

**ANNUAL FINANCIAL REPORT  
UNICOI COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2014**



**ANNUAL FINANCIAL REPORT**  
**UNICOI COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*COMPTROLLER OF THE TREASURY*  
*JUSTIN P. WILSON*

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
*JAMES R. ARNETTE*  
*Director*

*BRYAN W. BURKLIN, CPA, CGFM*  
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*MARK TREECE, CPA, CGFM*  
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*BRAD BURKE, CPA, CIA*  
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*GREG BRUSH, CISA*  
*State Auditors*

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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# ***Summary of Audit Findings***

Annual Financial Report  
Unicoi County, Tennessee  
For the Year Ended June 30, 2014

## ***Scope***

We have audited the basic financial statements of Unicoi County as of and for the year ended June 30, 2014.

## ***Results***

Our report on Unicoi County's financial statements is unmodified.

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

## ***Findings***

The following are summaries of the audit findings:

### **UNICOI COUNTY**

- ◆ Some departments did not comply with the Unicoi County Employee Handbook, and weaknesses were noted in internal controls over payroll.

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### **OFFICES OF COUNTY MAYOR AND SHERIFF**

- ◆ The offices had purchasing deficiencies.

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### **OFFICES OF COUNTY MAYOR AND TRUSTEE**

- ◆ The Drug Control Fund had cash overdrafts, and the county trustee paid checks issued by the Drug Control Fund that exceeded available funds.

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### **OFFICE OF COUNTY MAYOR**

- ◆ Various payroll liability accounts were not reconciled monthly.
  - ◆ The office did not implement adequate controls to protect its information resources.
-

## **OFFICE OF HIGHWAY SUPERINTENDENT**

- ◆ The office had purchasing deficiencies.
- 

## **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ Deficiencies existed in the accounting records.
- 

## **OFFICE OF SHERIFF**

- ◆ Unicoi County had inventory deficiencies, and their use of Section 1033 excess federal property is questioned.
  - ◆ Deficiencies were noted in handling cash bonds, which resulted in a cash shortage of \$1,000.
- 

## **UNICOI COUNTY COMMISSION**

- ◆ The County Commission's Audit Committee is not a functioning committee.

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# INTRODUCTORY SECTION

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Unicoi County Officials  
June 30, 2014

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**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 of Deeds  
Michael Hensley, Sheriff

**Board of County Commissioners**

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

**Board of Education**

Renea Rogers, Chairman	Victor Price
Rick Butler	Judy Webb
Tyler Engle	Lisa White

**Audit Committee**

Karen Bailey	Kenneth Kisiel
John Harris	Robert Stromberg
Dr. James Hatcher	

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## FINANCIAL SECTION

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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

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Unicoi County Emergency Communications District, which represent 2.6 percent, 2.7 percent, and 2.6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Unicoi County Emergency Communications District, is based solely on the report of the other

auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Unicoi County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 70 - 72 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unicoi County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Unicoi County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

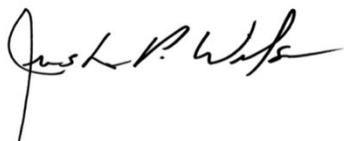
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Unicoi County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of Unicoi County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unicoi County's internal control over financial reporting and compliance.

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  
Nashville, Tennessee

December 12, 2014

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Unicoi County, Tennessee  
Statement of Net Position  
June 30, 2014

	Primary Governmental Activities	Component Units	
		Unicoi County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,674	\$ 66,641	\$ 596,790
Equity in Pooled Cash and Investments	6,040,125	7,479,745	0
Investments	0	0	54,772
Accounts Receivable	145,446	10,672	10,432
Due from Other Governments	537,521	241,619	0
Prepaid Items	0	0	1,739
Property Taxes Receivable	6,340,298	2,753,867	0
Allowance for Uncollectible Property Taxes	(296,810)	(128,917)	0
Capital Assets:			
Assets Not Depreciated:			
Land	457,064	615,753	0
Construction in Progress	488,532	0	0
Communications Equipment - Not in Service	0	0	97,464
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	3,992,383	23,755,275	0
Machinery and Equipment	0	0	106,149
Other Capital Assets	990,530	1,651,041	100,584
Infrastructure	5,215,441	0	0
Total Assets	<u>\$ 23,916,204</u>	<u>\$ 36,445,696</u>	<u>\$ 967,930</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 26,029	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 26,029</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 115,221	\$ 14,281	\$ 1,116
Accrued Payroll	13,862	0	47,563
Accrued Interest Payable	148,024	0	0
Payroll Deductions Payable	43,415	0	0
Retainage Payable	20,446	0	0
Claims and Judgments Payable	30,000	0	0
Due to State of Tennessee	3,685	0	0
Other Current Liabilities	2,412	460,035	0
Noncurrent Liabilities:			
Due Within One Year	1,846,403	0	0
Due in More Than One Year (net of unamortized premium on debt)	24,897,881	316,123	0
Total Liabilities	<u>\$ 27,121,349</u>	<u>\$ 790,439</u>	<u>\$ 48,679</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Unicoi County School Department	Emergency Communica- tions District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,820,041	\$ 2,527,897	\$ 0
Total Deferred Inflows of Resources	\$ 5,820,041	\$ 2,527,897	\$ 0
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 6,666,339	\$ 26,022,069	\$ 304,197
Restricted for:			
General Government	122,630	0	0
Finance	34,314	0	0
Administration of Justice	10,301	0	0
Public Safety	33,311	0	101,226
Public Health and Welfare	857,628	0	0
Highways/Public Works	1,673,365	0	0
Debt Service	2,239,869	0	0
Education	0	431,676	0
Capital Projects	7,485	0	0
Unrestricted	(20,644,399)	6,673,615	513,828
Total Net Position	\$ (8,999,157)	\$ 33,127,360	\$ 919,251

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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Primary Government			Unicoi County School Department		Emergency Communications District	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Unicoi County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 1,322,332	\$ 161,545	\$ 53,266	\$ 17,622	\$ (1,089,899)	\$ 0	\$ 0
Finance	764,064	428,456	0	0	(335,608)	0	0
Administration of Justice	759,352	560,081	4,500	0	(194,771)	0	0
Public Safety	4,097,783	1,060,181	44,484	583,873	(2,409,245)	0	0
Public Health and Welfare	1,115,578	102,711	1,037,756	77,644	102,533	0	0
Social, Cultural, and Recreational Services	95,484	17,918	0	0	(77,566)	0	0
Agriculture and Natural Resources	39,244	0	0	0	(39,244)	0	0
Highways	2,599,587	131,252	1,332,618	333,436	(802,281)	0	0
Education	531,921	0	0	0	(531,921)	0	0
Interest on Long-term Debt	1,197,013	0	0	0	(1,197,013)	0	0
<b>Total Primary Government</b>	<b>\$ 12,522,358</b>	<b>\$ 2,462,144</b>	<b>\$ 2,472,624</b>	<b>\$ 1,012,575</b>	<b>\$ (6,575,015)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:							
Unicoi County School Department	\$ 23,026,642	\$ 362,396	\$ 2,910,326	\$ 715,333	\$ 0	\$ (19,038,587)	\$ 0
Emergency Communications District	284,284	164,529	202,124	0	0	0	82,369
<b>Total Component Units</b>	<b>\$ 23,310,926</b>	<b>\$ 526,925</b>	<b>\$ 3,112,450</b>	<b>\$ 715,333</b>	<b>\$ 0</b>	<b>\$ (19,038,587)</b>	<b>\$ 82,369</b>

(Continued)

Exhibit B

Unicoi County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government		Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Unicoi County School Department	Emergency Communications District	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 4,368,288	\$ 2,619,222	\$ 0	0
Property Taxes Levied for Debt Service				1,662,539	0	0	0
Local Option Sales Taxes				476,255	1,354,081	0	0
Hotel/Motel Tax				46,201	0	0	0
Litigation Tax - General				95,337	0	0	0
Litigation Tax - Special Purpose				31	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				127,831	0	0	0
Business Tax				62,340	32,805	0	0
Mixed Drink Tax				1,440	1,648	0	0
Mineral Severance Tax				29,965	0	0	0
Wholesale Beer Tax				4,302	1,868	0	0
Interstate Telecommunications Tax				941	2,007	0	0
Other Statutory Local Taxes				61,714	0	0	0
Other Local Taxes				0	310	0	0
Grants and Contributions Not Restricted to Specific Programs				558,804	13,664,499	211,362	170
Unrestricted Investment Income				33,429	4,883	0	0
Miscellaneous				27,461	275,305	0	0
Total General Revenues				\$ 7,556,878	\$ 17,956,628	\$ 211,532	
Change in Net Position				\$ 981,863	\$ (1,081,959)	\$ 293,901	
Net Position, July 1, 2013				(9,981,020)	34,209,319	625,350	
Net Position, June 30, 2014				\$ (8,999,157)	\$ 33,127,360	\$ 919,251	

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

Unicoi County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	0	0	0	0	5,674	\$ 5,674
1,069,886	1,603,666	2,982,573	384,000			6,040,125
145,425	0	0	21			145,446
138,051	242,629	156,841	0			537,521
5,674	0	423	200			6,297
3,954,041	164,683	1,751,198	470,376			6,340,298
(185,801)	(7,710)	(81,979)	(21,320)			(296,810)
\$ 5,127,276	\$ 2,003,268	\$ 4,809,056	\$ 838,951			\$ 12,778,551

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable  
 Accrued Payroll  
 Payroll Deductions Payable  
 Retainage Payable  
 Claims and Judgments Payable  
 Due to Other Funds  
 Due to State of Tennessee  
 Other Current Liabilities  
 Total Liabilities

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
\$	3,627,766	\$ 151,170	\$ 1,607,502	\$ 433,603	\$	5,820,041
	108,916	4,403	46,836	11,727		171,882
	25,347	119,213	72,619	0		217,179
\$	3,762,029	\$ 274,786	\$ 1,726,957	\$ 445,330	\$	6,209,102

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$	3,627,766	\$	151,170	\$	1,607,502	\$	433,603	\$	5,820,041
Deferred Delinquent Property Taxes		108,916		4,403		46,836		11,727		171,882
Other Deferred/Unavailable Revenue		25,347		119,213		72,619		0		217,179
Total Deferred Inflows of Resources	\$	3,762,029	\$	274,786	\$	1,726,957	\$	445,330	\$	6,209,102

FUND BALANCES

Restricted:	\$	122,045	\$	0	\$	0	\$	585	\$	122,630
Restricted for General Government		34,314		0		0		0		34,314
Restricted for Administration of Justice		10,301		0		0		0		10,301
Restricted for Public Safety		18,553		0		0		14,758		33,311
Restricted for Public Health and Welfare		84,019		0		0		11,882		95,901
Restricted for Highways/Public Works		0		1,569,284		0		0		1,569,284
Restricted for Debt Service		0		0		2,268,439		0		2,268,439
Restricted for Capital Projects		0		0		0		187,230		187,230
Restricted for Other Purposes		750,000		0		0		0		750,000
Committed:										
Committed for Public Health and Welfare		0		0		0		115,704		115,704
Committed for Highways/Public Works		0		157,456		0		0		157,456
Committed for Debt Service		0		0		803,208		0		803,208
Assigned:										
Assigned for General Government		186,333		0		0		0		186,333
Total Fund Balances	\$	1,205,565	\$	1,726,740	\$	3,071,647	\$	330,159	\$	6,334,111
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	5,127,276	\$	2,003,268	\$	4,809,056	\$	838,951	\$	12,778,551

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 Position  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	6,334,111
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	457,064	
Add: construction in progress		488,532	
Add: buildings and improvements net of accumulated depreciation		3,992,383	
Add: other capital assets net of accumulated depreciation		990,530	
Add: infrastructure net of accumulated depreciation		<u>5,215,441</u>	11,143,950
(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	\$	(2,974,323)	
Less: bonds payable		(23,069,171)	
Less: capital leases payable		(531,921)	
Add: deferred amount on refunding		26,029	
Less: compensated absences payable		(135,722)	
Less: accrued interest on bonds, notes, and capital leases		(148,024)	
Less: other deferred revenue - premium on debt		<u>(33,147)</u>	(26,866,279)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>389,061</u>
Net position of governmental activities (Exhibit A)		\$	<u>(8,999,157)</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, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 4,125,133	\$ 177,691	\$ 2,312,253	\$ 431,779	\$ 7,046,856	
Licenses and Permits	25,994	1,074	11,421	2,861	41,350	
Fines, Forfeitures, and Penalties	130,074	0	0	66,611	196,685	
Charges for Current Services	109,250	0	0	7,645	116,895	
Other Local Revenues	56,157	40,969	456	5,083	102,665	
Fees Received from County Officials	884,540	0	0	0	884,540	
State of Tennessee	1,296,709	1,673,252	0	14,137	2,984,098	
Federal Government	62,842	20,340	77,644	0	160,826	
Other Governments and Citizens Groups	1,123,629	105,007	241,456	25	1,470,117	
Total Revenues	\$ 7,814,328	\$ 2,018,333	\$ 2,643,230	\$ 528,141	\$ 13,004,032	

Expenditures

Current:						
General Government	\$ 968,123	\$ 0	\$ 0	\$ 0	\$ 968,123	
Finance	757,653	0	0	349	758,002	
Administration of Justice	827,331	0	0	7,645	834,976	
Public Safety	3,725,301	0	0	94,215	3,819,516	
Public Health and Welfare	639,633	0	0	454,451	1,094,084	
Social, Cultural, and Recreational Services	70,834	0	0	0	70,834	
Agriculture and Natural Resources	39,073	0	0	0	39,073	
Other Operations	95,841	0	0	0	95,841	
Highways	0	2,389,649	0	0	2,389,649	

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Expenditures (Cont.)</u>						
Debt Service:						
Principal on Debt	\$ 0	\$ 0	\$ 1,562,861	\$ 0	\$ 0	\$ 1,562,861
Interest on Debt	0	0	1,198,003	0	0	1,198,003
Other Debt Service	0	0	39,877	0	0	39,877
Capital Projects	0	0	0	676,383	0	676,383
Capital Projects - Donated	0	0	0	531,921	0	531,921
Total Expenditures	\$ 7,123,789	\$ 2,389,649	\$ 2,800,741	\$ 1,764,964	\$ 0	\$ 14,079,143
Excess (Deficiency) of Revenues Over Expenditures	\$ 690,539	\$ (371,316)	\$ (157,511)	\$ (1,236,823)	\$ 0	\$ (1,075,111)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 715,000	\$ 0	\$ 715,000
Capital Leases Issued	0	0	0	531,921	0	531,921
Insurance Recovery	3,876	2,824	0	4,508	0	11,208
Transfers In	0	0	20,449	0	0	20,449
Transfers Out	0	0	0	(20,449)	0	(20,449)
Total Other Financing Sources (Uses)	\$ 3,876	\$ 2,824	\$ 20,449	\$ 1,230,980	\$ 0	\$ 1,258,129
Net Change in Fund Balances	\$ 694,415	\$ (368,492)	\$ (137,062)	\$ (5,843)	\$ 0	\$ 183,018
Fund Balance, July 1, 2013	511,150	2,095,232	3,208,709	336,002	0	6,151,093
Fund Balance, June 30, 2014	\$ 1,205,565	\$ 1,726,740	\$ 3,071,647	\$ 330,159	\$ 0	\$ 6,334,111

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, 2014

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)		\$ 183,018
(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	\$ 817,217	
Less: current-year depreciation expense	<u>(577,446)</u>	239,771
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized		296,028
(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, 2014	\$ 389,061	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(417,009)</u>	(27,948)
(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 position. Also, governmental funds report the effect of 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	\$ (715,000)	
Less: capital lease proceeds	(531,921)	
Add: change in premium on debt issuances	3,486	
Add: principal payments on bonds	1,049,460	
Add: principal payments on notes	467,902	
Add: principal payments on capital leases	45,499	
Less: contributions from the School Department for capital leases	(45,499)	
Less: change in deferred amount on refunding debt	<u>(6,234)</u>	267,693
(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	\$ 3,737	
Change in compensated absences payable	<u>19,564</u>	<u>23,301</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 981,863</u>

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

## Exhibit C-5

Unicoi County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,125,133	\$ 4,146,237	\$ 4,146,237	\$ (21,104)
Licenses and Permits	25,994	8,000	8,000	17,994
Fines, Forfeitures, and Penalties	130,074	131,625	147,607	(17,533)
Charges for Current Services	109,250	130,225	140,225	(30,975)
Other Local Revenues	56,157	52,050	52,232	3,925
Fees Received from County Officials	884,540	874,000	867,858	16,682
State of Tennessee	1,296,709	1,328,364	1,461,236	(164,527)
Federal Government	62,842	54,787	62,417	425
Other Governments and Citizens Groups	1,123,629	372,253	388,535	735,094
Total Revenues	\$ 7,814,328	\$ 7,097,541	\$ 7,274,347	\$ 539,981
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 51,441	\$ 52,187	\$ 53,237	\$ 1,796
Board of Equalization	900	3,400	3,400	2,500
County Mayor/Executive	252,590	265,795	266,214	13,624
County Attorney	27,000	32,000	32,000	5,000
Election Commission	207,559	181,966	215,377	7,818
Register of Deeds	175,252	180,349	180,585	5,333
Planning	11,037	14,800	14,800	3,763
County Buildings	131,689	139,925	140,080	8,391
Other General Administration	105,972	107,330	108,830	2,858
Preservation of Records	4,683	11,300	11,300	6,617
<u>Finance</u>				
Property Assessor's Office	231,222	264,242	264,575	33,353
County Trustee's Office	176,900	182,685	182,943	6,043
County Clerk's Office	266,693	280,300	291,040	24,347
Other Finance	82,838	96,000	96,000	13,162
<u>Administration of Justice</u>				
Circuit Court	503,023	455,288	523,486	20,463
General Sessions Court	120,345	122,191	122,191	1,846
Chancery Court	155,659	149,618	156,371	712
Juvenile Court	48,304	54,345	54,423	6,119
<u>Public Safety</u>				
Sheriff's Department	2,010,657	2,012,237	2,067,681	57,024
Jail	698,196	769,826	777,897	79,701
Workhouse	422,560	433,590	476,267	53,707
Juvenile Services	8,832	9,000	9,000	168
Fire Prevention and Control	55,000	55,000	55,000	0
Civil Defense	73,010	82,927	85,099	12,089
Other Emergency Management	4,750	4,750	4,750	0
County Coroner/Medical Examiner	24,211	26,904	26,904	2,693
Other Public Safety	428,085	452,081	453,429	25,344

(Continued)

