

ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

MARIE TIDWELL, CPA
Auditor 4

BRAD BURKE, CPA, CIA
GREG BRUSH, CISA
State Auditors

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

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Summary of Audit Findings

Annual Financial Report
Unicoi County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Unicoi County as of and for the year ended June 30, 2015.

Results

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

Our audit resulted in three 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:

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.

OFFICE OF HIGHWAY SUPERINTENDENT

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

INTRODUCTORY SECTION

Unicoi County Officials
June 30, 2015

Officials

Greg Lynch, County Mayor
Terry Haynes, Road Superintendent
John English, Director of Schools
Paul Berry, Trustee
Wayne Peterson, 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	Bridget Peters
Kenneth Garland	Loren Thomas
Walter Garland	Glenn White
Jason Harris	Gene Wilson
John Mosley	

Board of Education

Cathy Thomas, Chairman	Ruth Gaines
Tyler Engle	Lisa White
Garland Evely	Steve Willis

Audit Committee

Dr. James Hatcher, Chairman	Kenneth Kisiel
John Harris	Robert Stromberg

FINANCIAL SECTION



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

Independent Auditor's Report

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, 2015, 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 3.1 percent, 3.7 percent, and 2.7 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, 2015, 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. 68, Accounting and Financial Reporting for Pensions; GASB Statement No. 69, Government Combinations and Disposals of Government Operations; and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a restatement to the beginning Governmental Activities net position totaling (\$798,260), and the discretely presented School Department net position totaling (\$4,037,719), on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. 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 schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress – pension plan and other postemployment benefits plan on pages 82-88 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

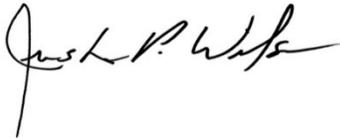
directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our 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 September 24, 2015, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 24, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Unicoi County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government Governmental Activities	Component Units	
		Unicoi County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 18,726	\$ 66,641	\$ 486,671
Equity in Pooled Cash and Investments	5,444,128	7,274,373	0
Investments	0	0	54,831
Accounts Receivable	52,576	2,121	0
Due from Other Governments	763,844	258,673	0
Due from Component Units	600	0	0
Prepaid Items	0	0	3,451
Property Taxes Receivable	6,303,936	2,738,074	0
Allowance for Uncollectible Property Taxes	(248,233)	(107,819)	0
Net Pension Asset - Cost Share Plan	0	39,377	0
Capital Assets:			
Assets Not Depreciated:			
Land	511,921	615,753	0
Construction in Progress	529,837	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	4,246,129	23,054,494	0
Machinery and Equipment	0	0	522,534
Other Capital Assets	1,136,285	1,533,898	59,980
Infrastructure	4,999,648	0	0
Total Assets	<u>\$ 23,759,397</u>	<u>\$ 35,475,585</u>	<u>\$ 1,127,467</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 1,524,433	\$ 0	\$ 0
Pension Changes in Experience	0	95,596	0
Pension Contributions after Measurement Date	287,598	1,061,613	0
Pension Changes Other Deferrals	0	76,311	0
Total Deferred Outflows of Resources	<u>\$ 1,812,031</u>	<u>\$ 1,233,520</u>	<u>\$ 0</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>LIABILITIES</u>			
Accounts Payable	\$ 76,684	\$ 3,953	\$ 2,397
Accrued Payroll	150,022	0	9,955
Accrued Interest Payable	131,856	0	0
Payroll Deductions Payable	39,162	0	0
Due to Primary Government	0	600	0
Due to State of Tennessee	2,614	0	0
Other Current Liabilities	10,970	458,037	0
Noncurrent Liabilities:			
Due Within One Year	1,944,526	55,600	0
Due in More Than One Year (net of unamortized premium on debt)	25,020,142	899,648	0
Total Liabilities	<u>\$ 27,375,976</u>	<u>\$ 1,417,838</u>	<u>\$ 12,352</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,791,497	\$ 2,515,498	\$ 0
Pension Changes in Experience	99,961	123,167	0
Pension Changes in Investment Earnings	472,525	3,826,599	0
Total Deferred Inflows of Resources	<u>\$ 6,363,983</u>	<u>\$ 6,465,264</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 7,283,247	\$ 25,204,145	\$ 582,514
Restricted for:			
General Government	173,261	0	0
Finance	33,730	0	0
Administration of Justice	13,205	0	0
Public Safety	26,243	0	0
Public Health and Welfare	679,176	0	0
Highways/Public Works	1,104,652	0	0
Debt Service	1,823,260	0	0
Education	0	403,158	0
Capital Projects	2,366	0	0
Unrestricted	<u>(19,307,671)</u>	<u>3,218,700</u>	<u>532,601</u>
Total Net Position	<u>\$ (8,168,531)</u>	<u>\$ 28,826,003</u>	<u>\$ 1,115,115</u>

