

**ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2012



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FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

UNICOI COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Unicoi County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Unicoi County as of and for the year ended June 30, 2012.

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:

OFFICES OF COUNTY MAYOR AND SHERIFF

- ◆ Bids were not solicited for perishable food commodities.

OFFICE OF ROAD SUPERINTENDENT

- ◆ Accrued vacation leave balances exceeded the maximum leave provided by the county's personnel policy.

OFFICE OF CLERK AND MASTER

- ◆ Duties were not segregated adequately.
-

OFFICE OF SHERIFF

- ◆ Deficiencies were noted in reporting employee leave.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The assessor did not prorate new construction.
-

BEST PRACTICES

The Division of Local Government 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, 2012

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
Michael Hensley, 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 LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

October 5, 2012

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, 2012, 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, 2012, 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, 2012, 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 October 5, 2012, 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.

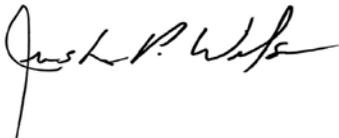
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 56 through 61 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, 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 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Unicoi County, Tennessee
Statement of Net Assets
June 30, 2012

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Unicoi County School Department</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 10,726	\$ 66,000
Equity in Pooled Cash and Investments	5,807,086	4,412,119
Accounts Receivable	74,885	10,637
Due from Other Governments	525,415	245,047
Property Taxes Receivable	5,514,399	2,744,910
Allowance for Uncollectible Property Taxes	(274,588)	(136,681)
Deferred Charges - Debt Issuance Cost	204,910	0
Capital Assets:		
Assets Not Depreciated:		
Land	457,064	618,886
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,239,619	25,659,405
Other Capital Assets	699,962	1,229,621
Infrastructure	4,198,981	0
Total Assets	<u>\$ 21,458,459</u>	<u>\$ 34,849,944</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 99,345	\$ 1,742
Accrued Interest Payable	160,052	37
Payroll Deductions Payable	66,504	0
Contracts Payable	0	116,782
Claims and Judgments Payable	126,825	0
Due to State of Tennessee	3,903	0
Other Current Liabilities	0	380,272
Deferred Revenue - Current Property Taxes	5,072,262	2,524,827
Noncurrent Liabilities:		
Due Within One Year	1,562,132	66,022
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	26,827,765	254,972
Total Liabilities	<u>\$ 33,918,788</u>	<u>\$ 3,344,654</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	\$ 4,462,320	\$ 27,396,391
Restricted for:		
General Government	29,262	0
Finance	5,499	0
Administration of Justice	44,196	0
Public Safety	28,709	0
Public Health and Welfare	79,612	0
Highways/Public Works	2,248,888	0
Debt Service	2,830,379	0
Education	0	493,672
Capital Projects	159,290	0
Unrestricted	<u>(22,348,484)</u>	<u>3,615,227</u>
Total Net Assets (Deficit)	<u>\$ (12,460,329)</u>	<u>\$ 31,505,290</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, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Unicoi County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,043,167	\$ 155,917	\$ 89,521	\$ 0	\$ (797,729)	\$ 0
Finance	761,097	415,534	0	0	(345,563)	0
Administration of Justice	726,210	616,183	9,000	0	(101,027)	0
Public Safety	3,292,060	549,895	253,019	0	(2,489,146)	0
Public Health and Welfare	1,370,272	5,060	520,391	0	(844,821)	0
Social, Cultural, and Recreational Services	70,834	18,918	0	0	(51,916)	0
Agriculture and Natural Resources	41,128	0	0	0	(41,128)	0
Other Operations	58,947	0	0	0	(58,947)	0
Highways	2,002,665	117,964	1,324,027	0	(560,674)	0
Interest on Long-term Debt	1,284,819	0	0	0	(1,284,819)	0
Debt Service	40,337	0	175,000	0	134,663	0
Total Primary Government	\$ 10,691,536	\$ 1,879,471	\$ 2,370,958	\$ 0	\$ (6,441,107)	\$ 0
Component Unit:						
Unicoi County School Department	\$ 22,197,756	\$ 470,092	\$ 3,808,324	\$ 60,000	\$ 0	\$ (17,859,340)
Total Component Unit	\$ 22,197,756	\$ 470,092	\$ 3,808,324	\$ 60,000	\$ 0	\$ (17,859,340)

(Continued)

Exhibit B

Unicoi County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government	Unicoi
				Total	County	Department
				Governmental	School	
				Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$			\$	2,613,443
Property Taxes Levied for Debt Service						0
Local Option Sales Taxes						1,361,599
Hotel/Motel Tax						0
Litigation Tax - General						0
Litigation Tax - Special Purpose				41		0
Litigation Tax - Jail, Workhouse, or Courthouse				176,861		0
Business Tax				71,925		32,963
Mineral Severance Tax				34,652		0
Wholesale Beer Tax				4,442		2,210
Interstate Telecommunications Tax				529		897
Other Statutory Local Taxes				65,603		0
Other Local Taxes				9,161		279
Grants and Contributions Not Restricted to Specific Programs				373,075		13,159,926
Unrestricted Investment Income				48,235		7,184
Miscellaneous				20,508		187,862
Total General Revenues				\$ 6,703,842	\$	17,366,363
Change in Net Assets				\$ 262,735	\$	(492,977)
Net Assets (Deficit), July 1, 2011				(12,723,064)		31,998,267
Net Assets (Deficit), June 30, 2012				\$ (12,460,329)	\$	31,505,290

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

Exhibit C-1

Unicoi County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2012

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 10,726	\$ 10,726
Equity in Pooled Cash and Investments	228,537	2,079,596	3,167,043	331,910	5,807,086
Accounts Receivable	37,454	29,974	2,701	4,756	74,885
Due from Other Governments	135,396	233,527	156,492	0	525,415
Due from Other Funds	10,726	0	0	200	10,926
Property Taxes Receivable	3,234,252	163,976	1,598,691	517,480	5,514,399
Allowance for Uncollectible Property Taxes	(161,049)	(8,165)	(79,606)	(25,768)	(274,588)
Total Assets	\$ 3,485,316	\$ 2,498,908	\$ 4,845,321	\$ 839,304	\$ 11,668,849
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 64,174	\$ 522	\$ 0	\$ 34,649	\$ 99,345
Payroll Deductions Payable	65,039	650	0	815	66,504
Claims and Judgments Payable	126,825	0	0	0	126,825
Due to Other Funds	200	0	0	10,726	10,926
Due to State of Tennessee	3,814	0	0	89	3,903
Deferred Revenue - Current Property Taxes	2,974,934	150,829	1,470,510	475,989	5,072,262
Deferred Revenue - Delinquent Property Taxes	89,018	4,513	44,002	14,243	151,776
Other Deferred Revenues	25,847	117,100	72,949	0	215,896
Total Liabilities	\$ 3,349,851	\$ 273,614	\$ 1,587,461	\$ 536,511	\$ 5,747,437
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 28,742	\$ 0	\$ 0	\$ 520	\$ 29,262
Restricted for Finance	5,499	0	0	0	5,499
Restricted for Administration of Justice	44,196	0	0	0	44,196
Restricted for Public Safety	18,602	0	0	10,107	28,709
Restricted for Public Health and Welfare	4,107	0	0	61,262	65,369
Restricted for Highways/Public Works	0	2,154,343	0	0	2,154,343
Restricted for Debt Service	0	0	2,873,479	0	2,873,479
Restricted for Capital Projects	0	0	0	159,290	159,290
Committed:					
Committed for Public Health and Welfare	0	0	0	71,614	71,614
Committed for Highways/Public Works	0	70,951	0	0	70,951
Committed for Debt Service	0	0	384,381	0	384,381
Unassigned	34,319	0	0	0	34,319
Total Fund Balances	\$ 135,465	\$ 2,225,294	\$ 3,257,860	\$ 302,793	\$ 5,921,412
Total Liabilities and Fund Balances	\$ 3,485,316	\$ 2,498,908	\$ 4,845,321	\$ 839,304	\$ 11,668,849

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

Exhibit C-2

Unicoi County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

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)		\$	5,921,412
(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		4,239,619	
Add: other capital assets net of accumulated depreciation		699,962	
Add: infrastructure net of accumulated depreciation		<u>4,198,981</u>	9,595,626
(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	\$	(3,225,330)	
Less: bonds payable		(24,932,419)	
Add: deferred amount on refunding		39,108	
Add: deferred charges - debt issuance costs		204,910	
Less: compensated absences payable		(231,137)	
Less: accrued interest on bonds, notes, and capital leases		(160,052)	
Less: other deferred revenue - premium on debt		<u>(40,119)</u>	(28,345,039)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>367,672</u>
Net assets (deficit) of governmental activities (Exhibit A)			<u>\$ (12,460,329)</u>

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

Exhibit C-3

Unicoi County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,412,341	\$ 174,829	\$ 2,196,400	\$ 508,450	\$ 6,292,020
Licenses and Permits	16,320	551	8,061	2,616	27,548
Fines, Forfeitures, and Penalties	141,380	0	0	48,719	190,099
Charges for Current Services	87,705	0	0	23,950	111,655
Other Local Revenues	51,636	40,835	7,297	1,534	101,302
Fees Received from County Officials	891,959	0	0	0	891,959
State of Tennessee	786,140	1,328,405	0	287,586	2,402,131
Federal Government	102,776	21,749	0	0	124,525
Other Governments and Citizens Groups	468,971	93,716	186,774	8,309	757,770
Total Revenues	\$ 5,959,228	\$ 1,660,085	\$ 2,398,532	\$ 881,164	\$ 10,899,009
<u>Expenditures</u>					
Current:					
General Government	\$ 912,358	\$ 0	\$ 0	\$ 0	\$ 912,358
Finance	756,279	0	0	453	756,732
Administration of Justice	698,034	0	0	23,950	721,984
Public Safety	3,156,945	0	0	90,323	3,247,268
Public Health and Welfare	599,453	0	0	482,067	1,081,520
Social, Cultural, and Recreational Services	70,834	0	0	0	70,834
Agriculture and Natural Resources	41,011	0	0	0	41,011
Other Operations	72,561	0	0	0	72,561
Highways	0	1,769,757	0	0	1,769,757
Debt Service:					
Principal on Debt	0	0	1,410,096	0	1,410,096
Interest on Debt	0	0	1,255,236	0	1,255,236
Other Debt Service	0	0	40,337	0	40,337
Capital Projects	0	0	0	277,209	277,209
Total Expenditures	\$ 6,307,475	\$ 1,769,757	\$ 2,705,669	\$ 874,002	\$ 11,656,903
Excess (Deficiency) of Revenues Over Expenditures	\$ (348,247)	\$ (109,672)	\$ (307,137)	\$ 7,162	\$ (757,894)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 115,254	\$ 0	\$ 0	\$ 160,000	\$ 275,254
Insurance Recovery	0	2,632	0	0	2,632
Transfers In	0	0	18,194	0	18,194
Transfers Out	0	0	0	(18,194)	(18,194)
Total Other Financing Sources (Uses)	\$ 115,254	\$ 2,632	\$ 18,194	\$ 141,806	\$ 277,886
Net Change in Fund Balances	\$ (232,993)	\$ (107,040)	\$ (288,943)	\$ 148,968	\$ (480,008)
Fund Balance, July 1, 2011	368,458	2,332,334	3,546,803	153,825	6,401,420
Fund Balance, June 30, 2012	\$ 135,465	\$ 2,225,294	\$ 3,257,860	\$ 302,793	\$ 5,921,412

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, 2012

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)	\$	(480,008)
(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	\$	158,339
Less: current-year depreciation expense		<u>(553,069)</u>
		(394,730)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: net book value of assets disposed		(14,141)
(3) 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, 2012	\$	367,672
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(299,711)</u>
		67,961
(4) 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	\$	(275,254)
Add: change in premium on debt issuances		3,486
Less: change in deferred debt issuance costs		(15,621)
Add: principal payments on bonds		793,147
Add: principal payments on notes		392,001
Add: principal payments on other loans		224,948
Less: change in deferred amount on refunding debt		<u>(6,619)</u>
		1,116,088
(5) 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	\$	(10,829)
Change in compensated absences payable		<u>(21,606)</u>
		(32,435)
Change in net assets of governmental activities (Exhibit B)	\$	<u>262,735</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 469,134
Accounts Receivable	2,510
Due from Other Governments	257,984
Restricted Assets	<u>32,077</u>
Total Assets	<u>\$ 761,705</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 257,984
Due to Litigants, Heirs, and Others	<u>503,721</u>
Total Liabilities	<u>\$ 761,705</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, 2012

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 Unicoi County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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

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

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

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

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

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

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

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

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

Unicoi County reports the following major governmental funds:

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

Highway/Public Works Fund – This 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 funds:

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

School Federal Projects Fund – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

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

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 that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.6 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 \$380,272 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. Claims and judgments payable totaling \$126,825 are discussed in Note V.B., Subsequent Events.

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, 2012, Unicoi County had \$22,990,500 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, and shall remain binding unless removed in the same manner.

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 Commission and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the discretely presented School Department’s General Purpose School Fund includes encumbrances (\$26,880) and amounts assigned by the board for various purposes within Instruction (\$48,000), Support (\$74,083), and Capital Outlay (\$615,990).

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 2009-2010 year reported a cash shortage of \$20,967.36 for the School Department. The cash shortage was liquidated by payment of \$20,967.36 from a former School Department employee. The former employee was also ordered to make restitution of \$8,790 for the additional cost of the special audit, which reported the cash shortage. As of June 30, 2012, the former employee had paid \$1,050 toward liquidating the remaining restitution, leaving a balance of \$7,740 due to the School Department.

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 2006-07 for a total cash shortage of \$22,222 as of June 30, 2007. During the 2008-09 year, the county received a check totaling \$9,330.50 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. The County Commission wrote-off the remaining cash shortage on June 20, 2012.

