



**ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2011



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FOR THE YEAR ENDED JUNE 30, 2011

JUSTIN P. WILSON
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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This financial report is available at www.tn.gov/comptroller

UNICOI COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Unicoi County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Unicoi County as of and for the year ended June 30, 2011.

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 five 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 Practices

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

OFFICE OF COUNTY MAYOR

- ◆ Expenditures exceeded appropriations.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department had deficiencies in the use of federal special education funds.

OFFICES OF COUNTY TRUSTEE, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF CLERK AND MASTER

- ◆ Duties were not segregated adequately in the Office of Clerk and Master.
-

OFFICE OF SHERIFF

- ◆ The sheriff has been indicted by the Unicoi County Grand Jury.
-

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices 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.

- Unicoi County should adopt a central system of accounting, budgeting, and purchasing.
- Unicoi County should establish an Audit Committee.

INTRODUCTORY SECTION

Unicoi County Officials
June 30, 2011

Officials

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

Board of County Commissioners

Sue Jean Moore Wilson, Chairman	Bill Hensley
Kenneth Garland	James Howell
Dwight Bennett	Loren Thomas
Doug Bowman	Gene Wilson
Dr. James Hatcher	

Board of Education

Renea Rogers, Chairman	Victor Price
Rick Butler	Bo Shadden
Garland Evely	Judy Webb

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 17, 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, 2011, 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, 2011, 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, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

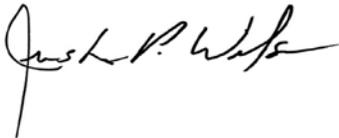
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 65 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 financial statements as a whole. 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Unicoi County, Tennessee
Statement of Net Assets
June 30, 2011

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Unicoi County School Department</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 26,693	\$ 66,000
Equity in Pooled Cash and Investments	6,138,683	4,409,636
Accounts Receivable	42,078	820
Due from Other Governments	521,466	741,913
Due from Component Units	3,832	0
Property Taxes Receivable	5,125,164	2,732,342
Allowance for Uncollectible Property Taxes	(261,872)	(139,609)
Deferred Charges - Debt Issuance Cost	220,531	0
Capital Assets:		
Assets Not Depreciated:		
Land	457,064	618,886
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,396,298	25,324,563
Other Capital Assets	775,705	1,414,487
Infrastructure	4,375,430	0
Total Assets	<u>\$ 21,821,072</u>	<u>\$ 35,169,038</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 53,073	\$ 1,276
Accrued Payroll	98,626	0
Accrued Interest Payable	149,223	272
Payroll Deductions Payable	25,469	0
Due to Primary Government	0	3,832
Other Current Liabilities	0	360,087
Deferred Revenue - Current Property Taxes	4,717,745	2,515,138
Noncurrent Liabilities:		
Due Within One Year	1,511,037	63,444
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	27,988,963	226,722
Total Liabilities	<u>\$ 34,544,136</u>	<u>\$ 3,170,771</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	\$ 4,652,536	\$ 27,182,971
Restricted for:		
General Government	7,213	0
Finance	40,553	0
Administration of Justice	1,854	0
Public Safety	96,132	0
Public Health and Welfare	55,664	0
Highways/Public Works	2,390,039	0
Debt Service	3,340,021	
Education	0	631,801
Capital Outlay	7,773	122,837
Unrestricted	<u>(23,314,849)</u>	<u>4,060,658</u>
Total Net Assets (Deficit)	<u>\$ (12,723,064)</u>	<u>\$ 31,998,267</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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government		Unicoi County School Department	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Unicoi County School Department	Unicoi County School Department
Primary Government:							
Governmental Activities:							
General Government	\$ 1,008,351	\$ 90,288	\$ 115,658	\$ 0	\$ (802,405)	\$ 0	\$ 0
Finance	729,486	407,463	0	0	(322,023)	0	0
Administration of Justice	667,774	582,100	9,000	9,800	(66,874)	0	0
Public Safety	3,132,775	595,920	207,491	0	(2,329,364)	0	0
Public Health and Welfare	1,152,471	0	407,748	84,140	(660,583)	0	0
Social, Cultural, and Recreational Services	121,209	19,474	0	34,691	(67,044)	0	0
Agriculture and Natural Resources	42,305	0	0	0	(42,305)	0	0
Other Operations	77,481	0	992	0	(76,489)	0	0
Highways	1,897,949	240,022	1,309,843	278,626	(69,458)	0	0
Interest on Long-term Debt	1,364,327	0	0	0	(1,364,327)	0	0
Debt Service	36,925	0	0	0	(36,925)	0	0
Total Primary Government	\$ 10,231,053	\$ 1,935,267	\$ 2,050,732	\$ 407,257	\$ (5,837,797)	\$ 0	\$ 0
Component Unit:							
Unicoi County School Department	\$ 20,707,029	\$ 441,396	\$ 3,273,796	\$ 0	\$ 0	\$ (16,991,837)	\$ (16,991,837)
Total Component Unit	\$ 20,707,029	\$ 441,396	\$ 3,273,796	\$ 0	\$ 0	\$ (16,991,837)	\$ (16,991,837)

(Continued)

Exhibit B

Unicoi County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Unicoi County School Department
				Total Governmental Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 3,558,213	\$	2,614,396
Property Taxes Levied for Debt Service				1,343,563		0
Local Option Sales Taxes				652,679		1,291,878
Hotel/Motel Tax				52,421		0
Litigation Tax - General				134,626		0
Litigation Tax - Special Purpose				44		0
Litigation Tax - Jail, Workhouse, or Courthouse				188,206		0
Business Tax				92,931		2,883
Mineral Severance Tax				30,276		0
Wholesale Beer Tax				3,954		1,942
Interstate Telecommunications Tax				564		1,232
Other Statutory Local Taxes				50,919		0
Other Local Taxes				0		279
Grants and Contributions Not Restricted to Specific Programs				349,447		13,132,723
Unrestricted Investment Income				79,631		6,173
Miscellaneous				121,148		104,807
Total General Revenues				\$ 6,658,622	\$	\$ 17,156,313
Change in Net Assets				\$ 820,825	\$	\$ 164,476
Net Assets (Deficit), July 1, 2010				(13,543,889)		31,833,791
Net Assets (Deficit), June 30, 2011				(12,723,064)	\$	\$ 31,998,267

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

Unicoi County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,693	\$ 26,693
Equity in Pooled Cash and Investments	277,626	114,988	2,166,300	3,505,324	74,445	6,138,683	6,138,683
Accounts Receivable	1,858	0	40,205	15	0	42,078	42,078
Due from Other Governments	186,565	0	239,814	95,087	0	521,466	521,466
Due from Other Funds	27,446	0	1,209	0	0	28,655	28,655
Due from Component Units	3,832	0	0	0	0	3,832	3,832
Property Taxes Receivable	3,039,529	565,870	115,438	1,404,327	0	5,125,164	5,125,164
Allowance for Uncollectible Property Taxes	(155,306)	(28,913)	(5,899)	(71,754)	0	(261,872)	(261,872)
Total Assets	\$ 3,381,550	\$ 651,945	\$ 2,557,067	\$ 4,932,999	\$ 101,138	\$ 11,624,699	\$ 11,624,699

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts Payable	\$ 16,256	\$ 34,397	\$ 321	\$ 0	\$ 0	\$ 2,099	\$ 53,073
Accrued Payroll	96,850	0	0	0	0	1,776	98,626
Payroll Deductions Payable	25,469	0	0	0	0	0	25,469
Due to Other Funds	0	0	0	1,962	0	26,693	28,655
Deferred Revenue - Current Property Taxes	2,797,905	520,887	106,261	1,292,692	0	0	4,717,745
Deferred Revenue - Delinquent Property Taxes	72,008	13,406	2,735	33,269	0	0	121,418
Other Deferred Revenues	4,604	0	115,416	58,273	0	0	178,293
Total Liabilities	\$ 3,013,092	\$ 568,690	\$ 224,733	\$ 1,386,196	\$ 30,568	\$ 5,223,279	\$ 5,223,279
Fund Balances							
Restricted:							
Restricted for General Government	\$ 6,734	\$ 0	\$ 0	\$ 0	\$ 479	\$ 7,213	\$ 7,213
Restricted for Finance	40,553	0	0	0	0	0	40,553
Restricted for Administration of Justice	1,854	0	0	0	0	0	1,854
Restricted for Public Safety	33,814	0	0	0	62,318	96,132	96,132
Restricted for Public Health and Welfare	0	42,258	0	0	0	0	42,258
Restricted for Highways/Public Works	0	0	2,300,304	0	0	0	2,300,304

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
LIABILITIES AND FUND BALANCES (Cont.)							
Fund Balances (Cont.)							
Restricted (Cont.):							
Restricted for Debt Service	\$ 0	\$ 0	\$ 0	\$ 3,372,520	\$ 0	\$ 0	\$ 3,372,520
Restricted for Capital Projects	0	0	0	0	7,773	0	7,773
Committed:							
Committed for Public Health and Welfare	0	40,997	0	0	0	0	40,997
Committed for Highways/Public Works	0	0	32,030	0	0	0	32,030
Committed for Debt Service	0	0	0	174,283	0	0	174,283
Assigned:							
Assigned for General Government	114,012	0	0	0	0	0	114,012
Unassigned	171,491	0	0	0	0	0	171,491
Total Fund Balances	\$ 368,458	\$ 83,255	\$ 2,332,334	\$ 3,546,803	\$ 70,570	\$ 0	\$ 6,401,420
Total Liabilities and Fund Balances	\$ 3,381,550	\$ 651,945	\$ 2,557,067	\$ 4,932,999	\$ 101,138	\$ 0	\$ 11,624,699

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

Unicoi County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 6,401,420
(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: buildings and improvements net of accumulated depreciation	4,396,298	
Add: other capital assets net of accumulated depreciation	775,705	
Add: infrastructure net of accumulated depreciation	<u>4,375,430</u>	10,004,497
(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	\$ (3,342,077)	
Less: other loans payable	(224,948)	
Less: bonds payable	(25,725,566)	
Add: deferred amount on refunding	45,727	
Add: deferred charges - debt issuance costs	220,531	
Less: compensated absences payable	(209,531)	
Less: accrued interest on bonds, notes, and capital leases	(149,223)	
Less: other deferred revenue - premium on debt	<u>(43,605)</u>	(29,428,692)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>299,711</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (12,723,064)</u>

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

Unicoi County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
Revenues							
Local Taxes	\$ 3,349,317	\$ 519,987	\$ 128,166	\$ 2,219,088	\$ 44	\$ 6,216,552	
Licenses and Permits	15,668	2,808	573	6,969	0	26,018	
Fines, Forfeitures, and Penalties	126,443	0	0	0	136,839	263,282	
Charges for Current Services	34,580	0	0	0	4,500	39,080	
Other Local Revenues	108,871	1,118	52,318	18,923	10,804	192,034	
Fees Received from County Officials	880,366	0	0	0	0	880,366	
State of Tennessee	749,015	21,074	1,592,768	0	226,543	2,589,400	
Federal Government	145,511	0	23,877	0	0	169,388	
Other Governments and Citizens Groups	399,649	0	240,022	11,774	95,400	746,845	
Total Revenues	\$ 5,809,420	\$ 544,987	\$ 2,037,724	\$ 2,256,704	\$ 474,130	\$ 11,122,965	
Expenditures							
Current:							
General Government	\$ 916,286	\$ 0	\$ 0	\$ 0	\$ 0	\$ 916,286	
Finance	721,484	0	0	0	453	721,937	
Administration of Justice	659,735	0	0	0	4,500	664,235	
Public Safety	2,872,889	0	0	0	156,502	3,029,391	
Public Health and Welfare	343,935	474,243	0	0	0	818,178	
Social, Cultural, and Recreational Services	121,209	0	0	0	0	121,209	
Agriculture and Natural Resources	42,178	0	0	0	0	42,178	
Other Operations	92,193	0	0	0	0	92,193	
Highways	0	0	2,099,372	0	0	2,099,372	
Debt Service:							
Principal on Debt	0	0	0	1,300,286	0	1,300,286	
Interest on Debt	0	0	0	1,385,337	0	1,385,337	
Other Debt Service	0	0	0	68,447	0	68,447	
Capital Projects	43,364	0	0	0	853,121	896,485	
Total Expenditures	\$ 5,813,273	\$ 474,243	\$ 2,099,372	\$ 2,754,070	\$ 1,014,576	\$ 12,155,534	
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,853)	\$ 70,744	\$ (61,648)	\$ (497,366)	\$ (540,446)	\$ (1,032,569)	

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 150,000	\$ 150,000
Refunding Debt Issued	0	0	0	2,835,000	0	2,835,000	2,835,000
Insurance Recovery	0	0	59,210	0	0	59,210	59,210
Payments to Refunded Debt Escrow Agent	0	0	0	(2,800,000)	0	(2,800,000)	(2,800,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 59,210	\$ 35,000	\$ 150,000	\$ 244,210	\$ 244,210
Net Change in Fund Balances	\$ (3,853)	\$ 70,744	\$ (2,438)	\$ (462,366)	\$ (390,446)	\$ (788,359)	\$ (788,359)
Fund Balance, July 1, 2010	372,311	12,511	2,334,772	4,009,169	461,016	7,189,779	7,189,779
Fund Balance, June 30, 2011	\$ 368,458	\$ 83,255	\$ 2,332,334	\$ 3,546,803	\$ 70,570	\$ 6,401,420	\$ 6,401,420

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, 2011

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)	\$	(788,359)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$	1,023,670
Less: current year depreciation expense		<u>(497,422)</u>
		526,248
(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, 2011	\$	299,711
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(370,798)</u>
		(71,087)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$	(2,985,000)
Add: change in premium on debt issuances		3,486
Less: change in deferred debt issuance costs		(3,524)
Add: principal payments on bonds		752,536
Add: principal payments on notes		351,244
Add: principal payments on other loans		196,506
Add: payment to refunding agent		2,800,000
Add: change in deferred amount on refunding debt		<u>16,688</u>
		1,131,936
(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	\$	35,882
Change in compensated absences payable		<u>(13,795)</u>
		22,087
Change in net assets of governmental activities (Exhibit B)	\$	<u>820,825</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 453,937
Accounts Receivable	1,491
Due from Other Governments	218,847
Cash Shortage	12,891
Restricted Assets:	
Other Restricted Assets	<u>31,358</u>
Total Assets	<u><u>\$ 718,524</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 218,847
Due to Litigants, Heirs, and Others	<u>499,677</u>
Total Liabilities	<u><u>\$ 718,524</u></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, 2011

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, 2011.

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.

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions relating to the disposal of solid waste. Local taxes and general service charges are the foundational revenues of this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Additionally, Unicoi County reports the following fund types:

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

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

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

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

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

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Capital Projects Fund – The Education Capital Projects Fund is used to account for capital project expenditures of the School Department.

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.

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

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 2.7 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 \$360,087 reflected as Other Current Liabilities in the discretely presented General Purpose School Fund represents insurance premiums held in a clearing account and due to the insurance administrator.