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

Exhibit B

Unicoi County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Primary			Component Units			
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Unicoi County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 1,051,813	\$ 149,041	\$ 74,032	\$ 0	\$ (828,740)	\$ 0	\$ 0
Finance	764,751	434,927	0	0	(329,824)	0	0
Administration of Justice	740,543	523,941	9,000	0	(207,602)	0	0
Public Safety	4,254,634	855,500	165,407	737,237	(2,496,490)	0	0
Public Health and Welfare	1,283,236	1,080	331,498	152,813	(797,845)	0	0
Social, Cultural, and Recreational Services	77,959	14,905	0	0	(63,054)	0	0
Agriculture and Natural Resources	35,899	0	0	0	(35,899)	0	0
Highways	2,043,757	158,173	1,355,298	536,183	5,897	0	0
Education	237,033	0	0	0	(237,033)	0	0
Interest on Long-term Debt	1,112,635	0	0	0	(1,112,635)	0	0
Total Primary Government	\$ 11,602,260	\$ 2,137,567	\$ 1,935,235	\$ 1,426,233	\$ (6,103,225)	\$ 0	\$ 0
Component Units:							
Unicoi County School Department	\$ 21,732,515	\$ 279,258	\$ 2,956,368	\$ 84,232	\$ 0	\$ (18,412,657)	\$ 0
Emergency Communications District	406,801	81,706	292,665	0	0	0	(32,430)
Total Component Units	\$ 22,139,316	\$ 360,964	\$ 3,249,033	\$ 84,232	\$ 0	\$ (18,412,657)	\$ (32,430)

(Continued)

Exhibit B

Unicoi County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	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				\$ 4,375,674	\$ 2,625,059	\$ 0	0
Property Taxes Levied for Debt Service				1,669,289	0	0	0
Local Option Sales Taxes				482,076	1,442,102	0	0
Hotel/Motel Tax				57,028	0	0	0
Litigation Tax - General				64,767	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				115,162	0	0	0
Business Tax				71,849	31,211	0	0
Mixed Drink Tax				1,570	1,610	0	0
Mineral Severance Tax				26,276	0	0	0
Wholesale Beer Tax				10,167	4,653	0	0
Interstate Telecommunications Tax				851	1,815	0	0
Other Statutory Local Taxes				55,735	0	0	0
Other Local Taxes				0	341	0	0
Grants and Contributions Not Restricted to Specific Programs				746,603	13,783,006	228,011	228,011
Unrestricted Investment Income				34,223	6,626	283	283
Miscellaneous				20,841	231,544	0	0
Pension Income				0	21,052	0	0
Total General Revenues				\$ 7,732,111	\$ 18,149,019	\$ 228,294	228,294
Change in Net Position				\$ 1,628,886	\$ (263,638)	\$ 195,864	195,864
Net Position, July 1, 2014				(8,999,157)	33,127,360	919,251	919,251
Restatement - Pension Liability (see Note I.D.9)				(798,260)	(4,037,719)	0	0
Net Position, June 30, 2015				\$ (8,168,531)	\$ 28,826,003	\$ 1,115,115	1,115,115

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

Unicoi County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	0	0	0	0	18,726	\$ 18,726
Cash	869,621	1,514,763	2,881,101	178,643	5,444,128	\$ 5,444,128
Equity in Pooled Cash and Investments	10,142	17,674	0	24,760	52,576	\$ 52,576
Accounts Receivable	362,402	243,693	157,749	0	763,844	\$ 763,844
Due from Other Governments	59,125	0	1,868	200	61,193	\$ 61,193
Due from Other Funds	600	0	0	0	600	\$ 600
Due from Component Units	3,963,080	163,739	1,741,154	435,963	6,303,936	\$ 6,303,936
Property Taxes Receivable	(156,057)	(6,447)	(68,562)	(17,167)	(248,233)	\$ (248,233)
Allowance for Uncollectible Property Taxes						
Total Assets	\$ 5,108,913	\$ 1,933,422	\$ 4,713,310	\$ 641,125	\$ 12,396,770	\$ 12,396,770

