,877	
Other Equipment	81,049	
Total Regular Instruction Program		\$ 480,324

Special Education Program

Supervisor/Director	\$ 62,563	
Career Ladder Program	1,000	
Social Security	3,845	
State Retirement	4,081	
Life Insurance	40	
Medical Insurance	12,404	
Dental Insurance	120	
Employer Medicare	899	
Travel	2,142	
Total Special Education Program		87,094

Vocational Education Program

Supervisor/Director	\$ 66,859	
Career Ladder Program	1,000	
Secretary(ies)	27,027	
Social Security	5,791	
State Retirement	6,535	
Life Insurance	81	
Medical Insurance	11,348	
Dental Insurance	240	
Employer Medicare	1,354	
Maintenance and Repair Services - Equipment	1,661	

(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.)

Other Supplies and Materials	\$	444	
In Service/Staff Development		237	
Total Vocational Education Program			\$ 122,577

Other Programs

On-Behalf Payments to OPEB	\$	93,679	
Total Other Programs			93,679

Board of Education

Secretary to Board	\$	25,899	
Other Salaries and Wages		73,122	
Board and Committee Members Fees		5,580	
Social Security		4,250	
State Retirement		2,160	
Life Insurance		40	
Medical Insurance		5,200	
Dental Insurance		444	
Unemployment Compensation		15,882	
Employer Medicare		994	
Audit Services		15,770	
Dues and Memberships		16,922	
Legal Services		4,360	
Travel		9,555	
Other Contracted Services		26,344	
Other Supplies and Materials		2,259	
Liability Insurance		23,266	
Trustee's Commission		96,300	
Workers' Compensation Insurance		66,681	
Other Charges		5,813	
Total Board of Education			400,841

Director of Schools

County Official/Administrative Officer	\$	105,690	
Assistant(s)		34,322	
Secretary(ies)		18,373	
Clerical Personnel		963	
Social Security		9,614	
State Retirement		10,918	
Life Insurance		121	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Medical Insurance	\$	15,362	
Dental Insurance		358	
Employer Medicare		2,248	
Other Fringe Benefits		1,568	
Communication		67,527	
Dues and Memberships		3,316	
Postal Charges		6,674	
Travel		5,778	
Other Contracted Services		10,643	
Office Supplies		4,704	
Other Charges		4,758	
Administration Equipment		115	
Total Director of Schools			\$ 303,052

Office of the Principal

Principals	\$	359,900	
Career Ladder Program		5,963	
Accountants/Bookkeepers		54,259	
Assistant Principals		170,060	
Secretary(ies)		151,131	
Social Security		45,014	
State Retirement		51,154	
Life Insurance		735	
Medical Insurance		106,542	
Dental Insurance		1,647	
Employer Medicare		10,528	
Dues and Memberships		3,750	
Total Office of the Principal			960,683

Fiscal Services

Accountants/Bookkeepers	\$	78,656	
Social Security		4,834	
State Retirement		6,340	
Life Insurance		77	
Medical Insurance		5,151	
Dental Insurance		119	
Employer Medicare		1,130	
Travel		1,919	
Other Contracted Services		7,231	

(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.)

Data Processing Supplies	\$ 2,513	
Office Supplies	981	
Administration Equipment	2,228	
Total Fiscal Services		\$ 111,179

Operation of Plant

Supervisor/Director	\$ 12,689	
Custodial Personnel	331,905	
Social Security	20,826	
State Retirement	26,038	
Life Insurance	676	
Medical Insurance	75,082	
Dental Insurance	748	
Employer Medicare	4,870	
Disposal Fees	38,975	
Other Contracted Services	12,215	
Custodial Supplies	40,004	
Electricity	449,122	
Natural Gas	111,278	
Water and Sewer	23,885	
Other Supplies and Materials	7,494	
Boiler Insurance	3,818	
Building and Contents Insurance	72,893	
Other Charges	119	
Total Operation of Plant		1,232,637

Maintenance of Plant

Supervisor/Director	\$ 45,760
Maintenance Personnel	191,003
Social Security	14,557
State Retirement	19,083
Life Insurance	323
Medical Insurance	43,581
Dental Insurance	490
Employer Medicare	3,404
Laundry Service	9,313
Maintenance and Repair Services - Buildings	53,234
Maintenance and Repair Services - Equipment	506
Maintenance and Repair Services - Vehicles	3,527

(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.)