C. Indictment of Sheriff

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. Sheriff Harris resigned from office effective March 1, 2012. Prosecution on the charges resulted in a mistrial on August 2, 2012, and a new trial has been ordered.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in the General Sessions Court and County Coroner/Medical Examiner major appropriation categories (the legal level of control) in the General Fund by \$2,295 and \$1,983, respectively. 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, 2012, Unicoi County had the following investments carried at cost. All investments are in the county

trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Unicoi County and the discretely presented Unicoi County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 363,360

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, 2012, 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, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 457,064	\$ 0	\$ 0	\$ 457,064
Total Capital Assets Not Depreciated	\$ 457,064	\$ 0	\$ 0	\$ 457,064
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,481,148	\$ 22,843	\$ 0	\$ 6,503,991
Other Capital Assets	3,284,967	135,496	(97,190)	3,323,273
Infrastructure	7,288,515	0	0	7,288,515
Total Capital Assets Depreciated	\$ 17,054,630	\$ 158,339	\$ (97,190)	\$ 17,115,779

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,084,850	\$ 179,522	\$ 0	\$ 2,264,372
Other Capital Assets	2,509,262	197,098	(83,049)	2,623,311
Infrastructure	2,913,085	176,449	0	3,089,534
Total Accumulated Depreciation	<u>\$ 7,507,197</u>	<u>\$ 553,069</u>	<u>\$ (83,049)</u>	<u>\$ 7,977,217</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,547,433</u>	<u>\$ (394,730)</u>	<u>\$ (14,141)</u>	<u>\$ 9,138,562</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,004,497</u>	<u>\$ (394,730)</u>	<u>\$ (14,141)</u>	<u>\$ 9,595,626</u>

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

Governmental Activities:

General Government	\$ 149,519
Finance	2,304
Administration of Justice	1,323
Public Safety	105,535
Public Health and Welfare	13,769
Highways	<u>280,619</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 553,069</u>

Discretely Presented Unicoi County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 618,886	\$ 0	\$ 0	\$ 618,886
Total Capital Assets Not Depreciated	<u>\$ 618,886</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 618,886</u>

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,996,322	\$ 1,230,809	\$ 0	\$ 37,227,131
Other Capital Assets	3,551,522	121,182	(134,573)	3,538,131
Total Capital Assets Depreciated	<u>\$ 39,547,844</u>	<u>\$ 1,351,991</u>	<u>\$ (134,573)</u>	<u>\$ 40,765,262</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,671,759	\$ 895,967	\$ 0	\$ 11,567,726
Other Capital Assets	2,137,035	306,048	(134,573)	2,308,510
Total Accumulated Depreciation	<u>\$ 12,808,794</u>	<u>\$ 1,202,015</u>	<u>\$ (134,573)</u>	<u>\$ 13,876,236</u>
Total Capital Assets Depreciated, Net	<u>\$ 26,739,050</u>	<u>\$ 149,976</u>	<u>\$ 0</u>	<u>\$ 26,889,026</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,357,936</u>	<u>\$ 149,976</u>	<u>\$ 0</u>	<u>\$ 27,507,912</u>

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

Governmental Activities:

Instruction	\$ 949,728
Support Services	219,376
Operation of Non-Instructional Services	<u>32,911</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,202,015</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 10,726
Nonmajor governmental	General	200

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amount:

Primary Government

Transfer Out	Transfer In
	General Debt Service Fund
Nonmajor governmental funds	\$ 18,194

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:

	Governmental Activities
Machinery and Equipment	\$ 570,442
Less: Accumulated Depreciation	(228,177)
Total Book Value	\$ 342,265

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30	Governmental Funds
2013	\$ 69,273
2014	46,182
Total Minimum Lease Payments	\$ 115,455
Less: Amount Representing Interest	(3,934)
Present Value of Minimum Lease Payments	<u>\$ 111,521</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 and capital outlay notes were issued for original terms of up to 38 years for bonds and up to ten years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	3.5 to 4.875 %	1-1-35	\$ 17,050,000	\$ 16,612,419
General Obligation Bonds - Refunding	2.45 to 5.25	4-1-23	12,015,000	8,320,000
Capital Outlay Notes	0 to 4.12	4-1-22	1,147,904	635,330
Capital Outlay Notes - Refunding	2.96	4-1-21	2,835,000	2,590,000

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	7,176,419	3,816,293	10,992,712
2023-2027	7,927,327	2,233,465	10,160,792
2028-2032	4,155,197	335,833	4,491,030
2033-2035	112,478	11,140	123,618
Total	\$ 24,932,419	\$ 11,674,495	\$ 36,606,914

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 598,105	\$ 91,343	\$ 689,448
2014	408,020	76,474	484,494
2015	330,095	66,057	396,152
2016	327,131	55,843	382,974
2017	326,979	45,812	372,791
2018-2022	1,235,000	93,090	1,328,090
Total	\$ 3,225,330	\$ 428,619	\$ 3,653,949

There is \$3,257,860 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,361, based on the 2010 federal census. Debt per capita, including bonds and notes outstanding totaled \$1,538, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans	Compensated Absences
Balance, July 1, 2011	\$ 25,725,566	\$ 3,342,077	\$ 224,948	\$ 209,531
Additions	0	275,254	0	257,156
Deductions	(793,147)	(392,001)	(224,948)	(235,550)
Balance, June 30, 2012	<u>\$ 24,932,419</u>	<u>\$ 3,225,330</u>	<u>\$ 0</u>	<u>\$ 231,137</u>
Balance Due Within One Year	<u>\$ 813,788</u>	<u>\$ 598,105</u>	<u>\$ 0</u>	<u>\$ 150,239</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 28,388,886
Less: Balance Due Within One Year	(1,562,132)
Add: Unamortized Premium on Debt	40,119
Less: Deferred Amount on Refunding	<u>(39,108)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 26,827,765</u>

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

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, 2012, was as follows:

Governmental Activities:

	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2011	\$ 174,965	\$ 115,201
Additions	0	321,717
Deductions	(63,444)	(227,445)
Balance, June 30, 2012	<u>\$ 111,521</u>	<u>\$ 209,473</u>
Balance Due Within One Year	<u>\$ 66,022</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 320,994
Less: Balance Due Within One Year	<u>(66,022)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 254,972</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. 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. 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 (\$5,690,000) and interest (\$1,589,125) 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 \$754,169. The amount of revenue generated by the pledged sales tax levy and the agreement with the Town of Unicoi was \$500,393. 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, 2012, were \$83,101 and \$25,885, 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 of \$1,500,000 and \$100,000 in advance of property tax collections and deposited the proceeds in the General Fund and the Solid Waste/Sanitation Fund, respectively. These notes were necessary because funds were not available to meet obligations coming due before current tax and revenue collections. Short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance 7-1-11	Issued	Paid	Balance 6-30-12
Tax Anticipation Notes	\$ 0	\$ 1,600,000	\$ (1,600,000)	\$ 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 carries commercial insurance for employee health and accident coverage, as well as, workers compensation coverage. Retirees are not allowed to participate in the county's health insurance plan. 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*, 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. The state statute 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. Subsequent Events

Subsequent to June 30, 2012, the county's General Debt Service Fund issued \$950,000 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.

Interim Sheriff Michael Hensley was elected to the Office of Sheriff effective September 1, 2012.

On July 10, 2012, the County Commission approved a settlement with certain current and former employees of the Unicoi County Emergency Communications District involving payments for overtime. As a result, Claims and Judgments Payable of \$126,825 is recognized as a current liability of the General Fund in the financial statements of this report.

During August 2012, a large sinkhole appeared on Love Chapel Elementary School property. The school has been closed by the School Department for an undetermined amount of time. School officials are unsure of the future status of the building. Costs of \$39,459 have been incurred due to the sinkhole as of September 13, 2012. Those expenditures are being reimbursed by the School Department's property insurance carrier. The School Department has buildings and contents insured up to a maximum of \$5,000,000.

C. Contingent Liabilities

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

D. Changes in Administration

Sheriff David Harris resigned from office effective February 29, 2012. Chief deputy Ronnie Adkins served as acting sheriff from March 1, 2012, through March 26, 2012. The County Commission appointed Michael Hensley as interim sheriff effective March 27, 2012.

E. Joint Ventures

The Unicoi County Memorial Hospital is a joint venture in which the county and the Town of Erwin participate. The hospital was created to provide care for the mental and physical needs of the citizens of Unicoi County 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 \$40,776 to the Animal Welfare Board for the year ended June 30, 2012.

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

Administrative Offices:

Unicoi County Memorial Hospital
Greenway Circle
Erwin, TN 37650

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

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

F. Jointly Governed Organizations

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, 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.

G. Retirement Commitments

Information for this footnote for the year ended June 30, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

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.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Unicoi County School Department

The Unicoi County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for teachers. Prior to reaching the age of 65, all members 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, 2012, the School Department contributed \$227,445 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 322,000
Interest on the NPO	4,608
Adjustment to the ARC	(4,891)
Annual OPEB cost	<hr/> \$ 321,717
Amount of contribution	(227,445)
Increase/decrease in NPO	<hr/> \$ 94,272
Net OPEB obligation, 7-1-11	<hr/> 115,201
	<hr/>
Net OPEB obligation, 6-30-12	<hr/> <hr/> \$ 209,473

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 183,512	125%	\$ 169,562
6-30-11	"	188,403	129	115,201
6-30-12	"	321,717	71	209,473

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2011, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 2,573,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,573,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 9,759,716
UAAL as of % of covered payroll	26%

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, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,412,341	\$ 3,546,337	\$ 3,547,492	\$ (135,151)
Licenses and Permits	16,320	16,000	16,000	320
Fines, Forfeitures, and Penalties	141,380	163,750	179,123	(37,743)
Charges for Current Services	87,705	87,075	96,409	(8,704)
Other Local Revenues	51,636	80,550	66,493	(14,857)
Fees Received from County Officials	891,959	918,500	918,500	(26,541)
State of Tennessee	786,140	851,317	901,930	(115,790)
Federal Government	102,776	153,156	172,583	(69,807)
Other Governments and Citizens Groups	468,971	450,341	487,288	(18,317)
Total Revenues	<u>\$ 5,959,228</u>	<u>\$ 6,267,026</u>	<u>\$ 6,385,818</u>	<u>\$ (426,590)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 50,692	\$ 53,849	\$ 53,849	\$ 3,157
Board of Equalization	2,100	2,300	2,300	200
County Mayor/Executive	230,135	237,128	237,126	6,991
County Attorney	20,325	23,000	23,000	2,675
Election Commission	160,157	170,860	170,860	10,703
Register of Deeds	185,800	177,695	188,360	2,560
Planning	11,102	12,950	13,330	2,228
County Buildings	135,732	154,546	154,546	18,814
Other General Administration	90,536	97,302	97,302	6,766
Preservation of Records	25,779	35,700	40,700	14,921
<u>Finance</u>				
Property Assessor's Office	265,523	286,605	286,605	21,082
County Trustee's Office	170,904	176,932	176,931	6,027
County Clerk's Office	243,579	256,639	290,092	46,513
Other Finance	76,273	87,000	87,000	10,727
<u>Administration of Justice</u>				
Circuit Court	400,351	402,676	415,568	15,217
General Sessions Court	111,149	108,854	108,854	(2,295)
Chancery Court	138,144	141,646	141,962	3,818
Juvenile Court	48,390	54,507	54,507	6,117
<u>Public Safety</u>				
Sheriff's Department	2,134,592	1,951,211	2,172,632	38,040
Jail	612,565	562,552	618,399	5,834
Workhouse	232,487	241,921	240,687	8,200
Juvenile Services	8,874	9,000	9,000	126
Fire Prevention and Control	52,250	52,250	52,250	0
Civil Defense	68,839	180,029	182,029	113,190
Other Emergency Management	22,766	4,750	22,766	0
County Coroner/Medical Examiner	24,572	22,541	22,589	(1,983)

(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	\$ 78,805	\$ 104,601	\$ 105,536	\$ 26,731
Rabies and Animal Control	122,972	126,517	126,517	3,545
Ambulance/Emergency Medical Services	181,150	185,000	185,000	3,850
Other Local Health Services	150,320	180,306	218,606	68,286
Regional Mental Health Center	10,600	10,600	10,600	0
Appropriation to State	23,519	23,519	23,519	0
Sanitation Education/Information	32,087	39,237	39,237	7,150
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	4,750	4,750	4,750	0
Senior Citizens Assistance	35,600	35,600	35,600	0
Libraries	23,875	22,800	23,875	0
Other Social, Cultural, and Recreational	6,609	6,609	6,609	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	35,038	35,190	35,190	152
Forest Service	800	800	800	0
Soil Conservation	5,173	5,173	5,173	0
<u>Other Operations</u>				
Tourism	20,850	20,850	20,850	0
Industrial Development	28,797	47,743	47,743	18,946
Veterans' Services	950	950	950	0
Contributions to Other Agencies	3,850	2,850	3,850	0
Employee Benefits	13,614	19,000	19,000	5,386
Miscellaneous	4,500	4,500	4,500	0
Total Expenditures	<u>\$ 6,307,475</u>	<u>\$ 6,381,038</u>	<u>\$ 6,781,149</u>	<u>\$ 473,674</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (348,247)</u>	<u>\$ (114,012)</u>	<u>\$ (395,331)</u>	<u>\$ 47,084</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	<u>\$ 115,254</u>	<u>\$ 0</u>	<u>\$ 115,254</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ 115,254</u>	<u>\$ 0</u>	<u>\$ 115,254</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (232,993)	\$ (114,012)	\$ (280,077)	\$ 47,084
Fund Balance, July 1, 2011	<u>368,458</u>	<u>268,108</u>	<u>365,943</u>	<u>2,515</u>
Fund Balance, June 30, 2012	<u>\$ 135,465</u>	<u>\$ 154,096</u>	<u>\$ 85,866</u>	<u>\$ 49,599</u>

Exhibit E-2

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 174,829	\$ 172,130	\$ 172,130	\$ 2,699
Licenses and Permits	551	573	573	(22)
Other Local Revenues	40,835	43,702	43,702	(2,867)
State of Tennessee	1,328,405	1,308,840	1,308,840	19,565
Federal Government	21,749	23,877	23,877	(2,128)
Other Governments and Citizens Groups	93,716	250,000	250,000	(156,284)
Total Revenues	<u>\$ 1,660,085</u>	<u>\$ 1,799,122</u>	<u>\$ 1,799,122</u>	<u>\$ (139,037)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 118,898	\$ 120,966	\$ 120,318	\$ 1,420
Highway and Bridge Maintenance	930,254	966,504	1,051,202	120,948
Operation and Maintenance of Equipment	240,407	231,923	243,628	3,221
Other Charges	117,946	124,370	118,314	368
Employee Benefits	288,775	307,211	309,711	20,936
Capital Outlay	73,477	90,000	90,000	16,523
Total Expenditures	<u>\$ 1,769,757</u>	<u>\$ 1,840,974</u>	<u>\$ 1,933,173</u>	<u>\$ 163,416</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (109,672)</u>	<u>\$ (41,852)</u>	<u>\$ (134,051)</u>	<u>\$ 24,379</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,632	\$ 0	\$ 0	\$ 2,632
Total Other Financing Sources (Uses)	<u>\$ 2,632</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,632</u>
Net Change in Fund Balance	\$ (107,040)	\$ (41,852)	\$ (134,051)	\$ 27,011
Fund Balance, July 1, 2011	2,332,334	2,332,335	2,332,335	(1)
Fund Balance, June 30, 2012	<u>\$ 2,225,294</u>	<u>\$ 2,290,483</u>	<u>\$ 2,198,284</u>	<u>\$ 27,010</u>

Exhibit E-3

Unicoi County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Unicoi County School Department
June 30, 2012

(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

* - Information for July 1, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years are presented.

Exhibit E-4

Unicoi County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Unicoi County School Department
June 30, 2012

(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	7-1-09	\$ 0	\$1,654	\$1,654	0%	\$8,339	19.83%
"	7-1-10	0	1,681	1,681	0	8,749	19.21
"	7-1-11	0	2,573	2,573	0	9,760	26.36

UNICOI COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the General Sessions Court and County Coroner/Medical Examiner major appropriation categories (the legal level of control) in the General Fund by \$2,295 and \$1,983, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

**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.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions relating to the disposal of solid waste. Local taxes are the foundational revenues of this fund.