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
Accrued Payroll
Payroll Deductions Payable
Due to Other Funds
Due to State of Tennessee
Other Current Liabilities
Total Liabilities

\$	40,961	0	0	0	35,723	\$ 76,684
	150,022	0	0	0	150,022	\$ 150,022
	38,594	568	0	0	39,162	\$ 39,162
	200	13,880	0	47,113	61,193	\$ 61,193
	2,599	0	0	15	2,614	\$ 2,614
	0	0	0	10,970	10,970	\$ 10,970
Total Liabilities	\$ 232,376	\$ 14,448	\$ 0	\$ 93,821	\$ 340,645	\$ 340,645

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Deferred Delinquent Property Taxes
Other Deferred/Unavailable Revenue
Total Deferred Inflows of Resources

\$	3,640,926	150,429	1,599,618	400,524	5,791,497	\$ 5,791,497
	160,030	6,612	70,309	17,605	254,556	\$ 254,556
	27,361	122,851	71,867	0	222,079	\$ 222,079
Total Deferred Inflows of Resources	\$ 3,828,317	\$ 279,892	\$ 1,741,794	\$ 418,129	\$ 6,268,132	\$ 6,268,132

(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	
\$	173,261	\$ 0	\$ 0	\$ 0	\$ 0	173,261
Restricted for General Government	33,730	0	0	0	0	33,730
Restricted for Finance	13,205	0	0	0	0	13,205
Restricted for Administration of Justice	6,640	0	0	19,603	0	26,243
Restricted for Public Safety	82,571	0	0	0	0	82,571
Restricted for Public Health and Welfare	0	993,678	0	0	0	993,678
Restricted for Highways/Public Works	0	0	1,812,940	0	0	1,812,940
Restricted for Debt Service	0	0	0	2,366	0	2,366
Restricted for Capital Projects	579,000	0	0	0	0	579,000
Restricted for Other Purposes	0	0	0	0	0	0
Committed:						
Committed for Public Health and Welfare	0	0	0	107,206	0	107,206
Committed for Highways/Public Works	0	645,404	0	0	0	645,404
Committed for Debt Service	0	0	1,158,576	0	0	1,158,576
Unassigned	159,813	0	0	0	0	159,813
Total Fund Balances	\$ 1,048,220	\$ 1,639,082	\$ 2,971,516	\$ 129,175	\$ 0	\$ 5,787,993
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,108,913	\$ 1,933,422	\$ 4,713,310	\$ 641,125	\$ 0	\$ 12,396,770

FUND BALANCES

Restricted:
 Restricted for General Government
 Restricted for Finance
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Highways/Public Works
 Restricted for Debt Service
 Restricted for Capital Projects
 Restricted for Other Purposes
 Committed:
 Committed for Public Health and Welfare
 Committed for Highways/Public Works
 Committed for Debt Service
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Unicoi County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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)		\$	5,787,993
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	511,921	
Add: construction in progress		529,837	
Add: buildings and improvements net of accumulated depreciation		4,246,129	
Add: other capital assets net of accumulated depreciation		1,136,285	
Add: infrastructure net of accumulated depreciation		<u>4,999,648</u>	11,423,820
(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	\$	(2,584,228)	
Less: bonds payable		(21,810,000)	
Less: capital leases payable		(353,997)	
Add: deferred amount on refunding		1,524,433	
Less: unamortized premium on debt		(1,829,656)	
Less: compensated absences payable		(147,560)	
Less: net pension liability		(239,227)	
Less: accrued interest on bonds, notes, and capital leases		<u>(131,856)</u>	(25,572,091)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	287,598	
Less: deferred inflows of resources related to pensions		<u>(572,486)</u>	(284,888)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>476,635</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(8,168,531)</u></u>