3. Restricted Assets

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

4. Capital Assets

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

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

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

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

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

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

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

5. Compensated Absences

It is the county’s policy to permit employees to accumulate a limited amount of earned but unused vacation benefits. Vacation benefits for employees of the discretely presented School Department do not vest or accumulate and must be used within the year or lost. There is no liability for unpaid accumulated sick leave since neither Unicoi County nor the 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, 2011, Unicoi County had \$23,884,448 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors, or

laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’s Budget/Finance Committee and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund includes the amount of fund balance appropriated for use in the 2011-2012 budget (\$114,012). Assigned fund balance in the discretely presented School Department’s General Purpose School Fund includes encumbrances (\$140,863) and amounts assigned by the board for various purposes within Instruction (\$48,000), Support (\$258,634), and Capital Outlay (\$775,000).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

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. Cash Shortages - Prior 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 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. On March 23, 2009, the County Commission voted to discontinue any litigation against a second 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, 2011.

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 to \$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. The costs of the audit remained outstanding at June 30, 2011.

C. Expenditures Exceeded Appropriations

Total expenditures exceeded total appropriations approved by the County Commission in the General Debt Service Fund by \$9,344. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, 2011, 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	\$ 362,854

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, 2011, 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, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 457,064	\$ 0	\$ 0	\$ 457,064
Construction in Progress	1,962,603	879,953	(2,842,556)	0
Total Capital Assets Not Depreciated	\$ 2,419,667	\$ 879,953	\$ (2,842,556)	\$ 457,064
Capital Assets Depreciated:				
Buildings and Improvements	\$ 4,207,052	\$ 2,274,096	\$ 0	\$ 6,481,148
Other Capital Assets	3,262,673	143,717	(121,423)	3,284,967
Infrastructure	6,720,055	568,460	0	7,288,515
Total Capital Assets Depreciated	\$ 14,189,780	\$ 2,986,273	\$ (121,423)	\$ 17,054,630

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,962,222	\$ 122,628	\$ 0	\$ 2,084,850
Other Capital Assets	2,427,567	203,118	(121,423)	2,509,262
Infrastructure	2,741,409	171,676	0	2,913,085
Total Accumulated Depreciation	<u>\$ 7,131,198</u>	<u>\$ 497,422</u>	<u>\$ (121,423)</u>	<u>\$ 7,507,197</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,058,582</u>	<u>\$ 2,488,851</u>	<u>\$ 0</u>	<u>\$ 9,547,433</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,478,249</u>	<u>\$ 3,368,804</u>	<u>\$ (2,842,556)</u>	<u>\$ 10,004,497</u>

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

Governmental Activities:

General Government	\$ 90,247
Finance	2,304
Administration of Justice	1,323
Public Safety	97,462
Public Health and Welfare	20,334
Highways	<u>285,752</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 497,422</u>

Discretely Presented Unicoi County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 618,886	\$ 0	\$ 0	\$ 618,886
Construction in Progress	14,659,533	163,276	(14,822,809)	0
Total Capital Assets Not Depreciated	<u>\$ 15,278,419</u>	<u>\$ 163,276</u>	<u>\$ (14,822,809)</u>	<u>\$ 618,886</u>

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,046,538	\$ 14,949,784	\$ 0	\$ 35,996,322
Other Capital Assets	2,889,759	661,763	0	3,551,522
Total Capital Assets Depreciated	<u>\$ 23,936,297</u>	<u>\$ 15,611,547</u>	<u>\$ 0</u>	<u>\$ 39,547,844</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,801,011	\$ 870,748	\$ 0	\$ 10,671,759
Other Capital Assets	1,826,901	310,134	0	2,137,035
Total Accumulated Depreciation	<u>\$ 11,627,912</u>	<u>\$ 1,180,882</u>	<u>\$ 0</u>	<u>\$ 12,808,794</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,308,385</u>	<u>\$ 14,430,665</u>	<u>\$ 0</u>	<u>\$ 26,739,050</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,586,804</u>	<u>\$ 14,593,941</u>	<u>\$ (14,822,809)</u>	<u>\$ 27,357,936</u>

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

Governmental Activities:

Instruction	\$ 965,559
Support Services	183,729
Operation of Non-Instructional Services	<u>31,594</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,180,882</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	General Debt Service	\$ 753
General	Nonmajor governmental	26,693
Highway/Public Works	General Debt Service	1,209

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

Due to/from Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
Primary Government: General	Component Unit: General Purpose School	\$ 3,832

D. 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.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 570,442
Less: Accumulated Depreciation	<u>(199,655)</u>
Total Book Value	<u><u>\$ 370,787</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2012	\$ 69,273
2013	69,273
2014	46,182
Total Minimum Lease Payments	<u>\$ 184,728</u>
Less: Amount Representing Interest	<u>(9,763)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 174,965</u></u>

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 38 years for bonds, up to ten years for notes, and 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, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	3.5 to 4.875 %	\$ 17,050,000	\$ 16,725,566
General Obligation Bonds - Refunding	2.45 to 5.25	12,015,000	9,000,000
Capital Outlay Notes	0 to 4.12	892,650	507,077
Capital Outlay Notes - Refunding	2.96	2,835,000	2,835,000
Other Loans	0	1,551,362	224,948

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, 2011, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2017-2021	7,196,937	4,148,787	11,345,724
2022-2026	7,156,641	2,555,845	9,712,486
2027-2031	6,147,983	628,047	6,776,030
2032-2035	146,540	18,284	164,824
Total	<u>\$ 25,725,566</u>	<u>\$ 12,851,998</u>	<u>\$ 38,577,564</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 356,747	\$ 76,595	\$ 433,342
2013	478,105	85,071	563,176
2014	359,520	73,338	432,858
2015	321,595	64,020	385,615
2016	318,131	54,047	372,178
2017-2021	1,507,979	133,517	1,641,496
Total	<u>\$ 3,342,077</u>	<u>\$ 486,588</u>	<u>\$ 3,828,665</u>

Year Ending June 30	Other Loan
	Principal
2012	<u>\$ 224,948</u>
Total	<u>\$ 224,948</u>

There is \$3,546,803 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,405, based on the 2010 federal census. Debt per capita, including bonds, notes, and the other loan outstanding totaled \$1,600, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loan
Balance, July 1, 2010	\$ 26,478,102	\$ 3,508,321	\$ 421,454
Additions	0	2,985,000	0
Deductions	(752,536)	(3,151,244)	(196,506)
Balance, June 30, 2011	<u>\$ 25,725,566</u>	<u>\$ 3,342,077</u>	<u>\$ 224,948</u>
Balance Due Within One Year	<u>\$ 793,147</u>	<u>\$ 356,747</u>	<u>\$ 224,948</u>

	Compensated Absences
Balance, July 1, 2010	\$ 195,736
Additions	115,390
Deductions	(101,595)
Balance, June 30, 2011	<u>\$ 209,531</u>
Balance Due Within One Year	<u>\$ 136,195</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 29,502,122
Less: Balance Due Within One Year	(1,511,037)
Add: Unamortized Premium on Debt	43,605
Less: Deferred Amount on Refunding	(45,727)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 27,988,963</u>

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

Current Refunding

On June 16, 2011, Unicoi County refunded a capital outlay note with a separate capital outlay note. The county issued a \$2,835,000 capital outlay refunding note to provide resources to provide for the repayment of the refunded debt. As a result of the refunding, total debt service payments over the next ten years will be reduced by \$253,682, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$214,539 was obtained.

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, 2011, was as follows:

Governmental Activities:

	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2010	\$ 235,931	\$ 169,562
Additions	0	188,403
Deductions	(60,966)	(242,764)
Balance, June 30, 2011	<u>\$ 174,965</u>	<u>\$ 115,201</u>
Balance Due Within One Year	<u>\$ 63,444</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 290,166
Less: Balance Due Within One Year	<u>(63,444)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 226,722</u>

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

F. Pledges of Receivables and Future Revenues

Local Option Sales Tax Revenues Pledged

Unicoi County, the discretely presented Unicoi County School Department, and the Town of Unicoi agreed in previous years to commit one cent on the local option sales tax rate for the repayment of general obligation bonds issued to finance the construction of a high school. The county originally issued \$9.2 million in Public Improvement Bonds Series 1996, of which \$8.5 million was used to construct the Unicoi County High School. Subsequently, the county refunded \$8.21 million of the outstanding portion of these bonds, with \$8.715 million of General Obligation Refunding Bonds Series 2001. The remaining principal (\$6,190,000) and interest (\$1,905,325) requirements for the bonds are payable semiannually through April 2021. For the current year, principal and interest paid associated with the high

school portion of the refunding bond was \$774,906. The amount of revenue generated by the pledged one cent sales tax levy was \$524,250. The agreements dissolve with the maturity of the debt on April 1, 2021.

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, 2011, were \$74,608 and \$25,383, 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, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
Tax Anticipation Notes	\$ 0	\$ 1,400,000	\$ (1,400,000)	\$ 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. 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 purchase commercial insurance for worker's compensation coverage during the 2010-11 fiscal year than to continue with prior coverage under the Local Government Worker's Compensation Fund. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

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 Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Unicoi County and the Unicoi County School Department have

implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

On July 14, 2011, Unicoi County and the Town of Unicoi amended their sales tax agreement to limit the amount the town would contribute to the retirement of debt associated with the construction of the high school to \$175,000 annually.

On September 26, 2011, the Unicoi County Commission authorized the issuance of \$115,254 in capital outlay notes for the purchase of a vehicle for the Sheriff's Department. However, as of the date of this report the notes have not been issued.

Subsequent to June 30, 2011, the county's General Debt Service Fund issued \$1,250,000 in tax anticipation notes to the General Fund for temporary operating funds. Also, the General Fund issued \$100,000 in tax anticipation notes to the Solid Waste/Sanitation Fund for temporary operating funds.

On October 14, 2011, Sheriff David Kent Harris was indicted by the Unicoi County Grand Jury and charged with six counts of official misconduct and one count each of criminal simulation, theft, attempted aggravated assault, and tampering with evidence. As of the date of this report, Sheriff David Kent Harris remains in office.

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. Changes in Administration

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

F. Joint Ventures

The Unicoi County Memorial Hospital is a joint venture in which the county and the Town of Erwin participate. The hospital was created to provide care for the mental and physical needs of the citizens of Unicoi County 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 to operate and maintain 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 \$57,956 to the Animal Welfare Board for the year ended June 30, 2011.

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

Administrative Offices:

Unicoi County Memorial Hospital
Greenway Circle
Erwin, TN 37650

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

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

G. Jointly Governed Organizations

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

The Upper East Tennessee Educational Cooperative was reported as a jointly governed organization in prior years, but was dissolved during the 2010-2011 year. The cooperative had been 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 to provide the First Tennessee-Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative was governed by a board of control, consisting of one board member and the directors of schools from each of the systems. Funding for the cooperative was provided through state grants and member schools' contributions. Upon dissolution, residual balances of the cooperative were remitted to the participating school districts.

H. Retirement Commitments

Plan Description

Employees of Unicoi County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the

Tennessee General Assembly. Political subdivisions such as Unicoi County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Unicoi County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 8.52 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$457,403 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5 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 ten-year period. The 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, 2009, was 20 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
6-30-11	\$457,403	100%	\$0
6-30-10	432,943	100	0
6-30-09	432,999	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.61 percent funded. The actuarial accrued liability for benefits was \$14 million, and the actuarial value of assets was \$12 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5 million, and the ratio of the UAAL to the covered payroll was 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHOOL TEACHERS

Plan Description

The Unicoi County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service.

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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 SETHEPP. 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/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the 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, 2011, 2010, and 2009, were \$811,269, \$562,237, and \$573,248, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Discretely Presented Unicoi County School Department

The Unicoi County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for teachers. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2011, the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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, 2011, the School Department contributed \$242,764 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 188,000
Interest on the NPO	7,630
Adjustment to the ARC	<u>(7,227)</u>
Annual OPEB cost	\$ 188,403
Amount of contribution	<u>(242,764)</u>
Increase/decrease in NPO	\$ (54,361)
Net OPEB obligation, 7-1-10	<u>169,562</u>
Net OPEB obligation, 6-30-11	<u><u>\$ 115,201</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 270,121	58%	\$ 215,528
6-30-10	"	183,512	125	169,562
6-30-11	"	188,403	129	115,201

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2010, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 1,681,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,681,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 8,748,903
UAAL as of % of covered payroll	19%

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, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will 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.

J. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by Chapter 678, Private Acts of 1949, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Unicoi County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases 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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,349,317	\$ 3,310,989	\$ 3,312,280	\$ 37,037
Licenses and Permits	15,668	18,000	18,000	(2,332)
Fines, Forfeitures, and Penalties	126,443	144,250	151,315	(24,872)
Charges for Current Services	34,580	55,575	55,865	(21,285)
Other Local Revenues	108,871	84,650	127,173	(18,302)
Fees Received from County Officials	880,366	880,000	880,000	366
State of Tennessee	749,015	789,761	789,462	(40,447)
Federal Government	145,511	228,168	307,984	(162,473)
Other Governments and Citizens Groups	399,649	396,063	434,066	(34,417)
Total Revenues	\$ 5,809,420	\$ 5,907,456	\$ 6,076,145	\$ (266,725)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 52,750	\$ 53,655	\$ 53,655	\$ 905
Board of Equalization	2,100	2,300	2,300	200
County Mayor/Executive	231,129	238,849	238,848	7,719
County Attorney	19,260	23,000	23,000	3,740
Election Commission	177,902	189,921	189,921	12,019
Register of Deeds	179,098	176,467	184,372	5,274
Development	7,750	7,750	7,750	0
County Buildings	142,132	158,401	163,301	21,169
Other General Administration	92,165	99,430	99,430	7,265
Preservation of Records	12,000	22,000	27,000	15,000
<u>Finance</u>				
Property Assessor's Office	228,919	256,941	256,941	28,022
County Trustee's Office	177,425	178,326	181,825	4,400
County Clerk's Office	249,258	256,632	284,585	35,327
Other Finance	65,882	82,000	82,000	16,118
<u>Administration of Justice</u>				
Circuit Court	375,765	375,088	394,528	18,763
General Sessions Court	105,778	106,816	106,905	1,127
Chancery Court	132,350	134,252	134,841	2,491
Juvenile Court	45,842	54,457	54,457	8,615
<u>Public Safety</u>				
Sheriff's Department	1,902,749	1,878,480	1,902,749	0
Jail	657,154	527,492	659,556	2,402
Workhouse	119,272	197,756	126,170	6,898
Juvenile Services	8,860	9,000	9,000	140
Fire Prevention and Control	55,000	55,000	55,000	0
Civil Defense	88,603	183,072	183,072	94,469
Other Emergency Management	5,000	23,016	23,016	18,016
County Coroner/Medical Examiner	24,667	25,576	25,576	909
Other Public Safety	11,584	11,619	11,619	35