## Exhibit C-5

Unicoi County, Tennessee  
Statement 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	\$ 82,475	\$ 100,322	\$ 102,460	\$ 19,985
Rabies and Animal Control	144,924	137,718	148,986	4,062
Ambulance/Emergency Medical Services	181,584	185,000	185,000	3,416
Other Local Health Services	158,425	244,400	249,122	90,697
Regional Mental Health Center	10,600	10,600	10,600	0
Appropriation to State	23,519	23,519	23,519	0
Sanitation Education/Information	31,042	33,700	33,787	2,745
Other Public Health and Welfare	7,064	0	82,180	75,116
<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	23,875	23,875	0
Other Social, Cultural, and Recreational	6,609	6,609	6,609	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	33,100	34,431	34,431	1,331
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	46,840	53,895	53,895	7,055
Veterans' Services	950	950	950	0
Contributions to Other Agencies	2,850	2,850	2,850	0
Employee Benefits	19,851	24,000	24,000	4,149
Miscellaneous	4,500	4,500	4,500	0
Total Expenditures	\$ 7,123,789	\$ 7,393,578	\$ 7,726,816	\$ 603,027
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 690,539	\$ (296,037)	\$ (452,469)	\$ 1,143,008
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,876	\$ 0	\$ 2,800	\$ 1,076
Total Other Financing Sources	\$ 3,876	\$ 0	\$ 2,800	\$ 1,076
Net Change in Fund Balance				
Fund Balance, July 1, 2013	\$ 694,415	\$ (296,037)	\$ (449,669)	\$ 1,144,084
Fund Balance, June 30, 2014	511,150	511,143	511,143	7
Fund Balance, June 30, 2014	\$ 1,205,565	\$ 215,106	\$ 61,474	\$ 1,144,091

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

Exhibit C-6

Unicoi County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 177,691	\$ 178,080	\$ 178,080	\$ (389)
Licenses and Permits	1,074	551	551	523
Other Local Revenues	40,969	57,712	100,021	(59,052)
State of Tennessee	1,673,252	2,562,845	2,562,845	(889,593)
Federal Government	20,340	0	0	20,340
Other Governments and Citizens Groups	105,007	200,000	209,682	(104,675)
Total Revenues	<u>\$ 2,018,333</u>	<u>\$ 2,999,188</u>	<u>\$ 3,051,179</u>	<u>\$ (1,032,846)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 118,289	\$ 117,939	\$ 120,938	\$ 2,649
Highway and Bridge Maintenance	1,094,720	1,042,635	1,134,185	39,465
Operation and Maintenance of Equipment	211,146	225,475	228,412	17,266
Other Charges	176,424	176,643	178,546	2,122
Employee Benefits	286,273	284,292	293,867	7,594
Capital Outlay	502,797	1,322,242	1,290,792	787,995
Total Expenditures	<u>\$ 2,389,649</u>	<u>\$ 3,169,226</u>	<u>\$ 3,246,740</u>	<u>\$ 857,091</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (371,316)</u>	<u>\$ (170,038)</u>	<u>\$ (195,561)</u>	<u>\$ (175,755)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,824	\$ 0	\$ 0	\$ 2,824
Total Other Financing Sources	<u>\$ 2,824</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,824</u>
Net Change in Fund Balance	\$ (368,492)	\$ (170,038)	\$ (195,561)	\$ (172,931)
Fund Balance, July 1, 2013	<u>2,095,232</u>	<u>2,094,675</u>	<u>2,094,675</u>	<u>557</u>
Fund Balance, June 30, 2014	<u>\$ 1,726,740</u>	<u>\$ 1,924,637</u>	<u>\$ 1,899,114</u>	<u>\$ (172,374)</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 476,611
Accounts Receivable	3,209
Due from Other Governments	262,581
Due from Other Funds	10,485
Restricted Assets	<u>37,251</u>
Total Assets	<u>\$ 790,137</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 262,581
Due to Litigants, Heirs, and Others	<u>527,556</u>
Total Liabilities	<u>\$ 790,137</u>

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

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## UNICOI COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**UNICOI COUNTY, TENNESSEE**  
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**UNICOI COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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, 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 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. 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 Position 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. Debt issues totaling \$531,921 were contributed by the county to the School Department during the year ended June 30, 2014.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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 fund:

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

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

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

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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.

**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 2.49 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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. Other Current Liabilities in the discretely presented School Department's General Purpose School Fund represents insurance premiums (\$425,410) and payroll taxes (\$34,625) held in clearing accounts and due to the insurance administrator and the U.S. Treasury. Claims and judgments payable totaling \$30,000 represent a settlement reached with a former employee of the Unicoi County Sheriff's Department regarding a dispute over the employee's termination.

Retainage payable in the primary government's nonmajor governmental funds represents amounts withheld from payments made on construction contracts pending completion of the projects.

These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

**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. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources,

represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **6. 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.

## **7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expenses in a

systematic and rational manner 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.

#### **8. Net Position and Fund Balance**

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Unicoi County had \$21,922,171 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 position with no corresponding increase in the county's capital assets.

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.

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 makes assignments for the general government and the Board of Education makes assignments for the School Department. Assigned fund balance in the primary government's General Fund consists of fund balance appropriated for use in the budget for fiscal year ending June 30, 2015. Assigned for Education in the discretely presented School Department's General Purpose School Fund includes fund balances approved for use in the budget for fiscal year ending June 30, 2015 (\$236,022), encumbrances (\$233,519), and amounts assigned by the board for various purposes within Instruction (\$467,444), Support (\$122,395), and Capital Outlay (\$1,010,400).

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 Position**

**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 Position.

**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 Position.

**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 position 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 position 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.

At June 30, 2014, the Unicoi County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
School Department:		
Major Fund:		
General Purpose School	Roofing	\$ 195,700
"	Buses	149,482

**B. Cash Shortages**

The audit of Unicoi County for the 2009-10 year reported a cash shortage of \$20,967.36 in the School Department, which was subsequently liquidated by 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. As of June 30, 2014, the former employee had paid \$3,450 toward liquidating the remaining restitution, leaving a balance of \$5,340 due to the School Department.

The audit of Unicoi County for the 2012-13 year reported a cash shortage of \$4,845.75 in the Office of Sheriff due to the payment of unearned sick leave to

a part-time employee. This cash shortage was liquidated by payment of \$4,845.75 by the employee in the current year.

A cash shortage of \$1,000 occurred in the Office of Sheriff subsequent to June 30, 2014, due to the failure to account for a cash bond collection. Details of that shortage are discussed in the findings and questioned costs section of this report. The shortage was liquidated by payment from the county's General Fund, as discussed in the finding.

**C. Cash Overdrafts**

The Drug Control Fund had cash overdrafts of \$7,244 and \$3,329, at December 31, 2013, and January 31, 2014, respectively. These cash overdrafts resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdrafts were liquidated on February 4, 2014, with proceeds from the sale of seized personal property previously awarded to the Sheriff's Department.

**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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2014, Unicoi County had the following investments carried at fair value. 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	Weighted Average Maturity (days)	Maturities	Fair Value
State Treasurer's Investment Pool	109	N/A	\$ 364,190

**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, 2014, 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, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance			Balance
	7-1-13	Increases	Decreases	6-30-14
Capital Assets Not Depreciated:				
Land	\$ 457,064	\$ 0	\$ 0	\$ 457,064
Construction in Progress	6,500	482,032	0	488,532
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 463,564</b>	<b>\$ 482,032</b>	<b>\$ 0</b>	<b>\$ 945,596</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,532,135	\$ 92,779	\$ 0	\$ 6,624,914
Other Capital Assets	3,375,546	538,434	(165,146)	3,748,834
Infrastructure	8,711,225	0	0	8,711,225
<b>Total Capital Assets Depreciated</b>	<b>\$ 18,618,906</b>	<b>\$ 631,213</b>	<b>\$ (165,146)</b>	<b>\$ 19,084,973</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,451,761	\$ 180,770	\$ 0	\$ 2,632,531
Other Capital Assets	2,738,791	184,659	(165,146)	2,758,304
Infrastructure	3,283,767	212,017	0	3,495,784
<b>Total Accumulated Depreciation</b>	<b>\$ 8,474,319</b>	<b>\$ 577,446</b>	<b>\$ (165,146)</b>	<b>\$ 8,886,619</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 10,144,587</b>	<b>\$ 53,767</b>	<b>\$ 0</b>	<b>\$ 10,198,354</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 10,608,151</b>	<b>\$ 535,799</b>	<b>\$ 0</b>	<b>\$ 11,143,950</b>

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

**Governmental Activities:**

General Government	\$ 142,567
Finance	2,547
Administration of Justice	1,573
Public Safety	112,717
Public Health and Welfare	14,769
Highways	<u>303,273</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 577,446</u>

**Discretely Presented Unicoi County School Department****Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 723,886	\$ 34,400	\$ (142,533)	\$ 615,753
Construction in Progress	425,122	389,784	(814,906)	0
Total Capital Assets Not Depreciated	<u>\$ 1,149,008</u>	<u>\$ 424,184</u>	<u>\$ (957,439)</u>	<u>\$ 615,753</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,237,163	\$ 76,000	\$ 0	\$ 35,313,163
Other Capital Assets	3,549,076	986,886	(40,425)	4,495,537
Total Capital Assets Depreciated	<u>\$ 38,786,239</u>	<u>\$ 1,062,886</u>	<u>\$ (40,425)</u>	<u>\$ 39,808,700</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,682,914	\$ 874,974	\$ 0	\$ 11,557,888
Other Capital Assets	2,533,386	351,535	(40,425)	2,844,496
Total Accumulated Depreciation	<u>\$ 13,216,300</u>	<u>\$ 1,226,509</u>	<u>\$ (40,425)</u>	<u>\$ 14,402,384</u>
Total Capital Assets Depreciated, Net	<u>\$ 25,569,939</u>	<u>\$ (163,623)</u>	<u>\$ 0</u>	<u>\$ 25,406,316</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,718,947</u>	<u>\$ 260,561</u>	<u>\$ (957,439)</u>	<u>\$ 26,022,069</u>

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

**Governmental Activities:**

Instruction	\$ 929,369
Support Services	268,888
Operation of Non-instructional Services	<u>28,252</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,226,509</u>

**C. Construction Commitments**

At June 30, 2014, Unicoi County had uncompleted construction contracts of approximately \$32,345 in the General Capital Projects Fund for the construction of a building for the Unicoi County Emergency Communications District. Funding has been received for these future expenditures.

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 5,674
General Debt Service	"	423
Nonmajor governmental	General	200
Agency	"	10,485

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, 2014, consisted of the following amount:

**Primary Government**

Transfer Out	Transfer In
	General Debt Service Fund
Nonmajor governmental funds	\$ 20,449

**E. Capital Lease**

On May 1, 2014, Unicoi County entered into two two-year lease-purchase agreements for the School Department for Apple iPads (student tablets) with related protective cases and extended warranties. The terms of the agreements require total lease payments of \$391,501 and \$140,420 plus interest of zero and 2.25 percent, respectively. Title to the equipment transfers to the School Department at the end of the lease period. The General Debt Service Fund is making the lease payments. In the

government-wide financial statements, the equipment and related extended warranties were expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30	Governmental Funds
2015	\$ 181,083
2016	178,573
2017	<u>178,574</u>
Total Minimum Lease Payments	\$ 538,230
Less: Amount Representing Interest	<u>(6,309)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 531,921</u></u>

**F. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

Unicoi County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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 and capital outlay notes 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 13 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, 2014, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	3.5 to 4.875 %	1-1-35	\$ 17,050,000	\$ 16,184,171
General Obligation Bonds - Refunding	2.45 to 5.25	4-1-23	12,015,000	6,885,000
Capital Outlay Notes	2.85 to 4.12	4-1-26	1,201,850	844,323
Capital Outlay Notes - Refunding	2 to 2.96	4-1-21	2,935,000	2,130,000
Capital Leases	0 to 2.25	7-15-16	531,921	531,921

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2020-2024	6,806,049	3,162,962	9,969,011
2025-2029	9,559,545	1,465,610	11,025,155
2030-2034	170,697	35,333	206,030
2035	39,291	1,915	41,206
Total	\$ 23,069,171	\$ 9,422,443	\$ 32,491,614

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 390,095	\$ 87,502	\$ 477,597
2016	437,132	75,712	512,844
2017	377,096	63,011	440,107
2018	354,000	52,235	406,235
2019	349,000	41,779	390,779
2020-2024	937,000	74,782	1,011,782
2025-2026	130,000	5,733	135,733
Total	\$ 2,974,323	\$ 400,754	\$ 3,375,077

There is \$3,071,647 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and capital leases totaled \$1,451, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases	Compensated Absences
Balance, July 1, 2013	\$ 24,118,631	\$ 2,727,225	\$ 45,499	\$ 155,286
Additions	0	715,000	531,921	144,773
Reductions	(1,049,460)	(467,902)	(45,499)	(164,337)
Balance, June 30, 2014	<u>\$ 23,069,171</u>	<u>\$ 2,974,323</u>	<u>\$ 531,921</u>	<u>\$ 135,722</u>
Balance Due Within One Year	<u>\$ 1,190,165</u>	<u>\$ 390,095</u>	<u>\$ 177,924</u>	<u>\$ 88,219</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 26,711,137
Less: Balance Due Within One Year	(1,846,403)
Add: Unamortized Premium on Debt	<u>33,147</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,897,881</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 Obligations

Long-term obligations activity for the discretely presented School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2013	\$ 306,632
Additions	252,316
Reductions	<u>(242,825)</u>
Balance, June 30, 2014	<u>\$ 316,123</u>
Balance Due Within One Year	<u>\$ 0</u>

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

**G. 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 (\$4,645,000) and interest (\$1,025,225) 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 \$743,081. The amount of revenue generated by the pledged sales tax levy and the agreement with the Town of Unicoi was \$500,914. The agreements dissolve with the maturity of the debt on April 1, 2021.

**H. 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, 2014, were \$98,656 and \$26,924, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**I. Short-term Debt**

Unicoi County issued tax anticipation notes of \$1,550,000 and \$29,010 in advance of property tax collections and deposited the proceeds in the General and the Solid Waste/Sanitation funds, 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, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes	\$ 0	\$ 1,579,010	\$ (1,579,010)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

The county is exposed to various risks related to general liability, property, casualty, and worker’s compensation. The county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for these risks. 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, casualty, and workers compensation insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each event.

The county continues to carry commercial insurance for employee health and accident coverage. Retirees are not allowed to participate in the county’s health insurance plan. 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. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

**C. Subsequent Events**

Subsequent to June 30, 2014, the county's General Debt Service Fund loaned \$1,700,000 and \$50,000 in tax anticipation notes to the General and Solid Waste/Sanitation funds, respectively, for temporary operating funds.

Subsequent to June 30, 2014, the road superintendent received notification of the approval of a state aid contract with the Tennessee Department of Transportation for \$996,873 with the county providing in-kind contributions of \$20,344 for a total project estimated cost of \$1,017,217. The project is for construction of a bridge on Mill Creek Road over South Indian Creek.

**D. Contingent Liabilities**

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

**E. Joint Ventures**

Previously, the Unicoi County Memorial Hospital was a joint venture in which the county and the Town of Erwin participated; however, the joint venture was dissolved when the hospital was sold to Mountain State Health Alliance on November 1, 2013. 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 was governed by a seven-member board

comprising three appointees from the county, three from the town, and the president of the medical staff. On dissolution of the corporation, the county and the town each received \$750,000. The sales agreement stipulated that the county's and the town's proceeds shall be restricted for healthcare related purposes only. The hospital generated 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 \$44,086 to the Animal Welfare Board for the year ended June 30, 2014.

The First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the First Judicial District, Carter, Johnson, Unicoi, and Washington counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Unicoi County made no contributions to the DTF for the year ended June 30, 2014.

Complete financial statements for the Juvenile Detention Center; the Erwin, Unicoi, and Unicoi County Animal Welfare Board and the First Judicial District Drug Task Force can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Office of District Attorney General  
First Judicial District Drug Task Force  
PO Box 38  
Jonesborough, TN 37659

**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.

The Joint Economic Development Board of Unicoi County is jointly governed by Unicoi County, the towns of Erwin and Unicoi, the Unicoi County Gas Utility District, and various local private enterprises. The board is composed of 16 members, four of which represent Unicoi County. The purpose is to coordinate the governmental and private sector activities in attracting businesses and industries to the Unicoi County area.

**G. Retirement Commitments**

**Plan Description**

Employees of Unicoi County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high

five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Unicoi County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Unicoi County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 8.38 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 ending June 30, 2014, the county's annual pension cost of \$477,234 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement 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, 2011, was nine years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$477,234	100%	\$0
6-30-13	450,624	100	0
6-30-12	490,404	100	0

### **Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the plan was 89.7 percent funded. The actuarial accrued liability for benefits was \$17.21 million, and the actuarial value of assets was \$15.44 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.77 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.07 million, and the ratio of the UAAL to the covered payroll was 34.96 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.

## **SCHOOL TEACHERS**

### **Plan Description**

Unicoi County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no

service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the 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](http://www.tn.gov/treasury/tcrs/Schools).

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 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, 2014, 2013, and 2012, were \$844,596, \$816,252, and \$855,510, 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, 2014, the School Department contributed \$242,825 for postemployment benefits.

**Annual OPEB Cost and Net OPEB Obligation**

	Local Education Group Plan
	<hr/>
ARC	\$ 252,000
Interest on the NOPEBO	12,265
Adjustment to the ARC	(11,949)
Annual OPEB cost	<hr/> \$ 252,316
Amount of contribution	(242,825)
Increase/decrease in NOPEBO	<hr/> \$ 9,491
Net OPEB obligation, 7-1-13	<hr/> 306,632
	<hr/>
Net OPEB obligation, 6-30-14	<hr/> <hr/> \$ 316,123

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 321,717	71%	\$ 209,473
6-30-13	"	324,485	70	306,632
6-30-14	"	252,316	96	316,123

**Funding Status and Funding Progress**

The funded status of the plan as of July 1, 2013, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 2,309,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,309,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 9,874,309
UAAL as of % of covered payroll	23%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2013, 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 cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. 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 July 1, 2007.

#### **I. Termination Benefits**

In May 2014, the discretely presented Unicoi County School Department began offering a retirement bonus plan to all certified employees who have at least 30 years of service with the Unicoi County School System. Under the

terms of the plan, employees receive \$13,500 upon retirement. During the 2013-14 year, four employees participated in the program. The governmental funds' financial statements reflect retirement bonus expenditures of \$54,000 in the General Purpose School Fund.

**J. Purchasing Laws**

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

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

**VI. OTHER NOTES – DISCRETELY PRESENTED UNICOI COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. General Information and Significant Accounting Policies**

The Organization

Unicoi County Emergency Communications District is an emergency communications district located in Unicoi County, Tennessee, that operates as directed by *Tennessee Code Annotated*, Section 7-86-101. The district began operations in 1999 as an enterprise fund.

Unicoi County Emergency Communications District is a discretely presented component unit of Unicoi County, Tennessee. The 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 has a nine-member

board comprised of the Unicoi County Mayor, Town of Erwin Mayor, Town of Unicoi Mayor, Sheriff of Unicoi County, Police Chief of Town of Erwin, Director of Emergency Preparedness of Unicoi County, a member appointed by the Unicoi County Commission, a member of Firefighters Association, and a member at large who is appointed by the county mayor and confirmed by the County Commission. 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.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the district have been prepared with the economic resources measurement focus and accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

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

#### Policy for Defining Operating and Nonoperating Revenue and Recognition of Revenue and Expenses

Operating revenue consists of Emergency Telephone Service Charges, Tennessee Emergency Communications Board (TECB) Shared Wireless Charges and TECB Operating Fund and other recurring receipts. Subscriber fee revenue from E-911 service charges for telephone landlines are recognized in the period in which monthly subscribers fees are billed by the service supplier. Revenue from the TECB Shared Wireless Charges, which consists of 25 percent of the revenue generated by the state board, and the TECB Operating Fund and other recurring receipts are received by the district monthly.

Nonoperating revenue consists of investment income, contributions from the primary government and other governments, and grants and reimbursements from the Tennessee Emergency Communications Board.