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

Unicoi County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 4,065,929	\$ 160,477	\$ 2,291,440	\$ 424,443	\$ 6,942,289	
Licenses and Permits	19,092	789	8,388	2,099	30,368	
Fines, Forfeitures, and Penalties	83,141	0	0	45,913	129,054	
Charges for Current Services	101,259	0	0	8,836	110,095	
Other Local Revenues	46,989	12,046	1,807	2,400	63,242	
Fees Received from County Officials	907,184	0	0	0	907,184	
State of Tennessee	1,160,588	1,893,423	0	32,688	3,086,699	
Federal Government	55,136	20,155	0	152,813	228,104	
Other Governments and Citizens Groups	380,005	153,414	375,881	0	909,300	
Total Revenues	\$ 6,819,323	\$ 2,240,304	\$ 2,677,516	\$ 669,192	\$ 12,406,335	
<u>Expenditures</u>						
Current:						
General Government	\$ 875,916	\$ 0	\$ 0	\$ 0	\$ 875,916	
Finance	751,876	0	0	436	752,312	
Administration of Justice	761,351	0	0	8,802	770,153	
Public Safety	3,756,095	0	0	68,281	3,824,376	
Public Health and Welfare	658,541	0	0	464,610	1,123,151	
Social, Cultural, and Recreational Services	67,284	0	0	0	67,284	
Agriculture and Natural Resources	35,572	0	0	0	35,572	
Other Operations	100,683	0	0	0	100,683	
Highways	0	2,331,487	0	0	2,331,487	
Debt Service:						
Principal on Debt	0	0	1,758,588	0	1,758,588	
Interest on Debt	0	0	1,145,421	0	1,145,421	
Other Debt Service	0	0	285,938	0	285,938	

(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>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 171,497	\$ 171,497	\$ 171,497
Total Expenditures	\$ 7,007,318	\$ 2,331,487	\$ 3,189,947	\$ 713,626	\$ 13,242,378	\$ 13,242,378
Excess (Deficiency) of Revenues Over Expenditures	\$ (187,995)	\$ (91,183)	\$ (512,431)	\$ (44,434)	\$ (836,043)	\$ (836,043)
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 14,500,000	\$ 0	\$ 14,500,000	\$ 14,500,000
Premiums on Debt Issued	0	0	1,837,860	0	1,837,860	1,837,860
Insurance Recovery	30,065	3,525	0	10,215	43,805	43,805
Transfers In	585	0	166,180	0	166,765	166,765
Transfers Out	0	0	0	(166,765)	(166,765)	(166,765)
Payments to Refunded Debt Escrow Agent	0	0	(16,091,740)	0	(16,091,740)	(16,091,740)
Total Other Financing Sources (Uses)	\$ 30,650	\$ 3,525	\$ 412,300	\$ (156,550)	\$ 289,925	\$ 289,925
Net Change in Fund Balances	\$ (157,345)	\$ (87,658)	\$ (100,131)	\$ (200,984)	\$ (546,118)	\$ (546,118)
Fund Balance, July 1, 2014	1,205,565	1,726,740	3,071,647	330,159	6,334,111	6,334,111
Fund Balance, June 30, 2015	\$ 1,048,220	\$ 1,639,082	\$ 2,971,516	\$ 129,175	\$ 5,787,993	\$ 5,787,993