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 74,655	\$ 93,963	\$ 95,455	\$ 20,800
Rabies and Animal Control	106,567	57,161	111,328	4,761
Ambulance/Emergency Medical Services	4,641	7,500	7,500	2,859
Other Local Health Services	95,093	188,000	188,000	92,907
Regional Mental Health Center	10,600	10,600	10,600	0
Appropriation to State	23,519	23,519	23,519	0
Sanitation Education/Information	28,860	29,237	29,237	377
<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	56,609	6,609	56,609	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	35,933	35,927	35,994	61
Forest Service	800	800	800	0
Soil Conservation	5,445	5,445	5,445	0
<u>Other Operations</u>				
Tourism	18,250	18,250	18,250	0
Industrial Development	49,739	61,000	66,167	16,428
Veterans' Services	1,000	1,000	1,000	0
Other Charges	992	0	992	0
Contributions to Other Agencies	3,000	3,000	3,000	0
Employee Benefits	14,712	18,000	18,000	3,288
Miscellaneous	4,500	4,500	4,500	0
<u>Capital Projects</u>				
Other General Government Projects	43,364	44,211	44,211	847
Total Expenditures	\$ 5,813,273	\$ 6,000,618	\$ 6,266,624	\$ 453,351
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (3,853)	\$ (93,162)	\$ (190,479)	\$ 186,626
Net Change in Fund Balance				
Fund Balance, July 1, 2010	\$ 372,311	\$ 382,377	\$ 382,377	(10,066)
Fund Balance, June 30, 2011	\$ 368,458	\$ 289,215	\$ 191,898	\$ 176,560

Exhibit E-2

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 519,987	\$ 507,233	\$ 507,233	\$ 12,754
Licenses and Permits	2,808	0	0	2,808
Other Local Revenues	1,118	0	0	1,118
State of Tennessee	21,074	0	0	21,074
Total Revenues	<u>\$ 544,987</u>	<u>\$ 507,233</u>	<u>\$ 507,233</u>	<u>\$ 37,754</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 474,243	\$ 518,815	\$ 518,815	\$ 44,572
Total Expenditures	<u>\$ 474,243</u>	<u>\$ 518,815</u>	<u>\$ 518,815</u>	<u>\$ 44,572</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 70,744</u>	<u>\$ (11,582)</u>	<u>\$ (11,582)</u>	<u>\$ 82,326</u>
Net Change in Fund Balance	\$ 70,744	\$ (11,582)	\$ (11,582)	\$ 82,326
Fund Balance, July 1, 2010	12,511	12,441	12,441	70
Fund Balance, June 30, 2011	<u><u>\$ 83,255</u></u>	<u><u>\$ 859</u></u>	<u><u>\$ 859</u></u>	<u><u>\$ 82,396</u></u>

Exhibit E-3

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 128,166	\$ 123,854	\$ 123,854	\$ 4,312
Licenses and Permits	573	585	585	(12)
Other Local Revenues	52,318	32,515	32,515	19,803
State of Tennessee	1,592,768	1,635,095	1,635,095	(42,327)
Federal Government	23,877	22,952	22,952	925
Other Governments and Citizens Groups	240,022	200,000	200,000	40,022
Total Revenues	<u>\$ 2,037,724</u>	<u>\$ 2,015,001</u>	<u>\$ 2,015,001</u>	<u>\$ 22,723</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 114,805	\$ 122,112	\$ 122,612	\$ 7,807
Highway and Bridge Maintenance	911,619	1,108,052	1,060,580	148,961
Operation and Maintenance of Equipment	230,611	224,090	257,212	26,601
Other Charges	110,035	125,520	125,820	15,785
Employee Benefits	288,946	279,293	292,843	3,897
Capital Outlay	443,356	581,881	629,591	186,235
Total Expenditures	<u>\$ 2,099,372</u>	<u>\$ 2,440,948</u>	<u>\$ 2,488,658</u>	<u>\$ 389,286</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (61,648)</u>	<u>\$ (425,947)</u>	<u>\$ (473,657)</u>	<u>\$ 412,009</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 59,210	\$ 0	\$ 47,710	\$ 11,500
Total Other Financing Sources (Uses)	<u>\$ 59,210</u>	<u>\$ 0</u>	<u>\$ 47,710</u>	<u>\$ 11,500</u>
Net Change in Fund Balance	\$ (2,438)	\$ (425,947)	\$ (425,947)	\$ 423,509
Fund Balance, July 1, 2010	<u>2,334,772</u>	<u>2,205,095</u>	<u>2,205,095</u>	<u>129,677</u>
Fund Balance, June 30, 2011	<u>\$ 2,332,334</u>	<u>\$ 1,779,148</u>	<u>\$ 1,779,148</u>	<u>\$ 553,186</u>

Exhibit E-4

Unicoi County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Unicoi County School Department
June 30, 2011

(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 entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the 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-5

Unicoi County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Unicoi County School Department
June 30, 2011

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL 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
"	7-1-10	0	1,681	1,681	0	8,749	19.21

UNICOI COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

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.

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 and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

Exhibit F-1

Unicoi County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
\$	0 \$	0 \$	26,693 \$	26,693 \$	0 \$	0 \$	0 \$	26,693
	479	64,565	0	65,044	2,035	7,366	9,401	74,445
\$	479 \$	64,565 \$	26,693 \$	91,737 \$	2,035 \$	7,366 \$	9,401 \$	101,138

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Accrued Payroll
 Due to Other Funds
 Total Liabilities

\$	0 \$	471 \$	0 \$	471 \$	1,628 \$	0 \$	1,628 \$	2,099
	0	1,776	0	1,776	0	0	0	1,776
	0	0	26,693	26,693	0	0	0	26,693
\$	0 \$	2,247 \$	26,693 \$	28,940 \$	1,628 \$	0 \$	1,628 \$	30,568

Fund Balances

Restricted:
 Restricted for General Government
 Restricted for Public Safety
 Restricted for Capital Projects
 Total Fund Balances

\$	479 \$	0 \$	0 \$	479 \$	0 \$	0 \$	0 \$	479
	0	62,318	0	62,318	0	0	0	62,318
	0	0	0	0	407	7,366	7,773	7,773
\$	479 \$	62,318 \$	0 \$	62,797 \$	407 \$	7,366 \$	7,773 \$	70,570

Total Liabilities and Fund Balances

\$	479 \$	64,565 \$	26,693 \$	91,737 \$	2,035 \$	7,366 \$	9,401 \$	101,138
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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, 2011

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Revenues</u>								
Local Taxes	\$ 44	\$ 0	\$ 0	\$ 44	\$ 0	\$ 0	\$ 0	\$ 44
Fines, Forfeitures, and Penalties	0	136,839	0	136,839	0	0	0	136,839
Charges for Current Services	0	0	4,500	4,500	0	0	0	4,500
Other Local Revenues	0	10,804	0	10,804	0	0	0	10,804
State of Tennessee	0	0	0	0	0	226,543	226,543	226,543
Other Governments and Citizens Groups	0	11,260	0	11,260	0	84,140	84,140	95,400
Total Revenues	\$ 44	\$ 158,903	\$ 4,500	\$ 163,447	\$ 0	\$ 310,683	\$ 310,683	\$ 474,130
<u>Expenditures</u>								
Current:								
Finance	\$ 0	\$ 453	\$ 0	\$ 453	\$ 0	\$ 0	\$ 0	\$ 453
Administration of Justice	0	0	4,500	4,500	0	0	0	4,500
Public Safety	0	156,502	0	156,502	0	0	0	156,502
Capital Projects	0	0	0	0	541,592	311,529	853,121	853,121
Total Expenditures	\$ 0	\$ 156,955	\$ 4,500	\$ 161,455	\$ 541,592	\$ 311,529	\$ 853,121	\$ 1,014,576
Excess (Deficiency) of Revenues Over Expenditures	\$ 44	\$ 1,948	\$ 0	\$ 1,992	\$ (541,592)	\$ (846)	\$ (542,438)	\$ (540,446)
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 150,000	\$ 150,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 150,000	\$ 150,000
Net Change in Fund Balances	\$ 44	\$ 1,948	\$ 0	\$ 1,992	\$ (391,592)	\$ (846)	\$ (392,438)	\$ (390,446)
Fund Balance, July 1, 2010	435	60,370	0	60,805	391,999	8,212	400,211	461,016
Fund Balance, June 30, 2011	\$ 479	\$ 62,318	\$ 0	\$ 62,797	\$ 407	\$ 7,366	\$ 7,773	\$ 70,570

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 44	\$ 55	\$ 55	(11)
Total Revenues	\$ 44	\$ 55	\$ 55	(11)
<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	\$ 44	\$ 0	\$ 0	44
Net Change in Fund Balance	\$ 44	\$ 0	\$ 0	44
Fund Balance, July 1, 2010	435	436	436	(1)
Fund Balance, June 30, 2011	\$ 479	\$ 436	\$ 436	43

Exhibit F-4

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 136,839	\$ 191,000	\$ 191,000	\$ (54,161)
Other Local Revenues	10,804	100	7,668	3,136
Other Governments and Citizens Groups	11,260	5,200	5,200	6,060
Total Revenues	<u>\$ 158,903</u>	<u>\$ 196,300</u>	<u>\$ 203,868</u>	<u>\$ (44,965)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 453	\$ 1,250	\$ 1,250	\$ 797
<u>Public Safety</u>				
Sheriff's Department	156,502	196,512	204,210	47,708
Total Expenditures	<u>\$ 156,955</u>	<u>\$ 197,762</u>	<u>\$ 205,460</u>	<u>\$ 48,505</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,948</u>	<u>\$ (1,462)</u>	<u>\$ (1,592)</u>	<u>\$ 3,540</u>
Net Change in Fund Balance	\$ 1,948	\$ (1,462)	\$ (1,592)	\$ 3,540
Fund Balance, July 1, 2010	<u>60,370</u>	<u>59,931</u>	<u>59,931</u>	<u>439</u>
Fund Balance, June 30, 2011	<u><u>\$ 62,318</u></u>	<u><u>\$ 58,469</u></u>	<u><u>\$ 58,339</u></u>	<u><u>\$ 3,979</u></u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit G

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,219,038	\$ 2,229,831	\$ 2,229,831	\$ (10,793)
Licenses and Permits	6,969	7,000	7,000	(31)
Other Local Revenues	18,923	30,000	33,722	(14,799)
Other Governments and Citizens Groups	11,774	11,774	11,774	0
Total Revenues	<u>\$ 2,256,704</u>	<u>\$ 2,278,605</u>	<u>\$ 2,282,327</u>	<u>\$ (25,623)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,300,286	\$ 1,280,250	\$ 1,285,530	\$ (14,756)
<u>Interest on Debt</u>				
General Government	1,385,337	1,355,655	1,386,853	1,516
<u>Other Debt Service</u>				
General Government	68,447	40,200	72,343	3,896
Total Expenditures	<u>\$ 2,754,070</u>	<u>\$ 2,676,105</u>	<u>\$ 2,744,726</u>	<u>\$ (9,344)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (497,366)</u>	<u>\$ (397,500)</u>	<u>\$ (462,399)</u>	<u>\$ (34,967)</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 2,835,000	\$ 0	\$ 2,835,000	\$ 0
Payments to Refunded Debt Escrow Agent	(2,800,000)	0	(2,800,000)	0
Total Other Financing Sources (Uses)	<u>\$ 35,000</u>	<u>\$ 0</u>	<u>\$ 35,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (462,366)	\$ (397,500)	\$ (427,399)	\$ (34,967)
Fund Balance, July 1, 2010	<u>4,009,169</u>	<u>5,113,730</u>	<u>4,013,730</u>	<u>(4,561)</u>
Fund Balance, June 30, 2011	<u>\$ 3,546,803</u>	<u>\$ 4,716,230</u>	<u>\$ 3,586,331</u>	<u>\$ (39,528)</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, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 453,937	\$ 453,937
Accounts Receivable	0	1,491	1,491
Due from Other Governments	218,847	0	218,847
Cash Shortage	0	12,891	12,891
Restricted Assets:			
Other Restricted Assets	0	31,358	31,358
Total Assets	<u>\$ 218,847</u>	<u>\$ 499,677</u>	<u>\$ 718,524</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 218,847	\$ 0	\$ 218,847
Due to Litigants, Heirs, and Others	0	499,677	499,677
Total Liabilities	<u>\$ 218,847</u>	<u>\$ 499,677</u>	<u>\$ 718,524</u>

Exhibit H-2

Unicoi County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,194,524	\$ 1,194,524	\$ 0
Due from Other Governments	204,680	218,847	204,680	218,847
		0		
Total Assets	\$ 204,680	\$ 1,413,371	\$ 1,399,204	\$ 218,847
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 204,680	\$ 1,413,371	\$ 1,399,204	\$ 218,847
Total Liabilities	\$ 204,680	\$ 1,413,371	\$ 1,399,204	\$ 218,847
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 344,205	\$ 3,222,978	\$ 3,113,246	\$ 453,937
Accounts Receivable	50	1,491	50	1,491
Cash Shortage	12,891	0	0	12,891
Other Restricted Assets	28,927	2,431	0	31,358
Total Assets	\$ 386,073	\$ 3,226,900	\$ 3,113,296	\$ 499,677
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 386,073	\$ 3,226,900	\$ 3,113,296	\$ 499,677
Total Liabilities	\$ 386,073	\$ 3,226,900	\$ 3,113,296	\$ 499,677
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 344,205	\$ 3,222,978	\$ 3,113,246	\$ 453,937
Equity in Pooled Cash and Investments	0	1,194,524	1,194,524	0
Accounts Receivable	50	1,491	50	1,491
Due from Other Governments	204,680	218,847	204,680	218,847
Cash Shortage	12,891	0	0	12,891
Other Restricted Assets	28,927	2,431	0	31,358
Total Assets	\$ 590,753	\$ 4,640,271	\$ 4,512,500	\$ 718,524
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 204,680	\$ 1,413,371	\$ 1,399,204	\$ 218,847
Due to Litigants, Heirs, and Others	386,073	3,226,900	3,113,296	499,677
Total Liabilities	\$ 590,753	\$ 4,640,271	\$ 4,512,500	\$ 718,524

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.