Operating expenses are recognized on the accrual basis. The required and permissible uses of 911 revenues are limited to those uses outlined in the 911 Revenue Standards adopted by the Tennessee Emergency Communications Board.

#### Budget and Budgetary Accounting

In accordance with *Tennessee Code Annotated*, an annual budget is adopted by the district. The budget is approved by the board and is also submitted to the primary government, Unicoi County, Tennessee. As a legal level of

control, expenses are presented at the line-item level in accordance with the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications District*.

#### Cash and Cash Equivalents

Cash and cash equivalents on the Statement of Cash Flows include petty cash, cash on hand, demand deposits, and certificates of deposit with an original maturity of three months or less.

#### Deposits and Investments

State statutes authorize the district to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The district is authorized by the governing board to invest with local financial institutions that are members of the State Collateral Pool. The Cash – Certificate of Deposit account has an original maturity of greater than three months. There were no other investments for the year.

#### Accounts Receivable

Accounts receivable consist of various surcharges levied on telephone services, which were collected by the service provider. The district considers the accounts to be fully collectible; therefore, no allowance for uncollectible has been recorded.

#### Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The items include insurance and maintenance contracts.

#### Capital Assets

Capital assets, which include property and equipment, are defined as assets with an initial estimated useful life in excess of two 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 asset's lives are not capitalized.

The capital assets are depreciated on the straight-line basis over their various estimated lives. The cost of intangible assets are amortized over their estimated useful lives.

Capital assets not being depreciated consist of assets that have been purchased but were not in service at year-end.

### Advertising

Advertising costs are expensed as incurred.

### Net Position

The equity reported in the Statement of Net Position is displayed in three components: “net investment in capital assets,” “restricted,” and “unrestricted.” The following explains each:

Net investment in capital assets consists of capital assets, reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct, or improve those assets.

The restricted component of net position reports the net positions with limits on their use that are externally imposed (by creditors, grantors, contributors, or the laws or regulations of other governments) or that are imposed by the government’s own constitutional provisions or enabling legislation.

Unrestricted net position consists of all net positions that do not meet the definition of either of the two other components.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **B. Bank Deposits**

Bank deposits as of the balance sheet date are entirely insured or collateralized with securities held by the district’s agent in the State of Tennessee Collateral Pool.

#### **C. Receivables**

Accounts receivable consist of various surcharges levied on telephone services, which were collected by the service provider and remitted to the district after year-end totaling \$10,432.

#### **D. Related-party Transactions**

The contract bookkeeper of the district is a non-voting member of the Board of Directors and the wife of the chairman of the Board of Directors. The bookkeeping services include maintaining the accounting records, processing

the various payables, and bank deposits and reconciliation of the accounting records. The bookkeeper fees for the year were \$6,000 with no payable at year-end.

The district is a component unit of Unicoi County, Tennessee. The district staff are employees of Unicoi County. The district reimburses the county for its director's salary and one-half of the other employee's payroll costs. The salary and wage reimbursement cost for the year was \$177,349, of which \$47,564 was payable at year-end. Unicoi County also provides space to house the operations of the district rent free.

**E. Risk Management**

The Unicoi County Emergency Communications District's exposure to various risks of loss to theft of, damage to, and destruction of assets; errors and omissions; natural disasters, and the building are covered by the comprehensive insurance policy of Unicoi County.

**F. Operating Leases**

After the district's operating lease on a Canon Copier expired in December 2013, the district converted to a month-to-month rental. The cost of the lease/rent for the year was \$1,210.

**G. Capital Lease**

In 2013, as part of an inter-local agreement with seven other emergency communications districts, the district acquired under a capital lease, a joint interest in a cassidian controller that is part of the conversion to next generation technology. The lease was to have been for a period of five years. During the current year, \$66,531 was received from the state to purchase the equipment and liquidate the capital lease.

**H. Inter-Local Agreements**

The district has entered into an inter-local agreement with seven other districts for the acquisition, maintenance, and joint use of Next Generation 911 equipment. The agreement requires the district to pay one-eighth of the related cost.

The district has inter-local agreements with the Town of Erwin and the Town of Unicoi, under which the towns agree to assist in the funding of the district operations. In the current year, the Town of Erwin contributed \$35,000, and the Town of Unicoi contributed \$7,500.

**I. Capital Assets**

Capital assets additions, retirements, and balances for the year ended June 30, 2014, are as follows:

	Beginning Balance 7-1-13	Additions	Ending Balance 6-30-14
<u>Capital Assets</u>			
Equipment Not in Service	\$ 0	\$ 97,464	\$ 97,464
Leasehold Improvements	188,857	0	188,857
Communications Equipment	629,485	7,743	637,228
Office Equipment	49,340	0	49,340
Total Capital Assets	<u>\$ 867,682</u>	<u>\$ 105,207</u>	<u>\$ 972,889</u>
<u>Less Accumulated Depreciation</u>			
Leasehold Improvements	\$ 78,322	\$ 9,951	\$ 88,273
Communications Equipment	512,808	21,870	534,678
Office Equipment	44,422	1,319	45,741
Total Accumulated Depreciation	<u>\$ 635,552</u>	<u>\$ 33,140</u>	<u>\$ 668,692</u>
Capital Assets, Net	<u>\$ 232,130</u>	<u>\$ 72,067</u>	<u>\$ 304,197</u>

**J. Restricted Net Position**

At year end, the district was holding funds of \$101,226 received from the Tennessee Emergency Communications District for the purchase of a NG-911 Controller that is in the process of being installed.

**K. Commitments**

The district is in the process of converting to the Next Generation technology (NG-911). The funding for the conversion will be provided by the Tennessee Emergency Communications District, of which \$101,226 is on hand as restricted net position. As part of that conversion process, the district has entered into agreements for the following:

Vendor	Description	Amount
EZ-911	Balance due on the EZ-911 Cad System	\$ 37,649
Century Link	NG-911 Comptroller	101,226
Whitley's Communication Service	Radio Antenna Equipment	118,232
Bonitz, Inc.	Dispatch & Server Room Furnishings	119,109
Total Commitments		<u>\$ 376,216</u>

**L. Other Required Disclosures**

Depreciation expense for the year was \$33,140.

There was no amortization expense for the year.

There was no advertising cost for the year.

There was no interest cost incurred and charged to expense for the year. No interest costs were capitalized.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Unicoi County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Unicoi County School Department  
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-13	\$ 15,441	\$ 17,215	\$ 1,773	89.70 %	\$ 5,072	34.96 %
7-1-11	14,046	15,554	1,508	90.31	5,315	28.37
7-1-09	11,701	14,163	2,462	82.61	5,361	45.93

Exhibit E-2

Unicoi County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Unicoi County School Department  
June 30, 2014

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-10	\$ 0	\$ 1,681	\$ 1,681	0	\$ 8,749	19.21 %
"	7-1-11	0	2,573	2,573	0	9,760	26.36
"	7-1-13	0	2,309	2,309	0	9,874	23.38

**UNICOI COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

NONE

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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 of deeds, and sheriff.

# Capital Projects Funds

---

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.

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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, 2014

	Special Revenue Funds				Capital Projects Funds	
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects
Cash	\$ 0	\$ 0	\$ 0	\$ 5,674	\$ 5,674	\$ 0
Equity in Pooled Cash and Investments	585	156,011	18,764	0	175,360	201,562
Accounts Receivable	0	21	0	0	21	0
Due from Other Funds	0	0	200	0	200	0
Property Taxes Receivable	0	470,376	0	0	470,376	0
Allowance for Uncollectible Property Taxes	0	(21,320)	0	0	(21,320)	0
<b>Total Assets</b>	<b>\$ 585</b>	<b>\$ 605,088</b>	<b>\$ 18,964</b>	<b>\$ 5,674</b>	<b>\$ 630,311</b>	<b>\$ 201,562</b>
Accounts Payable	\$ 0	\$ 32,126	\$ 0	\$ 0	\$ 32,126	\$ 964
Payroll Deductions Payable	0	46	1,371	0	1,417	0
Retainage Payable	0	0	0	0	0	20,446
Due to Other Funds	0	0	423	5,674	6,097	0
Other Current Liabilities	0	0	2,412	0	2,412	0
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 32,172</b>	<b>\$ 4,206</b>	<b>\$ 5,674</b>	<b>\$ 42,052</b>	<b>\$ 21,410</b>
Deferred Current Property Taxes	\$ 0	\$ 433,603	\$ 0	\$ 0	\$ 433,603	\$ 0
Deferred Delinquent Property Taxes	0	11,727	0	0	11,727	0
<b>Total Deferred Inflows of Resources</b>	<b>\$ 0</b>	<b>\$ 445,330</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 445,330</b>	<b>\$ 0</b>

(Continued)

ASSETS

LIABILITIES

DEFERRED INFLOWS OF RESOURCES

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
\$	585 \$	0 \$	0 \$	0 \$	585 \$
	0	0	14,758	0	14,758
	0	11,882	0	0	11,882
	0	0	0	0	0
	0	115,704	0	0	115,704
\$	585 \$	127,586 \$	14,758 \$	0 \$	142,929 \$
\$	585 \$	605,088 \$	18,964 \$	5,674 \$	630,311 \$
					201,562

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, Deferred Inflows of Resources, and Fund Balances

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

	<u>Capital Projects Funds (Cont.)</u>		
	Community Development/ Industrial Park	Total	Total Nonmajor Governmental Funds
	0 \$	0 \$	5,674
	7,078	208,640	384,000
	0	0	21
	0	0	200
	0	0	470,376
	0	0	(21,320)
	<u>7,078 \$</u>	<u>208,640 \$</u>	<u>838,951</u>
<u>ASSETS</u>			
Cash			
Equity in Pooled Cash and Investments			
Accounts Receivable			
Due from Other Funds			
Property Taxes Receivable			
Allowance for Uncollectible Property Taxes			
Total Assets			
	<u>7,078 \$</u>	<u>208,640 \$</u>	<u>838,951</u>
<u>LIABILITIES</u>			
Accounts Payable	0 \$	964 \$	33,090
Payroll Deductions Payable	0	0	1,417
Retainage Payable	0	20,446	20,446
Due to Other Funds	0	0	6,097
Other Current Liabilities	0	0	2,412
Total Liabilities	<u>0 \$</u>	<u>21,410 \$</u>	<u>63,462</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	0 \$	0 \$	433,603
Deferred Delinquent Property Taxes	0	0	11,727
Total Deferred Inflows of Resources	<u>0 \$</u>	<u>0 \$</u>	<u>445,330</u>

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>		
	<u>Community Development/ Industrial Park</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$	0 \$	0 \$	585
	0	0	14,758
	0	0	11,882
	7,078	187,230	187,230
	0	0	115,704
\$	<u>7,078 \$</u>	<u>187,230 \$</u>	<u>330,159</u>
\$	<u>7,078 \$</u>	<u>208,640 \$</u>	<u>838,951</u>

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, Deferred Inflows of Resources, and Fund Balances	

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, 2014

	Special Revenue Funds					Total	Capital Projects Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees			
<u>Revenues</u>							
Local Taxes	\$ 31	\$ 431,748	\$ 0	\$ 0	\$ 0	\$ 431,779	\$ 0
Licenses and Permits	0	2,861	0	0	0	2,861	0
Fines, Forfeitures, and Penalties	0	0	66,611	0	0	66,611	0
Charges for Current Services	0	0	0	7,645	0	7,645	0
Other Local Revenues	0	0	5,083	0	0	5,083	0
State of Tennessee	0	14,137	0	0	0	14,137	0
Other Governments and Citizens Groups	0	0	25	0	0	25	0
Total Revenues	\$ 31	\$ 448,746	\$ 71,719	\$ 7,645	\$ 0	\$ 528,141	\$ 0
<u>Expenditures</u>							
Current:							
Finance	0	0	349	0	0	349	0
Administration of Justice	0	0	0	7,645	0	7,645	0
Public Safety	0	0	94,215	0	0	94,215	0
Public Health and Welfare	0	454,451	0	0	0	454,451	0
Capital Projects	0	0	0	0	0	0	535,255
Capital Projects - Donated	0	0	0	0	0	0	531,921
Total Expenditures	\$ 0	\$ 454,451	\$ 94,564	\$ 7,645	\$ 0	\$ 556,660	\$ 1,067,176
Excess (Deficiency) of Revenues Over Expenditures	\$ 31	\$ (5,705)	\$ (22,845)	\$ 0	\$ 0	\$ (28,519)	\$ (1,067,176)

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Capital Projects Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	715,000
Capital Leases Issued	0	0	0	0	0	531,921
Insurance Recovery	0	0	4,508	0	4,508	0
Transfers Out	0	0	(20,449)	0	(20,449)	0
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	(15,941) \$	0 \$	(15,941) \$	1,246,921
Net Change in Fund Balances	\$ 31 \$	(5,705) \$	(38,786) \$	0 \$	(44,460) \$	179,745
Fund Balance, July 1, 2013	554	133,291	53,544	0	187,389	407
Fund Balance, June 30, 2014	\$ 585 \$	127,586 \$	14,758 \$	0 \$	142,929 \$	180,152

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	<u>Community Development/ Industrial Park</u>	<u>Total</u>		
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 0	431,779
Licenses and Permits	0	0	0	2,861
Fines, Forfeitures, and Penalties	0	0	0	66,611
Charges for Current Services	0	0	0	7,645
Other Local Revenues	0	0	0	5,083
State of Tennessee	0	0	0	14,137
Other Governments and Citizens Groups	0	0	0	25
Total Revenues	\$ 0	\$ 0	\$ 0	528,141
<u>Expenditures</u>				
Current:				
Finance	\$ 0	\$ 0	\$ 0	349
Administration of Justice	0	0	0	7,645
Public Safety	0	0	0	94,215
Public Health and Welfare	0	0	0	454,451
Capital Projects	141,128	676,383	676,383	676,383
Capital Projects - Donated	0	531,921	531,921	531,921
Total Expenditures	\$ 141,128	\$ 1,208,304	\$ 1,208,304	1,764,964
Excess (Deficiency) of Revenues Over Expenditures	\$ (141,128)	\$ (1,208,304)	\$ (1,208,304)	(1,236,823)

(Continued)

Exhibit F-2

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Total		
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 715,000	\$	715,000
Capital Leases Issued	0	531,921		531,921
Insurance Recovery	0	0		4,508
Transfers Out	0	0		(20,449)
Total Other Financing Sources (Uses)	\$ 0	\$ 1,246,921	\$	1,230,980
Net Change in Fund Balances	\$ (141,128)	\$ 38,617	\$	(5,843)
Fund Balance, July 1, 2013	148,206	148,613		336,002
Fund Balance, June 30, 2014	\$ 7,078	\$ 187,230	\$	330,159

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 31	\$ 55	\$ 55	\$ (24)
Total Revenues	\$ 31	\$ 55	\$ 55	\$ (24)
<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	\$ 31	\$ 0	\$ 0	\$ 31
Net Change in Fund Balance	\$ 31	\$ 0	\$ 0	\$ 31
Fund Balance, July 1, 2013	554	0	0	554
Fund Balance, June 30, 2014	\$ 585	\$ 0	\$ 0	\$ 585

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 431,748	\$ 439,309	\$ 439,309	\$ (7,561)
Licenses and Permits	2,861	1,500	1,500	1,361
State of Tennessee	14,137	20,000	20,000	(5,863)
Total Revenues	<u>\$ 448,746</u>	<u>\$ 460,809</u>	<u>\$ 460,809</u>	<u>\$ (12,063)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 454,451	\$ 556,386	\$ 556,386	\$ 101,935
Total Expenditures	<u>\$ 454,451</u>	<u>\$ 556,386</u>	<u>\$ 556,386</u>	<u>\$ 101,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,705)</u>	<u>\$ (95,577)</u>	<u>\$ (95,577)</u>	<u>\$ 89,872</u>
Net Change in Fund Balance	\$ (5,705)	\$ (95,577)	\$ (95,577)	\$ 89,872
Fund Balance, July 1, 2013	<u>133,291</u>	<u>133,291</u>	<u>133,291</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 127,586</u>	<u>\$ 37,714</u>	<u>\$ 37,714</u>	<u>\$ 89,872</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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 66,611	\$ 151,000	\$ 155,000	\$ (88,389)
Other Local Revenues	5,083	4,000	0	5,083
Other Governments and Citizens Groups	25	1,000	1,000	(975)
Total Revenues	<u>\$ 71,719</u>	<u>\$ 156,000</u>	<u>\$ 156,000</u>	<u>\$ (84,281)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 349	\$ 525	\$ 525	\$ 176
<u>Public Safety</u>				
Sheriff's Department	94,215	147,698	127,249	33,034
Total Expenditures	<u>\$ 94,564</u>	<u>\$ 148,223</u>	<u>\$ 127,774</u>	<u>\$ 33,210</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (22,845)</u>	<u>\$ 7,777</u>	<u>\$ 28,226</u>	<u>\$ (51,071)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,508	\$ 0	\$ 0	\$ 4,508
Transfers Out	(20,449)	0	(20,449)	0
Total Other Financing Sources	<u>\$ (15,941)</u>	<u>\$ 0</u>	<u>\$ (20,449)</u>	<u>\$ 4,508</u>
Net Change in Fund Balance	\$ (38,786)	\$ 7,777	\$ 7,777	\$ (46,563)
Fund Balance, July 1, 2013	<u>53,544</u>	<u>53,546</u>	<u>53,546</u>	<u>(2)</u>
Fund Balance, June 30, 2014	<u>\$ 14,758</u>	<u>\$ 61,323</u>	<u>\$ 61,323</u>	<u>\$ (46,565)</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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Exhibit G

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,312,253	\$ 2,319,974	\$ 2,319,974	\$ (7,721)
Licenses and Permits	11,421	5,000	5,000	6,421
Other Local Revenues	456	4,500	4,500	(4,044)
Federal Government	77,644	80,000	80,000	(2,356)
Other Governments and Citizens Groups	241,456	216,130	241,863	(407)
Total Revenues	<u>\$ 2,643,230</u>	<u>\$ 2,625,604</u>	<u>\$ 2,651,337</u>	<u>\$ (8,107)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,517,362	\$ 1,505,000	\$ 1,517,907	\$ 545
Education	45,499	0	45,499	0
<u>Interest on Debt</u>				
General Government	1,197,320	1,196,500	1,199,930	2,610
Education	683	0	683	0
<u>Other Debt Service</u>				
General Government	39,877	44,000	44,000	4,123
Total Expenditures	<u>\$ 2,800,741</u>	<u>\$ 2,745,500</u>	<u>\$ 2,808,019</u>	<u>\$ 7,278</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (157,511)</u>	<u>\$ (119,896)</u>	<u>\$ (156,682)</u>	<u>\$ (829)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 20,449	\$ 0	\$ 20,449	\$ 0
Total Other Financing Sources	<u>\$ 20,449</u>	<u>\$ 0</u>	<u>\$ 20,449</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (137,062)	\$ (119,896)	\$ (136,233)	\$ (829)
Fund Balance, July 1, 2013	<u>3,208,709</u>	<u>3,208,709</u>	<u>3,208,709</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 3,071,647</u>	<u>\$ 3,088,813</u>	<u>\$ 3,072,476</u>	<u>\$ (829)</u>

# Fiduciary Funds

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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 of deeds, 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, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 476,611	\$ 476,611
Accounts Receivable	0	3,209	3,209
Due from Other Governments	262,581	0	262,581
Due from Other Funds	0	10,485	10,485
Restricted Assets	0	37,251	37,251
Total Assets	<u>\$ 262,581</u>	<u>\$ 527,556</u>	<u>\$ 790,137</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 262,581	\$ 0	\$ 262,581
Due to Litigants, Heirs, and Others	0	527,556	527,556
Total Liabilities	<u>\$ 262,581</u>	<u>\$ 527,556</u>	<u>\$ 790,137</u>

## Exhibit H-2

Unicoi County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,467,850	\$ 1,467,850	\$ 0
Due from Other Governments	243,487	262,581	243,487	262,581
Total Assets	\$ 243,487	\$ 1,730,431	\$ 1,711,337	\$ 262,581
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 243,487	\$ 1,730,431	\$ 1,711,337	\$ 262,581
Total Liabilities	\$ 243,487	\$ 1,730,431	\$ 1,711,337	\$ 262,581
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 343,352	\$ 3,611,443	\$ 3,478,184	\$ 476,611
Accounts Receivable	2,649	3,209	2,649	3,209
Due From Other Funds	0	10,485	0	10,485
Restricted Assets	34,456	2,795	0	37,251
Total Assets	\$ 380,457	\$ 3,627,932	\$ 3,480,833	\$ 527,556
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 380,457	\$ 3,627,932	\$ 3,480,833	\$ 527,556
Total Liabilities	\$ 380,457	\$ 3,627,932	\$ 3,480,833	\$ 527,556
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 343,352	\$ 3,611,443	\$ 3,478,184	\$ 476,611
Equity in Pooled Cash and Investments	0	1,467,850	1,467,850	0
Accounts Receivable	2,649	3,209	2,649	3,209
Due from Other Governments	243,487	262,581	243,487	262,581
Due From Other Funds	0	10,485	0	10,485
Restricted Assets	34,456	2,795	0	37,251
Total Assets	\$ 623,944	\$ 5,358,363	\$ 5,192,170	\$ 790,137
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 243,487	\$ 1,730,431	\$ 1,711,337	\$ 262,581
Due to Litigants, Heirs, and Others	380,457	3,627,932	3,480,833	527,556
Total Liabilities	\$ 623,944	\$ 5,358,363	\$ 5,192,170	\$ 790,137

# Unicoi County School Department

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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 and two Special Revenue Funds.