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, 2012

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	
\$	0	0	0	10,726	10,726	0	0	0
Cash	520	164,228	7,872	0	172,620	407	158,883	159,290
Equity in Pooled Cash and Investments	0	1,723	3,033	0	4,756	0	0	4,756
Accounts Receivable	0	0	200	0	200	0	0	200
Due from Other Funds	0	517,480	0	0	517,480	0	0	517,480
Property Taxes Receivable	0	(25,768)	0	0	(25,768)	0	0	(25,768)
Allowance for Uncollectible Property Taxes								
Total Assets	\$ 520	\$ 657,663	\$ 11,105	\$ 10,726	\$ 680,014	\$ 407	\$ 158,883	\$ 159,290

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

\$	0	34,410	239	0	34,649	0	0	0
Liabilities	0	112	703	0	815	0	0	815
Accounts Payable	0	0	0	10,726	10,726	0	0	10,726
Payroll Deductions Payable	0	33	56	0	89	0	0	89
Due to Other Funds	0	475,989	0	0	475,989	0	0	475,989
Due to State of Tennessee	0	14,243	0	0	14,243	0	0	14,243
Deferred Revenue - Current Property Taxes	0	524,787	998	10,726	536,511	0	0	536,511
Deferred Revenue - Delinquent Property Taxes								
Total Liabilities	\$ 0	\$ 524,787	\$ 998	\$ 10,726	\$ 536,511	\$ 0	\$ 0	\$ 536,511

Fund Balances

Restricted:
 Restricted for General Government
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Capital Projects
 Committed:
 Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities and Fund Balances

\$	520	0	0	0	520	0	0	520
Restricted for General Government	0	0	10,107	0	10,107	0	0	10,107
Restricted for Public Safety	0	61,262	0	0	61,262	0	0	61,262
Restricted for Public Health and Welfare	0	0	0	0	0	407	158,883	159,290
Restricted for Capital Projects								
Committed:								
Committed for Public Health and Welfare	0	71,614	0	0	71,614	0	0	71,614
Total Fund Balances	\$ 520	\$ 132,876	\$ 10,107	\$ 0	\$ 143,503	\$ 407	\$ 158,883	\$ 302,793
Total Liabilities and Fund Balances	\$ 520	\$ 657,663	\$ 11,105	\$ 10,726	\$ 680,014	\$ 407	\$ 158,883	\$ 159,290

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, 2012

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	General Capital Projects	Community Development/ Industrial Park	Total	
Revenues								
Local Taxes	\$ 41	\$ 508,409	\$ 0	\$ 0	\$ 0	\$ 0	\$ 508,450	\$ 508,450
Licenses and Permits	0	2,616	0	0	0	0	2,616	2,616
Fines, Forfeitures, and Penalties	0	0	48,719	0	0	0	48,719	48,719
Charges for Current Services	0	0	0	23,950	0	0	23,950	23,950
Other Local Revenues	0	1,534	0	0	0	0	1,534	1,534
State of Tennessee	0	19,129	0	0	0	0	19,129	19,129
Other Governments and Citizens Groups	0	0	8,040	0	0	0	8,040	8,040
Total Revenues	\$ 41	\$ 531,688	\$ 56,759	\$ 23,950	\$ 0	\$ 0	\$ 612,438	\$ 612,438
Expenditures								
Current:								
Finance	\$ 0	\$ 0	\$ 453	\$ 0	\$ 0	\$ 0	\$ 453	\$ 453
Administration of Justice	0	0	0	23,950	0	0	23,950	23,950
Public Safety	0	0	90,323	0	0	0	90,323	90,323
Public Health and Welfare	0	482,067	0	0	0	0	482,067	482,067
Capital Projects	0	0	0	0	0	277,209	277,209	277,209
Total Expenditures	\$ 0	\$ 482,067	\$ 90,776	\$ 23,950	\$ 0	\$ 277,209	\$ 596,793	\$ 596,793
Excess (Deficiency) of Revenues Over Expenditures	\$ 41	\$ 49,621	\$ (34,017)	\$ 0	\$ 0	\$ (8,483)	\$ 15,645	\$ (8,483)
Other Financing Sources (Uses)								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,000	\$ 160,000	\$ 160,000
Transfers Out	0	0	(18,194)	0	0	0	(18,194)	(18,194)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (18,194)	\$ 0	\$ 0	\$ 160,000	\$ 141,806	\$ 141,806
Net Change in Fund Balances Fund Balance, July 1, 2011	\$ 41	\$ 49,621	\$ (52,211)	\$ 0	\$ 0	\$ 151,517	\$ 151,517	\$ 148,968
	479	83,255	62,318	0	407	7,366	7,773	153,825
Fund Balance, June 30, 2012	\$ 520	\$ 132,876	\$ 10,107	\$ 0	\$ 407	\$ 158,883	\$ 159,290	\$ 302,793

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 41	\$ 55	\$ 55	\$ (14)
Total Revenues	\$ 41	\$ 55	\$ 55	\$ (14)
<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	\$ 41	\$ 0	\$ 0	\$ 41
Net Change in Fund Balance	\$ 41	\$ 0	\$ 0	\$ 41
Fund Balance, July 1, 2011	479	436	436	43
Fund Balance, June 30, 2012	\$ 520	\$ 436	\$ 436	\$ 84

Exhibit F-4

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 508,409	\$ 473,739	\$ 473,739	\$ 34,670
Licenses and Permits	2,616	2,800	2,800	(184)
Other Local Revenues	1,534	0	0	1,534
State of Tennessee	19,129	20,000	20,000	(871)
Total Revenues	<u>\$ 531,688</u>	<u>\$ 496,539</u>	<u>\$ 496,539</u>	<u>\$ 35,149</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 482,067	\$ 552,034	\$ 552,034	\$ 69,967
Total Expenditures	<u>\$ 482,067</u>	<u>\$ 552,034</u>	<u>\$ 552,034</u>	<u>\$ 69,967</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 49,621</u>	<u>\$ (55,495)</u>	<u>\$ (55,495)</u>	<u>\$ 105,116</u>
Net Change in Fund Balance	\$ 49,621	\$ (55,495)	\$ (55,495)	\$ 105,116
Fund Balance, July 1, 2011	<u>83,255</u>	<u>83,459</u>	<u>83,459</u>	<u>(204)</u>
Fund Balance, June 30, 2012	<u><u>\$ 132,876</u></u>	<u><u>\$ 27,964</u></u>	<u><u>\$ 27,964</u></u>	<u><u>\$ 104,912</u></u>

Exhibit F-5

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 48,719	\$ 112,500	\$ 112,500	\$ (63,781)
Other Local Revenues	0	1,500	1,500	(1,500)
Other Governments and Citizens Groups	8,040	6,000	6,000	2,040
Total Revenues	<u>\$ 56,759</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ (63,241)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 453	\$ 1,250	\$ 1,250	\$ 797
<u>Public Safety</u>				
Sheriff's Department	90,323	110,625	110,583	20,260
Total Expenditures	<u>\$ 90,776</u>	<u>\$ 111,875</u>	<u>\$ 111,833</u>	<u>\$ 21,057</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (34,017)</u>	<u>\$ 8,125</u>	<u>\$ 8,167</u>	<u>\$ (42,184)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (18,194)	0	(18,194)	0
Total Other Financing Sources (Uses)	<u>\$ (18,194)</u>	<u>0</u>	<u>(18,194)</u>	<u>0</u>
Net Change in Fund Balance	\$ (52,211)	\$ 8,125	(10,027)	(42,184)
Fund Balance, July 1, 2011	<u>62,318</u>	<u>61,519</u>	<u>61,519</u>	<u>799</u>
Fund Balance, June 30, 2012	<u>\$ 10,107</u>	<u>\$ 69,644</u>	<u>\$ 51,492</u>	<u>\$ (41,385)</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,196,400	\$ 2,355,156	\$ 2,180,156	\$ 16,244
Licenses and Permits	8,061	7,000	7,000	1,061
Other Local Revenues	7,297	15,000	15,000	(7,703)
Other Governments and Citizens Groups	186,774	11,774	186,774	0
Total Revenues	<u>\$ 2,398,532</u>	<u>\$ 2,388,930</u>	<u>\$ 2,388,930</u>	<u>\$ 9,602</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,410,096	\$ 1,375,605	\$ 1,449,831	\$ 39,735
<u>Interest on Debt</u>				
General Government	1,255,236	1,253,960	1,255,252	16
<u>Other Debt Service</u>				
General Government	40,337	42,200	44,590	4,253
Total Expenditures	<u>\$ 2,705,669</u>	<u>\$ 2,671,765</u>	<u>\$ 2,749,673</u>	<u>\$ 44,004</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (307,137)</u>	<u>\$ (282,835)</u>	<u>\$ (360,743)</u>	<u>\$ 53,606</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 18,194	\$ 0	\$ 0	\$ 18,194
Total Other Financing Sources (Uses)	<u>\$ 18,194</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,194</u>
Net Change in Fund Balance	\$ (288,943)	\$ (282,835)	\$ (360,743)	\$ 71,800
Fund Balance, July 1, 2011	<u>3,546,803</u>	<u>3,546,802</u>	<u>3,546,802</u>	<u>1</u>
Fund Balance, June 30, 2012	<u>\$ 3,257,860</u>	<u>\$ 3,263,967</u>	<u>\$ 3,186,059</u>	<u>\$ 71,801</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, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 469,134	\$ 469,134
Accounts Receivable	0	2,510	2,510
Due from Other Governments	257,984	0	257,984
Restricted Assets	0	32,077	32,077
Total Assets	<u>\$ 257,984</u>	<u>\$ 503,721</u>	<u>\$ 761,705</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 257,984	\$ 0	\$ 257,984
Due to Litigants, Heirs, and Others	0	503,721	503,721
Total Liabilities	<u>\$ 257,984</u>	<u>\$ 503,721</u>	<u>\$ 761,705</u>

Exhibit H-2

Unicoi County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,345,180	\$ 1,345,180	\$ 0
Due from Other Governments	218,847	257,984	218,847	257,984
Total Assets	\$ 218,847	\$ 1,603,164	\$ 1,564,027	\$ 257,984
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 218,847	\$ 1,603,164	\$ 1,564,027	\$ 257,984
Total Liabilities	\$ 218,847	\$ 1,603,164	\$ 1,564,027	\$ 257,984
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 453,937	\$ 3,111,843	\$ 3,096,646	\$ 469,134
Accounts Receivable	1,491	2,510	1,491	2,510
Cash Shortage	12,891	0	12,891	0
Restricted Assets	31,358	719	0	32,077
Total Assets	\$ 499,677	\$ 3,115,072	\$ 3,111,028	\$ 503,721
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 499,677	\$ 3,115,072	\$ 3,111,028	\$ 503,721
Total Liabilities	\$ 499,677	\$ 3,115,072	\$ 3,111,028	\$ 503,721
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 453,937	\$ 3,111,843	\$ 3,096,646	\$ 469,134
Equity in Pooled Cash and Investments	0	1,345,180	1,345,180	0
Accounts Receivable	1,491	2,510	1,491	2,510
Due from Other Governments	218,847	257,984	218,847	257,984
Cash Shortage	12,891	0	12,891	0
Restricted Assets	31,358	719	0	32,077
Total Assets	\$ 718,524	\$ 4,718,236	\$ 4,675,055	\$ 761,705
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 218,847	\$ 1,603,164	\$ 1,564,027	\$ 257,984
Due to Litigants, Heirs, and Others	499,677	3,115,072	3,111,028	503,721
Total Liabilities	\$ 718,524	\$ 4,718,236	\$ 4,675,055	\$ 761,705

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. U.S.D.A. lunch and breakfast program revenues and charges to students and adults are the foundational revenues of this fund.

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, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 13,045,851	\$ 47,001	\$ 2,715,143	\$ (10,223,707)
Support Services	7,290,863	0	132,418	(7,158,445)
Operation of Non-Instructional Services	1,855,448	423,091	960,763	(471,594)
Interest on Long-term Debt	5,594	0	0	(5,594)
Total Governmental Activities	\$ 22,197,756	\$ 470,092	\$ 3,808,324	\$ (17,859,340)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,613,443
Local Option Sales Taxes				1,361,599
Business Tax				32,963
Wholesale Beer Tax				2,210
Interstate Telecommunications Tax				897
Other Local Taxes				279
Grants and Contributions Not Restricted to Specific Programs				13,159,926
Unrestricted Investment Income				7,184
Miscellaneous				187,862
Total General Revenues				\$ 17,366,363
Change in Net Assets				\$ (492,977)
Net Assets, July 1, 2011				31,998,267
Net Assets, June 30, 2012				\$ 31,505,290

Exhibit I-2

Unicoi County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 63,000	\$ 0	\$ 3,000	\$ 66,000
Equity in Pooled Cash and Investments	4,024,102	88,073	299,944	4,412,119
Accounts Receivable	10,637	0	0	10,637
Due from Other Governments	241,721	3,326	0	245,047
Property Taxes Receivable	2,744,910	0	0	2,744,910
Allowance for Uncollectible Property Taxes	(136,681)	0	0	(136,681)
Total Assets	\$ 6,947,689	\$ 91,399	\$ 302,944	\$ 7,342,032
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 1,562	\$ 180	\$ 0	\$ 1,742
Contracts Payable	116,782	0	0	116,782
Other Current Liabilities	380,272	0	0	380,272
Deferred Revenue - Current Property Taxes	2,524,827	0	0	2,524,827
Deferred Revenue - Delinquent Property Taxes	71,770	0	0	71,770
Other Deferred Revenues	118,000	0	0	118,000
Total Liabilities	\$ 3,213,213	\$ 180	\$ 0	\$ 3,213,393
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 104,509	\$ 86,219	\$ 302,944	\$ 493,672
Committed:				
Committed for Education	0	5,000	0	5,000
Assigned:				
Assigned for Education	764,953	0	0	764,953
Unassigned	2,865,014	0	0	2,865,014
Total Fund Balances	\$ 3,734,476	\$ 91,219	\$ 302,944	\$ 4,128,639
Total Liabilities and Fund Balances	\$ 6,947,689	\$ 91,399	\$ 302,944	\$ 7,342,032

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, 2012

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)		\$	4,128,639
(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		25,659,405	
Add: other capital assets net of accumulated depreciation		<u>1,229,621</u>	27,507,912
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			189,770
(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	\$	(111,521)	
Less: accrued interest on capital leases		(37)	
Less: other postemployment benefits liability		<u>(209,473)</u>	<u>(321,031)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 31,505,290</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, 2012