Unicoi County, Tennessee
Statement of Activities
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
			Total	Governmental Activities
Governmental Activities:				
Instruction	\$ 12,003,783	\$ 27,334	\$ 2,194,585	\$ (9,781,864)
Support Services	6,696,522	0	122,443	(6,574,079)
Operation of Non-Instructional Services	1,998,485	414,062	956,768	(627,655)
Interest on Long-term Debt	8,239	0	0	(8,239)
Total Governmental Activities	\$ 20,707,029	\$ 441,396	\$ 3,273,796	\$ (16,991,837)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,614,396
Local Option Sales Taxes				1,291,878
Business Tax				2,883
Wholesale Beer Tax				1,942
Interstate Telecommunications Tax				1,232
Other Local Taxes				279
Grants and Contributions Not Restricted to Specific Programs				13,132,723
Unrestricted Investment Income				6,173
Miscellaneous				104,807
Total General Revenues				\$ 17,156,313
Change in Net Assets				\$ 164,476
Net Assets, July 1, 2010				31,833,791
Net Assets, June 30, 2011				\$ 31,998,267

Exhibit I-2

Unicoi County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2011

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 63,000	\$ 3,000	\$ 66,000
Equity in Pooled Cash and Investments	3,884,996	524,640	4,409,636
Accounts Receivable	820	0	820
Due from Other Governments	738,963	2,950	741,913
Property Taxes Receivable	2,732,342	0	2,732,342
Allowance for Uncollectible Property Taxes	(139,609)	0	(139,609)
Total Assets	\$ 7,280,512	\$ 530,590	\$ 7,811,102
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,276	\$ 0	\$ 1,276
Due to Primary Government	3,832	0	3,832
Other Current Liabilities	360,087	0	360,087
Deferred Revenue - Current Property Taxes	2,515,138	0	2,515,138
Deferred Revenue - Delinquent Property Taxes	64,731	0	64,731
Other Deferred Revenues	112,618	0	112,618
Total Liabilities	\$ 3,057,682	\$ 0	\$ 3,057,682
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 229,048	\$ 402,753	\$ 631,801
Restricted for Capital Projects	0	122,837	122,837
Committed:			
Committed for Education	0	5,000	5,000
Assigned:			
Assigned for Education	1,222,497	0	1,222,497
Unassigned	2,771,285	0	2,771,285
Total Fund Balances	\$ 4,222,830	\$ 530,590	\$ 4,753,420
Total Liabilities and Fund Balances	\$ 7,280,512	\$ 530,590	\$ 7,811,102

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, 2011

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)		\$	4,753,420
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	618,886	
Add: building and improvements net of accumulated depreciation		25,324,563	
Add: other capital assets net of accumulated depreciation		<u>1,414,487</u>	27,357,936
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			177,349
(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	\$	(174,965)	
Less: accrued interest on capital leases		(272)	
Less: other postemployment benefits liability		<u>(115,201)</u>	<u>(290,438)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 31,998,267</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, 2011

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,972,214	\$ 0	\$ 3,972,214
Licenses and Permits	15,883	0	15,883
Fines, Forfeitures, and Penalties	1,586	0	1,586
Charges for Current Services	27,334	248,888	276,222
Other Local Revenues	252,188	23,966	276,154
State of Tennessee	13,285,075	13,159	13,298,234
Federal Government	369,121	2,660,076	3,029,197
Other Governments and Citizens Groups	19,028	0	19,028
Total Revenues	<u>\$ 17,942,429</u>	<u>\$ 2,946,089</u>	<u>\$ 20,888,518</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 9,715,817	\$ 1,402,993	\$ 11,118,810
Support Services	6,719,869	285,413	7,005,282
Operation of Non-Instructional Services	781,045	1,226,967	2,008,012
Capital Outlay	0	549,199	549,199
Debt Service:			
Principal on Debt	60,966	0	60,966
Interest on Debt	8,307	0	8,307
Total Expenditures	<u>\$ 17,286,004</u>	<u>\$ 3,464,572</u>	<u>\$ 20,750,576</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 656,425</u>	<u>\$ (518,483)</u>	<u>\$ 137,942</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 157,020	\$ 0	\$ 157,020
Total Other Financing Sources (Uses)	<u>\$ 157,020</u>	<u>\$ 0</u>	<u>\$ 157,020</u>
Net Change in Fund Balances	\$ 813,445	\$ (518,483)	\$ 294,962
Fund Balance, July 1, 2010	3,409,385	1,049,073	4,458,458
Fund Balance, June 30, 2011	<u>\$ 4,222,830</u>	<u>\$ 530,590</u>	<u>\$ 4,753,420</u>

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, 2011

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)	\$	294,962
<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	\$	952,014
Less: current year depreciation expense	<u>(1,180,882)</u>	(228,868)
<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, 2011	\$	177,349
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(194,362)</u>	(17,013)
<p>(3) The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Add: principal payments on leases	\$	60,966
Add: change in other postemployment benefits liability	<u>54,361</u>	115,327
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable		<u>68</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$</u>	<u>164,476</u>

Exhibit I-6

Unicoi County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2011

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria			Education Capital Projects		
Cash	\$ 0	\$ 3,000	\$ 3,000	\$ 0	\$ 3,000		
Equity in Pooled Cash and Investments	113,055	288,748	401,803	122,837	524,640		
Due from Other Governments	2,950	0	2,950	0	2,950		
Total Assets	\$ 116,005	\$ 291,748	\$ 407,753	\$ 122,837	\$ 530,590		
<u>FUND BALANCES</u>							
Restricted:							
Restricted for Education	\$ 111,005	\$ 291,748	\$ 402,753	\$ 0	\$ 402,753		
Restricted for Capital Projects	0	0	0	122,837	122,837		
Committed:							
Committed for Education	5,000	0	5,000	0	5,000		
Total Fund Balances	\$ 116,005	\$ 291,748	\$ 407,753	\$ 122,837	\$ 530,590		

Exhibit I-7

Unicoi County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2011

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects			
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 248,888	\$ 248,888	\$ 0	\$ 0	\$ 248,888	
Other Local Revenues	0	23,966	23,966	0	0	23,966	
State of Tennessee	0	13,159	13,159	0	0	13,159	
Federal Government	1,717,467	942,609	2,660,076	0	0	2,660,076	
Total Revenues	\$ 1,717,467	\$ 1,228,622	\$ 2,946,089	\$ 0	\$ 0	\$ 2,946,089	
<u>Expenditures</u>							
Current:							
Instruction	\$ 1,402,993	0	1,402,993	0	0	1,402,993	
Support Services	285,413	0	285,413	0	0	285,413	
Operation of Non-Instructional Services	0	1,226,967	1,226,967	0	0	1,226,967	
Capital Outlay	0	0	0	549,199	549,199	549,199	
Total Expenditures	\$ 1,688,406	\$ 1,226,967	\$ 2,915,373	\$ 549,199	\$ 549,199	\$ 3,464,572	
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,061	\$ 1,655	\$ 30,716	\$ (549,199)	\$ (518,483)	\$ (518,483)	
Net Change in Fund Balances	\$ 29,061	\$ 1,655	\$ 30,716	\$ (549,199)	\$ (518,483)	\$ (518,483)	
Fund Balance, July 1, 2010	86,944	290,093	377,037	672,036	672,036	1,049,073	
Fund Balance, June 30, 2011	\$ 116,005	\$ 291,748	\$ 407,753	\$ 122,837	\$ 122,837	\$ 530,590	

Exhibit I-8

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Unicoi County School Department
General Purpose School Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,972,214	\$ 0	0	\$ 3,972,214	\$ 3,943,032	\$ 3,943,032	\$ 29,182
Licenses and Permits	15,883	0	0	15,883	19,500	19,500	(3,617)
Fines, Forfeitures, and Penalties	1,586	0	0	1,586	0	0	1,586
Charges for Current Services	27,334	0	0	27,334	22,325	42,763	(15,429)
Other Local Revenues	252,188	0	0	252,188	211,000	271,865	(19,677)
State of Tennessee	13,285,075	0	0	13,285,075	12,821,336	13,315,382	(30,307)
Federal Government	369,121	0	0	369,121	170,000	280,285	88,836
Other Governments and Citizens Groups	19,028	0	0	19,028	0	0	19,028
Total Revenues	\$ 17,942,429	\$ 0	0	\$ 17,942,429	\$ 17,187,193	\$ 17,872,827	\$ 69,602
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,542,353	\$ (2,652)	4,520	\$ 7,544,221	\$ 7,623,678	\$ 7,723,743	\$ 179,522
Alternative Instruction Program	43,794	0	0	43,794	71,435	71,435	27,641
Special Education Program	1,304,671	0	0	1,304,671	1,295,292	1,349,546	44,875
Vocational Education Program	680,184	0	0	680,184	698,134	709,134	28,950
Student Body Education Program	144,815	0	0	144,815	125,000	146,843	2,028
<u>Support Services</u>							
Attendance	88,635	0	0	88,635	90,027	90,027	1,392
Health Services	278,161	(18,670)	1,618	261,109	161,314	261,314	205
Other Student Support	555,248	0	0	555,248	566,052	583,662	28,414
Regular Instruction Program	519,176	(16,408)	0	502,768	587,180	590,780	88,012
Special Education Program	129,642	0	0	129,642	130,181	130,181	539
Vocational Education Program	120,541	0	0	120,541	131,011	131,011	10,470

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	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	\$ 99,991	\$ 0	\$ 0	\$ 99,991	\$ 0	\$ 99,991	\$ 0
Board of Education	443,116	0	0	443,116	462,126	533,356	90,240
Director of Schools	327,578	0	0	327,578	341,553	344,553	16,975
Office of the Principal	1,004,296	0	0	1,004,296	1,086,547	1,083,547	79,251
Fiscal Services	108,966	0	0	108,966	116,560	117,680	8,714
Operation of Plant	1,414,954	(12,490)	0	1,402,464	1,632,881	1,632,881	230,417
Maintenance of Plant	654,279	(42,514)	42,512	654,277	684,909	830,824	176,547
Transportation	675,677	(6,573)	61,769	730,873	844,928	844,928	114,055
Central and Other	299,609	(2,500)	9,750	306,859	229,038	328,017	21,158
<u>Operation of Non-Instructional Services</u>							
Food Service	1,167	0	0	1,167	1,168	1,168	1
Community Services	172,408	(6,016)	14,355	180,747	0	205,200	24,453
Early Childhood Education	607,470	(14,669)	6,339	599,140	583,609	604,047	4,907
<u>Principal on Debt</u>							
Education	60,966	0	0	60,966	60,967	60,967	1
<u>Interest on Debt</u>							
Education	8,307	0	0	8,307	8,307	8,307	0
Total Expenditures	\$ 17,286,004	\$ (122,492)	\$ 140,863	\$ 17,304,375	\$ 17,531,897	\$ 18,483,142	\$ 1,178,767
Excess (Deficiency) of Revenues Over Expenditures	\$ 656,425	\$ 122,492	\$ (140,863)	\$ 638,054	\$ (344,704)	\$ (610,315)	\$ 1,248,369

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 157,020 \$	0 \$	0 \$	157,020 \$	0 \$	145,915 \$	11,105
Total Other Financing Sources (Uses)	\$ 157,020 \$	0 \$	0 \$	157,020 \$	0 \$	145,915 \$	11,105
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 813,445 \$ 3,409,385	122,492 \$ (122,492)	(140,863) \$ 0	795,074 \$ 3,286,893	(344,704) \$ 2,164,730	(464,400) \$ 2,164,730	1,259,474 1,122,163
Fund Balance, June 30, 2011	\$ 4,222,830 \$	0 \$	(140,863) \$	4,081,967 \$	1,820,026 \$	1,700,330 \$	2,381,637

Exhibit I-9

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Unicoi County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,717,467	\$ 1,837,200	\$ 1,833,870	\$ (116,403)
Total Revenues	\$ 1,717,467	\$ 1,837,200	\$ 1,833,870	\$ (116,403)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 624,296	\$ 783,402	\$ 783,404	\$ 159,108
Special Education Program	750,348	1,003,901	1,002,910	252,562
Vocational Education Program	28,349	28,809	28,349	0
<u>Support Services</u>				
Other Student Support	22,969	22,718	23,364	395
Regular Instruction Program	240,478	294,738	291,408	50,930
Special Education Program	20,553	38,111	39,100	18,547
Vocational Education Program	1,413	1,600	1,414	1
Total Expenditures	\$ 1,688,406	\$ 2,173,279	\$ 2,169,949	\$ 481,543
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,061	\$ (336,079)	\$ (336,079)	\$ 365,140
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 153,057	\$ 0	\$ 0
Transfers Out	0	(153,057)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 29,061	\$ (336,079)	\$ (336,079)	\$ 365,140
Fund Balance, July 1, 2010	86,944	336,079	336,079	(249,135)
Fund Balance, June 30, 2011	\$ 116,005	\$ 0	\$ 0	\$ 116,005

Exhibit I-10

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Unicoi County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 248,888	\$ 273,200	\$ 273,200	\$ (24,312)
Other Local Revenues	23,966	35,100	35,100	(11,134)
State of Tennessee	13,159	15,000	15,000	(1,841)
Federal Government	942,609	776,500	916,459	26,150
Total Revenues	<u>\$ 1,228,622</u>	<u>\$ 1,099,800</u>	<u>\$ 1,239,759</u>	<u>\$ (11,137)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,226,967	\$ 1,099,800	\$ 1,239,759	\$ 12,792
Total Expenditures	<u>\$ 1,226,967</u>	<u>\$ 1,099,800</u>	<u>\$ 1,239,759</u>	<u>\$ 12,792</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,655</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,655</u>
Net Change in Fund Balance	\$ 1,655	\$ 0	\$ 0	\$ 1,655
Fund Balance, July 1, 2010	<u>290,093</u>	<u>260,153</u>	<u>260,153</u>	<u>29,940</u>
Fund Balance, June 30, 2011	<u>\$ 291,748</u>	<u>\$ 260,153</u>	<u>\$ 260,153</u>	<u>\$ 31,595</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, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
Capital Outlay - Election Commission Building	\$ 204,000	4.5%	6-16-06	6-16-11	\$ 40,800	\$ 0	\$ 40,800	\$ 0	\$ 0
Capital Outlay - Jail Renovations/Courthouse HVAC	326,850	4.12	2-18-07	1-18-17	229,921	0	31,044	0	198,877
Capital Outlay - Energy Efficiency	415,800	0	4-23-07	6-1-14	237,600	0	59,400	0	178,200
Capital Outlay - Public Works	3,200,000	4.55	2-26-09	4-1-21	3,000,000	0	200,000	2,800,000	0
Capital Outlay - Public Works Refunding	150,000	1.98	12-21-10	6-1-13	0	150,000	20,000	0	130,000
Total Payable through General Debt Service Fund	2,835,000	2.96	6-16-11	4-1-21	\$ 3,508,321	\$ 2,985,000	\$ 351,244	\$ 2,800,000	\$ 3,342,077
Total Notes Payable					\$ 3,508,321	\$ 2,985,000	\$ 351,244	\$ 2,800,000	\$ 3,342,077
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Tennessee State School Bond Authority Loan Agreement	1,551,362	0	9-29-01	11-1-11	\$ 421,454	\$ 0	\$ 196,506	\$ 0	\$ 224,948
Qualified Zone Academy Bonds - School Renovation, Repairs, and Equipping					\$ 421,454	\$ 0	\$ 196,506	\$ 0	\$ 224,948
Total Payable through General Debt Service Fund					\$ 421,454	\$ 0	\$ 196,506	\$ 0	\$ 224,948
Total Other Loans Payable					\$ 421,454	\$ 0	\$ 196,506	\$ 0	\$ 224,948
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation Public Improvement	700,000	4.875	4-9-1997	1-1-35	\$ 588,102	\$ 0	\$ 12,536	\$ 0	\$ 575,566
General Obligation Refunding	8,715,000	2.45 to 5.25	9-1-01	4-1-21	6,660,000	0	470,000	0	6,190,000
General Obligation Refunding	3,300,000	4	10-18-06	4-1-23	2,980,000	0	170,000	0	2,810,000
General Obligation School	16,350,000	3.5 to 4.75	9-24-08	5-1-29	16,250,000	0	100,000	0	16,150,000
Total Payable through General Debt Service Fund					\$ 26,478,102	\$ 0	\$ 752,536	\$ 0	\$ 25,725,566
Total Bonds Payable					\$ 26,478,102	\$ 0	\$ 752,536	\$ 0	\$ 25,725,566