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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.

Exhibit I-1

Unicoi County, Tennessee  
Statement of Activities  
Discretely Presented Unicoi County School Department  
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 13,621,276	\$ 50,243	\$ 1,792,354	\$ 531,920	\$ (11,246,759)
Support Services	7,760,438	1,400	172,351	183,413	(7,403,274)
Operation of Non-instructional Services	1,644,928	310,753	945,621	0	(388,554)
<b>Total Governmental Activities</b>	<b>\$ 23,026,642</b>	<b>\$ 362,396</b>	<b>\$ 2,910,326</b>	<b>\$ 715,333</b>	<b>\$ (19,038,587)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,619,222
Local Option Sales Taxes					1,354,081
Business Tax					32,805
Mixed Drink Tax					1,648
Wholesale Beer Tax					1,868
Interstate Telecommunications Tax					2,007
Other Local Taxes					310
Grants and Contributions Not Restricted to Specific Programs					13,664,499
Unrestricted Investment Income					4,883
Miscellaneous					275,305
<b>Total General Revenues</b>					<b>\$ 17,956,628</b>
Change in Net Position					\$ (1,081,959)
Net Position, July 1, 2013					34,209,319
Net Position, June 30, 2014					<b>\$ 33,127,360</b>

Exhibit I-2

Unicoi County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Unicoi County School Department  
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 63,641	\$ 3,000	\$ 66,641
Equity in Pooled Cash and Investments	7,149,603	330,142	7,479,745
Accounts Receivable	10,672	0	10,672
Due from Other Governments	237,823	3,796	241,619
Property Taxes Receivable	2,753,867	0	2,753,867
Allowance for Uncollectible Property Taxes	(128,917)	0	(128,917)
Total Assets	<u>\$ 10,086,689</u>	<u>\$ 336,938</u>	<u>\$ 10,423,627</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 14,281	\$ 0	\$ 14,281
Other Current Liabilities	460,035	0	460,035
Total Liabilities	<u>\$ 474,316</u>	<u>\$ 0</u>	<u>\$ 474,316</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,527,897	\$ 0	\$ 2,527,897
Deferred Delinquent Property Taxes	88,065	0	88,065
Other Deferred/Unavailable Revenue	118,500	0	118,500
Total Deferred Inflows of Resources	<u>\$ 2,734,462</u>	<u>\$ 0</u>	<u>\$ 2,734,462</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 99,738	\$ 331,938	\$ 431,676
Committed:			
Committed for Education	0	5,000	5,000
Assigned:			
Assigned for Education	2,069,780	0	2,069,780
Assigned for Capital Projects	1,529,083	0	1,529,083
Unassigned	3,179,310	0	3,179,310
Total Fund Balances	<u>\$ 6,877,911</u>	<u>\$ 336,938</u>	<u>\$ 7,214,849</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,086,689</u>	<u>\$ 336,938</u>	<u>\$ 10,423,627</u>

Exhibit I-3

Unicoi County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Unicoi County School Department  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 7,214,849
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 615,753	
Add: building and improvements net of accumulated depreciation	23,755,275	
Add: other capital assets net of accumulated depreciation	<u>1,651,041</u>	26,022,069
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		206,565
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		<u>(316,123)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 33,127,360</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 4,039,750	\$ 0	\$ 4,039,750
Licenses and Permits	20,069	0	20,069
Fines, Forfeitures, and Penalties	293	0	293
Charges for Current Services	50,243	211,020	261,263
Other Local Revenues	380,364	16,477	396,841
State of Tennessee	13,826,699	12,361	13,839,060
Federal Government	451,692	2,388,627	2,840,319
Other Governments and Citizens Groups	531,920	0	531,920
Total Revenues	<u>\$ 19,301,030</u>	<u>\$ 2,628,485</u>	<u>\$ 21,929,515</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,956,627	\$ 1,225,995	\$ 12,182,622
Support Services	7,179,311	236,240	7,415,551
Operation of Non-instructional Services	620,709	1,168,813	1,789,522
Capital Outlay	931,895	0	931,895
Debt Service:			
Other Debt Service	46,182	0	46,182
Total Expenditures	<u>\$ 19,734,724</u>	<u>\$ 2,631,048</u>	<u>\$ 22,365,772</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (433,694)</u>	<u>\$ (2,563)</u>	<u>\$ (436,257)</u>
Net Change in Fund Balances	\$ (433,694)	\$ (2,563)	\$ (436,257)
Fund Balance, July 1, 2013	<u>7,311,605</u>	<u>339,501</u>	<u>7,651,106</u>
Fund Balance, June 30, 2014	<u>\$ 6,877,911</u>	<u>\$ 336,938</u>	<u>\$ 7,214,849</u>

Exhibit I-5

Unicoi County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Unicoi County School Department  
For the Year Ended June 30, 2014

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)		\$ (436,257)
<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	\$ 672,164	
Less: current-year depreciation expense	<u>(1,226,509)</u>	(554,345)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: book value of assets disposed		(142,533)
<p>(3) 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, 2014	\$ 206,565	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(191,397)</u>	15,168
<p>(4) The contribution of long-term debt (e.g., capital leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on the capital lease for the primary government		45,499
<p>(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.</p>		
Change in other postemployment benefits liability		<u>(9,491)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,081,959)</u>

Exhibit I-6

Unicoi County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Unicoi County School Department  
June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Central	Governmental
	Projects	Cafeteria	Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,000	\$ 3,000
Equity in Pooled Cash and Investments	33,131	297,011	330,142
Due from Other Governments	3,796	0	3,796
Total Assets	<u>\$ 36,927</u>	<u>\$ 300,011</u>	<u>\$ 336,938</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 31,927	\$ 300,011	\$ 331,938
Committed:			
Committed for Education	5,000	0	5,000
Total Fund Balances	<u>\$ 36,927</u>	<u>\$ 300,011</u>	<u>\$ 336,938</u>

Exhibit I-7

Unicoi County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Unicoi County School Department  
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 211,020	\$ 211,020
Other Local Revenues	0	16,477	16,477
State of Tennessee	0	12,361	12,361
Federal Government	1,455,367	933,260	2,388,627
Total Revenues	<u>\$ 1,455,367</u>	<u>\$ 1,173,118</u>	<u>\$ 2,628,485</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,225,995	\$ 0	\$ 1,225,995
Support Services	236,240	0	236,240
Operation of Non-instructional Services	0	1,168,813	1,168,813
Total Expenditures	<u>\$ 1,462,235</u>	<u>\$ 1,168,813</u>	<u>\$ 2,631,048</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (6,868)</u>	<u>\$ 4,305</u>	<u>\$ (2,563)</u>
Net Change in Fund Balances	\$ (6,868)	\$ 4,305	\$ (2,563)
Fund Balance, July 1, 2013	43,795	295,706	339,501
Fund Balance, June 30, 2014	<u>\$ 36,927</u>	<u>\$ 300,011</u>	<u>\$ 336,938</u>

Exhibit I-8

Unicoi County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Unicoi County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 4,039,750	\$ 0	\$ 0	\$ 4,039,750	\$ 4,015,976	\$ 4,015,976	\$ 23,774
Licenses and Permits	20,069	0	0	20,069	19,500	19,500	569
Fines, Forfeitures, and Penalties	293	0	0	293	0	0	293
Charges for Current Services	50,243	0	0	50,243	42,940	42,940	7,303
Other Local Revenues	380,364	0	0	380,364	340,500	340,500	39,864
State of Tennessee	13,826,699	0	0	13,826,699	13,694,089	13,861,185	(34,486)
Federal Government	451,692	0	0	451,692	260,730	262,321	189,371
Other Governments and Citizens Groups	531,920	0	0	531,920	0	531,920	0
<b>Total Revenues</b>	<b>\$ 19,301,030</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 19,301,030</b>	<b>\$ 18,373,735</b>	<b>\$ 19,074,342</b>	<b>\$ 226,688</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 8,591,528	\$ 0	\$ 25,301	\$ 8,616,829	\$ 8,489,004	\$ 9,011,745	\$ 394,916
Alternative Instruction Program	89,535	0	0	89,535	90,189	90,189	654
Special Education Program	1,454,385	(30,765)	5,268	1,428,888	1,431,412	1,433,003	4,115
Vocational Education Program	707,230	0	1,641	708,871	718,485	718,485	9,614
Student Body Education Program	113,949	(18,890)	1,311	96,370	150,449	150,449	54,079
<b>Support Services</b>							
Attendance	93,442	0	0	93,442	93,721	93,721	279
Health Services	276,755	(797)	6,429	282,387	293,898	293,899	11,512
Other Student Support	543,947	(1,000)	0	542,947	580,930	580,930	37,983
Regular Instruction Program	486,439	0	11,369	497,808	522,986	522,986	25,178
Special Education Program	134,673	(2,500)	4,000	136,173	152,742	152,742	16,569
Vocational Education Program	132,215	0	0	132,215	133,961	133,961	1,746
Other Programs	125,580	0	0	125,580	0	125,580	0
Board of Education	543,976	0	0	543,976	583,524	583,524	39,548
Director of Schools	358,264	0	0	358,264	354,037	363,215	4,951
Office of the Principal	1,086,341	0	0	1,086,341	1,102,115	1,107,331	20,990
Fiscal Services	123,974	0	0	123,974	128,986	128,986	5,012
Operation of Plant	1,580,114	0	1,000	1,581,114	1,676,731	1,686,731	105,617

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 439,505	\$ (1,000)	\$ 15,943	\$ 454,448	\$ 573,512	\$ 599,812	\$ 145,364
Transportation	765,408	(173,349)	153,157	745,216	851,519	851,519	106,303
Central and Other	488,678	(494)	0	488,184	530,130	530,130	41,946
<u>Operation of Non-instructional Services</u>							
Early Childhood Education	620,709	(189)	8,100	628,620	639,747	639,747	11,127
Capital Outlay							
Regular Capital Outlay	931,895	0	235,800	1,167,695	1,706,649	1,706,649	538,954
Principal on Debt							
Education	0	0	0	0	45,499	0	0
Interest on Debt							
Education	0	0	0	0	684	0	0
Other Debt Service							
Education	46,182	0	0	46,182	0	46,183	1
Total Expenditures	\$ 19,734,724	\$ (228,984)	\$ 469,319	\$ 19,975,059	\$ 20,850,910	\$ 21,551,517	\$ 1,576,458
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (433,694)	\$ 228,984	\$ (469,319)	\$ (674,029)	\$ (2,477,175)	\$ (2,477,175)	\$ 1,803,146
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2013	\$ (433,694)	\$ 228,984	\$ (469,319)	\$ (674,029)	\$ (2,477,175)	\$ (2,477,175)	\$ 1,803,146
	7,311,605	(228,984)	0	7,082,621	7,082,621	7,082,621	0
Fund Balance, June 30, 2014	\$ 6,877,911	\$ 0	\$ (469,319)	\$ 6,408,592	\$ 4,605,446	\$ 4,605,446	\$ 1,803,146

Exhibit I-9

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Unicoi County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,455,367	\$ 1,793,330	\$ 1,754,638	\$ (299,271)
Total Revenues	\$ 1,455,367	\$ 1,793,330	\$ 1,754,638	\$ (299,271)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 534,532	\$ 627,108	\$ 626,811	\$ 92,279
Special Education Program	667,679	818,088	821,712	154,033
Vocational Education Program	23,784	23,784	23,784	0
<u>Support Services</u>				
Other Student Support	52,362	65,501	65,501	13,139
Regular Instruction Program	167,626	224,743	225,143	57,517
Special Education Program	14,780	32,634	29,010	14,230
Vocational Education Program	1,472	1,472	1,472	0
Total Expenditures	\$ 1,462,235	\$ 1,793,330	\$ 1,793,433	\$ 331,198
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,868)	\$ 0	\$ (38,795)	\$ 31,927
Net Change in Fund Balance	\$ (6,868)	\$ 0	\$ (38,795)	\$ 31,927
Fund Balance, July 1, 2013	43,795	0	38,795	5,000
Fund Balance, June 30, 2014	\$ 36,927	\$ 0	\$ 0	\$ 36,927

Exhibit I-10

Unicoi County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Unicoi County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 211,020	\$ 0	\$ 211,020	\$ 295,400	\$ 295,400	\$ (84,380)
Other Local Revenues	16,477	0	16,477	25,100	25,100	(8,623)
State of Tennessee	12,361	0	12,361	14,000	14,000	(1,639)
Federal Government	933,260	0	933,260	906,044	906,044	27,216
Total Revenues	\$ 1,173,118	\$ 0	\$ 1,173,118	\$ 1,240,544	\$ 1,240,544	\$ (67,426)
<u>Expenditures</u>						
<u>Operation of Non-instructional Services</u>						
Food Service	\$ 1,168,813	\$ (6,500)	\$ 1,162,313	\$ 1,286,644	\$ 1,286,644	\$ 124,331
Total Expenditures	\$ 1,168,813	\$ (6,500)	\$ 1,162,313	\$ 1,286,644	\$ 1,286,644	\$ 124,331
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,305	\$ 6,500	\$ 10,805	\$ (46,100)	\$ (46,100)	\$ 56,905
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 4,305	\$ 6,500	\$ 10,805	\$ (46,100)	\$ (46,100)	\$ 56,905
	295,706	(6,500)	289,206	295,706	295,706	(6,500)
Fund Balance, June 30, 2014	\$ 300,011	\$ 0	\$ 300,011	\$ 249,606	\$ 249,606	\$ 50,405

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Unicoi County, Tennessee  
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds  
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	
							Outstanding 6-30-14	Outstanding 6-30-14
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Capital Outlay - Jail Renovations/Courthouse HVAC	\$ 326,850	4.12%	2-18-07	1-18-17	\$ 132,825	\$ 0	\$ 35,002	\$ 97,823
Capital Outlay - Energy Efficiency	415,800	0	4-23-07	6-1-14	59,400	0	59,400	0
Capital Outlay - Public Works Refunding	2,835,000	2.96	6-16-11	4-1-21	2,315,000	0	265,000	2,050,000
Capital Outlay - Sheriff's Department Vehicles	115,254	2.11	12-16-11	6-1-14	40,000	0	40,000	0
Capital Outlay - Public Works	160,000	2.85	5-31-12	4-1-22	80,000	0	8,500	71,500
Capital Outlay - Refunding 2013	100,000	2	5-31-13	6-1-16	100,000	0	20,000	80,000
Capital Outlay - E911 Office/Jail roofing	715,000	2.94	10-2-13	4-1-26	0	715,000	40,000	675,000
Total Notes Payable					\$ 2,727,225	\$ 715,000	\$ 467,902	\$ 2,974,323
<b>CAPITAL LEASES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Apple iPads (student tablets)	391,501	0	5-1-14	7-15-16	0	391,501	0	391,501
Apple iPads (student tablets)	140,420	2.25	5-1-14	7-15-16	0	140,420	0	140,420
Total Payable through General Debt Service Fund					\$ 0	\$ 531,921	\$ 0	\$ 531,921
<u>Contributed by School Department through General Purpose School Fund</u>								
HVAC Equipment	570,442	3.99	2-17-04	2-17-14	45,499	0	45,499	0
Total Contributed by School Department through General Purpose School Fund					\$ 45,499	\$ 0	\$ 45,499	\$ 0
Total Capital Leases Payable					\$ 45,499	\$ 531,921	\$ 45,499	\$ 531,921
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Public Improvement	700,000	4.875	4-9-1997	1-1-35	548,631	0	14,460	534,171
General Obligation Refunding	8,715,000	2.45 to 5.25	9-1-01	4-1-21	5,180,000	0	535,000	4,645,000
General Obligation Refunding	3,300,000	4	10-18-06	4-1-23	2,440,000	0	200,000	2,240,000
General Obligation School	16,350,000	3.5 to 4.75	9-24-08	5-1-29	15,950,000	0	300,000	15,650,000
Total Bonds Payable					\$ 24,118,631	\$ 0	\$ 1,049,460	\$ 23,069,171

Exhibit J-2

Unicoi County, Tennessee  
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 390,095	\$ 87,502	\$ 477,597
2016	437,132	75,712	512,844
2017	377,096	63,011	440,107
2018	354,000	52,235	406,235
2019	349,000	41,779	390,779
2020	369,000	31,468	400,468
2021	374,000	20,567	394,567
2022	69,000	9,517	78,517
2023	60,000	7,497	67,497
2024	65,000	5,733	70,733
2025	65,000	3,822	68,822
2026	65,000	1,911	66,911
<b>Total</b>	<b>\$ 2,974,323</b>	<b>\$ 400,754</b>	<b>\$ 3,375,077</b>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2015	\$ 177,924	\$ 3,159	\$ 181,083
2016	176,481	2,092	178,573
2017	177,516	1,058	178,574
<b>Total</b>	<b>\$ 531,921</b>	<b>\$ 6,309</b>	<b>\$ 538,230</b>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,190,165	\$ 1,061,435	\$ 2,251,600
2016	1,230,905	1,010,045	2,240,950
2017	1,276,680	954,232	2,230,912
2018	1,327,493	896,207	2,223,700
2019	1,468,346	834,704	2,303,050
2020	1,534,240	767,185	2,301,425
2021	1,590,178	696,459	2,286,637
2022	1,256,162	621,738	1,877,900
2023	1,277,194	566,306	1,843,500
2024	1,148,275	511,274	1,659,549
2025	1,449,410	460,921	1,910,331
2026	2,025,600	395,606	2,421,206
2027	2,026,848	299,358	2,326,206
2028	2,028,157	203,049	2,231,206
2029	2,029,530	106,676	2,136,206
2030	30,969	10,237	41,206

(Continued)

Exhibit J-2

Unicoi County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
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	\$ 23,069,171	\$ 9,422,443	\$ 32,491,614

Exhibit J-3

Unicoi County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Drug Control	General Debt Service	Debt payments	\$ 20,449
Total Transfers			<u>\$ 20,449</u>

Unicoi County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Unicoi County School Department  
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 74,745	\$ 50,000	Auto Owners (Mutual) Insurance Company
Road Superintendent	Section 8-24-102, TCA	67,795	100,000	"
Director of Schools	State Board of Education and County Board of Education	119,752	50,000	Western Surety Company
Trustee	Section 8-24-102, TCA	61,632	999,600	Auto Owners (Mutual) Insurance Company
Assessor of Property	Section 8-24-102, TCA	61,632	50,000	"
County Clerk	Section 8-24-102, TCA	61,632	70,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	100,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	61,632	100,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, TCA	61,632	25,000	Auto Owners (Mutual) Insurance Company
Sheriff	Section 8-24-102, TCA	71,185	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. Also, includes contractual payments for a travel allowance of \$550 per month and accrued vacation leave of \$5,578.