	Major Funds		Nonmajor	Total
	General	School	Funds	
			Other	
Purpose	Federal	Govern-	Governmental	
School	Projects	mental	Funds	
				Funds
<u>Revenues</u>				
Local Taxes	\$ 4,040,783	\$ 0	\$ 0	\$ 4,040,783
Licenses and Permits	11,530	0	0	11,530
Fines, Forfeitures, and Penalties	1,026	0	0	1,026
Charges for Current Services	47,001	0	253,901	300,902
Other Local Revenues	352,287	0	17,949	370,236
State of Tennessee	13,161,910	0	12,906	13,174,816
Federal Government	321,421	2,508,256	946,857	3,776,534
Other Governments and Citizens Groups	16,531	0	0	16,531
Total Revenues	<u>\$ 17,952,489</u>	<u>\$ 2,508,256</u>	<u>\$ 1,231,613</u>	<u>\$ 21,692,358</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,828,991	\$ 2,209,118	\$ 0	\$ 12,038,109
Support Services	6,795,215	323,924	0	7,119,139
Operation of Non-Instructional Services	624,264	0	1,220,417	1,844,681
Capital Outlay	1,159,309	0	122,837	1,282,146
Debt Service:				
Principal on Debt	63,444	0	0	63,444
Interest on Debt	5,829	0	0	5,829
Total Expenditures	<u>\$ 18,477,052</u>	<u>\$ 2,533,042</u>	<u>\$ 1,343,254</u>	<u>\$ 22,353,348</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (524,563)</u>	<u>\$ (24,786)</u>	<u>\$ (111,641)</u>	<u>\$ (660,990)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 36,209	\$ 0	\$ 0	\$ 36,209
Total Other Financing Sources (Uses)	<u>\$ 36,209</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,209</u>
Net Change in Fund Balances	\$ (488,354)	\$ (24,786)	\$ (111,641)	\$ (624,781)
Fund Balance, July 1, 2011	4,222,830	116,005	414,585	4,753,420
Fund Balance, June 30, 2012	<u>\$ 3,734,476</u>	<u>\$ 91,219</u>	<u>\$ 302,944</u>	<u>\$ 4,128,639</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, 2012

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)		\$ (624,781)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,351,991	
Less: current-year depreciation expense	<u>(1,202,015)</u>	149,976
<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, 2012	\$ 189,770	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(177,349)</u>	12,421
<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	\$ 63,444	
Less: change in other postemployment benefits liability	<u>(94,272)</u>	(30,828)
<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>235</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (492,977)</u>

Exhibit I-6

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, 2012

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 253,901	\$ 0	\$ 253,901
Other Local Revenues	17,949	0	17,949
State of Tennessee	12,906	0	12,906
Federal Government	946,857	0	946,857
Total Revenues	<u>\$ 1,231,613</u>	<u>\$ 0</u>	<u>\$ 1,231,613</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,220,417	\$ 0	\$ 1,220,417
Capital Outlay	0	122,837	122,837
Total Expenditures	<u>\$ 1,220,417</u>	<u>\$ 122,837</u>	<u>\$ 1,343,254</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,196</u>	<u>\$ (122,837)</u>	<u>\$ (111,641)</u>
Net Change in Fund Balances	\$ 11,196	\$ (122,837)	\$ (111,641)
Fund Balance, July 1, 2011	291,748	122,837	414,585
Fund Balance, June 30, 2012	<u>\$ 302,944</u>	<u>\$ 0</u>	<u>\$ 302,944</u>

Exhibit I-7

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Unicoi County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,040,783	\$ 0	\$ 0	\$ 4,040,783	\$ 4,014,385	\$ 4,014,385	\$ 26,398
Licenses and Permits	11,530	0	0	11,530	19,500	19,500	(7,970)
Fines, Forfeitures, and Penalties	1,026	0	0	1,026	0	0	1,026
Charges for Current Services	47,001	0	0	47,001	22,309	22,309	24,692
Other Local Revenues	352,287	0	0	352,287	295,865	301,865	50,422
State of Tennessee	13,161,910	0	0	13,161,910	12,308,002	13,149,310	12,600
Federal Government	321,421	0	0	321,421	180,659	276,372	45,049
Other Governments and Citizens Groups	16,531	0	0	16,531	0	0	16,531
<u>Total Revenues</u>	<u>\$ 17,952,489</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,952,489</u>	<u>\$ 16,840,720</u>	<u>\$ 17,783,741</u>	<u>\$ 168,748</u>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 7,565,118	(4,520)	4,182	\$ 7,564,780	\$ 7,816,154	\$ 7,822,754	\$ 257,974
Alternative Instruction Program	86,934	0	0	86,934	87,055	87,055	121
Special Education Program	1,331,203	0	0	1,331,203	1,333,522	1,333,522	2,319
Vocational Education Program	657,590	0	0	657,590	680,075	686,075	28,485
Student Body Education Program	188,146	0	1,598	189,744	191,882	191,882	2,138
<u>Support Services</u>							
Attendance	91,137	0	0	91,137	91,409	91,409	272
Health Services	265,566	(1,618)	581	264,529	166,000	266,000	1,471
Other Student Support	589,877	0	0	589,877	603,463	603,463	13,586
Regular Instruction Program	486,996	0	0	486,996	574,651	574,651	87,655
Special Education Program	135,355	0	0	135,355	137,288	137,288	1,933
Vocational Education Program	123,205	0	0	123,205	126,114	126,114	2,909

(Continued)

Exhibit I-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 108,986	\$ 0	\$ 0	\$ 108,986	\$ 0	\$ 108,986	\$ 0
Board of Education	463,819	0	0	463,819	579,777	579,777	115,958
Director of Schools	335,660	0	0	335,660	346,571	349,571	13,911
Office of the Principal	1,056,246	0	0	1,056,246	1,072,047	1,069,047	12,801
Fiscal Services	112,130	0	0	112,130	118,922	118,922	6,792
Operation of Plant	1,461,509	0	355	1,461,864	1,567,933	1,517,933	56,069
Maintenance of Plant	619,111	(42,512)	7,956	584,555	604,595	604,595	20,040
Transportation	636,550	(61,769)	101	574,882	659,072	659,072	84,190
Central and Other	309,068	(9,750)	1,478	300,796	320,684	320,684	19,888
<u>Operation of Non-Instructional Services</u>							
Food Service	1,167	0	0	1,167	1,168	1,168	1
Community Services	14,355	(14,355)	0	0	0	0	0
Early Childhood Education	608,742	(6,339)	10,629	613,032	38,690	614,412	1,380
<u>Capital Outlay</u>							
Regular Capital Outlay	1,159,309	0	0	1,159,309	965,000	1,160,713	1,404
<u>Principal on Debt</u>							
Education	63,444	0	0	63,444	63,500	63,500	56
<u>Interest on Debt</u>							
Education	5,829	0	0	5,829	5,830	5,830	1
Total Expenditures	\$ 18,477,052	\$ (140,863)	\$ 26,880	\$ 18,363,069	\$ 18,151,402	\$ 19,094,423	\$ 731,354
Excess (Deficiency) of Revenues Over Expenditures	\$ (524,563)	\$ 140,863	\$ (26,880)	\$ (410,580)	\$ (1,310,682)	\$ (1,310,682)	\$ 900,102

(Continued)

Exhibit I-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Other Financing Sources (Uses)							
Insurance Recovery	\$ 36,209	\$ 0	\$ 0	\$ 36,209	\$ 0	\$ 0	\$ 36,209
Total Other Financing Sources (Uses)	\$ 36,209	\$ 0	\$ 0	\$ 36,209	\$ 0	\$ 0	\$ 36,209
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (488,354)	\$ 140,863	\$ (26,880)	\$ (374,371)	\$ (1,310,682)	\$ (1,310,682)	\$ 936,311
	4,222,830	(140,863)	0	4,081,967	3,064,681	3,064,681	1,017,286
Fund Balance, June 30, 2012	\$ 3,734,476	\$ 0	\$ (26,880)	\$ 3,707,596	\$ 1,753,999	\$ 1,753,999	\$ 1,953,597

Exhibit I-8

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,508,256	\$ 2,513,131	\$ 2,557,033	\$ (48,777)
Total Revenues	\$ 2,508,256	\$ 2,513,131	\$ 2,557,033	\$ (48,777)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,304,901	\$ 1,354,111	\$ 1,415,148	\$ 110,247
Special Education Program	813,383	986,841	1,004,217	190,834
Vocational Education Program	90,834	90,834	90,834	0
<u>Support Services</u>				
Other Student Support	41,119	87,721	45,838	4,719
Regular Instruction Program	257,474	281,266	306,862	49,388
Special Education Program	23,531	48,392	30,168	6,637
Vocational Education Program	1,800	1,800	1,800	0
Total Expenditures	\$ 2,533,042	\$ 2,850,965	\$ 2,894,867	\$ 361,825
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,786)	\$ (337,834)	\$ (337,834)	\$ 313,048
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 155,645	\$ 0	\$ 0
Transfers Out	0	(155,645)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (24,786)	\$ (337,834)	\$ (337,834)	\$ 313,048
Fund Balance, July 1, 2011	116,005	337,834	337,834	(221,829)
Fund Balance, June 30, 2012	\$ 91,219	\$ 0	\$ 0	\$ 91,219

Exhibit I-9

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 253,901	\$ 255,100	\$ 255,100	\$ (1,199)
Other Local Revenues	17,949	25,100	25,100	(7,151)
State of Tennessee	12,906	14,000	14,000	(1,094)
Federal Government	946,857	817,500	889,205	57,652
Total Revenues	<u>\$ 1,231,613</u>	<u>\$ 1,111,700</u>	<u>\$ 1,183,405</u>	<u>\$ 48,208</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,220,417	\$ 1,126,199	\$ 1,220,627	\$ 210
Total Expenditures	<u>\$ 1,220,417</u>	<u>\$ 1,126,199</u>	<u>\$ 1,220,627</u>	<u>\$ 210</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,196</u>	<u>\$ (14,499)</u>	<u>\$ (37,222)</u>	<u>\$ 48,418</u>
Net Change in Fund Balance	\$ 11,196	\$ (14,499)	\$ (37,222)	\$ 48,418
Fund Balance, July 1, 2011	291,748	290,093	290,093	1,655
Fund Balance, June 30, 2012	<u>\$ 302,944</u>	<u>\$ 275,594</u>	<u>\$ 252,871</u>	<u>\$ 50,073</u>

MISCELLANEOUS SCHEDULES

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, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through General Debt Service Fund								
Capital Outlay - Jail Renovations/Courthouse HVAC	\$ 326,850	4.12%	2-18-07	1-18-17	\$ 198,877	\$ 0	\$ 32,347	\$ 166,530
Capital Outlay - Energy Efficiency	415,800	0	4-23-07	6-1-14	178,200	0	59,400	118,800
Capital Outlay - Public Works	130,000	1.98	12-21-10	6-1-13	130,000	0	20,000	110,000
Capital Outlay - Public Works Refunding	2,835,000	2.96	6-16-11	4-1-21	2,835,000	0	245,000	2,590,000
Capital Outlay - Sheriff's Department Vehicles	115,254	2.11	12-16-11	6-1-14	0	115,254	35,254	80,000
Capital Outlay - Public Works	160,000	2.85	5-31-12	4-1-22	0	160,000	0	160,000
Total Payable through General Debt Service Fund					\$ 3,342,077	\$ 275,254	\$ 392,001	\$ 3,225,330
Total Notes Payable					\$ 3,342,077	\$ 275,254	\$ 392,001	\$ 3,225,330

OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Tennessee State School Bond Authority								
Loan Agreement								
Qualified Zone Academy Bonds - School Renovation, Repairs, and Equipping	1,551,362	0	9-29-01	11-1-11	\$ 224,948	\$ 0	\$ 224,948	\$ 0
Total Payable through General Debt Service Fund					\$ 224,948	\$ 0	\$ 224,948	\$ 0
Total Other Loans Payable					\$ 224,948	\$ 0	\$ 224,948	\$ 0
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Public Improvement	700,000	4.875	4-9-1997	1-1-35	\$ 575,566	\$ 0	\$ 13,147	\$ 562,419
General Obligation Refunding	8,715,000	2.45 to 5.25	9-1-01	4-1-21	6,190,000	0	500,000	5,690,000
General Obligation Refunding	3,300,000	4	10-18-06	4-1-23	2,810,000	0	180,000	2,630,000
General Obligation School	16,350,000	3.5 to 4.75	9-24-08	5-1-29	16,150,000	0	100,000	16,050,000
Total Payable through General Debt Service Fund					\$ 25,725,566	\$ 0	\$ 793,147	\$ 24,932,419
Total Bonds Payable					\$ 25,725,566	\$ 0	\$ 793,147	\$ 24,932,419

(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 7-1-11	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-12
<u>DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
Payable through <u>General Purpose School Fund</u>								
HVAC Equipment	\$ 570,442	3.99%	2-17-04	2-17-14	\$ 174,965	\$ 0	\$ 63,444	\$ 111,521
Total Payable through <u>General Purpose School Fund</u>					\$ 174,965	\$ 0	\$ 63,444	\$ 111,521
Total Capital Leases Payable					\$ 174,965	\$ 0	\$ 63,444	\$ 111,521

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	
2013	\$ 598,105	\$ 91,343	\$ 689,448
2014	408,020	76,474	484,494
2015	330,095	66,057	396,152
2016	327,131	55,843	382,974
2017	326,979	45,812	372,791
2018	299,000	36,505	335,505
2019	294,000	27,666	321,666
2020	314,000	18,974	332,974
2021	319,000	9,689	328,689
2022	9,000	256	9,256
Total	\$ 3,225,330	\$ 428,619	\$ 3,653,949

Year Ending June 30	Bonds		Total
	Principal	Interest	
2013	\$ 813,788	\$ 1,144,662	\$ 1,958,450
2014	1,049,460	1,107,390	2,156,850
2015	1,190,165	1,061,435	2,251,600
2016	1,230,905	1,010,045	2,240,950
2017	1,276,680	954,232	2,230,912
2018	1,327,493	896,207	2,223,700
2019	1,468,346	834,704	2,303,050
2020	1,534,240	767,185	2,301,425
2021	1,590,178	696,459	2,286,637
2022	1,256,162	621,738	1,877,900
2023	1,277,194	566,306	1,843,500
2024	1,148,275	511,274	1,659,549
2025	1,449,410	460,921	1,910,331
2026	2,025,600	395,606	2,421,206
2027	2,026,848	299,358	2,326,206
2028	2,028,157	203,049	2,231,206

(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
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	\$ 24,932,419	\$ 11,674,495	\$ 36,606,914

DISCRETELY PRESENTED UNICOI
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2013	\$ 66,022	\$ 3,251	\$ 69,273
2014	45,499	683	46,182
Total	\$ 111,521	\$ 3,934	\$ 115,455

Exhibit J-3

Unicoi County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Drug Control	General Debt Service	Debt payments	\$ 18,194
Total Transfers			<u>\$ 18,194</u>

Exhibit J-4

Unicoi County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2012

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	110,629	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	Section 8-24-102, TCA	57,751	70,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	100,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	100,000	Ohio Casualty Insurance Company
Register	Section 8-24-102, TCA	57,751	25,000	Auto Owners (Mutual) Insurance Company
Sheriff (6):				
David Kent Harris (7-1-11 through 2-29-12)	Section 8-24-102, TCA	44,469	35,000	"
Michael Hensley (3-27-12 through 6-30-12)	Section 8-24-102, TCA	17,653	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 \$1,000 and a career ladder supplement of \$3,000.