(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 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
<u>DISCRETELY PRESENTED UNICOI</u>									
<u>COUNTY SCHOOL DEPARTMENT</u>									
<u>CAPITAL LEASES PAYABLE</u>									
Payable through General Purpose School Fund	\$ 570,442	3.99%	2-17-04	2-17-14	\$ 235,931	0 \$	60,966 \$	0 \$	174,965
HVAC Equipment					\$ 235,931	0 \$	60,966 \$	0 \$	174,965
Total Payable through General Purpose School Fund					\$ 235,931	0 \$	60,966 \$	0 \$	174,965
Total Capital Leases Payable					\$ 235,931	0 \$	60,966 \$	0 \$	174,965

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	
2012	\$ 356,747	\$ 76,595	\$ 433,342
2013	478,105	85,071	563,176
2014	359,520	73,338	432,858
2015	321,595	64,020	385,615
2016	318,131	54,047	372,178
2017	317,979	44,273	362,252
2018	290,000	35,224	325,224
2019	285,000	26,640	311,640
2020	305,000	18,204	323,204
2021	310,000	9,176	319,176
Total	\$ 3,342,077	\$ 486,588	\$ 3,828,665

Year Ending June 30	Other Loan		Total
	Principal	Interest	
2012	\$ 224,948	\$ 0	\$ 224,948
Total	\$ 224,948	\$ 0	\$ 224,948

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 25,725,566	\$ 12,851,998	\$ 38,577,564

DISCRETELY PRESENTED UNICOI
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2012	\$ 63,444	\$ 5,829	\$ 69,273
2013	66,022	3,251	69,273
2014	45,499	683	46,182
Total	\$ 174,965	\$ 9,763	\$ 184,728

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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 70,038	\$ 50,000	Auto Owners (Mutual) Insurance Company
Road Superintendent	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	109,018 (1)	50,000	Western Surety Company
Trustee	Section 8-24-102, TCA	57,751	999,600	Auto Owners (Mutual) Insurance Company
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	"
County Clerk:				
Ruby McLaughlin (7-1-10 through 8-31-10)	Section 8-24-102, TCA	9,810	70,000	"
Mitzi Bowen (9-1-10 through 6-30-11)	Section 8-24-102, TCA	47,941	50,000	"
Circuit and General Sessions Courts Clerk:				
Tracie Pate (7-1-10 through 8-31-10)	Section 8-24-102, TCA	9,810	100,000	"
Darren Shelton (9-1-10 through 6-30-11)	Section 8-24-102, TCA	47,941	100,000	"
Clerk and Master	Section 8-24-102, TCA	57,751 (2)	100,000	Ohio Casualty Insurance Company
Register	Section 8-24-102, TCA	57,751	25,000	Auto Owners (Mutual) Insurance Company
Sheriff	Section 8-24-102, TCA	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 a chief executive officer training supplement of \$4,000.

(2) Does not include special commissioner fees of \$4,500.

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

Exhibit J-4

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

	General	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
		Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works			
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 3,227	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,227	
Officers Costs	1,527	0	0	0	0	0	0	1,527	
Drug Control Fines	0	0	16,041	0	0	0	0	16,041	
Drug Court Fees	2	0	0	0	0	0	0	2	
Jail Fees	427	0	0	0	0	0	0	427	
DUI Treatment Fines	465	0	0	0	0	0	0	465	
Courtroom Security Fee	546	0	0	0	0	0	0	546	
<u>Criminal Court</u>									
Data Entry Fee - Criminal Court	1,382	0	0	0	0	0	0	1,382	
<u>General Sessions Court</u>									
Fines	28,870	0	0	0	0	0	0	28,870	
Officers Costs	26,741	0	0	0	0	0	0	26,741	
Game and Fish Fines	63	0	0	0	0	0	0	63	
Drug Control Fines	0	0	25,098	0	0	0	0	25,098	
Drug Court Fees	634	0	0	0	0	0	0	634	
Jail Fees	15,488	0	0	0	0	0	0	15,488	
DUI Treatment Fines	7,002	0	0	0	0	0	0	7,002	
Data Entry Fee - General Sessions Court	8,120	0	0	0	0	0	0	8,120	
Courtroom Security Fee	516	0	0	0	0	0	0	516	
<u>Juvenile Court</u>									
Fines	178	0	0	0	0	0	0	178	
Officers Costs	652	0	0	0	0	0	0	652	
Drug Control Fines	710	0	0	0	0	0	0	710	
Jail Fees	9,457	0	0	0	0	0	0	9,457	
Data Entry Fee - Juvenile Court	1,341	0	0	0	0	0	0	1,341	
Courtroom Security Fee	6	0	0	0	0	0	0	6	
<u>Chancery Court</u>									
Officers Costs	1,115	0	0	0	0	0	0	1,115	
Data Entry Fee - Chancery Court	1,524	0	0	0	0	0	0	1,524	
Courtroom Security Fee	32	0	0	0	0	0	0	32	

(Continued)

Exhibit J-4

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

	Special Revenue Funds					Total		
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees		Highway/ Public Works	Debt Service Fund
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
Judicial District Drug Program								
Data Entry Fee - Other Courts	\$ 16,418	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,418
Other Fines, Forfeitures, and Penalties	0	0	0	91,647	0	0	0	91,647
Proceeds from Confiscated Property	0	0	0	4,053	0	0	0	4,053
Other Fines, Forfeitures, and Penalties	\$ 126,443	\$ 0	\$ 0	\$ 136,839	\$ 0	\$ 0	\$ 0	\$ 263,282
Total Fines, Forfeitures, and Penalties								
<u>Charges for Current Services</u>								
General Service Charges	\$ 2,610	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,610
Work Release Charges for Board Fees								
Recreation Fees	19,474	0	0	0	0	0	0	19,474
Telephone Commissions	1,298	0	0	0	0	0	0	1,298
Special Commissioner Fees/Special Master Fees	0	0	0	0	4,500	0	0	4,500
Data Processing Fee - Register	4,934	0	0	0	0	0	0	4,934
Data Processing Fee - Sheriff	2,524	0	0	0	0	0	0	2,524
Sexual Offender Registration Fees - Sheriff	2,550	0	0	0	0	0	0	2,550
Data Processing Fee - County Clerk	1,190	0	0	0	0	0	0	1,190
Total Charges for Current Services	\$ 34,580	\$ 0	\$ 0	\$ 0	\$ 4,500	\$ 0	\$ 0	\$ 39,080
<u>Other Local Revenues</u>								
Recurring Items								
Investment Income	\$ 34,215	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,508	\$ 18,908	\$ 79,631
Sale of Gasoline	0	0	0	0	0	11,574	0	11,574
Sale of Maps	1,096	0	0	0	0	0	0	1,096
Sale of Recycled Materials	933	0	0	0	0	0	0	933
Retirees' Insurance Payments	8,164	0	0	0	0	551	0	8,715
Cobra Insurance Payments	0	0	0	0	0	20	0	20
Miscellaneous Refunds	63,463	0	1,118	10,804	0	13,665	15	89,065
Nonrecurring Items								
Contributions and Gifts	1,000	0	0	0	0	0	0	1,000
Total Other Local Revenues	\$ 108,871	\$ 0	\$ 1,118	\$ 10,804	\$ 0	\$ 52,318	\$ 18,923	\$ 192,034

(Continued)

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

	Special Revenue Funds										Total
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Capital Projects Fund			
								Development/ Industrial Park			
<u>Fees Received from County Officials</u>											
<u>Fees in-Lieu-of Salary</u>											
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	153,038
Circuit Court Clerk	56,384	0	0	0	0	0	0	0	0	0	56,384
General Sessions Court Clerk	313,904	0	0	0	0	0	0	0	0	0	313,904
Clerk and Master	56,148	0	0	0	0	0	0	0	0	0	56,148
Register	57,307	0	0	0	0	0	0	0	0	0	57,307
Sheriff	6,768	0	0	0	0	0	0	0	0	0	6,768
Trustee	236,817	0	0	0	0	0	0	0	0	0	236,817
Total Fees Received from County Officials	\$ 880,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 880,366
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	9,000	0	0	0	0	0	0	0	0	0	9,000
On-Behalf Contributions for OPEB	992	0	0	0	0	0	0	0	0	0	992
Other General Government Grants	11,619	0	0	0	0	0	0	0	0	0	11,619
Health and Welfare Grants											
Health Department Programs	105,561	0	0	0	0	0	0	0	0	0	105,561
Public Works Grants											
Bridge Program	0	0	0	0	0	278,626	0	0	0	0	278,626
Litter Program	22,033	0	0	0	0	0	0	0	0	0	22,033
Other State Revenues											
Income Tax	66,625	0	0	0	0	0	0	0	0	0	66,625
Beer Tax	18,724	0	0	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	27,348	0	0	0	0	0	0	0	0	0	27,348
Mixed Drink Tax	2,320	0	0	0	0	0	0	0	0	0	2,320
State Revenue Sharing - T.V.A.	165,496	0	21,074	0	0	4,299	0	0	0	0	190,869
Contracted Prisoner Boarding	299,250	0	0	0	0	1,295,655	0	0	0	0	299,250
Gasoline and Motor Fuel Tax	0	0	0	0	0	14,188	0	0	0	0	14,188
Petroleum Special Tax	0	0	0	0	0	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	4,883	0	0	0	0	0	0	0	0	0	4,883
Total State of Tennessee	\$ 749,015	\$ 0	\$ 21,074	\$ 0	\$ 0	\$ 1,592,768	\$ 0	\$ 0	\$ 226,543	\$ 0	\$ 2,589,100

(Continued)

Exhibit J-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees			
<u>Federal Government</u>								
<u>Federal Through State</u>								
Appalachian Regional Commission	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000
Civil Defense Reimbursement	7,845	0	0	0	0	0	0	7,845
Homeland Security Grants	9,942	0	0	0	0	0	0	9,942
Other Federal through State	55,107	0	0	0	0	0	0	55,107
<u>Direct Federal Revenue</u>								
Forest Service	21,617	0	0	0	0	23,877	0	45,494
Other Direct Federal Revenue	1,000	0	0	0	0	0	0	1,000
Total Federal Government	\$ 145,511	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,877	\$ 0	\$ 169,388
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 214,429	\$ 0	\$ 0	\$ 11,260	\$ 0	\$ 0	\$ 0	\$ 225,689
Contracted Services	185,220	0	0	0	0	240,022	0	509,382
<u>Other</u>								
Other	0	0	0	0	0	0	11,774	11,774
Total Other Governments and Citizens Groups	\$ 399,649	\$ 0	\$ 0	\$ 11,260	\$ 0	\$ 240,022	\$ 11,774	\$ 746,845
Total	\$ 5,809,420	\$ 44	\$ 544,987	\$ 158,903	\$ 4,500	\$ 2,037,724	\$ 2,256,704	\$ 11,122,965

Exhibit J-5

Unicoi County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,438,608	\$ 0	\$ 0	\$ 2,438,608
Trustee's Collections - Prior Year	91,433	0	0	91,433
Circuit/Clerk & Master Collections - Prior Years	76,675	0	0	76,675
Interest and Penalty	16,305	0	0	16,305
Pick-up Taxes	4,115	0	0	4,115
Payments in-Lieu-of Taxes - T.V.A.	172	0	0	172
Payments in-Lieu-of Taxes - Local Utilities	33,700	0	0	33,700
Payments in-Lieu-of Taxes - Other	5,216	0	0	5,216
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,296,150	0	0	1,296,150
Business Tax	2,883	0	0	2,883
Other County Local Option Taxes	279	0	0	279
<u>Statutory Local Taxes</u>				
Bank Excise Tax	3,503	0	0	3,503
Wholesale Beer Tax	1,942	0	0	1,942
Interstate Telecommunications Tax	1,233	0	0	1,233
Total Local Taxes	\$ 3,972,214	\$ 0	\$ 0	\$ 3,972,214
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,323	\$ 0	\$ 0	\$ 2,323
Cable TV Franchise	13,560	0	0	13,560
Total Licenses and Permits	\$ 15,883	\$ 0	\$ 0	\$ 15,883
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 1,586	\$ 0	\$ 0	\$ 1,586
Total Fines, Forfeitures, and Penalties	\$ 1,586	\$ 0	\$ 0	\$ 1,586
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 1,470	\$ 0	\$ 0	\$ 1,470
Tuition - Other	25,864	0	0	25,864
Lunch Payments - Children	0	0	196,078	196,078
Lunch Payments - Adults	0	0	7,632	7,632
Income from Breakfast	0	0	94	94
A la carte Sales	0	0	45,084	45,084
Total Charges for Current Services	\$ 27,334	\$ 0	\$ 248,888	\$ 276,222
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,425	\$ 0	\$ 4,748	\$ 6,173
Sale of Materials and Supplies	165,171	0	0	165,171
Refund of Telecommunication & Internet Fees (E-Rate)	60,866	0	0	60,866
Retirees' Insurance Payments	367	0	0	367
Miscellaneous Refunds	24,359	0	19,215	43,574
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	3	3
Total Other Local Revenues	\$ 252,188	\$ 0	\$ 23,966	\$ 276,154

(Continued)

Exhibit J-5

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>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 99,991	\$ 0	\$ 0	\$ 99,991
<u>State Education Funds</u>				
Basic Education Program	10,789,112	0	0	10,789,112
Basic Education Program - ARRA	1,252,703	0	0	1,252,703
Early Childhood Education	575,722	0	0	575,722
School Food Service	0	0	13,159	13,159
Other State Education Funds	182,132	0	0	182,132
Coordinated School Health - ARRA	100,000	0	0	100,000
Internet Connectivity - ARRA	7,821	0	0	7,821
Career Ladder Program	103,070	0	0	103,070
Career Ladder - Extended Contract - ARRA	57,767	0	0	57,767
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	101,757	0	0	101,757
Safe Schools - ARRA	15,000	0	0	15,000
Total State of Tennessee	\$ 13,285,075	\$ 0	\$ 13,159	\$ 13,298,234
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 602,110	\$ 602,110
USDA - Commodities	0	0	139,959	139,959
Breakfast	0	0	193,738	193,738
USDA - Other	0	0	6,802	6,802
Vocational Education - Basic Grants to States	0	42,909	0	42,909
Title I Grants to Local Education Agencies	0	651,530	0	651,530
Special Education - Grants to States	15,065	690,187	0	705,252
Special Education Preschool Grants	0	79,453	0	79,453
English Language Acquisition Grants	0	13,706	0	13,706
Eisenhower Professional Development State Grants	0	134,781	0	134,781
Race to the Top - ARRA	0	76,199	0	76,199
Other Federal through State	24,590	28,702	0	53,292
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	159,557	0	0	159,557
ROTC Reimbursement	51,905	0	0	51,905
Other Direct Federal Revenue	118,004	0	0	118,004
Total Federal Government	\$ 369,121	\$ 1,717,467	\$ 942,609	\$ 3,029,197
<u>Other Governments and Citizens Groups</u>				
<u>Citizens Groups</u>				
Donations	\$ 19,028	\$ 0	\$ 0	\$ 19,028
Total Other Governments and Citizens Groups	\$ 19,028	\$ 0	\$ 0	\$ 19,028
Total	\$ 17,942,429	\$ 1,717,467	\$ 1,228,622	\$ 20,888,518