(2) Does not include special commissioner fees of \$7,645.

(3) Includes \$3,390 for serving as a workhouse superintendent.

Exhibit J-5

Unicoi County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2014

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,540,732	\$ 0	\$ 389,755	\$ 0	\$ 0	\$ 147,033
Trustee's Collections - Prior Year	115,537	0	13,809	0	0	4,815
Circuit/Clerk and Master Collections - Prior Years	113,861	0	13,609	0	0	4,631
Interest and Penalty	24,370	0	2,854	0	0	1,013
Pickup Taxes	3,323	0	366	0	0	137
Payments in-Lieu-of Taxes - T.V.A.	216	0	24	0	0	95
Payments in-Lieu-of Taxes - Local Utilities	54,973	0	6,047	0	0	2,397
Payments in-Lieu-of Taxes - Other	6,574	0	723	0	0	272
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,886	0	0	0	0	0
Hotel/Motel Tax	46,725	0	0	0	0	0
Litigation Tax - General	95,337	0	0	0	0	0
Litigation Tax - Special Purpose	0	31	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	39,063	0	4,217	0	0	1,930
Mixed Drink Tax	1,440	0	0	0	0	0
Mineral Severance Tax	15,235	0	0	0	0	15,235
<u>Statutory Local Taxes</u>						
Bank Excise Tax	442	0	49	0	0	18
Wholesale Beer Tax	2,705	0	295	0	0	115
Interstate Telecommunications Tax	0	0	0	0	0	0
Other Statutory Local Taxes	61,714	0	0	0	0	0
Total Local Taxes	\$ 4,125,133	\$ 31	\$ 431,748	\$ 0	\$ 0	\$ 177,691

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 25,994	\$ 0	\$ 2,861	\$ 0	\$ 0	\$ 1,074
Total Licenses and Permits	\$ 25,994	\$ 0	\$ 2,861	\$ 0	\$ 0	\$ 1,074
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 812	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	703	0	0	0	0	0
Drug Control Fines	0	0	0	9,741	0	0
Drug Court Fees	659	0	0	0	0	0
Jail Fees	459	0	0	0	0	0
Courtroom Security Fee	332	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	1,692	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	23,099	0	0	0	0	0
Officers Costs	22,984	0	0	0	0	0
Game and Fish Fines	83	0	0	0	0	0
Drug Control Fines	0	0	0	16,448	0	0
Drug Court Fees	2,972	0	0	0	0	0
Jail Fees	22,416	0	0	0	0	0
DUI Treatment Fines	4,740	0	0	0	0	0
Data Entry Fee - General Sessions Court	14,383	0	0	0	0	0
Courtroom Security Fee	121	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	932	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court (Cont.)</u>						
Officers Costs	\$ 760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	371	0	0	0	0	0
Jail Fees	6,410	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,565	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,012	0	0	0	0	0
Data Entry Fee - Chancery Court	2,940	0	0	0	0	0
Courtroom Security Fee	77	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Data Entry Fee - Other Courts	15,843	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	3,709	0	0	29,143	0	0
Other Fines, Forfeitures, and Penalties	0	0	0	11,279	0	0
Total Fines, Forfeitures, and Penalties	\$ 130,074	\$ 0	\$ 0	\$ 66,611	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 4,720	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Recreation Fees	17,918	0	0	0	0	0
Copy Fees	65	0	0	0	0	0
Archives and Records Management Fee - County Clerk	49,936	0	0	0	0	0
Telephone Commissions	26,942	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	7,645	0
Data Processing Fee - Register	4,404	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Sheriff	\$ 1,875	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sexual Offender Registration Fee - Sheriff	1,650	0	0	0	0	0
Data Processing Fee - County Clerk	1,740	0	0	0	0	0
Total Charges for Current Services	\$ 109,250	\$ 0	\$ 0	\$ 0	\$ 7,645	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 25,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,945
Sale of Materials and Supplies	516	0	0	0	0	0
Sale of Recycled Materials	1,134	0	0	0	0	1,622
Retirees' Insurance Payments	8,908	0	0	0	0	876
Cobra Insurance Payments	0	0	0	0	0	5,903
Miscellaneous Refunds	20,545	0	0	5,083	0	16,198
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	8,425
Total Other Local Revenues	\$ 56,157	\$ 0	\$ 0	\$ 5,083	\$ 0	\$ 40,969
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 150,143	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	70,202	0	0	0	0	0
General Sessions Court Clerk	263,888	0	0	0	0	0
Clerk and Master	58,469	0	0	0	0	0
Juvenile Court Clerk	23,166	0	0	0	0	0
Register	51,262	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Sheriff	\$ 7,133	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	260,277	0	0	0	0	0
Total Fees Received from County Officials	\$ 884,540	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	30,242	0	0	0	0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	6,668	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	170,724	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	333,436
Litter Program	34,231	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	14,273	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	10,333	0	0	0	0	0
Alcoholic Beverage Tax	30,014	0	0	0	0	0
State Revenue Sharing - T.V.A.	184,976	0	14,137	0	0	5,310
Contracted Prisoner Boarding	694,009	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,321,292
Petroleum Special Tax	0	0	0	0	0	13,214
Registrar's Salary Supplement	15,164	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 83,720	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	49	0	0	0	0	0
Total State of Tennessee	\$ 1,296,709	\$ 0	\$ 14,137	\$ 0	\$ 0	\$ 1,673,252
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	21,000	0	0	0	0	0
Homeland Security Grants	21,859	0	0	0	0	0
Other Federal through State	621	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	17,762	0	0	0	0	20,340
Other Direct Federal Revenue	1,600	0	0	0	0	0
Total Federal Government	\$ 62,842	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,340
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 946,280	\$ 0	\$ 0	\$ 25	\$ 0	\$ 0
Contracted Services	177,349	0	0	0	0	105,007
<u>Other</u>						
Other	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 1,123,629	\$ 0	\$ 0	\$ 25	\$ 0	\$ 105,007
Total	\$ 7,814,328	\$ 31	\$ 448,746	\$ 71,719	\$ 7,645	\$ 2,018,333

(Continued)

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

	Debt Service Fund		Total
	General Debt Service		
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 1,556,619	\$	5,634,139
Trustee's Collections - Prior Year	51,196		185,357
Circuit/Clerk and Master Collections - Prior Years	50,453		182,554
Interest and Penalty	10,775		39,012
Pickup Taxes	1,460		5,286
Payments in-Lieu-of Taxes - T.V.A.	9		344
Payments in-Lieu-of Taxes - Local Utilities	24,152		87,569
Payments in-Lieu-of Taxes - Other	2,888		10,457
<u>County Local Option Taxes</u>			
Local Option Sales Tax	467,418		470,304
Hotel/Motel Tax	0		46,725
Litigation Tax - General	0		95,337
Litigation Tax - Special Purpose	0		31
Litigation Tax - Jail, Workhouse, or Courthouse	127,831		127,831
Business Tax	17,130		62,340
Mixed Drink Tax	0		1,440
Mineral Severance Tax	0		30,470
<u>Statutory Local Taxes</u>			
Bank Excise Tax	194		703
Wholesale Beer Tax	1,187		4,302
Interstate Telecommunications Tax	941		941
Other Statutory Local Taxes	0		61,714
Total Local Taxes	\$ 2,312,253	\$	7,046,856

(Continued)

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

	Debt Service Fund		
	General Debt Service	Total	
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	11,421	\$ 41,350	
Total Licenses and Permits	11,421	\$ 41,350	
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0	\$ 812	
Officers Costs	0	703	
Drug Control Fines	0	9,741	
Drug Court Fees	0	659	
Jail Fees	0	459	
Courtroom Security Fee	0	332	
<u>Criminal Court</u>			
Data Entry Fee - Criminal Court	0	1,692	
<u>General Sessions Court</u>			
Fines	0	23,099	
Officers Costs	0	22,984	
Game and Fish Fines	0	83	
Drug Control Fines	0	16,448	
Drug Court Fees	0	2,972	
Jail Fees	0	22,416	
DUI Treatment Fines	0	4,740	
Data Entry Fee - General Sessions Court	0	14,383	
Courtroom Security Fee	0	121	
<u>Juvenile Court</u>			
Fines	0	932	

(Continued)

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

	Debt Service Fund		Total
	General Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Juvenile Court (Cont.)</u>			
Officers Costs	0	\$	760
Drug Control Fines	0		371
Jail Fees	0		6,410
Data Entry Fee - Juvenile Court	0		2,565
<u>Chancery Court</u>			
Officers Costs	0		1,012
Data Entry Fee - Chancery Court	0		2,940
Courtroom Security Fee	0		77
<u>Judicial District Drug Program</u>			
Data Entry Fee - Other Courts	0		15,843
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0		32,852
Other Fines, Forfeitures, and Penalties	0		11,279
Total Fines, Forfeitures, and Penalties	0	\$	196,685
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
<u>Work Release Charges for Board</u>			
Fees	0	\$	4,720
Recreation Fees	0		17,918
Copy Fees	0		65
Archives and Records Management Fee - County Clerk	0		49,936
Telephone Commissions	0		26,942
Special Commissioner Fees/Special Master Fees	0		7,645
Data Processing Fee - Register	0		4,404

(Continued)

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	Total
	Service		
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Data Processing Fee - Sheriff	0	\$	1,875
Sexual Offender Registration Fee - Sheriff	0		1,650
Data Processing Fee - County Clerk	0		1,740
<b>Total Charges for Current Services</b>	<b>0</b>	<b>\$</b>	<b>116,895</b>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	430	\$	33,429
Sale of Materials and Supplies	0		516
Sale of Recycled Materials	0		2,756
Retirees' Insurance Payments	0		9,784
Cobra Insurance Payments	0		5,903
Miscellaneous Refunds	26		41,852
<u>Nonrecurring Items</u>			
Sale of Equipment	0		8,425
<b>Total Other Local Revenues</b>	<b>456</b>	<b>\$</b>	<b>102,665</b>
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	0	\$	150,143
Circuit Court Clerk	0		70,202
General Sessions Court Clerk	0		263,888
Clerk and Master	0		58,469
Juvenile Court Clerk	0		23,166
Register	0		51,262

(Continued)

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	Total
	Service	Service	
<u>Fees Received from County Officials (Cont.)</u>			
<u>Fees in-Lieu-of Salary (Cont.)</u>			
Sheriff	0	\$	7,133
Trustee	0		260,277
Total Fees Received from County Officials	0	\$	884,540
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0	\$	4,500
Other General Government Grants	0		30,242
<u>Public Safety Grants</u>			
Other Public Safety Grants	0		6,668
<u>Health and Welfare Grants</u>			
Health Department Programs	0		170,724
<u>Public Works Grants</u>			
State Aid Program	0		333,436
Litter Program	0		34,231
<u>Other State Revenues</u>			
Income Tax	0		14,273
Beer Tax	0		17,806
Vehicle Certificate of Title Fees	0		10,333
Alcoholic Beverage Tax	0		30,014
State Revenue Sharing - T.V.A.	0		204,423
Contracted Prisoner Boarding	0		694,009
Gasoline and Motor Fuel Tax	0		1,321,292
Petroleum Special Tax	0		13,214
Registrar's Salary Supplement	0		15,164

(Continued)

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

	<u>Debt Service</u>		
	<u>Fund</u>		
	General	Debt	Total
	Service		
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Other State Grants	0	\$	83,720
Other State Revenues	0		49
Total State of Tennessee	0	\$	<u>2,984,098</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Appalachian Regional Commission	77,644	\$	77,644
Civil Defense Reimbursement	0		21,000
Homeland Security Grants	0		21,859
Other Federal through State	0		621
<u>Direct Federal Revenue</u>			
Forest Service	0		38,102
Other Direct Federal Revenue	0		1,600
Total Federal Government	77,644	\$	<u>160,826</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	229,682	\$	1,175,987
Contracted Services	0		282,356
<u>Other</u>			
Other	11,774		11,774
Total Other Governments and Citizens Groups	241,456	\$	<u>1,470,117</u>
Total	2,643,230	\$	<u>13,004,032</u>

Unicoi County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Unicoi County School Department  
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,415,070	\$ 0	\$ 0	\$ 0	2,415,070
Trustee's Collections - Prior Year	98,902	0	0	0	98,902
Circuit/Clerk and Master Collections - Prior Years	79,341	0	0	0	79,341
Interest and Penalty	16,944	0	0	0	16,944
Pickup Taxes	2,297	0	0	0	2,297
Payments in-Lieu-of Taxes - T.V.A.	149	0	0	0	149
Payments in-Lieu-of Taxes - Local Utilities	37,981	0	0	0	37,981
Payments in-Lieu-of Taxes - Other	4,542	0	0	0	4,542
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,345,581	0	0	0	1,345,581
Business Tax	32,805	0	0	0	32,805
Mixed Drink Tax	1,648	0	0	0	1,648
Other County Local Option Taxes	310	0	0	0	310
<u>Statutory Local Taxes</u>					
Bank Excise Tax	305	0	0	0	305
Wholesale Beer Tax	1,868	0	0	0	1,868
Interstate Telecommunications Tax	2,007	0	0	0	2,007
Total Local Taxes	\$ 4,039,750	\$ 0	\$ 0	\$ 0	\$ 4,039,750
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,109	\$ 0	\$ 0	\$ 0	2,109
Cable TV Franchise	17,960	0	0	0	17,960
Total Licenses and Permits	\$ 20,069	\$ 0	\$ 0	\$ 0	20,069

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Fines, Forfeitures, and Penalties</u>					
<u>Juvenile Court</u>					
Fines	293 \$	0 \$	0 \$	0 \$	293
Total Fines, Forfeitures, and Penalties	293 \$	0 \$	0 \$	0 \$	293
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	2,205 \$	0 \$	0 \$	0 \$	2,205
Tuition - Other	48,038	0	0	0	48,038
Lunch Payments - Children	0	0	136,329	0	136,329
Lunch Payments - Adults	0	0	2,994	0	2,994
Income from Breakfast	0	0	32	0	32
A la carte Sales	0	0	71,665	0	71,665
Total Charges for Current Services	50,243 \$	0 \$	211,020 \$	0 \$	261,263
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	1,550 \$	0 \$	3,333 \$	0 \$	4,883
Lease/Rentals	1,400	0	0	0	1,400
Sale of Materials and Supplies	99,730	0	0	0	99,730
E-Rate Funding	51,039	0	0	0	51,039
Miscellaneous Refunds	107,083	0	13,141	0	120,224
<u>Nonrecurring Items</u>					
Sale of Equipment	104,042	0	0	0	104,042
Contributions and Gifts	15,520	0	0	0	15,520

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>	\$ 0	\$ 0	\$ 3	\$ 3	3
Total Other Local Revenues	\$ 380,364	\$ 0	\$ 16,477	\$ 16,477	396,841
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 125,580	\$ 0	\$ 0	\$ 0	125,580
<u>State Education Funds</u>					
Basic Education Program	12,613,000	0	0	0	12,613,000
Early Childhood Education	582,076	0	0	0	582,076
School Food Service	0	0	12,361	0	12,361
Other State Education Funds	309,154	0	0	0	309,154
Career Ladder Program	74,613	0	0	0	74,613
Career Ladder - Extended Contract	28,270	0	0	0	28,270
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	88,790	0	0	0	88,790
Other State Grants	5,216	0	0	0	5,216
Total State of Tennessee	\$ 13,826,699	\$ 0	\$ 12,361	\$ 12,361	13,839,060
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 625,656	\$ 625,656	625,656
USDA - Commodities	0	0	86,544	86,544	86,544
Breakfast	0	0	221,060	221,060	221,060
Vocational Education - Basic Grants to States	0	37,641	0	37,641	37,641

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Title I Grants to Local Education Agencies	\$ 0	\$ 580,066	\$ 0	\$ 0	\$ 580,066
Special Education - Grants to States	86,591	634,440	0	0	721,031
Special Education Preschool Grants	0	56,697	0	0	56,697
English Language Acquisition Grants	0	10,903	0	0	10,903
Eisenhower Professional Development State Grants	0	116,637	0	0	116,637
Race-to-the-Top - ARRA	0	18,983	0	0	18,983
<u>Direct Federal Revenue</u>					
Public Law 874 - Maintenance and Operation	186,278	0	0	0	186,278
ROTC Reimbursement	45,797	0	0	0	45,797
Other Direct Federal Revenue	133,026	0	0	0	133,026
Total Federal Government	\$ 451,692	\$ 1,455,367	\$ 933,260	\$ 0	\$ 2,840,319
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 531,920	\$ 0	\$ 0	\$ 0	\$ 531,920
Total Other Governments and Citizens Groups	\$ 531,920	\$ 0	\$ 0	\$ 0	\$ 531,920
Total	\$ 19,301,030	\$ 1,455,367	\$ 1,173,118	\$ 0	\$ 21,929,515

Exhibit J-7

Unicoi County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,100	
Social Security		2,180	
State Retirement		302	
Unemployment Compensation		12	
Audit Services		5,494	
Contracts with Government Agencies		1,250	
Dues and Memberships		4,283	
Legal Notices, Recording, and Court Costs		3,217	
Travel		821	
Other Charges		1,782	
Total County Commission			\$ 51,441

Board of Equalization

Board and Committee Members Fees	\$	900	
Total Board of Equalization			900

County Mayor/Executive

County Official/Administrative Officer	\$	74,745	
Accountants/Bookkeepers		36,132	
Salary Supplements		100	
Secretary(ies)		29,078	
Clerical Personnel		29,078	
Social Security		12,816	
State Retirement		13,147	
Life Insurance		663	
Medical Insurance		30,671	
Dental Insurance		1,089	
Unemployment Compensation		316	
Communication		4,292	
Data Processing Services		9,731	
Dues and Memberships		1,833	
Maintenance and Repair Services - Office Equipment		1,204	
Travel		3,753	
Office Supplies		2,274	
Premiums on Corporate Surety Bonds		92	
Other Charges		1,135	
Office Equipment		441	
Total County Mayor/Executive			252,590