(2) Does not include special commissioner fees of \$18,450.

(3) Does not include special commissioner fees of \$5,500.

(4) Includes \$2,117 for serving as workhouse superintendent.

(5) Includes \$833 for serving as workhouse superintendent and \$157 for a law enforcement training supplement.

(6) Chief Deputy Ronnie Adkins served as acting sheriff from March 1, 2012, through March 26, 2012. Adkins received his regular pay as chief deputy for that time.

Exhibit J-5

Unicoi County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds										Total
	General	Court- house and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	Debt Service Fund		Capital Projects Fund		
							General	Debt Service	Community Development/ Industrial Park		
\$	2,884,414	0	461,504	0	0	146,244	1,425,761	0	0	4,917,923	
County Property Taxes	72,847	0	13,562	0	0	2,767	33,657	0	0	122,833	
Trustee's Collections - Prior Year	78,874	0	14,684	0	0	2,942	36,441	0	0	132,941	
Circuit/Clerk & Master Collections - Prior Years	17,931	0	3,199	0	0	749	8,456	0	0	30,335	
Interest and Penalty	2,762	0	464	0	0	129	1,338	0	0	4,693	
Pick-up Taxes	193	0	31	0	0	10	95	0	0	329	
Payments in-Lieu-of Taxes - T.V.A.	42,027	0	6,688	0	0	2,200	20,818	0	0	71,733	
Payments in-Lieu-of Taxes - Local Utilities	5,874	0	940	0	0	298	2,903	0	0	10,015	
Payments in-Lieu-of Taxes - Other											
County Local Option Taxes											
Local Option Sales Tax	1,154	0	0	0	0	0	466,772	0	0	467,926	
Hotel/Motel Tax	50,826	0	0	0	0	0	0	0	0	50,826	
Litigation Tax - General	126,273	0	0	0	0	0	0	0	0	126,273	
Litigation Tax - Special Purpose	0	41	0	0	0	0	0	0	0	41	
Litigation Tax - Jail, Workhouse, or Courthouse	95	0	0	0	0	0	176,766	0	0	176,861	
Business Tax	42,281	0	6,720	0	0	1,969	20,955	0	0	71,925	
Mineral Severance Tax	17,326	0	0	0	0	17,326	0	0	0	34,652	
Statutory Local Taxes											
Bank Excise Tax	1,255	0	201	0	0	64	620	0	0	2,140	
Wholesale Beer Tax	2,606	0	416	0	0	131	1,289	0	0	4,442	
Interstate Telecommunications Tax	0	0	0	0	0	0	529	0	0	529	
Other Statutory Local Taxes	65,603	0	0	0	0	0	0	0	0	65,603	
Total Local Taxes	\$ 3,412,341	41	\$ 508,409	0	0	\$ 174,829	\$ 2,196,400	0	0	\$ 6,292,020	
Licenses and Permits											
Licenses											
Cable TV Franchise	16,320	0	2,616	0	0	551	8,061	0	0	27,548	
Total Licenses and Permits	\$ 16,320	0	\$ 2,616	0	0	\$ 551	\$ 8,061	0	0	\$ 27,548	

(Continued)

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

	Special Revenue Funds										Total
	General	Courtroom and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		
							General	Debt Service	Community Development/ Industrial	Park	
\$	8,666	0	0	0	0	0	0	0	0	0	8,666
<u>Circuit Court</u>											
Fines	1,354	0	0	0	0	0	0	0	0	0	1,354
Officers Costs	0	0	0	0	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	14,425	0	0	0	0	0	0	14,425
Drug Court Fees	1,291	0	0	0	0	0	0	0	0	0	1,291
Jail Fees	448	0	0	0	0	0	0	0	0	0	448
DUI Treatment Fines	485	0	0	0	0	0	0	0	0	0	485
Courtroom Security Fee	431	0	0	0	0	0	0	0	0	0	431
<u>Criminal Court</u>											
Data Entry Fee - Criminal Court	1,804	0	0	0	0	0	0	0	0	0	1,804
<u>General Sessions Court</u>											
Fines	25,237	0	0	0	0	0	0	0	0	0	25,237
Officers Costs	27,801	0	0	0	0	0	0	0	0	0	27,801
Game and Fish Fines	18	0	0	0	0	0	0	0	0	0	18
Drug Control Fines	0	0	0	0	0	0	0	0	0	0	0
Drug Court Fees	0	0	0	19,012	0	0	0	0	0	0	19,012
Jail Fees	3,700	0	0	0	0	0	0	0	0	0	3,700
DUI Treatment Fines	20,369	0	0	0	0	0	0	0	0	0	20,369
Data Entry Fee - General Sessions Court	5,280	0	0	0	0	0	0	0	0	0	5,280
Courtroom Security Fee	10,155	0	0	0	0	0	0	0	0	0	10,155
Juvenile Court	248	0	0	0	0	0	0	0	0	0	248
Fines	524	0	0	0	0	0	0	0	0	0	524
Officers Costs	615	0	0	0	0	0	0	0	0	0	615
Drug Control Fines	1,152	0	0	0	0	0	0	0	0	0	1,152
Jail Fees	7,399	0	0	0	0	0	0	0	0	0	7,399
Data Entry Fee - Juvenile Court	6,770	0	0	0	0	0	0	0	0	0	6,770
<u>Chancery Court</u>											
Officers Costs	875	0	0	0	0	0	0	0	0	0	875
Data Entry Fee - Chancery Court	1,376	0	0	0	0	0	0	0	0	0	1,376
Courtroom Security Fee	84	0	0	0	0	0	0	0	0	0	84

(Continued)

Exhibit J-5

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

	Special Revenue Funds										Total
	General	Courtthouse and Jail Maintenance	Solid Waste/ Sanitation	Constitutional -			Highway/ Public Works	Debt Service Fund	Capital Projects Fund	Community Development/ Industrial Park	
				Drug Control	Officers - Fees	General					
<u>Fines, Forfeitures, and Penalties (Cont.)</u>											
<u>Judicial District Drug Program</u>											
Data Entry Fee - Other Courts	\$ 15,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,298
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	0	0	3,230	0	0	0	0	0	0	3,230
Other Fines, Forfeitures, and Penalties	0	0	0	12,052	0	0	0	0	0	0	12,052
Total Fines, Forfeitures, and Penalties	\$ 141,380	\$ 0	\$ 0	\$ 48,719	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 190,099
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Work Release Charges for Board	\$ 6,309	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,309
<u>Fees</u>											
Recreation Fees	18,918	0	0	0	0	0	0	0	0	0	18,918
Copy Fees	10	0	0	0	0	0	0	0	0	0	10
Archives and Records Management Fee - County Clerk	46,512	0	0	0	0	0	0	0	0	0	46,512
Telephone Commissions	6,268	0	0	0	0	0	0	0	0	0	6,268
Constitutional Officers' Fees and Commissions	0	0	0	0	23,950	0	0	0	0	0	23,950
Data Processing Fee - Register	4,818	0	0	0	0	0	0	0	0	0	4,818
Data Processing Fee - Sheriff	2,339	0	0	0	0	0	0	0	0	0	2,339
Sexual Offender Registration Fees - Sheriff	1,365	0	0	0	0	0	0	0	0	0	1,365
Data Processing Fee - County Clerk	1,166	0	0	0	0	0	0	0	0	0	1,166
Total Charges for Current Services	\$ 87,705	\$ 0	\$ 0	\$ 0	\$ 23,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,655
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	\$ 28,064	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,874	\$ 7,297	\$ 0	\$ 0	\$ 48,235
Sale of Materials and Supplies	842	0	0	0	0	0	295	0	0	0	1,137
Sale of Gasoline	0	0	0	0	0	0	11,450	0	0	0	11,450
Sale of Maps	40	0	0	0	0	0	0	0	0	0	40
Sale of Recycled Materials	3,868	0	0	0	0	0	7,415	0	0	0	11,283
Retirees' Insurance Payments	8,020	0	0	0	0	0	714	0	0	0	8,734
Miscellaneous Refunds	10,292	0	1,534	0	0	0	1,157	0	0	0	12,983

(Continued)

Exhibit J-5

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

	Special Revenue Funds										Total
	General	Court- house and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Consti- tional Officers - Fees	Highway/ Public Works	General Debt Service	Debt Service Fund	Capital Projects Fund	Community Development/ Industrial Park	
Other Local Revenues (Cont.)											
<u>Nonrecurring Items</u>											
Sale of Equipment	0	0	0	0	0	6,930	0	0	0	0	6,930
Damages Recovered from Individuals	510	0	0	0	0	0	0	0	0	0	510
Total Other Local Revenues	\$ 51,636	\$ 0	\$ 1,534	\$ 0	\$ 0	\$ 40,835	\$ 7,297	\$ 0	\$ 0	\$ 0	\$ 101,302
Fees Received from County Officials											
<u>Fees in-Lieu-of-Salary</u>											
County Clerk	152,044	0	0	0	0	0	0	0	0	0	152,044
Circuit Court Clerk	114,602	0	0	0	0	0	0	0	0	0	114,602
General Sessions Court Clerk	267,086	0	0	0	0	0	0	0	0	0	267,086
Clerk and Master	51,026	0	0	0	0	0	0	0	0	0	51,026
Register	54,282	0	0	0	0	0	0	0	0	0	54,282
Sheriff	5,933	0	0	0	0	0	0	0	0	0	5,933
Trustee	246,986	0	0	0	0	0	0	0	0	0	246,986
Total Fees Received from County Officials	\$ 891,959	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 891,959
State of Tennessee											
<u>General Government Grants</u>											
Juvenile Services Program	9,000	0	0	0	0	0	0	0	0	0	9,000
Public Safety Grants	12,600	0	0	0	0	0	0	0	0	0	12,600
Law Enforcement Training Programs	134,252	0	0	0	0	0	0	0	0	0	134,252
Health and Welfare Grants	33,970	0	0	0	0	0	0	0	0	0	33,970
Health Department Programs	24,112	0	0	0	0	0	0	0	0	0	24,112
Public Works Grants	18,421	0	0	0	0	0	0	0	0	0	18,421
Litter Program	27,840	0	0	0	0	0	0	0	0	0	27,840
Other State Revenues	2,580	0	0	0	0	0	0	0	0	0	2,580
Income Tax	178,658	0	19,129	0	0	6,062	0	0	0	0	203,849
Beer Tax											
Alcoholic Beverage Tax											
Mixed Drink Tax											
State Revenue Sharing - T.V.A.											

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total	
	General	Courtthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works	General Debt Service				Community Development/ Industrial Park
<u>State of Tennessee (Cont.)</u>											
<u>Other State Revenues (Cont.)</u>											
Contracted Prisoner Boarding	\$ 307,995	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 307,995	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,309,129	0	0	0	1,309,129	
Petroleum Special Tax	0	0	0	0	0	13,214	0	0	0	13,214	
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	15,164	
Other State Grants	0	0	0	0	0	0	0	268,457	0	268,457	
Other State Revenues	21,548	0	0	0	0	0	0	0	0	21,548	
Total State of Tennessee	\$ 786,140	\$ 0	\$ 19,129	\$ 0	\$ 0	\$ 1,328,405	\$ 0	\$ 268,457	\$ 0	\$ 2,402,131	
<u>Federal Government</u>											
<u>Federal Through State</u>											
Civil Defense Reimbursement	\$ 21,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,000	
Homeland Security Grants	44,048	0	0	0	0	0	0	0	0	44,048	
Law Enforcement Grants	5,000	0	0	0	0	0	0	0	0	5,000	
Other Federal through State	5,000	0	0	0	0	0	0	0	0	5,000	
<u>Direct Federal Revenue</u>											
Forest Service	26,928	0	0	0	0	21,749	0	0	0	48,677	
Other Direct Federal Revenue	800	0	0	0	0	0	0	0	0	800	
Total Federal Government	\$ 102,776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,749	\$ 0	\$ 0	\$ 0	\$ 124,525	
<u>Other Governments and Citizens Groups</u>											
<u>Other Governments</u>											
Contributions	\$ 252,106	\$ 0	\$ 0	\$ 8,040	\$ 0	\$ 0	\$ 175,000	\$ 0	\$ 0	\$ 435,146	
Contracted Services	216,865	0	0	0	0	93,716	0	269	0	310,850	
<u>Other</u>											
Other	0	0	0	0	0	0	11,774	0	0	11,774	
Total Other Governments and Citizens Groups	\$ 468,971	\$ 0	\$ 0	\$ 8,040	\$ 0	\$ 93,716	\$ 186,774	\$ 269	\$ 0	\$ 757,770	
Total	\$ 5,959,228	\$ 41	\$ 531,688	\$ 56,759	\$ 23,950	\$ 1,660,085	\$ 2,398,532	\$ 268,726	\$ 10,899,009		

Exhibit J-6

Unicoi County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,438,914	\$ 0	\$ 0	\$ 2,438,914
Trustee's Collections - Prior Year	78,348	0	0	78,348
Circuit/Clerk & Master Collections - Prior Years	70,903	0	0	70,903
Interest and Penalty	15,852	0	0	15,852
Pick-up Taxes	2,387	0	0	2,387
Payments in-Lieu-of Taxes - T.V.A.	164	0	0	164
Payments in-Lieu-of Taxes - Local Utilities	35,599	0	0	35,599
Payments in-Lieu-of Taxes - Other	4,985	0	0	4,985
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,356,095	0	0	1,356,095
Business Tax	32,963	0	0	32,963
Other County Local Option Taxes	279	0	0	279
<u>Statutory Local Taxes</u>				
Bank Excise Tax	1,065	0	0	1,065
Wholesale Beer Tax	2,210	0	0	2,210
Interstate Telecommunications Tax	1,019	0	0	1,019
Total Local Taxes	\$ 4,040,783	\$ 0	\$ 0	\$ 4,040,783
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,252	\$ 0	\$ 0	\$ 2,252
Cable TV Franchise	9,278	0	0	9,278
Total Licenses and Permits	\$ 11,530	\$ 0	\$ 0	\$ 11,530
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 1,026	\$ 0	\$ 0	\$ 1,026
Total Fines, Forfeitures, and Penalties	\$ 1,026	\$ 0	\$ 0	\$ 1,026
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 1,470	\$ 0	\$ 0	\$ 1,470
Tuition - Other	45,531	0	0	45,531
Lunch Payments - Children	0	0	202,664	202,664
Lunch Payments - Adults	0	0	7,591	7,591
Income from Breakfast	0	0	42	42
A la carte Sales	0	0	43,604	43,604
Total Charges for Current Services	\$ 47,001	\$ 0	\$ 253,901	\$ 300,902
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 3,631	\$ 0	\$ 3,553	\$ 7,184
Sale of Materials and Supplies	168,352	0	0	168,352
Refund of Telecommunication & Internet Fees (E-Rate)	55,646	0	0	55,646
Retirees' Insurance Payments	383	0	0	383
Miscellaneous Refunds	94,383	0	13,558	107,941
<u>Nonrecurring Items</u>				
Sale of Equipment	19,892	0	0	19,892