Exhibit J-6

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,400	
Social Security		2,249	
State Retirement		307	
Audit Services		5,300	
Contracts with Government Agencies		1,250	
Dues and Memberships		3,910	
Legal Notices, Recording, and Court Costs		987	
Travel		4,467	
Other Charges		1,880	
Total County Commission			\$ 52,750

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		12,573	
State Retirement		13,042	
Life Insurance		524	
Medical Insurance		18,342	
Dental Insurance		1,041	
Unemployment Compensation		282	
Communication		5,044	
Data Processing Services		14,156	
Dues and Memberships		1,575	
Maintenance and Repair Services - Office Equipment		1,501	
Travel		5,204	
Office Supplies		2,878	
Premiums on Corporate Surety Bonds		651	
Other Charges		738	
Office Equipment		180	
Total County Mayor/Executive			231,129

County Attorney

County Official/Administrative Officer	\$	18,000	
Legal Services		1,260	
Total County Attorney			19,260

(Continued)

Exhibit J-6

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)		27,855	
Mechanic(s)		658	
Clerical Personnel		8,782	
Election Commission		4,020	
Election Workers		16,840	
Social Security		7,071	
State Retirement		6,860	
Life Insurance		234	
Medical Insurance		11,714	
Dental Insurance		542	
Unemployment Compensation		368	
Communication		1,797	
Data Processing Services		16,000	
Dues and Memberships		225	
Janitorial Services		825	
Legal Notices, Recording, and Court Costs		8,489	
Maintenance and Repair Services - Buildings		62	
Maintenance and Repair Services - Equipment		1,444	
Printing, Stationery, and Forms		1,366	
Travel		4,752	
Other Contracted Services		870	
Electricity		3,006	
Office Supplies		1,210	
Office Equipment		936	
Total Election Commission			\$ 177,902

Register of Deeds

County Official/Administrative Officer	\$	57,751
Deputy(ies)		27,803
Clerical Personnel		22,968
Part-time Personnel		10,298
Social Security		9,039
State Retirement		8,305
Life Insurance		327
Medical Insurance		16,121
Dental Insurance		757
Unemployment Compensation		391
Communication		2,522
Data Processing Services		7,965

(Continued)

Exhibit J-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Dues and Memberships	\$	522	
Maintenance and Repair Services - Office Equipment		471	
Travel		2,694	
Other Contracted Services		175	
Data Processing Supplies		1,711	
Office Supplies		3,452	
Premiums on Corporate Surety Bonds		475	
Data Processing Equipment		500	
Office Equipment		4,851	
Total Register of Deeds			\$ 179,098

Development

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

County Buildings

Custodial Personnel	\$	21,834	
Part-time Personnel		12,690	
Social Security		2,628	
State Retirement		912	
Life Insurance		117	
Medical Insurance		2,040	
Dental Insurance		271	
Unemployment Compensation		220	
Maintenance and Repair Services - Buildings		37,836	
Custodial Supplies		3,507	
Natural Gas		8,267	
Utilities		36,110	
Building and Contents Insurance		5,900	
Other Capital Outlay		9,800	
Total County Buildings			142,132

Other General Administration

Postal Charges	\$	23,596	
Duplicating Supplies		3,284	
Office Supplies		517	
Excess Risk Insurance		2,000	
Liability Insurance		62,768	
Total Other General Administration			92,165

(Continued)

Exhibit J-6

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Communication	\$	44	
Consultants		361	
Maintenance and Repair Services - Buildings		550	
Travel		1,031	
Office Supplies		998	
Utilities		16	
Office Equipment		<u>9,000</u>	
Total Preservation of Records	\$		12,000

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		24,092	
Deputy(ies)		21,976	
Clerical Personnel		28,727	
Other Salaries and Wages		14,356	
Social Security		10,661	
State Retirement		11,310	
Life Insurance		556	
Medical Insurance		25,489	
Dental Insurance		1,085	
Unemployment Compensation		434	
Audit Services		1,105	
Communication		3,547	
Data Processing Services		9,119	
Dues and Memberships		997	
Maintenance and Repair Services - Office Equipment		8,003	
Postal Charges		100	
Printing, Stationery, and Forms		1,600	
Travel		2,344	
Office Supplies		2,534	
Premiums on Corporate Surety Bonds		340	
Office Equipment		<u>2,793</u>	
Total Property Assessor's Office			228,919

County Trustee's Office

County Official/Administrative Officer	\$	57,751
Assistant(s)		27,787
Deputy(ies)		27,787
Temporary Personnel		3,556

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Social Security	\$	8,941	
State Retirement		9,663	
Life Insurance		351	
Medical Insurance		17,550	
Dental Insurance		814	
Unemployment Compensation		259	
Communication		2,048	
Data Processing Services		8,136	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		364	
Maintenance and Repair Services - Office Equipment		229	
Travel		1,315	
Data Processing Supplies		1,639	
Office Supplies		910	
Premiums on Corporate Surety Bonds		6,194	
Office Equipment		1,624	
Total County Trustee's Office			\$ 177,425

County Clerk's Office

County Official/Administrative Officer	\$	57,751
Deputy(ies)		27,787
Salary Supplements		533
Clerical Personnel		27,787
Part-time Personnel		19,838
Other Salaries and Wages		27,787
Social Security		11,436
State Retirement		10,052
Life Insurance		517
Medical Insurance		24,604
Dental Insurance		994
Unemployment Compensation		504
Communication		6,104
Dues and Memberships		512
Maintenance and Repair Services - Buildings		5,448
Maintenance and Repair Services - Office Equipment		12,940
Travel		1,278
Office Supplies		1,777
Utilities		948
Premiums on Corporate Surety Bonds		992
Data Processing Equipment		6,825

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Equipment	\$ 2,844	
Total County Clerk's Office		\$ 249,258

Other Finance

Trustee's Commission	\$ 65,882	
Total Other Finance		65,882

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 57,751	
Assistant(s)	29,232	
Deputy(ies)	50,902	
Accountants/Bookkeepers	22,968	
Clerical Personnel	22,968	
Part-time Personnel	27,144	
Other Salaries and Wages	25,056	
Jury and Witness Expense	6,252	
Social Security	17,303	
State Retirement	20,134	
Life Insurance	1,087	
Medical Insurance	35,761	
Dental Insurance	2,102	
Unemployment Compensation	756	
Communication	4,462	
Data Processing Services	2,544	
Dues and Memberships	457	
Maintenance and Repair Services - Office Equipment	13,731	
Travel	743	
Data Processing Supplies	247	
Office Supplies	8,718	
Premiums on Corporate Surety Bonds	1,052	
Office Equipment	24,395	
Total Circuit Court		375,765

General Sessions Court

Judge(s)	\$ 82,404
Social Security	5,727
State Retirement	7,021
Life Insurance	117
Medical Insurance	7,938

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Dental Insurance	\$	271	
Communication		768	
Dues and Memberships		175	
Travel		1,357	
Total General Sessions Court			\$ 105,778

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		27,876	
Social Security		5,973	
State Retirement		7,299	
Life Insurance		234	
Medical Insurance		13,789	
Dental Insurance		542	
Unemployment Compensation		108	
Communication		1,508	
Dues and Memberships		457	
Legal Notices, Recording, and Court Costs		945	
Maintenance and Repair Services - Office Equipment		6,658	
Travel		356	
Data Processing Supplies		1,278	
Office Supplies		2,536	
Premiums on Corporate Surety Bonds		919	
Office Equipment		4,121	
Total Chancery Court			132,350

Juvenile Court

Salary Supplements	\$	4,338	
Social Security		328	
State Retirement		6	
Unemployment Compensation		68	
Communication		799	
Contracts with Government Agencies		40,228	
Office Supplies		75	
Total Juvenile Court			45,842

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,303	
Supervisor/Director		75,088	

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Deputy(ies)	\$ 234,493	
Investigator(s)	84,100	
Captain(s)	71,346	
Lieutenant(s)	64,235	
Youth Service Officer(s)	89,684	
Sergeant(s)	31,079	
Dispatchers/Radio Operators	234,951	
Secretary(ies)	67,282	
Other Salaries and Wages	186,130	
In-Service Training	7,348	
Social Security	90,861	
State Retirement	84,080	
Life Insurance	4,150	
Medical Insurance	191,236	
Dental Insurance	8,796	
Unemployment Compensation	4,790	
Communication	9,895	
Dues and Memberships	1,800	
Maintenance and Repair Services - Equipment	3,102	
Maintenance and Repair Services - Vehicles	26,378	
Travel	946	
Gasoline	143,002	
Law Enforcement Supplies	10,752	
Office Supplies	1,015	
Tires and Tubes	7,412	
Uniforms	3,542	
Liability Insurance	42,572	
Premiums on Corporate Surety Bonds	436	
Workers' Compensation Insurance	52,741	
Other Charges	873	
Law Enforcement Equipment	1,331	
Total Sheriff's Department		\$ 1,902,749

Jail

Supervisor/Director	\$ 31,133
Guards	135,907
Other Salaries and Wages	129,408
Social Security	23,152
State Retirement	18,280
Life Insurance	1,237

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Insurance	\$	48,939	
Dental Insurance		2,179	
Unemployment Compensation		1,560	
Maintenance and Repair Services - Buildings		4,008	
Maintenance and Repair Services - Equipment		2,466	
Medical and Dental Services		81,787	
Travel		472	
Custodial Supplies		1,975	
Drugs and Medical Supplies		12,738	
Food Supplies		105,542	
Natural Gas		3,265	
Prisoners Clothing		562	
Utilities		42,836	
Building and Contents Insurance		9,708	
Total Jail			\$ 657,154

Workhouse

Supervisor/Director	\$	18,894	
Guards		17,640	
Other Salaries and Wages		23,634	
Social Security		4,603	
State Retirement		800	
Life Insurance		151	
Medical Insurance		7,655	
Dental Insurance		350	
Unemployment Compensation		509	
Maintenance and Repair Services - Buildings		13,972	
Maintenance and Repair Services - Equipment		965	
Medical and Dental Services		5,207	
Custodial Supplies		499	
Drugs and Medical Supplies		2,837	
Food Supplies		6,507	
Natural Gas		3,886	
Prisoners Clothing		269	
Utilities		8,429	
Law Enforcement Equipment		2,465	
Total Workhouse			119,272

Juvenile Services

Other Salaries and Wages	\$	8,190	
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(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Social Security	\$	630	
Unemployment Compensation		40	
Total Juvenile Services			\$ 8,860

Fire Prevention and Control

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

Civil Defense

County Official/Administrative Officer	\$	36,808	
Social Security		2,816	
State Retirement		3,141	
Life Insurance		117	
Medical Insurance		5,849	
Dental Insurance		271	
Unemployment Compensation		102	
Maintenance and Repair Services - Vehicles		817	
Travel		170	
Gasoline		2,335	
Law Enforcement Supplies		1,140	
Office Supplies		60	
Other Supplies and Materials		32,697	
Communication Equipment		2,280	
Total Civil Defense			88,603

Other Emergency Management

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

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	1,864	
Social Security		143	
State Retirement		159	
Unemployment Compensation		6	
Contracts with Other Public Agencies		17,400	
Other Contracted Services		4,800	
Law Enforcement Supplies		295	
Total County Coroner/Medical Examiner			24,667

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Part-time Personnel	\$	10,635	
Social Security		889	
Unemployment Compensation		60	
Total Other Public Safety			\$ 11,584

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	24,252	
Social Security		1,060	
State Retirement		202	
Life Insurance		49	
Medical Insurance		2,380	
Dental Insurance		113	
Unemployment Compensation		166	
Communication		3,589	
Maintenance and Repair Services - Equipment		2,854	
Maintenance and Repair Services - Office Equipment		3,546	
Custodial Supplies		861	
Drugs and Medical Supplies		5,737	
Natural Gas		2,525	
Office Supplies		2,085	
Utilities		16,812	
Other Supplies and Materials		4,211	
Liability Insurance		2,090	
Other Charges		2,123	
Total Local Health Center			74,655

Rabies and Animal Control

Part-time Personnel	\$	69,880	
Social Security		5,346	
State Retirement		59	
Medical Insurance		4,285	
Unemployment Compensation		465	
Contributions		21,344	
Refunds		4,002	
Workers' Compensation Insurance		1,186	
Total Rabies and Animal Control			106,567

Ambulance/Emergency Medical Services

Maintenance and Repair Services - Buildings	\$	3,066	
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(Continued)

Exhibit J-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Utilities	\$ 1,575	
Total Ambulance/Emergency Medical Services		\$ 4,641

Other Local Health Services

Other Salaries and Wages	\$ 79,138	
Social Security	6,222	
State Retirement	2,079	
Life Insurance	117	
Medical Insurance	5,849	
Dental Insurance	271	
Unemployment Compensation	574	
Maintenance and Repair Services - Buildings	166	
Travel	677	
Total Other Local Health Services		95,093

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	\$ 22,730	
Social Security	1,730	
Unemployment Compensation	100	
Instructional Supplies and Materials	4,300	
Total Sanitation Education/Information		28,860

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

(Continued)

Exhibit J-6

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$ 24,000	
Total Libraries		\$ 24,000

Other Social, Cultural, and Recreational

Contributions	\$ 6,609	
Other Contracted Services	50,000	
Total Other Social, Cultural, and Recreational		56,609

Agriculture and Natural Resources

Agriculture Extension Service

Other Salaries and Wages	\$ 7,475	
Social Security	589	
State Retirement	22	
Unemployment Compensation	89	
Communication	2,728	
Contributions	24,582	
Travel	448	
Total Agriculture Extension Service		35,933

Forest Service

Contributions	\$ 800	
Total Forest Service		800

Soil Conservation

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

Other Operations

Tourism

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

Industrial Development

Other Salaries and Wages	\$ 4,800	
Social Security	367	
Unemployment Compensation	29	
Contributions	26,000	
Other Charges	18,543	
Total Industrial Development		49,739

(Continued)