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, 2015

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)		\$	(546,118)
(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	\$	656,939	
Less: current-year depreciation expense		<u>(768,011)</u>	(111,072)
(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			390,942
(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, 2015	\$	476,635	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(389,061)</u>	87,574
(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: refunding bonds proceeds	\$	(14,500,000)	
Less: change in premium on debt issuances		(1,796,509)	
Add: principal payments on bonds		1,190,569	
Add: principal payments on notes		390,095	
Add: principal amount of debt refunded		14,568,602	
Add: principal payments on capital leases		177,924	
Add: change in deferred amount on refunding debt		<u>1,498,404</u>	1,529,085
(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	\$	16,168	
Change in compensated absences payable		(11,838)	
Change in net pension liability/asset		559,033	
Change in deferred outflows related to pensions		287,598	
Change in deferred inflows related to pensions		<u>(572,486)</u>	278,475
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,628,886</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,065,929	\$ 4,117,222	\$ 4,117,222	\$ (51,293)
Licenses and Permits	19,092	15,000	15,000	4,092
Fines, Forfeitures, and Penalties	83,141	124,175	135,917	(52,776)
Charges for Current Services	101,259	96,975	96,975	4,284
Other Local Revenues	46,989	51,050	51,282	(4,293)
Fees Received from County Officials	907,184	869,000	869,000	38,184
State of Tennessee	1,160,588	1,250,164	1,315,164	(154,576)
Federal Government	55,136	34,900	51,490	3,646
Other Governments and Citizens Groups	380,005	424,689	430,239	(50,234)
Total Revenues	\$ 6,819,323	\$ 6,983,175	\$ 7,082,289	\$ (262,966)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 48,471	\$ 51,312	\$ 51,312	\$ 2,841
Board of Equalization	1,700	2,100	2,100	400
County Mayor/Executive	256,819	257,102	258,462	1,643
County Attorney	27,000	32,000	32,000	5,000
Election Commission	195,086	200,442	201,553	6,467
Register of Deeds	177,826	182,198	185,418	7,592
Planning	11,143	12,310	12,310	1,167
County Buildings	112,676	134,429	134,429	21,753
Other General Administration	44,059	46,347	46,347	2,288
Preservation of Records	1,136	11,300	11,300	10,164
<u>Finance</u>				
Property Assessor's Office	233,587	248,700	249,694	16,107
County Trustee's Office	175,407	181,631	181,871	6,464
County Clerk's Office	261,195	275,727	300,879	39,684
Other Finance	81,687	96,000	96,000	14,313
<u>Administration of Justice</u>				
Circuit Court	428,987	440,880	451,191	22,204
General Sessions Court	122,569	123,333	123,816	1,247
Chancery Court	164,588	165,198	165,773	1,185
Juvenile Court	45,207	48,345	48,176	2,969
<u>Public Safety</u>				
Sheriff's Department	1,950,212	2,026,514	2,007,332	57,120
Special Patrols	0	25,000	25,000	25,000
Jail	751,439	693,861	774,597	23,158
Workhouse	443,450	459,797	463,431	19,981
Juvenile Services	9,000	9,000	9,000	0
Fire Prevention and Control	58,000	58,000	58,000	0
Civil Defense	60,732	63,204	64,350	3,618
Other Emergency Management	4,750	4,750	4,750	0
County Coroner/Medical Examiner	32,372	38,331	38,431	6,059
Other Public Safety	446,140	490,692	491,852	45,712

(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	\$ 83,699	\$ 90,565	\$ 92,947	\$ 9,248
Rabies and Animal Control	136,861	136,701	137,605	744
Ambulance/Emergency Medical Services	168,000	181,500	181,500	13,500
Other Local Health Services	169,202	253,800	253,800	84,598
Regional Mental Health Center	1,000	1,000	1,000	0
Appropriation to State	23,519	23,519	23,519	0
Sanitation Education/Information	27,978	33,700	33,700	5,722
Other Public Health and Welfare	48,282	76,455	121,455	73,173
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	2,375	2,375	2,375	0
Senior Citizens Assistance	35,600	35,600	35,600	0
Libraries	22,700	22,700	22,700	0
Other Social, Cultural, and Recreational	6,609	6,609	6,609	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	32,272	34,031	34,031	1,759
Forest Service	800	800	800	0
Soil Conservation	2,500	2,500	2,500	0
<u>Other Operations</u>				
Tourism	8,300	8,300	8,300	0
Industrial Development	49,720	53,895	53,895	4,175
Veterans' Services	950	950	950	0
Contributions to Other Agencies	1,425	1,425	1,425	0
Employee Benefits	38,038	30,000	40,531	2,493
Miscellaneous	2,250	2,250	2,250	0
Total Expenditures	\$ 7,007,318	\$ 7,377,178	\$ 7,546,866	\$ 539,548
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (187,995)	\$ (394,003)	\$ (464,577)	\$ 276,582
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 30,065	\$ 0	\$ 0	\$ 30,065
Transfers In	585	0	584	1
Total Other Financing Sources	\$ 30,650	\$ 0	\$ 584	\$ 30,066
Net Change in Fund Balance	\$ (157,345)	\$ (394,003)	\$ (463,993)	\$ 306,648
Fund Balance, July 1, 2014	1,205,565	1,026,881	1,026,881	178,684
Fund Balance, June 30, 2015	\$ 1,048,220	\$ 632,878	\$ 562,888	\$ 485,332