Other Contracted Services	\$	18,858	
Equipment and Machinery Parts		11,085	
General Construction Materials		2,182	
Other Supplies and Materials		8,545	
Maintenance Equipment		20,347	
Total Maintenance of Plant			\$ 445,798

Transportation

Supervisor/Director	\$	39,489	
Mechanic(s)		31,840	
Bus Drivers		218,689	
Social Security		19,511	
State Retirement		13,174	
Life Insurance		82	
Medical Insurance		11,025	
Dental Insurance		224	
Employer Medicare		4,563	
Communication		148	
Medical and Dental Services		1,105	
Other Contracted Services		8,184	
Diesel Fuel		75,972	
Garage Supplies		1,735	
Gasoline		14,893	
Tires and Tubes		11,200	
Vehicle Parts		32,101	
Other Supplies and Materials		2,073	
Vehicle and Equipment Insurance		21,478	
Transportation Equipment		149,658	
Total Transportation			657,144

Central and Other

Supervisor/Director	\$	52,137
Computer Programmer(s)		32,880
Data Processing Personnel		11,873
Other Salaries and Wages		34,508
Social Security		8,138
State Retirement		8,516
Life Insurance		122
Medical Insurance		20,930

(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.)

Dental Insurance	\$	228	
Employer Medicare		1,903	
Travel		26	
Other Contracted Services		19,768	
Data Processing Supplies		20,218	
Other Supplies and Materials		25,712	
Total Central and Other			\$ 236,959

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	\$	11,106	
Teachers		58,177	
Bus Drivers		4,193	
Secretary(ies)		2,243	
Educational Assistants		33,143	
Social Security		6,721	
State Retirement		7,318	
Life Insurance		4	
Medical Insurance		254	
Dental Insurance		7	
Employer Medicare		1,572	
Other Contracted Services		1,366	
Other Supplies and Materials		8,987	
In Service/Staff Development		1,029	
Other Charges		8,835	
Other Equipment		299,834	
Total Community Services			444,789

Early Childhood Education

Supervisor/Director	\$	51,109	
Teachers		248,530	
Educational Assistants		101,910	

(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.)

Certified Substitute Teachers	\$ 3,038	
Social Security	24,303	
State Retirement	24,546	
Life Insurance	632	
Medical Insurance	78,866	
Dental Insurance	1,074	
Employer Medicare	5,684	
Other Contracted Services	3,053	
Food Supplies	1,622	
Other Supplies and Materials	14,294	
In Service/Staff Development	6,759	
Other Charges	3,801	
Other Equipment	1,355	
Total Early Childhood Education		\$ 570,576

Principal on Debt

Education

Principal on Capital Leases	\$ 58,585	
Total Education		58,585

Interest on Debt

Education

Interest on Capital Leases	\$ 10,688	
Total Education		10,688

Total General Purpose School Fund \$ 16,430,756

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 79,123	
Educational Assistants	179,414	
Certified Substitute Teachers	852	
Non-certified Substitute Teachers	3,473	
Social Security	15,618	
State Retirement	16,710	
Life Insurance	579	
Medical Insurance	47,420	
Dental Insurance	480	

(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.)

Employer Medicare	\$	3,653	
Other Fringe Benefits		2,104	
Maintenance and Repair Services - Equipment		11,441	
Other Contracted Services		49,920	
Instructional Supplies and Materials		59,350	
Other Supplies and Materials		46,471	
Other Charges		277	
Regular Instruction Equipment		58,307	
Total Regular Instruction Program			\$ 575,192

Special Education Program

Teachers	\$	32,512	
Educational Assistants		400,913	
Speech Pathologist		134,328	
Non-certified Substitute Teachers		18,392	
Social Security		34,114	
State Retirement		38,874	
Life Insurance		1,474	
Medical Insurance		156,986	
Dental Insurance		2,820	
Employer Medicare		7,979	
Other Fringe Benefits		4,476	
Other Contracted Services		61,123	
Instructional Supplies and Materials		27,563	
Other Supplies and Materials		775	
Special Education Equipment		43,656	
Total Special Education Program			965,985

Vocational Education Program

Other Contracted Services	\$	5,000	
Instructional Supplies and Materials		1,583	
Vocational Instruction Equipment		95,381	
Total Vocational Education Program			101,964

Support Services

Other Student Support

Travel	\$	12,716	
Other Contracted Services		135	
Other Supplies and Materials		5,062	

(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.)