Exhibit J-6

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

<u>General Fund (Cont.)</u>		
<u>Other Operations (Cont.)</u>		
<u>Veterans' Services</u>		
Contributions	\$ 1,000	
Total Veterans' Services		\$ 1,000
 <u>Other Charges</u>		
On-Behalf Payments to OPEB	\$ 992	
Total Other Charges		992
 <u>Contributions to Other Agencies</u>		
Contributions	\$ 3,000	
Total Contributions to Other Agencies		3,000
 <u>Employee Benefits</u>		
Employee and Dependent Insurance	\$ 6,010	
Workers' Compensation Insurance	8,702	
Total Employee Benefits		14,712
 <u>Miscellaneous</u>		
Contributions	\$ 4,500	
Total Miscellaneous		4,500
 <u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Other Capital Outlay	\$ 43,364	
Total Other General Government Projects		<u>43,364</u>
 Total General Fund		 \$ 5,813,273
 <u>Solid Waste/Sanitation Fund</u>		
<u>Public Health and Welfare</u>		
<u>Sanitation Management</u>		
Social Security	\$ 840	
Unemployment Compensation	132	
Communication	1,911	
Contracts with Private Agencies	406,746	
Operating Lease Payments	32,538	
Maintenance and Repair Services - Office Equipment	285	
Rentals	1,345	
Other Contracted Services	11,184	
Electricity	5,131	
Trustee's Commission	10,444	

(Continued)

Exhibit J-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Workers' Compensation Insurance	\$	798	
Site Development		2,889	
Total Sanitation Management			\$ 474,243

Total Solid Waste/Sanitation Fund \$ 474,243

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$	453	
Total Other Finance			\$ 453

Public Safety

Sheriff's Department

Deputy(ies)	\$	32,033	
Investigator(s)		22,508	
Other Salaries and Wages		2,379	
In-Service Training		6,686	
Social Security		4,491	
State Retirement		2,846	
Life Insurance		145	
Medical Insurance		6,708	
Dental Insurance		309	
Unemployment Compensation		289	
Advertising		10,169	
Communication		2,315	
Confidential Drug Enforcement Payments		13,931	
Dues and Memberships		300	
Maintenance and Repair Services - Buildings		540	
Maintenance and Repair Services - Equipment		1,944	
Maintenance and Repair Services - Vehicles		7,766	
Travel		5,553	
Veterinary Services		7,417	
Animal Food and Supplies		3,189	
Law Enforcement Supplies		7,698	
Office Supplies		1,854	
Tires and Tubes		2,578	
Uniforms		5,488	
Other Supplies and Materials		170	
Refunds		900	

(Continued)

Exhibit J-6

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Charges	\$ 1,039	
Law Enforcement Equipment	267	
Motor Vehicles	4,990	
Total Sheriff's Department		\$ 156,502

Total Drug Control Fund \$ 156,955

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 4,500	
Total Chancery Court		\$ 4,500

Total Constitutional Officers - Fees Fund 4,500

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Accountants/Bookkeepers	39,832	
Audit Services	1,301	
Communication	2,719	
Postal Charges	308	
Travel	1,433	
Data Processing Supplies	217	
Office Supplies	900	
Other Charges	4,167	
Data Processing Equipment	368	
Office Equipment	33	
Total Administration		\$ 114,805

Highway and Bridge Maintenance

Foremen	\$ 40,695
Laborers	597,535
Other Salaries and Wages	19,919
Asphalt	138,115
Concrete	1,321
Crushed Stone	18,445
Other Road Supplies	87,531
Pipe	5,050

(Continued)

Exhibit J-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Structural Steel	\$	557	
Wood Products		299	
Other Supplies and Materials		2,152	
Total Highway and Bridge Maintenance			\$ 911,619

Operation and Maintenance of Equipment

Mechanic(s)	\$	37,250	
Communication		3,929	
Diesel Fuel		71,822	
Electricity		6,999	
Equipment and Machinery Parts		78,349	
Garage Supplies		1,173	
Gasoline		15,154	
Lubricants		2,578	
Natural Gas		4,084	
Propane Gas		2,301	
Tires and Tubes		6,972	
Total Operation and Maintenance of Equipment			230,611

Other Charges

Dues and Memberships	\$	2,229	
Legal Services		1,500	
Maintenance Agreements		4,847	
Office Supplies		107	
Premiums on Corporate Surety Bonds		877	
Trustee's Commission		15,641	
Vehicle and Equipment Insurance		24,330	
Workers' Compensation Insurance		60,504	
Total Other Charges			110,035

Employee Benefits

Social Security	\$	61,160	
State Retirement		65,846	
Employee and Dependent Insurance		157,642	
Unemployment Compensation		2,948	
Uniforms		1,350	
Total Employee Benefits			288,946

Capital Outlay

Bridge Construction	\$	294,958	
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(Continued)

Exhibit J-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Highway Equipment	\$ 148,398	
Total Capital Outlay	<u> </u>	\$ 443,356

Total Highway/Public Works Fund \$ 2,099,372

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 752,536	
Principal on Notes	351,244	
Principal on Other Loans	196,506	
Total General Government	<u> </u>	\$ 1,300,286

Interest on Debt

General Government

Interest on Bonds	\$ 1,208,392	
Interest on Notes	176,945	
Total General Government	<u> </u>	1,385,337

Other Debt Service

General Government

Trustee's Commission	\$ 35,655	
Other Debt Issuance Charges	31,522	
Other Debt Service	1,270	
Total General Government	<u> </u>	68,447

Total General Debt Service Fund 2,754,070

General Capital Projects Fund

Capital Projects

Public Safety Projects

Part-time Personnel	\$ 9,101	
Social Security	551	
Unemployment Compensation	77	
Architects	2,639	
Building Improvements	527,596	
Total Public Safety Projects	<u> </u>	\$ 539,964

Public Health and Welfare Projects

Building Improvements	\$ 1,628	
Total Public Health and Welfare Projects	<u> </u>	1,628

Total General Capital Projects Fund 541,592

(Continued)

Exhibit J-6

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

<u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>Public Utility Projects</u>			
Consultants	\$	9,000	
Other Contracted Services		<u>217,542</u>	
Total Public Utility Projects			\$ 226,542
 <u>Other General Government Projects</u>			
Consultants	\$	22,481	
Other Contracted Services		61,659	
Other Capital Outlay		<u>847</u>	
Total Other General Government Projects			<u>84,987</u>
 Total Community Development/Industrial Park Fund			 <u>\$ 311,529</u>
 Total Governmental Funds - Primary Government			 <u><u>\$ 12,155,534</u></u>

Exhibit J-7

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,299,190	
Career Ladder Program	55,767	
Career Ladder Extended Contracts	48,825	
Educational Assistants	41,885	
Certified Substitute Teachers	28,525	
Non-certified Substitute Teachers	63,384	
Social Security	329,961	
State Retirement	485,392	
Life Insurance	5,366	
Medical Insurance	840,656	
Dental Insurance	10,915	
Employer Medicare	77,839	
Instructional Supplies and Materials	79,286	
Textbooks	128,985	
Other Supplies and Materials	7,824	
Fee Waivers	22,738	
Other Charges	15,815	
Total Regular Instruction Program		\$ 7,542,353

Alternative Instruction Program

Teachers	\$ 33,644	
Social Security	2,084	
State Retirement	3,045	
Life Insurance	39	
Medical Insurance	4,495	
Employer Medicare	487	
Total Alternative Instruction Program		43,794

Special Education Program

Teachers	\$ 662,037	
Career Ladder Program	5,042	
Educational Assistants	64,501	
Speech Pathologist	143,169	
Certified Substitute Teachers	4,172	
Non-certified Substitute Teachers	17,895	
Social Security	53,696	
State Retirement	78,150	
Life Insurance	1,027	
Medical Insurance	149,662	

(Continued)

Exhibit J-7

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	\$	2,220	
Employer Medicare		12,559	
Other Fringe Benefits		7,888	
Other Contracted Services		97,219	
Instructional Supplies and Materials		1,499	
Other Supplies and Materials		1,944	
Other Charges		520	
Special Education Equipment		1,471	
Total Special Education Program			\$ 1,304,671

Vocational Education Program

Teachers	\$	462,946	
Career Ladder Program		5,000	
Certified Substitute Teachers		2,632	
Non-certified Substitute Teachers		4,592	
Social Security		30,218	
State Retirement		42,350	
Life Insurance		485	
Medical Insurance		79,225	
Dental Insurance		1,008	
Employer Medicare		6,629	
Maintenance and Repair Services - Equipment		2,887	
Other Contracted Services		1,311	
Instructional Supplies and Materials		16,304	
Textbooks		2,359	
Other Supplies and Materials		170	
Other Charges		2,592	
Vocational Instruction Equipment		19,476	
Total Vocational Education Program			680,184

Student Body Education Program

Other Equipment	\$	144,815	
Total Student Body Education Program			144,815

Support Services

Attendance

Supervisor/Director	\$	67,707	
Career Ladder Program		2,000	
Social Security		4,281	

(Continued)

Exhibit J-7

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.)

State Retirement	\$	6,308	
Life Insurance		40	
Medical Insurance		5,652	
Dental Insurance		120	
Employer Medicare		1,001	
Travel		1,526	
Total Attendance			\$ 88,635

Health Services

Medical Personnel	\$	82,384	
Other Salaries and Wages		92,436	
Social Security		10,564	
State Retirement		14,574	
Life Insurance		324	
Medical Insurance		20,550	
Employer Medicare		2,471	
Travel		7,292	
Other Contracted Services		200	
Drugs and Medical Supplies		5,789	
Other Supplies and Materials		39,879	
Other Charges		1,698	
Total Health Services			278,161

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		273,454	
Psychological Personnel		43,869	
Social Workers		33,679	
School Resource Officer		54,340	
Other Salaries and Wages		13,646	
Social Security		26,420	
State Retirement		36,947	
Life Insurance		374	
Medical Insurance		52,765	
Dental Insurance		891	
Employer Medicare		5,207	
Evaluation and Testing		7,461	
Other Supplies and Materials		4,129	
Other Charges		66	
Total Other Student Support			555,248

(Continued)

Exhibit J-7

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

Supervisor/Director	\$	67,020	
Career Ladder Program		7,410	
Librarians		243,721	
Educational Assistants		12,443	
Social Security		19,765	
State Retirement		28,394	
Life Insurance		303	
Medical Insurance		43,623	
Dental Insurance		731	
Employer Medicare		4,623	
Travel		19,969	
Periodicals		3,272	
In Service/Staff Development		29,345	
Other Equipment		38,557	
Total Regular Instruction Program			\$ 519,176

Special Education Program

Supervisor/Director	\$	62,563	
Career Ladder Program		1,000	
Secretary(ies)		25,286	
Social Security		5,395	
State Retirement		7,924	
Life Insurance		81	
Medical Insurance		17,748	
Dental Insurance		120	
Employer Medicare		1,262	
Travel		4,477	
In Service/Staff Development		3,786	
Total Special Education Program			129,642

Vocational Education Program

Supervisor/Director	\$	61,588	
Career Ladder Program		1,000	
Secretary(ies)		26,935	
Social Security		5,507	
State Retirement		8,025	
Life Insurance		78	
Medical Insurance		10,502	
Dental Insurance		230	

(Continued)

Exhibit J-7

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.)

Employer Medicare	\$	1,288	
Maintenance and Repair Services - Equipment		4,609	
Travel		363	
Other Contracted Services		48	
Other Supplies and Materials		368	
Total Vocational Education Program			\$ 120,541

Other Programs

On-Behalf Payments to OPEB	\$	99,991	
Total Other Programs			99,991

Board of Education

Secretary to Board	\$	31,310	
Other Salaries and Wages		80,419	
Board and Committee Members Fees		5,466	
Social Security		5,249	
State Retirement		2,731	
Life Insurance		40	
Medical Insurance		6,107	
Dental Insurance		48	
Unemployment Compensation		9,286	
Employer Medicare		1,228	
Audit Services		15,398	
Dues and Memberships		10,000	
Legal Services		35,604	
Travel		10,136	
Other Contracted Services		19,346	
Other Supplies and Materials		2,760	
Liability Insurance		26,902	
Trustee's Commission		96,786	
Workers' Compensation Insurance		76,264	
Other Charges		8,036	
Total Board of Education			443,116

Director of Schools

County Official/Administrative Officer	\$	109,018	
Assistant(s)		34,761	
Secretary(ies)		14,096	
Clerical Personnel		6,654	

(Continued)

Exhibit J-7

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.)

Social Security	\$	9,554	
State Retirement		14,324	
Life Insurance		117	
Medical Insurance		19,077	
Dental Insurance		346	
Employer Medicare		2,234	
Other Fringe Benefits		1,606	
Communication		77,806	
Dues and Memberships		735	
Postal Charges		8,255	
Travel		5,383	
Other Contracted Services		8,718	
Office Supplies		5,390	
Other Charges		8,288	
Administration Equipment		1,216	
Total Director of Schools			\$ 327,578

Office of the Principal

Principals	\$	399,694	
Career Ladder Program		5,042	
Accountants/Bookkeepers		46,628	
Assistant Principals		156,799	
Secretary(ies)		158,081	
Social Security		46,745	
State Retirement		67,511	
Life Insurance		755	
Medical Insurance		110,672	
Dental Insurance		1,437	
Employer Medicare		10,932	
Total Office of the Principal			1,004,296

Fiscal Services

Accountants/Bookkeepers	\$	77,139	
Social Security		4,754	
State Retirement		6,572	
Life Insurance		81	
Medical Insurance		5,246	
Dental Insurance		239	
Employer Medicare		1,112	

(Continued)

Exhibit J-7

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.)

Travel	\$	1,268	
Other Contracted Services		7,558	
Data Processing Supplies		3,356	
Office Supplies		1,123	
Administration Equipment		518	
Total Fiscal Services			\$ 108,966

Operation of Plant

Supervisor/Director	\$	27,130	
Custodial Personnel		387,097	
Social Security		25,116	
State Retirement		29,530	
Life Insurance		898	
Medical Insurance		88,985	
Dental Insurance		934	
Employer Medicare		5,874	
Disposal Fees		35,096	
Other Contracted Services		10,535	
Custodial Supplies		51,140	
Electricity		521,400	
Natural Gas		107,507	
Water and Sewer		27,020	
Boiler Insurance		4,415	
Building and Contents Insurance		80,433	
Other Charges		11,844	
Total Operation of Plant			1,414,954

Maintenance of Plant

Supervisor/Director	\$	47,472	
Maintenance Personnel		164,527	
Social Security		13,030	
State Retirement		18,063	
Life Insurance		283	
Medical Insurance		38,064	
Dental Insurance		479	
Employer Medicare		3,047	
Laundry Service		10,333	
Maintenance and Repair Services - Buildings		216,198	
Maintenance and Repair Services - Equipment		10,570	

(Continued)

Exhibit J-7

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.)