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items (Cont.)</u>				
Contributions and Gifts	\$ 10,000	\$ 0	\$ 0	\$ 10,000
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	838	838
Total Other Local Revenues	\$ 352,287	\$ 0	\$ 17,949	\$ 370,236
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 108,986	\$ 0	\$ 0	\$ 108,986
<u>State Education Funds</u>				
Basic Education Program	12,108,000	0	0	12,108,000
Early Childhood Education	575,723	0	0	575,723
School Food Service	0	0	12,906	12,906
Other State Education Funds	114,882	0	0	114,882
Career Ladder Program	93,574	0	0	93,574
Career Ladder - Extended Contract	56,600	0	0	56,600
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	101,470	0	0	101,470
Other State Grants	2,675	0	0	2,675
Total State of Tennessee	\$ 13,161,910	\$ 0	\$ 12,906	\$ 13,174,816
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 648,134	\$ 648,134
USDA - Commodities	0	0	71,705	71,705
Breakfast	0	0	220,077	220,077
USDA - Other	0	0	6,941	6,941
Vocational Education - Basic Grants to States	0	43,634	0	43,634
Other Vocational	0	60,000	0	60,000
Title I Grants to Local Education Agencies	0	631,104	0	631,104
Special Education - Grants to States	0	746,733	0	746,733
Special Education Preschool Grants	0	62,519	0	62,519
English Language Acquisition Grants	0	15,588	0	15,588
Eisenhower Professional Development State Grants	0	108,440	0	108,440
Race-to-the-Top - ARRA	0	211,432	0	211,432
Other Federal through State	500	628,806	0	629,306
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	145,713	0	0	145,713
ROTC Reimbursement	55,938	0	0	55,938
Other Direct Federal Revenue	119,270	0	0	119,270
Total Federal Government	\$ 321,421	\$ 2,508,256	\$ 946,857	\$ 3,776,534
<u>Other Governments and Citizens Groups</u>				
<u>Citizens Groups</u>				
Donations	\$ 16,531	\$ 0	\$ 0	\$ 16,531
Total Other Governments and Citizens Groups	\$ 16,531	\$ 0	\$ 0	\$ 16,531
Total	\$ 17,952,489	\$ 2,508,256	\$ 1,231,613	\$ 21,692,358

Exhibit J-7

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,400	
Social Security		2,203	
State Retirement		307	
Audit Services		5,494	
Contracts with Government Agencies		1,250	
Dues and Memberships		3,846	
Legal Notices, Recording, and Court Costs		2,689	
Other Charges		2,503	
Total County Commission			\$ 50,692

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		28,246	
Salary Supplements		744	
Secretary(ies)		28,246	
Clerical Personnel		28,246	
Social Security		11,503	
State Retirement		13,432	
Life Insurance		535	
Medical Insurance		19,328	
Dental Insurance		1,052	
Unemployment Compensation		281	
Communication		4,907	
Data Processing Services		12,625	
Dues and Memberships		1,683	
Maintenance and Repair Services - Office Equipment		1,159	
Travel		4,296	
Office Supplies		2,932	
Other Charges		882	
Total County Mayor/Executive			230,135

County Attorney

County Official/Administrative Officer	\$	18,000	
Legal Services		2,325	
Total County Attorney			20,325

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	51,976	
Deputy(ies)		28,246	
Mechanic(s)		380	
Clerical Personnel		4,205	
Election Commission		3,955	
Election Workers		8,440	
Social Security		6,541	
State Retirement		6,575	
Life Insurance		276	
Medical Insurance		13,321	
Dental Insurance		542	
Unemployment Compensation		316	
Communication		1,829	
Data Processing Services		11,986	
Dues and Memberships		225	
Janitorial Services		920	
Legal Notices, Recording, and Court Costs		3,924	
Maintenance and Repair Services - Buildings		330	
Maintenance and Repair Services - Equipment		911	
Postal Charges		220	
Printing, Stationery, and Forms		1,494	
Travel		6,229	
Other Contracted Services		1,802	
Electricity		2,484	
Office Supplies		1,945	
Office Equipment		1,085	
Total Election Commission			\$ 160,157

Register of Deeds

County Official/Administrative Officer	\$	57,751
Deputy(ies)		28,246
Clerical Personnel		23,348
Part-time Personnel		4,238
Social Security		8,638
State Retirement		9,245
Life Insurance		414
Medical Insurance		18,241
Dental Insurance		814
Unemployment Compensation		277
Communication		2,646

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Data Processing Services	\$	20,409	
Dues and Memberships		522	
Maintenance and Repair Services - Office Equipment		528	
Travel		2,431	
Other Contracted Services		250	
Data Processing Supplies		792	
Office Supplies		2,176	
Data Processing Equipment		1,157	
Office Equipment		3,677	
Total Register of Deeds			\$ 185,800

Planning

Board and Committee Members Fees	\$	3,550	
Social Security		272	
State Retirement		30	
Contracts with Government Agencies		7,250	
Total Planning			11,102

County Buildings

Custodial Personnel	\$	22,582	
Part-time Personnel		11,725	
Social Security		2,613	
State Retirement		1,889	
Life Insurance		138	
Medical Insurance		6,080	
Dental Insurance		271	
Unemployment Compensation		218	
Maintenance and Repair Services - Buildings		34,839	
Custodial Supplies		4,592	
Natural Gas		6,945	
Utilities		36,511	
Building and Contents Insurance		7,329	
Total County Buildings			135,732

Other General Administration

Postal Charges	\$	26,138	
Duplicating Supplies		3,508	
Excess Risk Insurance		500	
Liability Insurance		60,390	
Total Other General Administration			90,536

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Consultants	\$	10,673	
Dues and Memberships		225	
Maintenance and Repair Services - Buildings		759	
Travel		818	
Office Supplies		5,679	
Utilities		16	
Other Charges		733	
Office Equipment		6,876	
Total Preservation of Records			\$ 25,779

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		24,731	
Deputy(ies)		27,360	
Clerical Personnel		29,202	
Other Salaries and Wages		21,825	
Social Security		12,145	
State Retirement		11,127	
Life Insurance		581	
Medical Insurance		26,556	
Dental Insurance		1,141	
Unemployment Compensation		487	
Audit Services		8,942	
Communication		3,662	
Data Processing Services		8,985	
Dues and Memberships		1,100	
Maintenance and Repair Services - Office Equipment		8,451	
Postal Charges		3,460	
Printing, Stationery, and Forms		4,162	
Travel		5,029	
Office Supplies		4,803	
Office Equipment		4,023	
Total Property Assessor's Office			265,523

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		28,246	
Deputy(ies)		28,246	
Temporary Personnel		56	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Social Security	\$	8,744	
State Retirement		9,734	
Life Insurance		414	
Medical Insurance		18,241	
Dental Insurance		814	
Unemployment Compensation		217	
Communication		2,380	
Data Processing Services		7,950	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		544	
Maintenance and Repair Services - Office Equipment		278	
Travel		2,097	
Data Processing Supplies		1,956	
Office Supplies		1,169	
Office Equipment		1,560	
Total County Trustee's Office			\$ 170,904

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		28,247	
Clerical Personnel		27,274	
Part-time Personnel		11,924	
Other Salaries and Wages		28,247	
Social Security		11,052	
State Retirement		11,117	
Life Insurance		546	
Medical Insurance		26,407	
Dental Insurance		1,074	
Unemployment Compensation		455	
Communication		3,541	
Dues and Memberships		507	
Maintenance and Repair Services - Buildings		1,800	
Maintenance and Repair Services - Office Equipment		12,912	
Travel		678	
Office Supplies		1,307	
Utilities		898	
Premiums on Corporate Surety Bonds		17	
Data Processing Equipment		16,815	
Office Equipment		1,010	
Total County Clerk's Office			243,579

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

Refunds	\$	6,597	
Trustee's Commission		69,676	
Total Other Finance			\$ 76,273

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Assistant(s)		29,716	
Deputy(ies)		51,595	
Accountants/Bookkeepers		23,348	
Clerical Personnel		38,884	
Part-time Personnel		27,931	
Other Salaries and Wages		26,907	
Jury and Witness Expense		6,103	
Social Security		18,778	
State Retirement		20,528	
Life Insurance		1,144	
Medical Insurance		40,340	
Dental Insurance		2,249	
Unemployment Compensation		947	
Communication		5,132	
Data Processing Services		2,921	
Dues and Memberships		457	
Maintenance and Repair Services - Office Equipment		16,119	
Travel		340	
Remittance of Revenue Collected		1,291	
Data Processing Supplies		817	
Office Supplies		9,132	
Premiums on Corporate Surety Bonds		81	
Refunds		12,891	
Office Equipment		4,949	
Total Circuit Court			400,351

General Sessions Court

Judge(s)	\$	83,723
Social Security		5,770
State Retirement		7,133
Life Insurance		138
Medical Insurance		8,165
Dental Insurance		271

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Communication	\$	740	
Dues and Memberships		70	
Travel		1,439	
Remittance of Revenue Collected		3,700	
Total General Sessions Court			\$ 111,149

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		28,246	
Part-time Personnel		6,130	
Social Security		6,413	
State Retirement		7,327	
Life Insurance		276	
Medical Insurance		14,245	
Dental Insurance		542	
Unemployment Compensation		182	
Communication		1,445	
Dues and Memberships		557	
Legal Notices, Recording, and Court Costs		701	
Maintenance and Repair Services - Office Equipment		9,001	
Travel		500	
Data Processing Supplies		816	
Office Supplies		3,000	
Premiums on Corporate Surety Bonds		12	
Office Equipment		1,000	
Total Chancery Court			138,144

Juvenile Court

Salary Supplements	\$	4,986	
Social Security		381	
Unemployment Compensation		28	
Communication		798	
Contracts with Government Agencies		41,561	
Travel		242	
Office Supplies		394	
Total Juvenile Court			48,390

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	62,122	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Supervisor/Director	\$	76,184	
Deputy(ies)		241,911	
Investigator(s)		76,331	
Captain(s)		71,432	
Lieutenant(s)		64,677	
Youth Service Officer(s)		89,761	
Sergeant(s)		55,262	
Dispatchers/Radio Operators		243,753	
Secretary(ies)		67,084	
Other Salaries and Wages		144,328	
In-Service Training		6,091	
Social Security		90,534	
State Retirement		82,366	
Life Insurance		4,344	
Medical Insurance		196,520	
Dental Insurance		8,491	
Unemployment Compensation		4,657	
Communication		17,561	
Dues and Memberships		1,800	
Maintenance and Repair Services - Equipment		3,176	
Maintenance and Repair Services - Vehicles		24,566	
Travel		214	
Gasoline		140,260	
Law Enforcement Supplies		3,050	
Office Supplies		1,054	
Tires and Tubes		8,668	
Uniforms		4,716	
Judgments		126,825	
Liability Insurance		30,641	
Premiums on Corporate Surety Bonds		139	
Refunds		17,853	
Workers' Compensation Insurance		45,546	
Other Charges		2,154	
Law Enforcement Equipment		5,267	
Motor Vehicles		115,254	
Total Sheriff's Department			\$ 2,134,592

Jail

Supervisor/Director	\$	31,649
Guards		139,686

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Salaries and Wages	\$	96,809	
Social Security		20,944	
State Retirement		15,932	
Life Insurance		1,098	
Medical Insurance		44,223	
Dental Insurance		1,887	
Unemployment Compensation		1,484	
Maintenance and Repair Services - Buildings		3,897	
Maintenance and Repair Services - Equipment		1,918	
Maintenance and Repair Services - Vehicles		26	
Medical and Dental Services		84,664	
Travel		860	
Custodial Supplies		1,001	
Drugs and Medical Supplies		12,313	
Food Supplies		99,096	
Natural Gas		2,337	
Prisoners Clothing		833	
Utilities		42,504	
Building and Contents Insurance		9,404	
Total Jail			\$ 612,565

Workhouse

Supervisor/Director	\$	24,811
Guards		22,453
Other Salaries and Wages		84,329
Social Security		10,067
State Retirement		1,228
Life Insurance		236
Medical Insurance		10,387
Dental Insurance		463
Unemployment Compensation		1,148
Maintenance and Repair Services - Buildings		2,486
Maintenance and Repair Services - Equipment		898
Medical and Dental Services		4,912
Custodial Supplies		986
Drugs and Medical Supplies		4,250
Food Supplies		34,014
Natural Gas		3,809
Prisoners Clothing		350
Utilities		23,783

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Law Enforcement Equipment	\$ 1,877	
Total Workhouse		\$ 232,487

Juvenile Services

Other Salaries and Wages	\$ 8,190	
Social Security	627	
Unemployment Compensation	57	
Total Juvenile Services		8,874

Fire Prevention and Control

Contributions	\$ 52,250	
Total Fire Prevention and Control		52,250

Civil Defense

County Official/Administrative Officer	\$ 37,488	
Social Security	2,868	
State Retirement	3,194	
Life Insurance	138	
Medical Insurance	6,080	
Dental Insurance	271	
Unemployment Compensation	102	
Maintenance and Repair Services - Vehicles	1,093	
Gasoline	2,099	
Law Enforcement Supplies	1,818	
Office Supplies	130	
Other Supplies and Materials	11,417	
Communication Equipment	2,141	
Total Civil Defense		68,839

Other Emergency Management

Contributions	\$ 4,750	
Other Equipment	18,016	
Total Other Emergency Management		22,766

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 1,864	
Assistant(s)	200	
Social Security	143	
State Retirement	159	
Unemployment Compensation	6	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner (Cont.)