Other Student Support (Cont.)

Other Charges	\$ 999	
Total Other Student Support		\$ 18,912

Regular Instruction Program

Supervisor/Director	\$ 74,734	
Secretary(ies)	28,220	
In-Service Training	30,950	
Social Security	6,329	
State Retirement	7,072	
Life Insurance	81	
Medical Insurance	10,400	
Dental Insurance	240	
Employer Medicare	1,480	
Other Fringe Benefits	823	
Maintenance and Repair Services - Equipment	1,041	
Travel	34,603	
Library Books/Media	25,283	
Other Supplies and Materials	3,492	
In Service/Staff Development	27,053	
Regular Instruction Equipment	6,060	
Other Equipment	1,000	
Total Regular Instruction Program		258,861

Special Education Program

Secretary(ies)	\$ 45,483	
Clerical Personnel	3,000	
Social Security	3,034	
State Retirement	3,695	
Life Insurance	81	
Medical Insurance	5,200	
Employer Medicare	710	
Other Fringe Benefits	382	
Travel	5,940	
In Service/Staff Development	17,149	
Total Special Education Program		84,674

Vocational Education Program

Travel	\$ 1,480	
In Service/Staff Development	300	
Total Vocational Education Program		1,780

(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.)

Transportation

Transportation Equipment	\$ 55,677	
Total Transportation		\$ 55,677

Total School Federal Projects Fund \$ 2,063,045

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 74,734	
Clerical Personnel	25,402	
Cafeteria Personnel	307,471	
Social Security	24,919	
State Retirement	17,014	
Life Insurance	364	
Medical Insurance	43,965	
Dental Insurance	612	
Unemployment Compensation	3,821	
Employer Medicare	5,828	
Other Fringe Benefits	3,261	
Advertising	89	
Dues and Memberships	150	
Licenses	480	
Maintenance and Repair Services - Equipment	12,784	
Travel	1,857	
Other Contracted Services	55,696	
Food Preparation Supplies	40,594	
Food Supplies	387,753	
Office Supplies	9,896	
Small Tools	598	
Uniforms	1,344	
USDA - Commodities	87,290	
Other Supplies and Materials	470	
In Service/Staff Development	1,418	
Other Charges	663	
Food Service Equipment	49,436	
Total Food Service		<u>\$ 1,157,909</u>

Total Central Cafeteria Fund 1,157,909

(Continued)

Exhibit J-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Other Contracted Services	\$ 390,897	
Building Construction	6,853,980	
Other Capital Outlay	<u>20,125</u>	
Total Regular Capital Outlay		<u>\$ 7,265,002</u>
Total Education Capital Projects Fund		<u>\$ 7,265,002</u>
Total Governmental Funds - Unicoi County School Department		<u><u>\$ 26,916,712</u></u>

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, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,164,292
Total Cash Receipts	<u>\$ 1,164,292</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,152,649
Trustee's Commissions	11,643
Total Cash Disbursements	<u>\$ 1,164,292</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

January 31, 2011

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, 2010, which collectively comprise Unicoi County's basic financial statements and have issued our report thereon dated January 31, 2011. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.05, and 10.06.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.02(B), 10.03(B,C,D), and 10.07.

Compliance and Other Matters

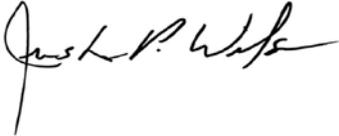
As part of obtaining reasonable assurance about whether Unicoi County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.02(A), 10.03(A), and 10.04.