County Attorney

County Official/Administrative Officer	\$	27,000	
Total County Attorney			27,000

Election Commission

County Official/Administrative Officer	\$	55,468	
Deputy(ies)		29,078	
Mechanic(s)		480	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Clerical Personnel	\$	5,888	
Election Commission		4,020	
Election Workers		8,937	
Social Security		6,848	
State Retirement		7,085	
Life Insurance		300	
Medical Insurance		20,765	
Dental Insurance		575	
Unemployment Compensation		279	
Communication		2,347	
Data Processing Services		12,664	
Dues and Memberships		225	
Janitorial Services		1,000	
Legal Notices, Recording, and Court Costs		2,320	
Maintenance and Repair Services - Buildings		309	
Maintenance and Repair Services - Equipment		290	
Printing, Stationery, and Forms		362	
Travel		10,057	
Other Contracted Services		586	
Electricity		2,351	
Office Supplies		1,946	
Office Equipment		33,379	
Total Election Commission	\$		207,559

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		29,078	
Clerical Personnel		24,035	
Part-time Personnel		3,882	
Social Security		8,809	
State Retirement		9,616	
Life Insurance		450	
Medical Insurance		18,719	
Dental Insurance		863	
Unemployment Compensation		219	
Communication		2,441	
Data Processing Services		4,327	
Dues and Memberships		532	
Maintenance and Repair Services - Office Equipment		217	
Travel		649	
Other Contracted Services		248	
Data Processing Supplies		831	
Office Supplies		2,244	
Premiums on Corporate Surety Bonds		78	
Data Processing Equipment		414	
Office Equipment		5,968	
Total Register of Deeds			175,252

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning

Board and Committee Members Fees	\$	3,050	
Social Security		233	
State Retirement		4	
Contracts with Government Agencies		7,750	
Total Planning			\$ 11,037

County Buildings

Custodial Personnel	\$	23,242	
Part-time Personnel		11,885	
Social Security		2,670	
State Retirement		1,952	
Life Insurance		150	
Medical Insurance		6,237	
Dental Insurance		288	
Unemployment Compensation		181	
Maintenance and Repair Services - Buildings		30,248	
Custodial Supplies		4,488	
Natural Gas		10,309	
Utilities		34,582	
Building and Contents Insurance		5,457	
Total County Buildings			131,689

Other General Administration

Postal Charges	\$	24,446	
Duplicating Supplies		3,415	
Office Supplies		499	
Excess Risk Insurance		2,282	
Liability Insurance		75,330	
Total Other General Administration			105,972

Preservation of Records

Consultants	\$	213	
Dues and Memberships		150	
Maintenance and Repair Services - Buildings		1,000	
Travel		1,053	
Building Improvements		2,267	
Total Preservation of Records			4,683

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Assistant(s)		20,856	
Deputy(ies)		28,133	
Clerical Personnel		28,133	
Other Salaries and Wages		5,031	
Social Security		10,826	
State Retirement		11,634	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Life Insurance	\$	575	
Medical Insurance		26,232	
Dental Insurance		1,102	
Unemployment Compensation		303	
Audit Services		6,455	
Communication		4,070	
Data Processing Services		12,163	
Dues and Memberships		1,250	
Maintenance and Repair Services - Office Equipment		5,683	
Printing, Stationery, and Forms		899	
Travel		2,272	
Office Supplies		3,304	
Office Equipment		669	
Total Property Assessor's Office			\$ 231,222

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Assistant(s)		29,078	
Deputy(ies)		29,078	
Salary Supplements		200	
Temporary Personnel		1,125	
Social Security		9,229	
State Retirement		10,055	
Life Insurance		450	
Medical Insurance		18,739	
Dental Insurance		863	
Unemployment Compensation		191	
Communication		2,077	
Data Processing Services		7,504	
Dues and Memberships		517	
Legal Notices, Recording, and Court Costs		292	
Maintenance and Repair Services - Office Equipment		600	
Travel		1,321	
Data Processing Supplies		2,000	
Office Supplies		452	
Office Equipment		1,497	
Total County Trustee's Office			176,900

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		29,078	
Salary Supplements		2,150	
Clerical Personnel		29,079	
Part-time Personnel		18,679	
Other Salaries and Wages		29,078	
Social Security		12,415	
State Retirement		12,498	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Life Insurance	\$	600	
Medical Insurance		38,033	
Dental Insurance		1,150	
Unemployment Compensation		424	
Communication		7,120	
Dues and Memberships		517	
Maintenance and Repair Services - Buildings		1,050	
Maintenance and Repair Services - Office Equipment		15,995	
Travel		532	
Other Contracted Services		658	
Office Supplies		1,344	
Utilities		1,235	
Premiums on Corporate Surety Bonds		137	
Data Processing Equipment		3,130	
Office Equipment		159	
Total County Clerk's Office			\$ 266,693

Other Finance

Trustee's Commission	\$	82,838	
Total Other Finance			82,838

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Assistant(s)		30,591	
Deputy(ies)		49,893	
Accountants/Bookkeepers		29,077	
Salary Supplements		100	
Clerical Personnel		48,071	
Part-time Personnel		10,648	
Other Salaries and Wages		54,586	
Jury and Witness Expense		9,005	
Social Security		21,218	
State Retirement		18,936	
Life Insurance		1,288	
Medical Insurance		50,774	
Dental Insurance		2,300	
Unemployment Compensation		779	
Communication		5,784	
Data Processing Services		3,970	
Dues and Memberships		467	
Maintenance and Repair Services - Office Equipment		89,143	
Travel		1,597	
Remittance of Revenue Collected		659	
Data Processing Supplies		959	
Office Supplies		8,522	
Premiums on Corporate Surety Bonds		236	
Office Equipment		2,788	
Total Circuit Court			503,023

(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

Judge(s)	\$	88,217	
Social Security		6,683	
State Retirement		7,392	
Life Insurance		150	
Medical Insurance		13,277	
Dental Insurance		288	
Communication		722	
Travel		644	
Remittance of Revenue Collected		2,972	
Total General Sessions Court			\$ 120,345

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		29,078	
Part-time Personnel		8,820	
Social Security		7,537	
State Retirement		7,602	
Life Insurance		300	
Medical Insurance		12,480	
Dental Insurance		575	
Unemployment Compensation		178	
Communication		1,451	
Dues and Memberships		567	
Maintenance and Repair Services - Office Equipment		11,600	
Travel		952	
Data Processing Supplies		500	
Office Supplies		2,319	
Premiums on Corporate Surety Bonds		233	
Office Equipment		9,835	
Total Chancery Court			155,659

Juvenile Court

Salary Supplements	\$	9,343	
Social Security		711	
State Retirement		6	
Unemployment Compensation		79	
Communication		900	
Contracts with Government Agencies		36,565	
Travel		392	
Office Supplies		308	
Total Juvenile Court			48,304

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,185	
Supervisor/Director		99,883	
Deputy(ies)		416,753	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Investigator(s)	\$	61,097	
Captain(s)		36,768	
Lieutenant(s)		69,203	
Youth Service Officer(s)		71,650	
Sergeant(s)		112,804	
Salary Supplements		100	
Secretary(ies)		57,437	
Overtime Pay		14,751	
Other Salaries and Wages		58,477	
In-service Training		34,197	
Social Security		81,401	
State Retirement		67,348	
Employee and Dependent Insurance		11	
Life Insurance		4,091	
Medical Insurance		227,504	
Dental Insurance		7,230	
Unemployment Compensation		4,094	
Communication		18,036	
Dues and Memberships		1,800	
Operating Lease Payments		1,266	
Maintenance and Repair Services - Equipment		1,439	
Maintenance and Repair Services - Vehicles		37,134	
Travel		2,387	
Other Contracted Services		1,200	
Custodial Supplies		47	
Gasoline		159,326	
Law Enforcement Supplies		11,441	
Office Supplies		3,266	
Tires and Tubes		11,916	
Uniforms		26,725	
Judgments		30,000	
Liability Insurance		30,985	
Premiums on Corporate Surety Bonds		542	
Workers' Compensation Insurance		94,330	
Other Charges		8,407	
Law Enforcement Equipment		15,636	
Motor Vehicles		58,790	
Total Sheriff's Department			\$ 2,010,657

Jail

Supervisor/Director	\$	32,581
Detective(s)		2
Teachers		25,106
Salary Supplements		100
Guards		90,847
Cafeteria Personnel		14,550
Maintenance Personnel		40,513

(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	\$	137,657	
Social Security		26,219	
State Retirement		13,442	
Life Insurance		1,043	
Medical Insurance		39,230	
Dental Insurance		1,712	
Unemployment Compensation		1,871	
Maintenance and Repair Services - Buildings		13,728	
Maintenance and Repair Services - Equipment		2,918	
Maintenance and Repair Services - Vehicles		2,755	
Medical and Dental Services		68,119	
Travel		1,942	
Other Contracted Services		25,821	
Custodial Supplies		1,807	
Drugs and Medical Supplies		9,123	
Food Supplies		84,114	
Natural Gas		5,215	
Prisoners Clothing		1,423	
Uniforms		3,609	
Utilities		42,973	
Building and Contents Insurance		9,776	
Total Jail			\$ 698,196

Workhouse

Supervisor/Director	\$	26,946	
Guards		47,943	
Cafeteria Personnel		11,370	
Other Salaries and Wages		142,438	
Social Security		17,255	
State Retirement		6,226	
Life Insurance		450	
Medical Insurance		29,906	
Dental Insurance		863	
Unemployment Compensation		1,648	
Maintenance and Repair Services - Buildings		24,922	
Maintenance and Repair Services - Equipment		1,732	
Maintenance and Repair Services - Vehicles		917	
Medical and Dental Services		4,304	
Custodial Supplies		739	
Drugs and Medical Supplies		8,398	
Food Supplies		43,243	
Natural Gas		3,108	
Prisoners Clothing		609	
Uniforms		3,939	
Utilities		40,729	
Refunds		200	
Law Enforcement Equipment		4,675	
Total Workhouse			422,560

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Other Salaries and Wages	\$	8,190	
Social Security		630	
Unemployment Compensation		12	
Total Juvenile Services			\$ 8,832

Fire Prevention and Control

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

Civil Defense

County Official/Administrative Officer	\$	38,526	
Social Security		2,930	
State Retirement		3,229	
Life Insurance		150	
Medical Insurance		6,240	
Dental Insurance		288	
Unemployment Compensation		85	
Communication		2,408	
Maintenance and Repair Services - Vehicles		1,073	
Travel		37	
Gasoline		2,007	
Law Enforcement Supplies		2,498	
Office Supplies		201	
Other Supplies and Materials		13,338	
Total Civil Defense			73,010

Other Emergency Management

Contributions	\$	4,750	
Total Other Emergency Management			4,750

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	1,864	
Assistant(s)		200	
Social Security		158	
State Retirement		173	
Life Insurance		1	
Medical Insurance		32	
Dental Insurance		1	
Unemployment Compensation		5	
Contracts with Other Public Agencies		16,958	
Other Contracted Services		4,800	
Law Enforcement Supplies		19	
Total County Coroner/Medical Examiner			24,211

Other Public Safety

Supervisor/Director	\$	36,565	
Dispatchers/Radio Operators		281,984	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Other Salaries and Wages	\$	66	
Social Security		23,298	
State Retirement		20,332	
Life Insurance		1,425	
Medical Insurance		60,551	
Dental Insurance		2,731	
Unemployment Compensation		1,133	
Total Other Public Safety			\$ 428,085

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	28,995	
Social Security		1,393	
State Retirement		1,545	
Life Insurance		150	
Medical Insurance		6,240	
Dental Insurance		288	
Unemployment Compensation		91	
Communication		2,410	
Maintenance and Repair Services - Equipment		2,850	
Maintenance and Repair Services - Office Equipment		2,579	
Custodial Supplies		1,584	
Drugs and Medical Supplies		3,416	
Natural Gas		2,438	
Office Supplies		1,458	
Utilities		17,782	
Other Supplies and Materials		4,304	
Liability Insurance		1,833	
Workers' Compensation Insurance		1,203	
Other Charges		1,916	
Total Local Health Center			82,475

Rabies and Animal Control

Part-time Personnel	\$	58,107	
Other Salaries and Wages		35,870	
Social Security		7,155	
State Retirement		3,625	
Life Insurance		294	
Medical Insurance		12,220	
Dental Insurance		563	
Unemployment Compensation		570	
Contributions		23,269	
Workers' Compensation Insurance		2,999	
Other Charges		252	
Total Rabies and Animal Control			144,924

(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	\$	1,584	
Other Contracted Services		180,000	
Total Ambulance/Emergency Medical Services			\$ 181,584

Other Local Health Services

Other Salaries and Wages	\$	120,307	
Social Security		9,152	
State Retirement		6,682	
Life Insurance		431	
Medical Insurance		17,921	
Dental Insurance		827	
Unemployment Compensation		519	
Travel		2,586	
Total Other Local Health Services			158,425

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	\$	21,137	
Social Security		1,617	
Unemployment Compensation		99	
Instructional Supplies and Materials		4,045	
Other Supplies and Materials		2,366	
Workers' Compensation Insurance		1,778	
Total Sanitation Education/Information			31,042

Other Public Health and Welfare

Maintenance and Repair Services - Buildings	\$	2,725	
Other Supplies and Materials		2,491	
Other Charges		1,848	
Total Other Public Health and Welfare			7,064

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

Agricultural Extension Service

Other Salaries and Wages	\$ 6,239	
Social Security	474	
Unemployment Compensation	62	
Communication	3,174	
Contributions	18,458	
Dues and Memberships	255	
Travel	2,493	
Office Supplies	945	
Office Equipment	1,000	
Total Agricultural Extension Service		33,100

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

Contributions	\$ 45,895	
Other Charges	945	
Total Industrial Development		46,840

Veterans' Services

Contributions	\$ 950	
Total Veterans' Services		950

Contributions to Other Agencies

Contributions	\$ 2,850	
Total Contributions to Other Agencies		2,850

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Employee and Dependent Insurance	\$	7,901	
Workers' Compensation Insurance		11,950	
Total Employee Benefits			\$ 19,851

Miscellaneous

Contributions	\$	4,500	
Total Miscellaneous			4,500

Total General Fund \$ 7,123,789

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Communication	\$	2,056	
Contracts with Private Agencies		383,018	
Operating Lease Payments		40,159	
Maintenance and Repair Services - Office Equipment		58	
Rentals		1,345	
Other Contracted Services		11,480	
Electricity		5,997	
Liability Insurance		765	
Trustee's Commission		8,554	
Workers' Compensation Insurance		1,005	
Site Development		14	
Total Sanitation Management			\$ 454,451

Total Solid Waste/Sanitation Fund 454,451

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$	349	
Total Other Finance			\$ 349

Public Safety

Sheriff's Department

Deputy(ies)	\$	11,003	
Investigator(s)		756	
Other Salaries and Wages		433	
In-service Training		290	
Social Security		933	
State Retirement		995	
Life Insurance		3	
Medical Insurance		296	
Dental Insurance		7	
Advertising		3,004	
Communication		1,063	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Confidential Drug Enforcement Payments	\$	5,500	
Dues and Memberships		200	
Maintenance and Repair Services - Equipment		816	
Maintenance and Repair Services - Vehicles		4,746	
Travel		1,322	
Veterinary Services		616	
Animal Food and Supplies		542	
Law Enforcement Supplies		3,673	
Office Supplies		701	
Tires and Tubes		447	
Uniforms		716	
Other Charges		437	
Law Enforcement Equipment		4,488	
Motor Vehicles		51,228	
Total Sheriff's Department			\$ 94,215

Total Drug Control Fund \$ 94,564

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court Clerk

Special Commissioner Fees/Special Master Fees	\$	6,345	
Total Circuit Court Clerk			\$ 6,345

General Sessions Court

Special Commissioner Fees/Special Master Fees	\$	1,300	
Total General Sessions Court			1,300

Total Constitutional Officers - Fees Fund 7,645

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,795	
Accountants/Bookkeepers		41,993	
Communication		2,082	
Postal Charges		245	
Travel		2,133	
Data Processing Supplies		731	
Office Supplies		513	
Other Charges		2,797	
Total Administration			\$ 118,289

Highway and Bridge Maintenance

Foremen	\$	36,701	
Laborers		539,071	
Other Salaries and Wages		22,310	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt	\$	290,137	
Concrete		341	
Crushed Stone		32,475	
Other Road Materials		160,518	
Pipe		11,618	
Wood Products		209	
Other Supplies and Materials		1,340	
Total Highway and Bridge Maintenance			\$ 1,094,720

Operation and Maintenance of Equipment

Mechanic(s)	\$	33,536	
Communication		2,476	
Diesel Fuel		67,562	
Electricity		7,071	
Equipment and Machinery Parts		64,929	
Garage Supplies		606	
Gasoline		15,241	
Lubricants		5,204	
Natural Gas		5,433	
Propane Gas		1,725	
Tires and Tubes		7,363	
Total Operation and Maintenance of Equipment			211,146

Other Charges

Dues and Memberships	\$	1,959	
Maintenance Agreements		6,140	
Office Supplies		18	
Trustee's Commission		16,578	
Vehicle and Equipment Insurance		30,506	
Workers' Compensation Insurance		121,223	
Total Other Charges			176,424

Employee Benefits

Social Security	\$	56,701	
State Retirement		60,551	
Employee and Dependent Insurance		163,310	
Unemployment Compensation		2,785	
Uniforms		2,926	
Total Employee Benefits			286,273

Capital Outlay

Bridge Construction	\$	39,222	
Highway Construction		91,589	
Highway Equipment		38,550	
State Aid Projects		333,436	
Total Capital Outlay			502,797

Total Highway/Public Works Fund \$ 2,389,649

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 1,049,460	
Principal on Notes	467,902	
Total General Government		\$ 1,517,362
<u>Education</u>		
Principal on Capital Leases	\$ 45,499	
Total Education		45,499
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 1,107,392	
Interest on Notes	89,928	
Total General Government		1,197,320
<u>Education</u>		
Interest on Capital Leases	\$ 683	
Total Education		683
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 39,227	
Other Debt Service	650	
Total General Government		39,877
Total General Debt Service Fund		\$ 2,800,741
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Architects	\$ 29,135	
Other Debt Issuance Charges	14,979	
Building Improvements	491,141	
Total Public Safety Projects		\$ 535,255
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 531,921	
Total Capital Projects Donated to School Department		531,921
Total General Capital Projects Fund		1,067,176
<u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Architects	\$ 8,800	
Other Capital Outlay	132,328	
Total Other General Government Projects		\$ 141,128
Total Community Development/Industrial Park Fund		141,128
Total Governmental Funds - Primary Government		<u>\$ 14,079,143</u>

Exhibit J-8

Unicoi County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Unicoi County School Department  
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	5,406,897	
Career Ladder Program		41,002	
Career Ladder Extended Contracts		22,410	
Homebound Teachers		7,157	
Educational Assistants		54,121	
Bonus Payments		122,550	
Certified Substitute Teachers		32,555	
Non-certified Substitute Teachers		67,406	
Social Security		353,937	
State Retirement		515,607	
Life Insurance		5,559	
Medical Insurance		923,704	
Dental Insurance		11,187	
Employer Medicare		83,062	
Other Contracted Services		1,777	
Instructional Supplies and Materials		183,806	
Textbooks		172,927	
Other Supplies and Materials		11,901	
Fee Waivers		23,570	
Other Charges		18,473	
Regular Instruction Equipment		531,920	
Total Regular Instruction Program			\$ 8,591,528

Alternative Instruction Program

Teachers	\$	47,227	
Social Security		2,928	
State Retirement		4,194	
Life Insurance		40	
Employer Medicare		685	
Contracts with Other School Systems		34,461	
Total Alternative Instruction Program			89,535

Special Education Program

Teachers	\$	732,316	
Career Ladder Program		4,000	
Educational Assistants		66,880	
Speech Pathologist		168,452	
Certified Substitute Teachers		8,866	
Non-certified Substitute Teachers		16,175	
Social Security		58,129	
State Retirement		85,275	
Life Insurance		1,105	
Medical Insurance		176,668	
Dental Insurance		1,970	
Employer Medicare		14,003	
Other Contracted Services		43,326	

(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.)