Contracts with Other Public Agencies	\$	17,400	
Other Contracted Services		4,800	
Total County Coroner/Medical Examiner			\$ 24,572

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	30,267	
Social Security		1,331	
State Retirement		619	
Life Insurance		92	
Medical Insurance		4,054	
Dental Insurance		181	
Unemployment Compensation		212	
Communication		3,972	
Maintenance and Repair Services - Equipment		1,799	
Maintenance and Repair Services - Office Equipment		2,029	
Custodial Supplies		2,499	
Drugs and Medical Supplies		3,815	
Natural Gas		1,654	
Office Supplies		1,540	
Utilities		18,472	
Other Supplies and Materials		2,181	
Liability Insurance		2,026	
Other Charges		2,062	
Total Local Health Center			78,805

Rabies and Animal Control

Part-time Personnel	\$	50,069	
Other Salaries and Wages		26,554	
Social Security		5,862	
State Retirement		2,799	
Life Insurance		138	
Medical Insurance		12,173	
Dental Insurance		542	
Unemployment Compensation		524	
Contributions		23,269	
Workers' Compensation Insurance		1,042	
Total Rabies and Animal Control			122,972

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Maintenance and Repair Services - Buildings	\$ 1,150	
Other Contracted Services	180,000	
Total Ambulance/Emergency Medical Services		\$ 181,150

Other Local Health Services

Other Salaries and Wages	\$ 116,749	
Social Security	8,931	
State Retirement	4,866	
Life Insurance	334	
Medical Insurance	14,694	
Dental Insurance	655	
Unemployment Compensation	829	
Travel	3,262	
Total Other Local Health Services		150,320

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	\$ 24,308	
Social Security	1,860	
Unemployment Compensation	277	
Instructional Supplies and Materials	5,642	
Total Sanitation Education/Information		32,087

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$ 4,750	
Total Adult Activities		4,750

Senior Citizens Assistance

Contracts with Other Public Agencies	\$ 10,600	
Contributions	25,000	
Total Senior Citizens Assistance		35,600

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$ 23,875	
Total Libraries		\$ 23,875

Other Social, Cultural, and Recreational

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

Agriculture and Natural Resources

Agriculture Extension Service

Other Salaries and Wages	\$ 2,749	
Social Security	210	
Unemployment Compensation	14	
Communication	3,184	
Contributions	25,317	
Dues and Memberships	345	
Maintenance and Repair Services - Office Equipment	612	
Travel	2,607	
Total Agriculture Extension Service		35,038

Forest Service

Contributions	\$ 800	
Total Forest Service		800

Soil Conservation

Contributions	\$ 5,173	
Total Soil Conservation		5,173

Other Operations

Tourism

Contributions	\$ 17,700	
Dues and Memberships	1,250	
Other Charges	1,900	
Total Tourism		20,850

Industrial Development

Other Salaries and Wages	\$ 4,800	
Social Security	367	
Unemployment Compensation	24	
Contributions	22,516	
Other Charges	1,090	
Total Industrial Development		28,797

(Continued)

Exhibit J-7

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	\$ 950	
Total Veterans' Services		\$ 950
<u>Contributions to Other Agencies</u>		
Contributions	\$ 3,850	
Total Contributions to Other Agencies		3,850
<u>Employee Benefits</u>		
Employee and Dependent Insurance	\$ 7,468	
Workers' Compensation Insurance	6,146	
Total Employee Benefits		13,614
<u>Miscellaneous</u>		
Contributions	\$ 4,500	
Total Miscellaneous		<u>4,500</u>
Total General Fund		\$ 6,307,475
<u>Solid Waste/Sanitation Fund</u>		
<u>Public Health and Welfare</u>		
<u>Sanitation Management</u>		
Social Security	\$ 840	
Unemployment Compensation	132	
Communication	1,928	
Contracts with Private Agencies	407,207	
Operating Lease Payments	43,340	
Maintenance and Repair Services - Office Equipment	7	
Rentals	1,345	
Other Contracted Services	10,756	
Electricity	4,967	
Liability Insurance	434	
Trustee's Commission	10,092	
Workers' Compensation Insurance	1,019	
Total Sanitation Management		<u>\$ 482,067</u>
Total Solid Waste/Sanitation Fund		482,067

(Continued)

Exhibit J-7

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

Drug Control Fund

Finance

Other Finance

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

Public Safety

Sheriff's Department

Deputy(ies)	\$ 28,913	
Investigator(s)	3,888	
Other Salaries and Wages	11,109	
In-Service Training	189	
Social Security	3,361	
State Retirement	2,629	
Life Insurance	135	
Medical Insurance	5,959	
Dental Insurance	266	
Unemployment Compensation	218	
Advertising	1,567	
Communication	2,883	
Confidential Drug Enforcement Payments	9,000	
Dues and Memberships	100	
Maintenance and Repair Services - Buildings	805	
Maintenance and Repair Services - Equipment	575	
Maintenance and Repair Services - Vehicles	6,835	
Veterinary Services	1,892	
Animal Food and Supplies	2,875	
Law Enforcement Supplies	1,767	
Office Supplies	436	
Tires and Tubes	1,176	
Uniforms	520	
Other Supplies and Materials	212	
Other Charges	295	
Law Enforcement Equipment	1,864	
Motor Vehicles	854	
Total Sheriff's Department		<u>90,323</u>

Total Drug Control Fund		\$ 90,776
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Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Special Commissioner Fees/Special Master Fees	\$ 15,000	
Total Circuit Court		\$ 15,000

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Special Commissioner Fees/Special Master Fees	\$ 3,450	
Total General Sessions Court		\$ 3,450

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 5,500	
Total Chancery Court		<u>5,500</u>

Total Constitutional Officers - Fees Fund		\$ 23,950
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Accountants/Bookkeepers	40,470	
Audit Services	716	
Communication	2,341	
Postal Charges	440	
Travel	971	
Data Processing Supplies	299	
Office Supplies	847	
Other Charges	4,163	
Data Processing Equipment	<u>5,124</u>	
Total Administration		\$ 118,898

Highway and Bridge Maintenance

Foremen	\$ 33,385	
Laborers	554,338	
Other Salaries and Wages	4,624	
Asphalt	261,945	
Concrete	1,341	
Crushed Stone	18,924	
Other Road Supplies	43,231	
Pipe	8,725	
Other Supplies and Materials	<u>3,741</u>	
Total Highway and Bridge Maintenance		930,254

Operation and Maintenance of Equipment

Mechanic(s)	\$ 37,460
Communication	2,838
Diesel Fuel	60,923

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Electricity	\$	7,207	
Equipment and Machinery Parts		77,752	
Garage Supplies		898	
Gasoline		37,574	
Lubricants		2,157	
Natural Gas		3,697	
Propane Gas		2,681	
Tires and Tubes		7,220	
Total Operation and Maintenance of Equipment			\$ 240,407

Other Charges

Dues and Memberships	\$	1,959	
Maintenance Agreements		4,084	
Office Supplies		120	
Trustee's Commission		16,573	
Vehicle and Equipment Insurance		29,979	
Workers' Compensation Insurance		65,231	
Total Other Charges			117,946

Employee Benefits

Social Security	\$	56,185	
State Retirement		62,085	
Employee and Dependent Insurance		165,082	
Unemployment Compensation		4,073	
Uniforms		1,350	
Total Employee Benefits			288,775

Capital Outlay

Highway Equipment	\$	73,477	
Total Capital Outlay			73,477

Total Highway/Public Works Fund \$ 1,769,757

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	793,147	
Principal on Notes		392,001	
Principal on Other Loans		224,948	
Total General Government			\$ 1,410,096

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 1,177,506	
Interest on Notes	77,730	
Total General Government	<u>1,255,236</u>	\$ 1,255,236

Other Debt Service

General Government

Refunds	\$ 2,861	
Trustee's Commission	37,436	
Other Debt Service	40	
Total General Government	<u>40,337</u>	<u>40,337</u>

Total General Debt Service Fund \$ 2,705,669

Community Development/Industrial Park Fund

Capital Projects

Public Utility Projects

Consultants	\$ 22,500	
Other Contracted Services	250,957	
Total Public Utility Projects	<u>273,457</u>	\$ 273,457

Other General Government Projects

Consultants	\$ 269	
Engineering Services	3,483	
Total Other General Government Projects	<u>3,752</u>	<u>3,752</u>

Total Community Development/Industrial Park Fund 277,209

Total Governmental Funds - Primary Government \$ 11,656,903

Exhibit J-8

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,892,996	
Career Ladder Program	49,459	
Career Ladder Extended Contracts	58,751	
Homebound Teachers	6,032	
Educational Assistants	44,593	
Other Salaries and Wages	340,800	
Certified Substitute Teachers	41,241	
Non-certified Substitute Teachers	76,612	
Social Security	333,745	
State Retirement	484,313	
Life Insurance	4,855	
Medical Insurance	766,876	
Dental Insurance	10,048	
Employer Medicare	77,193	
Instructional Supplies and Materials	112,566	
Textbooks	210,934	
Other Supplies and Materials	15,196	
Fee Waivers	22,990	
Other Charges	15,918	
Total Regular Instruction Program		\$ 7,565,118

Alternative Instruction Program

Teachers	\$ 45,072	
Social Security	2,794	
State Retirement	4,079	
Life Insurance	40	
Employer Medicare	654	
Contracts with Other School Systems	34,295	
Total Alternative Instruction Program		86,934

Special Education Program

Teachers	\$ 720,606	
Career Ladder Program	4,000	
Educational Assistants	69,861	
Speech Pathologist	150,809	
Certified Substitute Teachers	6,680	
Non-certified Substitute Teachers	18,498	
Social Security	56,292	
State Retirement	84,391	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	1,106	
Medical Insurance		137,718	
Dental Insurance		2,106	
Employer Medicare		13,660	
Other Contracted Services		61,567	
Instructional Supplies and Materials		1,376	
Other Supplies and Materials		1,991	
Other Charges		542	
Total Special Education Program			\$ 1,331,203

Vocational Education Program

Teachers	\$	450,197	
Career Ladder Program		3,518	
Certified Substitute Teachers		3,752	
Non-certified Substitute Teachers		10,284	
Social Security		27,868	
State Retirement		41,062	
Life Insurance		463	
Medical Insurance		74,961	
Dental Insurance		1,019	
Employer Medicare		6,564	
Maintenance and Repair Services - Equipment		1,674	
Other Contracted Services		493	
Instructional Supplies and Materials		13,560	
Textbooks		3,644	
Other Supplies and Materials		165	
Other Charges		3,518	
Vocational Instruction Equipment		14,848	
Total Vocational Education Program			657,590

Student Body Education Program

Other Supplies and Materials	\$	43,295	
Other Equipment		144,851	
Total Student Body Education Program			188,146

Support Services

Attendance

Supervisor/Director	\$	69,234	
Career Ladder Program		2,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Social Security	\$	4,347	
State Retirement		6,447	
Life Insurance		40	
Medical Insurance		5,675	
Dental Insurance		120	
Employer Medicare		1,017	
Travel		2,257	
Total Attendance			\$ 91,137

Health Services

Medical Personnel	\$	84,062	
Other Salaries and Wages		94,686	
Social Security		10,765	
State Retirement		14,866	
Life Insurance		324	
Medical Insurance		25,964	
Dental Insurance		108	
Employer Medicare		2,517	
Travel		7,906	
Other Contracted Services		800	
Drugs and Medical Supplies		4,169	
Other Supplies and Materials		17,664	
Other Charges		1,735	
Total Health Services			265,566

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		293,050	
Psychological Personnel		44,701	
Social Workers		34,542	
School Resource Officer		54,340	
Other Salaries and Wages		15,180	
Social Security		23,803	
State Retirement		35,320	
Life Insurance		405	
Medical Insurance		65,307	
Dental Insurance		960	
Employer Medicare		5,567	
Evaluation and Testing		7,357	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Supplies and Materials	\$	5,189	
Other Charges		1,156	
Total Other Student Support			\$ 589,877

Regular Instruction Program

Supervisor/Director	\$	70,044	
Career Ladder Program		7,600	
Librarians		248,757	
Educational Assistants		13,161	
Social Security		20,421	
State Retirement		30,660	
Life Insurance		322	
Medical Insurance		44,523	
Dental Insurance		838	
Employer Medicare		4,776	
Travel		11,993	
Periodicals		785	
In Service/Staff Development		22,438	
Other Charges		757	
Other Equipment		9,921	
Total Regular Instruction Program			486,996

Special Education Program

Supervisor/Director	\$	67,614	
Career Ladder Program		1,000	
Secretary(ies)		25,688	
Social Security		5,715	
State Retirement		8,398	
Life Insurance		81	
Medical Insurance		18,388	
Dental Insurance		108	
Employer Medicare		1,336	
Travel		3,752	
In Service/Staff Development		3,275	
Total Special Education Program			135,355

Vocational Education Program

Supervisor/Director	\$	62,641	
Career Ladder Program		1,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Secretary(ies)	\$	27,374	
Social Security		5,559	
State Retirement		8,090	
Life Insurance		78	
Medical Insurance		10,806	
Dental Insurance		230	
Employer Medicare		1,300	
Maintenance and Repair Services - Equipment		4,790	
Travel		1,000	
Other Supplies and Materials		337	
Total Vocational Education Program			\$ 123,205

Other Programs

On-Behalf Payments to OPEB	\$	108,986	
Total Other Programs			108,986

Board of Education

Secretary to Board	\$	26,564	
Other Salaries and Wages		82,650	
Board and Committee Members Fees		5,580	
Social Security		4,971	
State Retirement		2,263	
Life Insurance		40	
Medical Insurance		5,627	
Dental Insurance		120	
Unemployment Compensation		7,845	
Employer Medicare		1,163	
Audit Services		9,365	
Dues and Memberships		9,933	
Legal Services		6,250	
Travel		11,324	
Maintenance and Repair Services - Records		45,511	
Other Contracted Services		9,948	
Other Supplies and Materials		1,360	
Liability Insurance		29,541	
Trustee's Commission		97,955	
Workers' Compensation Insurance		95,824	
Other Charges		9,985	
Total Board of Education			463,819

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	110,629	
Assistant(s)		34,697	
Secretary(ies)		18,326	
Clerical Personnel		5,479	
Social Security		9,689	
State Retirement		14,625	
Life Insurance		120	
Medical Insurance		18,327	
Dental Insurance		357	
Employer Medicare		2,342	
Other Fringe Benefits		1,606	
Communication		77,209	
Dues and Memberships		1,649	
Postal Charges		8,854	
Travel		1,973	
Other Contracted Services		13,397	
Office Supplies		5,934	
Other Charges		8,446	
Administration Equipment		2,001	
Total Director of Schools			\$ 335,660

Office of the Principal

Principals	\$	418,476	
Career Ladder Program		4,832	
Accountants/Bookkeepers		47,749	
Assistant Principals		163,334	
Secretary(ies)		161,663	
Social Security		48,072	
State Retirement		71,634	
Life Insurance		763	
Medical Insurance		126,212	
Dental Insurance		1,431	
Employer Medicare		11,245	
Dues and Memberships		835	
Total Office of the Principal			1,056,246

Fiscal Services

Accountants/Bookkeepers	\$	80,693
Social Security		4,969

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

State Retirement	\$	6,875	
Life Insurance		81	
Medical Insurance		5,747	
Dental Insurance		240	
Employer Medicare		1,162	
Travel		393	
Other Contracted Services		7,785	
Data Processing Supplies		3,321	
Office Supplies		644	
Administration Equipment		220	
Total Fiscal Services			\$ 112,130

Operation of Plant

Supervisor/Director	\$	33,052	
Custodial Personnel		418,735	
Social Security		27,178	
State Retirement		33,248	
Life Insurance		806	
Medical Insurance		102,134	
Dental Insurance		948	
Employer Medicare		6,356	
Disposal Fees		34,248	
Other Contracted Services		18,724	
Custodial Supplies		42,025	
Electricity		539,649	
Natural Gas		80,489	
Water and Sewer		29,926	
Boiler Insurance		4,848	
Building and Contents Insurance		88,751	
Other Charges		392	
Total Operation of Plant			1,461,509