We also noted certain matters that we reported to management of Unicoi County in separate communications.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Board of County Commissioners, 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 written in a cursive style with a large initial "J" and a long horizontal stroke extending to the right.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

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

January 31, 2011

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, 2010. 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 of 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, 2010

Internal Control Over Compliance

The management of Unicoi County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unicoi County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

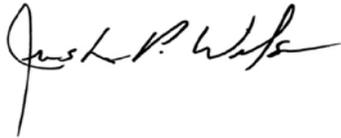
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unicoi County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 31, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Unicoi County Emergency Communications District, which were not available from other auditors as of the

date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Unicoi County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Board of County Commissioners, 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.

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Unicoi County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

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	\$ 124,577
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	92,053
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	87,290 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	188,604
National School Lunch Program	10.555	N/A	567,543 (4)
Summer Food Service Program for Children	10.559	N/A	5,693
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	30,351
Total U.S. Department of Agriculture			<u>\$ 1,096,111</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-09-44	\$ 268,230
Total U.S. Department of Housing and Urban Development			<u>\$ 268,230</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 34,169
Total U.S. Department of the Interior			<u>\$ 34,169</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 1,492
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Z-06-027523-00	34,614
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	(2)	6,820
Total U.S. Department of Justice			<u>\$ 42,926</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	GG-08-23482-00	\$ 123,818
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(2)	16,700
Total U.S. Department of Transportation			<u>\$ 140,518</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 555,089
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	114,214
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	620,968
Special Education - Preschool Grants	84.173	N/A	43,142
Special Education - Grants to States, Recovery Act	84.391	N/A	451,931
Special Education - Preschool Grants, Recovery Act	84.392	N/A	4,665

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Impact Aid	84.041	N/A	\$ 82,435
Career and Technical Education - Basic Grants to States	84.048	N/A	115,994
Safe and Drug-free Schools and Communities - State Grants	84.186	N/A	8,550
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	5,264
Education Technology State Grants, Recovery Act	84.386	N/A	7,516
English Language Acquisition Grants	84.365	N/A	13,559
Improving Teacher Quality State Grants	84.367	N/A	136,524
State Fiscal Stabilization Fund Cluster			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	453,400
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(3)	178,291
Total U.S. Department of Education			\$ 2,791,542
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	GG-09-27374-00	\$ 20,359
Total U.S. Department of Homeland Security			\$ 20,359
Total Expenditures of Federal Awards			\$ 4,393,855
<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)	2,762
Health Department Program - State Department of Health	N/A	(2)	165,873
State Aid Program - State Department of Education	N/A	(2)	200,434
Litter Program - State Department of Transportation	N/A	(2)	49,799
Early Childhood Education Project - State Department of Education	N/A	(2)	148,508
Early Childhood Education Pilot Projects - State Department of Education	N/A	(2)	557,848
Energy Efficient Schools Initiative	N/A	(2)	7,827
Total State Grants			\$ 1,142,051

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) Multi-service contract.

(4) Total for CFDA No. 10.555 is \$654,833.

Unicoi County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

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, 2009, which have not been corrected.

UNICOI COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	176	Unicoi County does not have the resources to produce financial statements and notes to the financial statements

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.04	178	Duties were not segregated adequately in the Offices of Clerk and Master and Sheriff

UNICOI COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Unicoi County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and the Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) 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 county mayor and the clerk and master provided written responses to certain findings, which are paraphrased in this report.

UNICOI COUNTY AND UNICOI COUNTY SCHOOL DEPARTMENT

FINDING 10.01 UNICOI COUNTY AND THE UNICOI COUNTY SCHOOL DEPARTMENT DO 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 and the Unicoi County School Department's financial statements be the product of financial reporting systems that offer 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 and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. 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 and the Unicoi County School Department 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 and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

OFFICE OF COUNTY MAYOR

FINDING 10.02 DEFICIENCIES WERE NOTED IN THE CONSTRUCTION OF THE JAIL ANNEX

(A. – Noncompliance Under Government Auditing Standards;
B. – Internal Control – Significant Deficiency Under Government Auditing Standards)

We noted the following deficiencies, related to the construction of the jail annex:

- A. In many instances, bids had been solicited and approved by the County Commission; however, documentation was not on file as evidence that competitive bids had been solicited for the removal of overhead doors and installation of structural steel (\$14,220), labor and materials to complete additional space (\$20,145), and fabricated stairs (\$16,462). Section 5-14-201 et seq., Tennessee Code Annotated, requires competitive bids to be solicited through public advertisement for purchases exceeding \$10,000.