Instructional Supplies and Materials	\$	39,532	
Other Supplies and Materials		4,344	
Other Charges		2,164	
Special Education Equipment		31,180	
Total Special Education Program			\$ 1,454,385

Vocational Education Program

Teachers	\$	495,932	
Career Ladder Program		4,000	
Certified Substitute Teachers		1,344	
Non-certified Substitute Teachers		8,328	
Social Security		29,667	
State Retirement		44,394	
Life Insurance		481	
Medical Insurance		86,789	
Dental Insurance		830	
Employer Medicare		6,950	
Maintenance and Repair Services - Equipment		2,331	
Other Contracted Services		3,254	
Instructional Supplies and Materials		14,172	
Textbooks		3,438	
Other Supplies and Materials		175	
Other Charges		2,022	
Vocational Instruction Equipment		3,123	
Total Vocational Education Program			707,230

Student Body Education Program

Other Equipment	\$	113,949	
Total Student Body Education Program			113,949

Support Services

Attendance

Supervisor/Director	\$	70,461	
Career Ladder Program		2,000	
Social Security		4,467	
State Retirement		6,435	
Life Insurance		40	
Medical Insurance		6,374	
Dental Insurance		120	
Employer Medicare		1,045	
Travel		2,500	
Total Attendance			93,442

Health Services

Medical Personnel	\$	89,225	
Other Salaries and Wages		93,659	

(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.)

Health Services (Cont.)

Social Security	\$	10,976	
State Retirement		14,784	
Life Insurance		316	
Medical Insurance		40,915	
Dental Insurance		192	
Employer Medicare		2,567	
Travel		8,790	
Other Contracted Services		275	
Drugs and Medical Supplies		3,837	
Other Supplies and Materials		10,319	
Other Charges		900	
Total Health Services			\$ 276,755

Other Student Support

Career Ladder Program	\$	2,388	
Guidance Personnel		299,275	
Psychological Personnel		43,197	
School Resource Officer		44,730	
Other Salaries and Wages		14,945	
Social Security		21,847	
State Retirement		31,876	
Life Insurance		356	
Medical Insurance		53,671	
Dental Insurance		756	
Employer Medicare		5,109	
Evaluation and Testing		8,470	
Other Supplies and Materials		16,374	
Other Equipment		953	
Total Other Student Support			543,947

Regular Instruction Program

Supervisor/Director	\$	72,786	
Career Ladder Program		3,000	
Librarians		259,223	
Educational Assistants		12,758	
Social Security		20,520	
State Retirement		30,135	
Life Insurance		315	
Medical Insurance		55,582	
Dental Insurance		815	
Employer Medicare		4,799	
Travel		17,045	
Other Contracted Services		515	
In Service/Staff Development		8,606	
Other Equipment		340	
Total Regular Instruction Program			486,439

(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.)

Special Education Program

Supervisor/Director	\$	67,557	
Career Ladder Program		125	
Secretary(ies)		26,985	
Social Security		5,623	
State Retirement		8,270	
Life Insurance		81	
Medical Insurance		14,563	
Dental Insurance		120	
Employer Medicare		1,313	
Travel		4,973	
In Service/Staff Development		5,063	
Total Special Education Program			\$ 134,673

Vocational Education Program

Supervisor/Director	\$	62,403	
Secretary(ies)		27,952	
Social Security		5,336	
State Retirement		7,884	
Life Insurance		81	
Medical Insurance		20,843	
Dental Insurance		360	
Employer Medicare		1,248	
Maintenance and Repair Services - Equipment		4,361	
Travel		1,499	
Other Supplies and Materials		248	
Total Vocational Education Program			132,215

Other Programs

On-behalf Payments to OPEB	\$	125,580	
Total Other Programs			125,580

Board of Education

Secretary to Board	\$	27,368	
Other Salaries and Wages		115,027	
Board and Committee Members Fees		5,580	
Social Security		7,629	
State Retirement		2,293	
Life Insurance		40	
Medical Insurance		6,374	
Dental Insurance		120	
Unemployment Compensation		27,692	
Employer Medicare		1,784	
Audit Services		10,630	
Dues and Memberships		8,458	
Legal Services		7,128	
Travel		12,372	

(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.)

Board of Education (Cont.)

Maintenance and Repair Services - Records	\$	37,088	
Other Contracted Services		8,064	
Other Supplies and Materials		608	
Liability Insurance		38,471	
Trustee's Commission		98,020	
Workers' Compensation Insurance		124,919	
Other Charges		4,311	
Total Board of Education			\$ 543,976

Director of Schools

County Official/Administrative Officer	\$	119,752	
Assistant(s)		35,506	
Secretary(ies)		23,246	
Clerical Personnel		3,138	
Social Security		10,235	
State Retirement		15,005	
Life Insurance		120	
Medical Insurance		20,775	
Dental Insurance		273	
Employer Medicare		2,447	
Other Fringe Benefits		1,606	
Communication		95,895	
Postal Charges		8,542	
Travel		3,225	
Other Contracted Services		9,958	
Office Supplies		3,361	
Other Charges		4,870	
Administration Equipment		310	
Total Director of Schools			358,264

Office of the Principal

Principals	\$	426,018	
Career Ladder Program		3,875	
Accountants/Bookkeepers		47,621	
Assistant Principals		181,677	
Secretary(ies)		148,395	
Social Security		48,198	
State Retirement		70,733	
Life Insurance		760	
Medical Insurance		141,647	
Dental Insurance		1,291	
Employer Medicare		11,272	
Dues and Memberships		408	
Other Charges		4,446	
Total Office of the Principal			1,086,341

(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

Accountants/Bookkeepers	\$	83,082	
Social Security		5,114	
State Retirement		6,962	
Life Insurance		81	
Medical Insurance		12,740	
Dental Insurance		240	
Employer Medicare		1,196	
Travel		1,297	
Other Contracted Services		8,529	
Data Processing Supplies		2,631	
Office Supplies		1,384	
Administration Equipment		718	
Total Fiscal Services			\$ 123,974

Operation of Plant

Supervisor/Director	\$	34,494	
Custodial Personnel		451,942	
Social Security		29,379	
State Retirement		35,765	
Life Insurance		822	
Medical Insurance		112,074	
Dental Insurance		792	
Employer Medicare		6,871	
Janitorial Services		14,400	
Disposal Fees		35,522	
Other Contracted Services		21,721	
Custodial Supplies		58,880	
Electricity		528,688	
Natural Gas		93,617	
Water and Sewer		39,737	
Boiler Insurance		6,005	
Building and Contents Insurance		109,405	
Total Operation of Plant			1,580,114

Maintenance of Plant

Supervisor/Director	\$	41,802	
Maintenance Personnel		135,213	
Social Security		10,229	
State Retirement		14,834	
Life Insurance		243	
Medical Insurance		39,143	
Dental Insurance		240	
Employer Medicare		2,392	
Laundry Service		4,612	
Maintenance and Repair Services - Buildings		78,946	
Maintenance and Repair Services - Equipment		29,501	

(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.)

Maintenance and Repair Services - Vehicles	\$	2,502	
Other Contracted Services		24,984	
Equipment and Machinery Parts		14,625	
General Construction Materials		354	
Other Supplies and Materials		19,840	
In Service/Staff Development		159	
Other Charges		19,886	
Total Maintenance of Plant			\$ 439,505

Transportation

Supervisor/Director	\$	42,908	
Mechanic(s)		35,705	
Bus Drivers		210,975	
Social Security		17,815	
State Retirement		16,513	
Life Insurance		81	
Medical Insurance		12,748	
Dental Insurance		240	
Employer Medicare		4,166	
Medical and Dental Services		1,962	
Other Contracted Services		10,262	
Diesel Fuel		121,097	
Garage Supplies		799	
Gasoline		26,496	
Tires and Tubes		15,000	
Vehicle Parts		40,968	
Other Supplies and Materials		1,354	
Vehicle and Equipment Insurance		33,778	
Other Charges		561	
Transportation Equipment		171,980	
Total Transportation			765,408

Central and Other

Supervisor/Director	\$	57,835	
Computer Programmer(s)		78,641	
Data Processing Personnel		20,755	
Social Security		9,774	
State Retirement		13,162	
Life Insurance		162	
Medical Insurance		33,591	
Dental Insurance		600	
Employer Medicare		2,286	
Travel		669	
Other Contracted Services		28,247	
Data Processing Supplies		24,137	
Other Supplies and Materials		35,169	
Data Processing Equipment		183,650	
Total Central and Other			488,678

(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

Early Childhood Education

Supervisor/Director	\$	56,803	
Teachers		255,039	
Educational Assistants		99,807	
Other Salaries and Wages		20,506	
Certified Substitute Teachers		8,333	
Social Security		25,879	
State Retirement		37,056	
Life Insurance		619	
Medical Insurance		88,931	
Dental Insurance		1,046	
Employer Medicare		6,053	
Maintenance and Repair Services - Equipment		19	
Instructional Supplies and Materials		2,141	
Other Supplies and Materials		16,002	
In Service/Staff Development		610	
Other Charges		1,865	
Total Early Childhood Education			\$ 620,709

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	48,250	
Other Capital Outlay		883,645	
Total Regular Capital Outlay			931,895

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	46,182	
Total Education			46,182

Total General Purpose School Fund \$ 19,734,724

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	8,408	
Educational Assistants		187,316	
Other Salaries and Wages		201,916	
Certified Substitute Teachers		270	
Non-certified Substitute Teachers		2,394	
Social Security		12,069	
State Retirement		14,250	
Life Insurance		490	
Medical Insurance		50,743	
Dental Insurance		336	
Employer Medicare		2,824	
Other Fringe Benefits		1,520	

(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.)

Maintenance and Repair Services - Equipment	\$	1,249	
Other Contracted Services		10,470	
Instructional Supplies and Materials		25,334	
Regular Instruction Equipment		14,943	
Total Regular Instruction Program			\$ 534,532

Special Education Program

Teachers	\$	31,857	
Educational Assistants		401,367	
Social Security		26,138	
State Retirement		32,306	
Life Insurance		1,192	
Medical Insurance		127,296	
Dental Insurance		1,674	
Employer Medicare		6,113	
Other Fringe Benefits		3,505	
Other Contracted Services		4,950	
Instructional Supplies and Materials		20,254	
Other Supplies and Materials		1,261	
Special Education Equipment		9,766	
Total Special Education Program			667,679

Vocational Education Program

Instructional Supplies and Materials	\$	6,649	
Vocational Instruction Equipment		17,135	
Total Vocational Education Program			23,784

Support Services

Other Student Support

Other Salaries and Wages	\$	23,113	
Social Security		1,433	
State Retirement		1,849	
Life Insurance		40	
Medical Insurance		6,055	
Employer Medicare		335	
Other Fringe Benefits		101	
Travel		12,744	
Other Supplies and Materials		6,329	
Other Charges		363	
Total Other Student Support			52,362

Regular Instruction Program

Supervisor/Director	\$	65,192	
Secretary(ies)		26,627	
Other Salaries and Wages		10,000	
In-service Training		13,401	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	5,693	
State Retirement		8,021	
Life Insurance		81	
Medical Insurance		6,374	
Employer Medicare		1,331	
Other Fringe Benefits		735	
Maintenance and Repair Services - Equipment		368	
Travel		8,602	
Library Books/Media		7,506	
Other Supplies and Materials		502	
In Service/Staff Development		10,705	
Other Equipment		2,488	
Total Regular Instruction Program			\$ 167,626

Special Education Program

Clerical Personnel	\$	3,000	
Social Security		186	
Employer Medicare		44	
Other Fringe Benefits		24	
Other Contracted Services		6,750	
Other Supplies and Materials		830	
In Service/Staff Development		3,946	
Total Special Education Program			14,780

Vocational Education Program

Travel	\$	1,472	
Total Vocational Education Program			1,472

Total School Federal Projects Fund \$ 1,462,235

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	56,272	
Clerical Personnel		26,233	
Cafeteria Personnel		318,559	
Other Salaries and Wages		11,285	
Social Security		25,100	
State Retirement		18,607	
Life Insurance		364	
Medical Insurance		42,781	
Dental Insurance		360	
Employer Medicare		5,870	
Licenses		560	
Maintenance and Repair Services - Equipment		12,104	
Travel		5,648	

(Continued)

Exhibit J-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Other Contracted Services	\$	40,046
Food Preparation Supplies		49,837
Food Supplies		455,081
Office Supplies		1,486
Uniforms		1,450
USDA - Commodities		86,544
Other Supplies and Materials		20
In Service/Staff Development		1,311
Other Charges		1,120
Food Service Equipment		8,175
Total Food Service		<u>1,168,813</u>
	\$	<u>1,168,813</u>
Total Central Cafeteria Fund		<u>\$ 1,168,813</u>
Total Governmental Funds - Unicoi County School Department		<u><u>\$ 22,365,772</u></u>

Exhibit J-9

Unicoi County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,467,850
Total Cash Receipts	<u>\$ 1,467,850</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,453,172
Trustee's Commissions	14,678
Total Cash Disbursements	<u>\$ 1,467,850</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF 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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise Unicoi County's basic financial statements, and have issued our report thereon dated December 12, 2014. Our report includes a reference to other auditors who audited the financial statements of the Unicoi County Emergency Communications District, as described in our report on Unicoi County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Unicoi County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Unicoi County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2014-007.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-001(B), 2014-002, 2014-003(A), 2014-004, 2014-005, 2014-006, and 2014-008(A,B).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unicoi County's financial statements are free from 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: 2014-001(A), 2014-003(B), 2014-008(C), 2014-009, and 2014-010.

### **Unicoi County's Responses to Findings**

Unicoi County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Unicoi County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unicoi County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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  
Nashville, Tennessee

December 12, 2014

JPW/sb



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 Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

Unicoi Mayor and  
Board of County Commissioners  
Unicoi County, Tennessee

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Unicoi County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unicoi County's major federal programs for the year ended June 30, 2014. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Unicoi County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Unicoi County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Unicoi County complied, in all material respects, with the types of compliance 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, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-011. Our opinion on each major federal program is not modified with respect to these matters.

Unicoi County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Unicoi County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Unicoi County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unicoi County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be

material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-011, which we consider to be a significant deficiency.

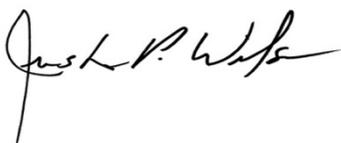
Unicoi County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Unicoi County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2014, and the related notes to the financial statements, which collectively comprise Unicoi County's basic financial statements. We issued our report thereon dated December 12, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 12, 2014

JPW/sb

Unicoi County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2014

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	\$ 81,361
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	86,544 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	221,060
National School Lunch Program	10.555	N/A	625,656 (3)
Total U.S. Department of Agriculture			<u>\$ 1,014,621</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	(2)	\$ 573,636
Total U.S. Department of Defense			<u>\$ 573,636</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 72,005
Total U.S. Department of the Interior			<u>\$ 72,005</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 6,668
Total U.S. Department of Justice			<u>\$ 6,668</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Regional Development	23.001	N/A	\$ 77,644
Total Appalachian Regional Commission			<u>\$ 77,644</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 586,981
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	715,853
Special Education - Preschool Grants	84.173	N/A	53,197
Impact Aid	84.041	N/A	186,278
Career and Technical Education - Basic Grants to States	84.048	N/A	37,641
English Language Acquisition Grants	84.365	N/A	10,903
Improving Teacher Quality State Grants	84.367	N/A	123,776
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	20,474
Total U.S. Department of Education			<u>\$ 1,735,103</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 31,782
Total U.S. Election Assistance Commission			<u>\$ 31,782</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 21,000
Homeland Security Grant Program	97.067	(2)	21,859
Total U.S. Department of Homeland Security			<u>\$ 42,859</u>
Total Expenditures of Federal Awards			<u>\$ 3,554,318</u>

(Continued)

Unicoi County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 4,500
Health Department Program - State Department of Health	N/A	(2)	170,724
State Aid Program - State Department of Transportation	N/A	(2)	333,436
Litter Program - State Department of Transportation	N/A	(2)	34,231
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	582,076
Connect TN - State Department of Education	N/A	(2)	7,414
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education		(2)	5,216
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Safe Schools Act Grant - State Department of Education	N/A	(2)	<u>15,300</u>
Total State Grants			<u>\$ 1,252,897</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 \$712,200.

Unicoi County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. There were no uncorrected findings from the Annual Financial Report for Unicoi County, Tennessee, for the year ended June 30, 2013.

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**UNICOI COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Unicoi County is unmodified.
2. The audit of the financial statements of Unicoi County disclosed significant deficiencies in internal control. One of these significant deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Unicoi County.
4. The audit disclosed one significant deficiency in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Section 1033 Excess Property Program (CFDA No. 12.UNKNOWN), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Unicoi County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, highway superintendent, circuit and general sessions courts clerk, and sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### UNICOI COUNTY

#### FINDING 2014-001

#### **SOME DEPARTMENTS DID NOT COMPLY WITH THE UNICOI COUNTY EMPLOYEE HANDBOOK, AND WEAKNESSES WERE NOTED IN INTERNAL CONTROLS OVER PAYROLL**

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

During the year, we received multiple allegations related to the payroll processes at the Unicoi County Sheriff's Department. In response to these allegations, we reviewed not only payroll records and time sheets for the Sheriff's Department, but we extended our procedures to include other general government and Highway Department personnel since all departments operate under the provisions of the Unicoi County Employee Handbook. Guidelines covering various elements of employment with Unicoi County, including work schedules, pay periods, vacation, overtime, and compensatory time are reflected in the Unicoi County Employee Handbook.

Our procedures disclosed instances of noncompliance with provisions of the Unicoi County Employee Handbook. Instances of deficiencies consisted of the following:

- A. Sheriff's Department deputies worked shifts other than what is authorized in the employee handbook; overtime payments for Sheriff's Department personnel were calculated on an 80-hour pay cycle instead of a 40-hour cycle, which was not authorized in the employee handbook; and employees of the general government and the Highway Department were allowed to accumulate unused vacation days in excess of the limits set forth in the employee handbook.
- B. While performing the extended procedures for payroll disbursements, we noted the following internal control weaknesses: 1) documentation was not on file in the County Mayor's Office to support all payroll disbursements, 2) total daily and weekly time reflected on the time sheets for general government and Highway Department personnel did not agree with other detailed time records noting time actually worked, 3) time cards for Highway Department personnel and time sheets for general government and Sheriff's Department personnel were not always signed by the employee's supervisor, and 4) payroll clerks at the County Mayor's Office and the Highway Department routinely sign the official's name to the payroll checks (even the payroll

clerks' payroll checks) and place their initials on the checks instead of having the respective official sign the checks.