Maintenance of Plant

Supervisor/Director	\$	48,232	
Maintenance Personnel		179,874	
Social Security		13,692	
State Retirement		18,493	
Life Insurance		320	
Medical Insurance		45,614	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Dental Insurance	\$	480	
Employer Medicare		3,202	
Laundry Service		11,624	
Maintenance and Repair Services - Buildings		202,206	
Maintenance and Repair Services - Equipment		18,033	
Maintenance and Repair Services - Vehicles		2,081	
Other Contracted Services		26,373	
Equipment and Machinery Parts		18,487	
General Construction Materials		9,757	
Other Supplies and Materials		17,400	
In Service/Staff Development		163	
Other Charges		3,080	
Total Maintenance of Plant			\$ 619,111

Transportation

Supervisor/Director	\$	41,864	
Mechanic(s)		33,052	
Bus Drivers		191,583	
Social Security		18,023	
State Retirement		15,651	
Life Insurance		85	
Medical Insurance		11,319	
Dental Insurance		240	
Employer Medicare		4,215	
Medical and Dental Services		1,226	
Other Contracted Services		7,816	
Diesel Fuel		132,614	
Garage Supplies		1,245	
Gasoline		23,263	
Tires and Tubes		17,191	
Vehicle Parts		45,002	
Other Supplies and Materials		3,122	
Vehicle and Equipment Insurance		27,270	
Transportation Equipment		61,769	
Total Transportation			636,550

Central and Other

Supervisor/Director	\$	53,662	
Computer Programmer(s)		35,624	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Data Processing Personnel	\$	20,854	
Other Salaries and Wages		41,970	
Social Security		9,229	
State Retirement		12,413	
Life Insurance		166	
Medical Insurance		27,606	
Dental Insurance		384	
Employer Medicare		2,134	
Travel		1,687	
Other Contracted Services		20,751	
Data Processing Supplies		21,516	
Other Supplies and Materials		61,072	
Total Central and Other			\$ 309,068

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

Other Supplies and Materials	\$	14,355	
Total Community Services			14,355

Early Childhood Education

Supervisor/Director	\$	58,488	
Teachers		237,773	
Educational Assistants		102,699	
Other Salaries and Wages		22,259	
Certified Substitute Teachers		2,916	
Social Security		24,945	
State Retirement		36,811	
Life Insurance		624	
Medical Insurance		82,286	
Dental Insurance		1,051	
Employer Medicare		5,834	
Maintenance and Repair Services - Equipment		910	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Other Contracted Services	\$ 1,293	
Instructional Supplies and Materials	2,308	
Other Supplies and Materials	17,609	
In Service/Staff Development	5,496	
Other Charges	1,440	
Other Equipment	4,000	
Total Early Childhood Education		\$ 608,742

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 385,712	
Other Capital Outlay	773,597	
Total Regular Capital Outlay		1,159,309

Principal on Debt

Education

Principal on Capital Leases	\$ 63,444	
Total Education		63,444

Interest on Debt

Education

Interest on Capital Leases	\$ 5,829	
Total Education		5,829

Total General Purpose School Fund \$ 18,477,052

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 646,092
Educational Assistants	186,547
Certified Substitute Teachers	1,260
Non-certified Substitute Teachers	2,699
Social Security	51,058
State Retirement	72,240
Life Insurance	1,168
Medical Insurance	131,726
Dental Insurance	1,234
Employer Medicare	11,941

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Fringe Benefits	\$	54	
Maintenance and Repair Services - Equipment		16,816	
Other Contracted Services		4,832	
Instructional Supplies and Materials		86,295	
Regular Instruction Equipment		90,939	
Total Regular Instruction Program			\$ 1,304,901

Special Education Program

Teachers	\$	34,118	
Educational Assistants		408,071	
Social Security		26,219	
State Retirement		35,035	
Life Insurance		1,249	
Medical Insurance		138,128	
Dental Insurance		2,234	
Employer Medicare		6,132	
Other Fringe Benefits		2,817	
Other Contracted Services		85,897	
Instructional Supplies and Materials		21,295	
Other Supplies and Materials		21,277	
Special Education Equipment		30,911	
Total Special Education Program			813,383

Vocational Education Program

Instructional Supplies and Materials	\$	6,703	
Other Supplies and Materials		6,148	
Vocational Instruction Equipment		77,983	
Total Vocational Education Program			90,834

Support Services

Other Student Support

Other Salaries and Wages	\$	13,197	
Social Security		818	
State Retirement		1,124	
Life Insurance		40	
Medical Insurance		5,627	
Employer Medicare		191	
Travel		11,390	
Other Supplies and Materials		7,616	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

In Service/Staff Development	\$	65	
Other Charges		1,051	
Total Other Student Support			\$ 41,119

Regular Instruction Program

Supervisor/Director	\$	76,395	
Secretary(ies)		32,004	
In-Service Training		11,693	
Social Security		6,460	
State Retirement		9,640	
Life Insurance		81	
Medical Insurance		13,848	
Dental Insurance		240	
Employer Medicare		1,511	
Other Fringe Benefits		181	
Maintenance and Repair Services - Equipment		2,523	
Travel		18,976	
Library Books/Media		55,033	
Other Supplies and Materials		1,981	
In Service/Staff Development		23,049	
Other Charges		35	
Other Equipment		3,824	
Total Regular Instruction Program			257,474

Special Education Program

Clerical Personnel	\$	3,000	
Social Security		186	
Employer Medicare		43	
Travel		1,522	
In Service/Staff Development		18,780	
Total Special Education Program			23,531

Vocational Education Program

Travel	\$	1,207	
Other Charges		593	
Total Vocational Education Program			1,800

Total School Federal Projects Fund \$ 2,533,042

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	90,207	
Clerical Personnel		26,060	
Cafeteria Personnel		357,149	
Social Security		28,976	
State Retirement		22,738	
Life Insurance		409	
Medical Insurance		43,541	
Dental Insurance		504	
Employer Medicare		6,777	
Advertising		59	
Licenses		560	
Maintenance Agreements		3,800	
Maintenance and Repair Services - Equipment		4,938	
Travel		12,790	
Other Contracted Services		39,380	
Food Preparation Supplies		47,245	
Food Supplies		423,702	
Office Supplies		3,794	
Small Tools		979	
Uniforms		1,739	
USDA - Commodities		71,705	
Other Supplies and Materials		572	
In Service/Staff Development		3,288	
Other Charges		490	
Food Service Equipment		29,015	
Total Food Service			\$ 1,220,417

Total Central Cafeteria Fund \$ 1,220,417

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Building Construction	\$	109,112	
Other Capital Outlay		13,725	
Total Regular Capital Outlay			\$ 122,837

Total Education Capital Projects Fund 122,837

Total Governmental Funds - Unicoi County School Department \$ 22,353,348

Exhibit J-9

Unicoi County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,345,180
Total Cash Receipts	<u>\$ 1,345,180</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,330,416
Trustee's Commissions	14,764
Total Cash Disbursements	<u>\$ 1,345,180</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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

October 5, 2012

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, 2012, which collectively comprise Unicoi County's basic financial statements and have issued our report thereon dated October 5, 2012. 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

The management of Unicoi County is responsible for establishing and maintaining effective 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 a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 12.03. 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

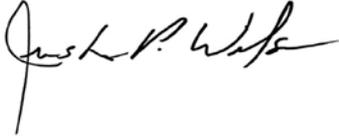
As part of obtaining reasonable assurance about whether Unicoi County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 12.01, 12.02, 12.04, and 12.05.

We 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,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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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

Independent Auditor's Report

October 5, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Unicoi County's compliance 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, 2012. 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, 2012.

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 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

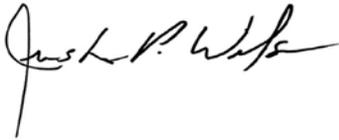
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unicoi County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 5, 2012. 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 the entity, 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, 2012

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	\$ 86,997
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	71,705 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	220,077
National School Lunch Program	10.555	N/A	648,134 (3)
Summer Food Service Program for Children	10.559	N/A	6,941
Total U.S. Department of Agriculture			\$ 1,033,854
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	\$ 268,457
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-09-44	269
Total U.S. Department of Housing and Urban Development			\$ 268,726
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 54,022
Total U.S. Department of the Interior			\$ 54,022
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-12-GHS341	\$ 5,000
Total U.S. Department of Transportation			\$ 5,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 628,228
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	703,898
Special Education - Preschool Grants	84.173	N/A	72,322
Special Education - Grants to States, Recovery Act	84.391	N/A	56,644
Special Education - Preschool Grants, Recovery Act	84.392	N/A	4,049
Impact Aid	84.041	N/A	145,713
Career and Technical Education - Basic Grants to States	84.048	N/A	104,134
English Language Acquisition Grants	84.365	N/A	15,588
Improving Teacher Quality State Grants	84.367	N/A	110,495
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	211,432
Education Jobs Fund	84.410	N/A	626,751
Total U.S. Department of Education			\$ 2,679,254
National Archives and Records Administration:			
Passed-through State Historical Records Advisory Board:			
National Historical Publications and Records Grants	89.003	(2)	\$ 5,000
Total National Archives and Records Administration			\$ 5,000

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022500-02	\$ 0
Buffer Zone Protection Program (BZPP)	97.078	GG-07-26025-00	0
Emergency Management Performance Grants	97.042	(2)	21,000
Homeland Security Grant Program	97.067	(2)	<u>44,048</u>
Total U.S. Department of Homeland Security			<u>\$ 65,048</u>
Total Expenditures of Federal Awards			<u>\$ 4,110,904</u>
		<u>Contract Number</u>	
<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)	134,252
Litter Program - State Department of Transportation	N/A	(2)	33,970
Early Childhood Education Pilot Projects - State Department of Education	N/A	(2)	<u>575,723</u>
Total State Grants			<u>\$ 752,945</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$719,839.

Unicoi County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which has not been corrected.

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.04	149	Duties were not segregated adequately

UNICOI COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

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 a significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Unicoi County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: 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 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); the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and the Education Jobs Fund (CFDA No. 84.410) 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 sheriff and assessor of property provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 12.01 **BIDS WERE NOT SOLICITED FOR PERISHABLE FOOD COMMODITIES**

(Noncompliance Under *Government Auditing Standards*)

Perishable food commodities purchased for the county jail and workhouse were not bid. Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, require public advertisement and solicitation of competitive bids on purchases exceeding \$10,000. However, Section 5-14-204, *TCA*, provides that the governing bodies may exempt perishable commodities from bid requirements. The County Commission has not formally approved the exemption of perishable commodities from bid requirements.

RECOMMENDATION

Perishable food commodities should be competitively bid unless the County Commission formally approves an exemption as required by the above-noted statute.

MANAGEMENT'S RESPONSE – SHERIFF

We are currently bidding out perishable food commodities for the Unicoi County Jail.

OFFICE OF ROAD SUPERINTENDENT

FINDING 12.02 **ACCRUED VACATION LEAVE BALANCES EXCEEDED THE MAXIMUM LEAVE PROVIDED BY THE COUNTY'S PERSONNEL POLICY**

(Noncompliance Under *Government Auditing Standards*)

During our review of employees' accrued leave balances, we noted that several employees had accrued vacation leave balances that exceeded the five-day maximum balance established by the county's personnel policy. This deficiency can be attributed to the failure of management to adequately monitor employees' leave balances. Accrued leave was maintained manually instead of through the computerized payroll system, and unused balances were not calculated until the end of the fiscal year. Allowing employees to accrue leave balances exceeding five days violates the county's personnel policy.

RECOMMENDATION

Management should monitor employees' leave balances to ensure compliance with the county's personnel policy. Accrued leave should be maintained through the computerized payroll system to provide more timely and accurate reporting to management.

OFFICE OF CLERK AND MASTER

FINDING 12.03 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICE OF SHERIFF

FINDING 12.04 **DEFICIENCIES WERE NOTED IN REPORTING EMPLOYEE LEAVE**
(Noncompliance Under *Government Auditing Standards*)

The following deficiencies were noted during our review of employee's accrued leave balances:

- A. Numerous employees of the Sheriff's Department had accrued vacation leave balances that exceeded the five-day maximum balance established by the county's personnel policy. This deficiency can be attributed to the failure of management to adequately monitor employees' leave balances. Allowing employees to accrue leave balances exceeding five days violates the county's leave policy.

- B. Employees of the Sheriff's Department were allowed to accrue holiday leave even though holiday leave was not addressed in the county's personnel policy.
- C. The Sheriff's Department submitted an annual report of employee leave balances and amounts earned and used to the County Mayor's Office. This report was used to prepare the county's schedule of accrued leave in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. However, employee leave was not reported on the time sheets submitted to the County Mayor's Office for each pay period during the year.

RECOMMENDATION

Management should monitor employees' leave balances to ensure compliance with the county's personnel policy. Leave balances and amounts earned and used for each pay period should be included on the time sheets submitted to the County Mayor's Office. This practice would enable the payroll clerk to maintain employee leave on the computerized payroll system to provide more timely and accurate reporting to management.

MANAGEMENT'S RESPONSE – SHERIFF

I was appointed sheriff by the Unicoi County Commission in March 2012 after the resignation of the former sheriff. Since that time, I have reviewed and changed the way we conduct business. The first order of business was to immediately stop the enormous amount of leave that was being accrued and to start a plan for officers to use this past vacation/overtime that had been previously accrued. We went from 12-hour shifts to eight-hour shifts. Therefore, there are no more seven-day breaks. Now, when employees earn a vacation day, they take it instead of carrying it over to next year. All vacations must be taken within the fiscal year. All holidays are now taken within the two-week pay period.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 12.05 **THE ASSESSOR DID NOT PRORATE NEW CONSTRUCTION**
(Noncompliance Under *Government Auditing Standards*)

The assessor did not pick up and prorate new construction or improvements. Section 67-5-603, *Tennessee Code Annotated*, provides that for the year in which an improvement or building is completed, the assessment, or increase in assessment, shall be prorated for the portion of the year following the date of its completion. This deficiency can be attributed to the lack of management oversight resulting in new construction not being properly assessed and the potential loss of county tax revenue.

RECOMMENDATION

The assessor should pick up and prorate new construction and improvements as required by statute.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

In regard to the audit done, we are not actually on the State of Tennessee computer system. The state system is called CAAS III and CAAS IV. Their system is actually set up to do the proration by computer. The system we have doesn't have an option for proration, so when we pick up new construction, we try to use a manual depreciation factor to adjust for proration and postpone putting the whole value on the home until the next year.

AUDIT COMMENT – STATE DIVISION OF PROPERTY ASSESSMENTS

The assessor of property was unable to provide any records demonstrating that proration procedure of value was being followed as required by state statute. This issue has been addressed with the assessor in the past and will be monitored in the future.

BEST PRACTICES

The Division of Local Government 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 of 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, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

UNICOI COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012

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

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 11.02 and 11.06

A special education corrective action plan was submitted to the Tennessee Department of Education, Division of Special Education on May 3, 2011. We received notification by letter dated July 21, 2011, that all documentation of corrections had been received by the compliance consultant, verified as acceptable, and that all corrective action plan requirements were completed.