- B. The Jail Committee did not maintain minutes of its meetings; therefore, we could not determine whether bids had been solicited for the above-noted items.

RECOMMENDATION

Competitive bids should be solicited for all applicable purchases, and documentation should be maintained to support the bid solicitation, bidder responses, and the bid award. Minutes should be maintained for meetings of the Jail Committee.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

As of October 2010, Unicoi County has initiated recording of all committee meetings.

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 10.03 DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE DRUG CONTROL PROGRAM

(A. – Noncompliance Under Government Auditing Standards;
B. through D. – Internal Control – Significant Deficiency Under Government Auditing Standards)

Our review of Drug Control Fund expenditures noted the following deficiencies:

- A. The county used Drug Control Funds to pay for rentals, memberships and dues, repairs, landscaping, and other items that were of a questionable nature under Section 39-17-420, Tennessee Code Annotated, (TCA). This statute provides that drug control funds can only be expended for (1) local drug enforcement program, (2) local drug education program, (3) local drug

treatment program, and (4) nonrecurring general law enforcement expenditures. Recurring operating expenditures, such as those noted above, do not meet any of the four criteria for the expenditure of drug funds.

- B. Purchase orders were not issued for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.
- C. We noted several instances where disbursements were made from statements or copies of statements without obtaining the original invoices to support the purchases. Likewise, numerous disbursements were made for advertisements without documentation that identified the purpose of the advertisement.
- D. In some instances, travel claims were either not completed or not completed correctly in accordance with the county's travel policies.

RECOMMENDATION

Drug control funds should only be expended for items that comply with the criteria as provided by state statute. To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases. Invoices should be on file to support all purchases. Travel claims should be correctly completed for all travel related disbursements in accordance with the county's travel policies.

OFFICE OF ROAD SUPERINTENDENT

FINDING 10.04 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Noncompliance Under Government Auditing Standards)

System backups were not stored off-site. Section 10-7-121, Tennessee Code Annotated, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to follow through with implementing 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 were implemented in February 2010.

RECOMMENDATION

Management should ensure backups are rotated off-site on a weekly basis.

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 10.05 A CASH SHORTAGE OF \$20,967.36 EXISTED IN THE GENERAL PURPOSE SCHOOL FUND AS OF MAY 25, 2010
(Internal Control – Material Weakness Under Government Auditing Standards)**

On June 28, 2010, our office issued a special report on the Unicoi County School Department for the period July 1, 2009, through May 25, 2010. This report disclosed that the director of finance disbursed School Department funds totaling \$20,417.36 for personal expenses. In addition, the director failed to pay the School Department \$550 for a laptop computer, which the vocational department built for the director, bringing the total cash shortage to \$20,967.36 as of May 25, 2010. This report is available at www.tn.gov/comptroller. The county received restitution totaling \$20,967.36 on May 27, 2010. The former director of finance pled guilty to theft over \$10,000 on January 6, 2011, and was sentenced to 90 days confinement, ten years probation, and payment of restitution of \$8,790 for the additional cost of the audit.

OTHER FINDINGS AND RECOMMENDATIONS

**FINDING 10.06 UNICOI COUNTY HAS A MATERIAL RECURRING AUDIT FINDING
(Internal Control – Material Weakness Under Government Auditing Standards)**

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

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	Unicoi County does not have the resources to produce financial statements and notes to the financial statements

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

RECOMMENDATION

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

FINDING 10.07 **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 officials 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, which has previously been 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 significant annual expenses to the county. I do not feel the implementation of segregation of duties at this time would be economically feasible for our county. However, in the event the County Commission deems this implementation appropriate and feasible and is able to adequately fund same on a recurring annual basis, I would be more than happy to comply with all of your recommendations.

AUDITOR'S REBUTTAL

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

BEST PRACTICE

A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing process. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. County officials should consider adopting either the County Financial Management System of 1981 or a private act that 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, 2010

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