### RECOMMENDATION

Officials should ensure compliance with all provisions of the employee handbook as adopted by the County Commission. Documentation should be filed and maintained in the County Mayor's Office to support payroll disbursements. Total daily and weekly time sheets should correspond with other detailed time records noting actual time worked. Time cards and time sheets should be signed by the employee's supervisor as evidence of review and approval. To strengthen internal controls over segregation of duties, employees who issue checks should not be allowed to sign the checks.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

Once made aware of the deficiencies, we corrected them and continue to monitor them as we move forward. All payroll checks will be signed by the county mayor, and in his absence, the checks will be signed by other authorized employees of the Mayor's Office other than the payroll clerk.

### MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT

We are going to let the County Commission know that we're going to keep our old system of computing vacation and sick leave. Since the commission will not meet in December, we will inform them at the January meeting. The program is not on our old computer, and we would rather not use the new program. When they changed this a year or so ago, we did not have a program to use the new formula. We have ordered a new computer and a server and are waiting for someone to install it for us. The bookkeeper will stop signing her own checks and the other bookkeeper's payroll checks. We didn't realize it was wrong to do this.

### MANAGEMENT'S RESPONSE – SHERIFF

Deputies' overtime is now calculated on the 28-day cycle as stated in the county's policy, and time sheets are checked for accuracy and signed by supervisors.

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## OFFICES OF COUNTY MAYOR AND SHERIFF

### FINDING 2014-002

### **THE OFFICES HAD PURCHASING DEFICIENCIES**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Purchasing procedures for Unicoi County are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated*. As a part of our auditing procedures for determining whether internal controls over purchasing were operating as designed, we initially selected a sample of 30 disbursements. Due to deficiencies noted in certain items in the original sample that were paid from expenditure accounts for the Sheriff's Department and the Jail, we selected seven additional

disbursements from those accounts. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight and the failure to adopt and implement proper policies and procedures.

- A. Our sample revealed deficiencies in the issuance of purchase orders. These deficiencies consisted of: 1) Purchase orders were not issued for seven applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments; 2) In two instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase; and 3) In three instances, purchase orders were signed by the accounts payable clerk as indicated by her initials next to the county mayor's signature. This practice removes the internal control that ensures that proper authorization is obtained for all purchases. This is an important oversight responsibility to prevent unauthorized purchases and payments.
- B. Instances were noted where the bookkeeper signed the county mayor's name on the check as was indicated by her initials next to the county mayor's name. This practice removes the internal control that ensures a segregation of duties and that proper authorization is obtained for all disbursements. This is an important oversight responsibility to prevent unauthorized payments.
- C. Three instances were noted where documentation on file to support payments to individuals for services rendered was inadequate. Documentation consisted of payment requests signed by the sheriff and submitted to the County Mayor's Office. One payment request included only the following notation: "for the use of her truck on several trips to the military bases to bring back equipment." No other details such as dates of service, destination, and description of services were included. In another instance involving hauling services for surplus equipment, a generic invoice was on file, but there was no invoice date(s) of service. In the third instance, the sheriff submitted a payment request for auctioneer fees, but there was no documentation on file from the payees as confirmation that they provided the services or received the payments. The practice of disbursing funds without invoices and other documentation increases the risks of paying for goods or services that were not received.
- D. Three instances were noted where receipts were not on file to support credit card charges made by employees of the Sheriff's Department. These purchases included lodging, printer toner, and cell phones. The county travel policy requires that travel must be preapproved by the officeholder, and state rates should be obtained when possible. Without supporting documentation, it is not possible to determine if credit card charges for travel were in compliance with the county's travel policy. These deficiencies are the result of a lack of management oversight and the failure to adopt formal policies and procedures governing the use of credit cards.

- E. Ten of the 37 applicable expenditures were coded to accounts that did not reflect the true nature of the transactions. Misclassifications included auctioneer fees classified as “Other Salaries and Wages” and monthly lease/rental payments for a copier posted to five separate expenditure accounts (Maintenance and Repair Services – Equipment, Law Enforcement Supplies, Office Supplies, Other Charges, and Law Enforcement Equipment). Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. These misclassifications have been corrected in the financial statements in this report.

### RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Employees’ who issue checks should not be allowed to sign the checks. Invoices should not be paid without documentation that goods have been received or services rendered. Officials should comply with the county’s travel policy. The county should develop written policies and procedures for the use of credit cards. Expenditures should be properly classified in the accounting records.

### MANAGEMENT’S RESPONSE – COUNTY MAYOR

Changes have already been made to comply with these recommendations concerning issuing and signing purchase orders and vendor checks. Also, we hope to have a written policy for purchasing and credit cards in place as soon as possible. We have made many improvements over the past few years for purchasing and hope to continue to comply as things are brought to our attention.

### MANAGEMENT’S RESPONSE – SHERIFF

Department policy has been implemented for submitting invoices from individuals and auctioneers. Also, a directive has been issued that all credit card receipts will be turned in to the county’s bookkeeper. A purchase order has been issued for copier/rental that will reflect one account for the year.

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### OFFICES OF COUNTY MAYOR AND TRUSTEE

#### FINDING 2014-003

#### **THE DRUG CONTROL FUND HAD CASH OVERDRAFTS, AND THE COUNTY TRUSTEE PAID CHECKS ISSUED BY THE DRUG CONTROL FUND THAT EXCEEDED AVAILABLE FUNDS**

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

We noted the following deficiencies that resulted in cash overdrafts in the Drug Control Fund:

- A. The County Mayor's Office issued a check totaling \$40,828 on December 16, 2013, for the purchase of vehicles for the Sheriff's Department. The issuance of this check exceeded cash on deposit with the county trustee, resulting in the Drug Control Fund having a cash overdraft of \$7,244.41 on December 31, 2013, and \$3,329.31 on January 31, 2014.
- B. The trustee paid checks issued by the Drug Control Fund that exceeded the available cash balance on deposit. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a check if sufficient funds are not available.

The cash overdrafts were liquidated on February 4, 2014, with proceeds from the sale of personal property previously awarded to the Sheriff's Department.

**RECOMMENDATION**

The County Mayor's Office should not issue checks exceeding cash on deposit with the county trustee, and the trustee should not pay checks that exceed available cash as required by state statute.

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

The prior month for the Drug Control Fund had a significant balance and with monthly revenue coming through the Trustee's Office, we were unaware at the time that there were not sufficient funds for the checks written. The Mayor's Office has a better understanding now, and will keep a monthly balance after month-end reconciliations with the Trustee's Office so this will not happen again.

**MANAGEMENT'S RESPONSE – SHERIFF**

Department procedure will be to confirm the balance with the Trustee's Office and the County Mayor's Office before requesting purchase orders for expenditures.

**OFFICE OF COUNTY MAYOR**

**FINDING 2014-004**

**VARIOUS PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED MONTHLY**  
 (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments each month in the General and Drug Control funds. As a result, unidentified balances, including negative balances, accumulated in the liability accounts for several payroll deductions. Sound business practices dictate that payroll liability accounts should

be reconciled with billings monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The payroll liability accounts, which were not already being reconciled on a monthly basis, are now being reconciled monthly.

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FINDING 2014-005

**THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was corrected on April, 29 2014, after being brought to the attention of management.

RECOMMENDATION

The office should continue to ensure that adequate controls over its information systems and the resources associated with those systems are in place.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

When this issue was brought to our attention, we immediately corrected the deficiency with the help of our software vendor. At the time this recommendation was made, we were unaware of the problem.

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## OFFICE OF HIGHWAY SUPERINTENDENT

### FINDING 2014-006

### **THE OFFICE HAD PURCHASING DEFICIENCIES**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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, *Tennessee Code Annotated*. As a part of our auditing procedures for determining whether internal controls over purchasing were operating as designed, we selected a sample of 31 disbursements. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight and the failure to adopt and implement proper policies and procedures.

- A. Our sample revealed that purchase orders were on file in most instances; however, 1) Dollar amounts and account numbers were not always reflected on the purchase order until the invoice was received. Dollar amounts and account numbers on purchase orders at the time of issuance are necessary to quantify purchasing commitments and identify the accounts to be charged, and 2) Purchases charged to the county credit card were not always supported with purchase orders. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. This deficiency could result in unauthorized purchases, purchases made without adequate appropriation, and undocumented purchasing commitments.
- B. Twenty instances were noted where the bookkeeper signed the road superintendent's name on the check as was indicated by her initials next to the road superintendent's name. This practice removes the internal control that ensures a segregation of duties and that proper authorization is obtained for all disbursements. This is an important oversight responsibility to prevent unauthorized payments.
- C. We noted numerous purchases of fuel, meals, and lodging that were charged to the county's credit card. Receipts were on file for these charges; however, travel claims reflecting the purpose of the travel, and the employee(s) incurring the travel expenses were not on file. These deficiencies are the result of the lack of management oversight and failure to abide by the county's travel policy.
- D. We noted numerous other charges to the county's credit card for items including equipment, tools, and vehicle repair parts. Sales tax was paid on some of these purchases, even though the county has tax exempt status. This practice results in the unnecessary expenditure of county funds.

## RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should complete purchase orders prior to the purchase being made. Employees' who prepare checks should not sign the checks. Officials should comply with the county's travel policy. The county should develop written policies and procedures for the use of credit cards. The department should take steps to ensure that sales tax is not incurred on credit card purchases.

## MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT

We have ordered a new computer and a server and are waiting for them to be installed. Once the computer is installed, and we are taught how to process purchase orders, we will straighten out this matter. Our new employees didn't realize what to do about the companies charging sales tax on our invoices. The bookkeeper tried to catch these, but failed on several occasions. We will make sure this is corrected. I was not aware of this mistake being made.

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## OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

### FINDING 2014-007

### **DEFICIENCIES EXISTED IN THE ACCOUNTING RECORDS**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The Office of Circuit and General Sessions Courts Clerk was in the process of converting to a new accounting software system during a portion of the current year. This conversion to the new software was effective as of July 1, 2014. This conversion process contributed to some of the deficiencies noted below:

- A. Activities related to trust accounts were not posted on a current basis. Deposits and interest earnings of \$133,744 and withdrawals of \$6,433 had not been recorded on the general ledger or the trust account subsidiary ledgers for General Sessions Court. These errors and omissions would have been detected if the clerk had periodically reconciled the subsidiary records and the general ledger with the account statements.
- B. Employees of the office had attempted to reconcile the checking account bank statements and had identified some variances; however, numerous variances remained unidentified or incorrectly identified. In addition, inadequate details for certain other variances noted on prior-year bank reconciliations made the preparation of correcting entries/audit adjustments difficult.
- C. At June 30, 2014, the general ledger for Circuit Court reflected a deficit of \$10,424 in the fee and commission account. This deficit resulted primarily from overpayments made to the county trustee. These overpayments had been reflected on the docket trial balance since the office converted from a

manual accounting system to an automated accounting system in a prior year. A receivable from the Unicoi County General Fund is reflected in the Constitutional Officers – Agency Fund in the financial statements of this report. As of the date of this report, the official had not requested reimbursement from the county for the overpayments.

- D. At June 30, 2014, the general ledger for General Sessions Court reflected a deficit of \$16,708 in the fee and commission account. This deficit balance resulted from posting errors related to the remittance of delinquent fines and costs. Receipts were accurately posted to the liability accounts; however, the disbursements were erroneously posted to the clerk's fee and commission account. Audit adjustments were prepared and approved by management for inclusion in the financial statements of this report.

### RECOMMENDATION

All trust account activity should be posted to the general ledger and trust account subsidiary ledgers currently. Bank statements should be reconciled with general ledger control accounts monthly and any variances identified and corrected in a timely manner. All general ledger accounts should be reviewed for accuracy before and after the issuance of month-end checks.

### MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

The audit findings for this fiscal year are the first findings this office has had in several years. These findings are due to problems with the computer software our court system has been using since 1996. The software had many issues especially with the accounting section, which has caused many problems throughout the years. The biggest problem presented with the software was the fact that it did not post accounting work entered by the bookkeeper to the general ledger. This caused problems with the balancing of accounts within the general ledger section of the books. The most recent sub-section of the software, the trust accounts, was especially bad for causing the money deposited/withdrawn not to post correctly. This problem was addressed with the computer vendor who offered no assistance or help with the situation and would often refuse to cooperate with audit recommendations. Due to these issues, our office has replaced this software with a computer system that is linked to the State of Tennessee who will comply with all audit recommendations and will make sure our system is up to date with state regulations.

With the new computer system, we have already been able to make many corrections suggested by the auditors in this audit. The monies addressed within this year's findings are all accounted for, and the issues addressed were data entry related. All findings will be corrected by next year's audit with the new computer system we have purchased.

**OFFICE OF SHERIFF**

**FINDING 2014-008**

**UNICOI COUNTY HAD INVENTORY DEFICIENCIES,  
AND THEIR USE OF SECTION 1033 EXCESS FEDERAL  
PROPERTY IS QUESTIONED**

(A. and B. – Internal Control – Significant Deficiency Under  
*Government Auditing Standards* and *OMB Circular A-133*;

C. – Noncompliance Under *Government Auditing Standards*  
and *OMB Circular A-133*)

During the year, Unicoi County received surplus property items through the State of Tennessee, Department of General Services under the federal Department of Defense Section 1033 Excess Property Program. The state and the Department of Defense established guidelines for participants that receive property through the program. These guidelines provide directives as to the use, accountability, reporting, and disposal of property received through this program. The county had the following deficiencies in complying with these guidelines:

- A. While the county did have an inventory list of property items that had been received through the program, it was noted that this list did not include information concerning the detailed description of the property or other identifying number, location of the property, who had custody of the property, or any other identifying information. Program guidelines require the maintenance of an inventory of all property received, which should include information concerning the description, identifying number, location of, and other pertinent information for adequate identification. Without proper identification of items and control of inventory, there is no means to determine the status of program property that has been received.
- B. We noted that formal tracking procedures had not been implemented, and property received had not been stored in a secure central location. Property was being stored and/or used in several locations, no procedures were in place to document the location or use of the property, and in some areas, access was not limited to authorized personnel. Program property accountability guidelines require the proper storage and security of the property with asset tracking and sign-out procedures in place. In the absence of these procedures, the county has no way to determine where the property is located, if the property is secure, who has custody of the property, if the property is being used for program purposes, or if the property should be reported/identified as lost, missing, stolen, or unused.
- C. We performed a physical observation and noted that some program property had been placed for use in the kitchen at the Unicoi County Sheriff's Department/Jail Annex. This property was being used in the storage and preparation of meals for inmates. Program guidelines state that property received is to be used for law enforcement and counter-drug activities and not used for the operation of jails. This resulted in questioned costs of \$4,133, the value at which those items are reported on the Schedule of Expenditures of Federal Awards.

When Section 1033 Excess Property program guidelines are not followed the state could suspend or terminate Unicoi County's participation in the program and initiate corrective action for failure to meet the program guidelines. If terminated, the county could be required to return or transfer any and all program assets received under the program.

#### RECOMMENDATION

Unicoi County should maintain adequate inventory records of all program property, provide proper storage and security of the property, and implement an asset tracking system where the status of each asset can be readily determined. Management should ensure that program property is being used in accordance with program guidelines.

#### MANAGEMENT'S RESPONSE – SHERIFF

The military equipment inventory list has been updated to include description, identifying number, and location. Also, a process is being implemented whereby location and use of inventory will be documented, and steps are being taken to ensure all items are stored in a secure location.

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#### FINDING 2014-009

#### **DEFICIENCIES WERE NOTED IN HANDLING CASH BONDS, WHICH RESULTED IN A CASH SHORTAGE OF \$1,000**

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the month of January 2014, to examine receipts and deposits for the sheriff's checking account. One instance was noted where a cash bond totaling \$337.50 was receipted on January 7, 2014, but was not deposited until February 3, 2014. Upon inquiry of the sheriff and the bookkeeper, it was revealed that this deficiency had been discovered by the bookkeeper when she contacted the General Sessions Court Clerk's Office to determine if the cash bond had been remitted to the clerk's office. As a result of this deficiency, we examined all cash bonds issued during the period July 1, 2013, through March 17, 2014, to determine if cash bonds were deposited in compliance with the three-day deposit law. However, no other deficiencies were noted from this expanded testing.

On July 29, 2014, the sheriff submitted a Fraud Reporting Form to our office related to a missing cash bond of \$1,000. The cash bond had been receipted and placed in a lock box on July 9, 2014, for the collection of delinquent child support. However, when the bookkeeper began posting the cash journal, it was discovered that the funds had not been deposited. The department began an internal investigation and contacted the Tennessee Bureau of Investigation to assist. As of the date of this report, the investigation is ongoing. The shortage was liquidated in September 2014, when a check was written from the county's General Fund to the Unicoi County Chancery Court.

## RECOMMENDATION

The sheriff should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute. All collections should be adequately secured and accounted for properly.

## MANAGEMENT'S RESPONSE – SHERIFF

Procedures have been implemented for handling cash bonds that will ensure that this money will be adequately secure and accounted for properly.

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## UNICOI COUNTY COMMISSION

### FINDING 2014-010

### **THE COUNTY COMMISSION'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE**

(Noncompliance Under *Government Auditing Standards*)

Unicoi County participates in the ThreeStar Program through the Tennessee Department of Economic and Community Development to assist the county's community development efforts in competing for jobs and attracting industry. One of the requirements of the ThreeStar Program is that the county must create and maintain an Audit Committee. The Unicoi County Commission created an Audit Committee on February 24, 2014, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, there are no minutes to document that this Audit Committee has ever met or conducted any business. Without a functioning Audit Committee, the County Commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

## RECOMMENDATION

The County Commission's Audit Committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full County Commission.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

An Audit Committee was appointed during the 2013-14 fiscal year, and we plan on it being fully functional.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Defense: Passed-through State Department of General Services: Section 1033 Excess Property Program	2014-011	12. UNKNOWN	Section 1033 Excess Property Program Guidelines and Circular A-133 Compliance Supplement, Part 3, Sections A,B, F, and N	Internal Control and Noncompliance - See Finding 2014-008: Unicoi County had inventory deficiencies and questioned use of assets for Section 1033 excess property.	\$ 4,133

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Unicoi County.

### **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 processes. 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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Unicoi County. Therefore, 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.

**UNICOI COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2014**

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

**Sheriff – Corrective Action Plan for Current-Year's Findings**

**FINDING 2014-011**

Contact person: Mike Hensley

Corrective action planned: The Unicoi County Sheriff's Department is in the process of creating an inventory list of all items that have been received through the Section 1033 Excess Federal Property program. This list will include description, identifying number, location, and other relevant information for adequate identification purposes.

A process is being implemented whereby the location and use of inventory items will be documented. Steps are being taken to ensure that all inventory items are stored in a secure location.

We are in the process of addressing the property being used in the kitchen at the annex for food preparation for inmates who are incarcerated by law enforcement officers for violation of county and state laws. We are in the process of seeking avenues to replace this equipment.

Anticipated completion date: January 2015