Maintenance and Repair Services - Vehicles	\$	1,918	
Other Contracted Services		22,039	
Equipment and Machinery Parts		20,282	
General Construction Materials		5,973	
Other Supplies and Materials		14,839	
In Service/Staff Development		225	
Other Charges		59,738	
Maintenance Equipment		7,199	
Total Maintenance of Plant			\$ 654,279

Transportation

Supervisor/Director	\$	39,489	
Mechanic(s)		32,528	
Bus Drivers		188,013	
Social Security		18,233	
State Retirement		14,524	
Life Insurance		78	
Medical Insurance		10,405	
Dental Insurance		231	
Employer Medicare		4,264	
Medical and Dental Services		1,138	
Other Contracted Services		10,644	
Diesel Fuel		103,991	
Garage Supplies		502	
Gasoline		19,282	
Tires and Tubes		10,451	
Vehicle Parts		38,249	
Other Supplies and Materials		2,408	
Vehicle and Equipment Insurance		24,834	
Transportation Equipment		156,413	
Total Transportation			675,677

Central and Other

Supervisor/Director	\$	57,593	
Computer Programmer(s)		32,880	
Data Processing Personnel		11,951	
Other Salaries and Wages		40,632	
Social Security		8,520	
State Retirement		10,638	

(Continued)

Exhibit J-7

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.)

Life Insurance	\$	119	
Medical Insurance		19,202	
Dental Insurance		237	
Employer Medicare		1,993	
Travel		187	
Other Contracted Services		25,265	
Data Processing Supplies		23,163	
Other Supplies and Materials		41,181	
Other Equipment		26,048	
Total Central and Other			\$ 299,609

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		90	
Employer Medicare		15	
Total Food Service			1,167

Community Services

Supervisor/Director	\$	10,332	
Teachers		64,251	
Bus Drivers		1,750	
Clerical Personnel		5,736	
Educational Assistants		32,916	
Social Security		6,996	
State Retirement		8,985	
Employer Medicare		1,635	
Instructional Supplies and Materials		1,000	
Other Supplies and Materials		25,532	
In Service/Staff Development		364	
Other Charges		12,911	
Total Community Services			172,408

Early Childhood Education

Supervisor/Director	\$	55,645	
Teachers		233,365	
Educational Assistants		112,393	
Other Salaries and Wages		12,082	

(Continued)

Exhibit J-7

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	\$ 1,693	
Social Security	24,680	
State Retirement	34,951	
Life Insurance	637	
Medical Insurance	78,556	
Dental Insurance	955	
Employer Medicare	5,772	
Maintenance and Repair Services - Equipment	300	
Other Contracted Services	212	
Instructional Supplies and Materials	4,335	
Other Supplies and Materials	14,134	
In Service/Staff Development	4,347	
Other Charges	1,969	
Other Equipment	21,444	
Total Early Childhood Education		\$ 607,470

Principal on Debt

Education

Principal on Capital Leases	\$ 60,966	
Total Education		60,966

Interest on Debt

Education

Interest on Capital Leases	\$ 8,307	
Total Education		8,307

Total General Purpose School Fund \$ 17,286,004

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 113,502
Educational Assistants	169,265
Certified Substitute Teachers	550
Non-certified Substitute Teachers	4,188
Social Security	17,427
State Retirement	21,665
Life Insurance	595
Medical Insurance	57,658

(Continued)

Exhibit J-7

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Dental Insurance	\$	564	
Employer Medicare		4,076	
Other Fringe Benefits		1,325	
Maintenance and Repair Services - Equipment		12,189	
Other Contracted Services		22,400	
Instructional Supplies and Materials		96,174	
Other Supplies and Materials		26,975	
Other Charges		535	
Regular Instruction Equipment		75,208	
Total Regular Instruction Program			\$ 624,296

Special Education Program

Teachers	\$	33,353	
Educational Assistants		388,860	
Speech Pathologist		158	
Social Security		24,722	
State Retirement		30,763	
Life Insurance		1,279	
Medical Insurance		145,592	
Dental Insurance		2,206	
Employer Medicare		5,782	
Other Fringe Benefits		3,267	
Other Contracted Services		90,737	
Instructional Supplies and Materials		5,414	
Other Supplies and Materials		8,499	
Special Education Equipment		9,716	
Total Special Education Program			750,348

Vocational Education Program

Instructional Supplies and Materials	\$	2,699	
Vocational Instruction Equipment		25,650	
Total Vocational Education Program			28,349

Support Services

Other Student Support

Travel	\$	13,536	
Other Contracted Services		83	
Other Supplies and Materials		6,763	
In Service/Staff Development		65	

(Continued)

Exhibit J-7

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	\$ 2,522	
Total Other Student Support		\$ 22,969

Regular Instruction Program

Supervisor/Director	\$ 74,734	
Secretary(ies)	30,684	
In-Service Training	23,340	
Social Security	6,448	
State Retirement	9,378	
Life Insurance	81	
Medical Insurance	11,248	
Dental Insurance	240	
Employer Medicare	1,508	
Other Fringe Benefits	667	
Maintenance and Repair Services - Equipment	1,658	
Travel	19,583	
Library Books/Media	30,701	
Other Supplies and Materials	2,612	
In Service/Staff Development	26,376	
Other Equipment	1,220	
Total Regular Instruction Program		240,478

Special Education Program

Clerical Personnel	\$ 3,000	
Social Security	186	
Employer Medicare	44	
Other Fringe Benefits	24	
Travel	1,539	
In Service/Staff Development	15,760	
Total Special Education Program		20,553

Vocational Education Program

Travel	\$ 1,413	
Total Vocational Education Program		1,413

Total School Federal Projects Fund \$ 1,688,406

(Continued)

Exhibit J-7

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 74,734	
Clerical Personnel	24,979	
Cafeteria Personnel	342,401	
Social Security	27,022	
State Retirement	19,852	
Life Insurance	405	
Medical Insurance	43,197	
Dental Insurance	480	
Employer Medicare	6,320	
Advertising	56	
Licenses	560	
Maintenance and Repair Services - Equipment	14,869	
Travel	8,232	
Other Contracted Services	55,078	
Food Preparation Supplies	45,182	
Food Supplies	383,020	
Office Supplies	5,844	
Small Tools	932	
Uniforms	1,600	
USDA - Commodities	139,959	
Other Supplies and Materials	139	
In Service/Staff Development	5,000	
Other Charges	1,419	
Food Service Equipment	25,687	
Total Food Service		<u>\$ 1,226,967</u>

Total Central Cafeteria Fund \$ 1,226,967

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$ 122,142	
Building Construction	60,907	
Other Capital Outlay	366,150	
Total Regular Capital Outlay		<u>\$ 549,199</u>

Total Education Capital Projects Fund 549,199

Total Governmental Funds - Unicoi County School Department \$ 20,750,576

Exhibit J-8

Unicoi County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,194,524
Total Cash Receipts	<u>\$ 1,194,524</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,182,579
Trustee's Commissions	11,945
Total Cash Disbursements	<u>\$ 1,194,524</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	<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

November 17, 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, 2011, which collectively comprise Unicoi County's basic financial statements and have issued our report thereon dated November 17, 2011. Our report on the aggregate discretely presented component units financial statements 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.03 and 11.04. 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.

Compliance and Other Matters

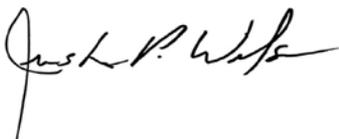
As part of obtaining reasonable assurance about whether Unicoi County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 11.01, 11.02, and 11.05.

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, road superintendent, director of schools, County Commission, Board of Education, others within Unicoi County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 17, 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.02 and 11.06.

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

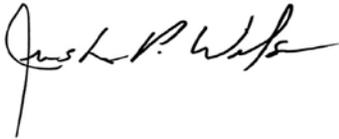
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unicoi County as of and for the year ended June 30, 2011, and have issued our report thereon dated November 17, 2011. Our report on the aggregate discretely presented component units financial statements 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 as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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, road superintendent, director of schools, County Commission, Board of Education, others within Unicoi County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke 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, 2011

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Schools and Roads - Grants to States	10.665	N/A	\$ 95,507
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	139,959 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	193,738
National School Lunch Program	10.555	N/A	602,110 (4)
Summer Food Service Program for Children	10.559	N/A	6,802
Total U.S. Department of Agriculture			<u>\$ 1,038,116</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-10-32491-00	\$ 226,543
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-09-44	88,140
Total U.S. Department of Housing and Urban Development			<u>\$ 314,683</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 46,374
Total U.S. Department of the Interior			<u>\$ 46,374</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	\$ 9,800
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	(2)	11,619
Total U.S. Department of Justice			<u>\$ 21,419</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
Incentive Grants - WIA Section 503	17.267	N/A	\$ 1,000
Total U.S. Department of Labor			<u>\$ 1,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	GG-08-23482-00	\$ 34,691
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(2)	4,883
Total U.S. Department of Transportation			<u>\$ 39,574</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	CO-16107-08	\$ 50,000
Total Appalachian Regional Commission			<u>\$ 50,000</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 469,513
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	173,175
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	632,980
Special Education - Preschool Grants	84.173	N/A	64,082
Special Education - Grants to States, Recovery Act	84.391	N/A	65,904
Special Education - Preschool Grants, Recovery Act	84.392	N/A	1,519
Impact Aid	84.041	N/A	159,557
Career and Technical Education - Basic Grants to States	84.048	N/A	42,909
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	1,793
Education Technology State Grants, Recovery Act	84.386	N/A	5,430
English Language Acquisition Grants	84.365	N/A	13,706
Improving Teacher Quality State Grants	84.367	N/A	134,781
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	76,199
State Fiscal Stabilization Fund Cluster			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,252,703
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(3)	180,588
Education Jobs Fund	84.410	N/A	21,479
Total U.S. Department of Education			<u>\$ 3,296,318</u>
National Archives and Records Administration:			
Passed-through State Historical Records Advisory Board:			
National Historical Publications and Records Grant	89.003	(2)	\$ 5,000
Total National Archives and Records Administration			<u>\$ 5,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	\$ 23,590
Total U.S. Department of Health and Human Services			<u>\$ 23,590</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 7,845
Homeland Security Grant Program	97.067	(2)	9,942
Total U.S. Department of Homeland Security			<u>\$ 17,787</u>
Total Expenditures of Federal Awards			<u>\$ 4,853,861</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Health Department Program - State Department of Health	N/A	(2)	105,561
Litter Program - State Department of Transportation	N/A	(2)	22,033
Early Childhood Education Pilot Projects - State Department of Education	N/A	(2)	<u>575,722</u>
Total State Grants			<u>\$ 712,316</u>

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 \$742,069.

Unicoi County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Unicoi County, Tennessee, for the year ended June 30, 2010, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.07	150	Duties were not segregated adequately in the Office of Clerk and Master

UNICOI COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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. None 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 one finding that is 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 register and sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 11.01 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under Government Auditing Standards)

Expenditures exceeded total appropriations in the General Debt Service Fund by \$9,344. This deficiency resulted from expenditures for principal on debt exceeding appropriations by \$14,756. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.02 **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL SPECIAL EDUCATION FUNDS** (Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

On February 7, 2011, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education – Grants to States (CFDA No. 84.027) and the Special Education – Grants to States, Recovery Act (CFDA No. 84.391) program in Unicoi County. The monitoring report disclosed the following deficiencies:

- A. General purpose special education funds paid 100 percent of the salary and fringe benefits for a special education teacher. However, this teacher was also teaching a general education class, which was unrelated to special education.
- B. The special education supervisor had duties other than those pertaining to the special education program such as the afternoon tutoring program.

- C. A portion of the salaries and fringe benefits for transportation personnel, supervisors, mechanics, and bus drivers were being paid on a straight percentage based on the number of students with disabilities rather than time actually spent on special education assignments.

It should be noted that in accordance with actions recommended by the State of Tennessee, Department of Education, Division of Special Education, the Unicoi County School Department submitted revised documentation for their maintenance of effort calculation for the 2011 fiscal year, which has been reviewed and approved. This monitoring report, along with management's responses and corrective action plans, may be obtained from the state Department of Education, Division of Special Education, 7th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

OFFICES OF TRUSTEE, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

FINDING 11.03 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of Trustee, County Clerk, Clerk and Master, Register, and Sheriff. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by officials, resulting in a loss of control over assets. Since management was not aware of its importance, the officials did not obtain separate cash drawers until we brought it to their attention. The officials have now assigned separate cash drawers for each employee receiving cash.

MANAGEMENT'S RESPONSE – REGISTER

On the very same day the auditor discussed the need for separate cash drawers in the Register's Office with me, a plan was implemented immediately. In addition, computers in the office, as well as the pre-numbered receipts I use, act as additional safeguards in the day-to-day operations of the office.

The Register's Office does segregate the duties of office personnel but realizes that, due to lunch break coverage and extremely busy times, there could be more than one person receipting from the same cash drawer in a given work day. We have always heeded and

appreciated the advice of the Division of County Audit and have endeavored to go beyond their recommendations in safeguarding taxpayers' money.

OFFICE OF CLERK AND MASTER

FINDING 11.04 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF CLERK AND MASTER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the official and employees in the Office of Clerk and Master. The official 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 of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

The clerk and master should segregate duties to the extent possible using available resources.

OFFICE OF SHERIFF

FINDING 11.05 **THE SHERIFF HAS BEEN INDICTED BY THE UNICOI COUNTY GRAND JURY**
(Noncompliance Under *Government Auditing Standards*)

On October 14, 2011, Sheriff David Kent Harris was indicted by the Unicoi County Grand Jury on six counts of official misconduct for having inmates perform labor on his property in July 2010, criminal simulation for falsifying a memo requesting payment from the county for a vehicle that had been donated to the county, and theft for receiving \$4,500 that belonged to the county. He was also indicted for attempted aggravated assault and tampering with evidence.

MANAGEMENT'S RESPONSE – SHERIFF

I have obtained legal representation on this matter.

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens in Unicoi County.

ITEM 1. **UNICOI COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Unicoi County does not have 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. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. **UNICOI COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Unicoi County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education Passed-through State Department of Education: Special Education - Grants to States Special Education - Grants to States, Recovery Act	11.06	84.027 84.391	Circular A-133, Compliance Supplement Parts 3G.	Noncompliance - See Finding 11.02 - the School Department had deficiencies in the use of federal Special Education funds	\$ 0

UNICOI COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011

There were no audit findings relative to federal awards presented in the prior year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current year's Schedule of Findings and Questioned Costs.

Director of Schools – Corrective Action Plan for Current Year's Findings

FINDINGS 11.02 and 11.06

Contact person: Denise Brown

Corrective action planned: The Board of Education has changed the schedule of the special education teacher paid from general purpose special education funds, so now 100 percent of time is devoted to teaching special education students.

The special education supervisor now maintains logs to document time spent on special education program activities and other duties. The supervisor's salary and fringe benefits are separated between time spent on special education program and other duties based on these logs.

The transportation supervisor and mechanics now maintain logs to document time spent working on special education buses. The portion of their salaries and fringe benefits related to special education are calculated based on these logs. The salary and fringe benefits for special education bus drivers have been cost centered.

A revised maintenance of effort for the 2011 fiscal year was calculated taking into account expenditures paid from the General Purpose School Fund related to the above-noted items.

Completion date: May 3, 2011