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 (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 160,477	\$ 0	\$ 160,477	\$ 178,404	\$ 178,404	\$ (17,927)
Licenses and Permits	789	0	789	1,074	1,074	(285)
Other Local Revenues	12,046	0	12,046	46,204	46,204	(34,158)
State of Tennessee	1,893,423	0	1,893,423	3,003,012	3,003,012	(1,109,589)
Federal Government	20,155	0	20,155	35,630	35,630	(15,475)
Other Governments and Citizens Groups	153,414	0	153,414	200,000	200,000	(46,586)
Total Revenues	\$ 2,240,304	\$ 0	\$ 2,240,304	\$ 3,464,324	\$ 3,464,324	\$ (1,224,020)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 134,616	\$ 0	\$ 134,616	\$ 136,019	\$ 139,594	\$ 4,978
Highway and Bridge Maintenance	865,969	0	865,969	1,025,632	1,008,176	142,207
Operation and Maintenance of Equipment	183,681	0	183,681	220,657	227,957	44,276
Other Charges	164,460	0	164,460	183,679	189,560	25,100
Employee Benefits	261,295	0	261,295	295,257	295,957	34,662
Capital Outlay	721,466	466,849	1,188,315	1,663,406	1,663,406	475,091
Total Expenditures	\$ 2,331,487	\$ 466,849	\$ 2,798,336	\$ 3,524,650	\$ 3,524,650	\$ 726,314
Excess (Deficiency) of Revenues Over Expenditures	\$ (91,183)	\$ (466,849)	\$ (558,032)	\$ (60,326)	\$ (60,326)	\$ (497,706)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 3,525	\$ 0	\$ 3,525	\$ 0	\$ 0	\$ 3,525
Total Other Financing Sources	\$ 3,525	\$ 0	\$ 3,525	\$ 0	\$ 0	\$ 3,525
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ (87,658)	\$ (466,849)	\$ (554,507)	\$ (60,326)	\$ (60,326)	\$ (494,181)
Fund Balance, July 1, 2014	1,726,740	0	1,726,740	1,810,609	1,810,609	(83,869)
Fund Balance, June 30, 2015	\$ 1,639,082	\$ (466,849)	\$ 1,172,233	\$ 1,750,283	\$ 1,750,283	\$ (578,050)

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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 915,978
Due from Other Governments	282,016
Restricted Assets	<u>38,569</u>
Total Assets	<u><u>\$ 1,236,563</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 282,016
Due to Litigants, Heirs, and Others	<u>954,547</u>
Total Liabilities	<u><u>\$ 1,236,563</u></u>

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

UNICOI COUNTY, TENNESSEE
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UNICOI COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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 2.1 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 represent insurance premiums (\$424,974) and payroll taxes (\$33,063) held in clearing accounts and due to the insurance administrator and the U.S. Treasury.

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. Deferred outflows or resources represent 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 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 items are for deferred charges on debt refundings, pension changes in experience, changes in pension proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) 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 items are from the following sources: current and delinquent property taxes, various receivables for revenues, which do not meet the availability criteria in governmental funds, pension changes in experience, and changes in pension investment earnings. 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, termination benefits, 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, 2015, Unicoi County had \$20,640,997 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 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, 2016 (\$277,301), encumbrances (\$322,032), and amounts assigned by the board for various purposes within Instruction (\$192,238), Support (\$281,000), and Capital Outlay (\$911,432).

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.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the

implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore a restatement to Unicoi County's beginning net position has been recognized on the Statement of Activities totaling (\$798,260). In addition, a restatement to the discretely presented School Department's beginning net position totaling (\$4,037,719) has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$983,570) and the pension cost-sharing plan (\$3,054,149).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Unicoi County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Unicoi County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Unicoi County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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, 2015, Unicoi County and the Unicoi County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
Major Fund:		
Highway/Public Works	Bridge Construction	\$ 466,849
School Department:		
Major Fund:		
General Purpose School	Roofing	265,805
"	Buses	174,419

B. Cash Shortage

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, 2015, the former employee had paid a total of \$4,650 toward liquidating the remaining restitution, leaving a balance of \$4,140 due to the School Department.

A cash shortage of \$1,000 occurred in the Office of Sheriff during July 2014. That shortage was reported in the Schedule of Findings and Questioned Costs in the Single Audit Section of the Unicoi County Annual Financial Report for the 2013-14 fiscal year. The shortage was liquidated during September 2014, when a check was written from the county's General Fund to the Unicoi County Chancery Court.

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, 2015, 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	3 to 139	N/A	\$ 364,497

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, 2015, 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, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 457,064	\$ 54,857	\$ 0	\$ 511,921
Construction in Progress	488,532	474,065	(432,760)	529,837
Total Capital Assets Not Depreciated	\$ 945,596	\$ 528,922	\$ (432,760)	\$ 1,041,758
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,624,914	\$ 451,444	\$ 0	\$ 7,076,358
Other Capital Assets	3,748,834	500,275	(162,986)	4,086,123
Infrastructure	8,711,225	0	0	8,711,225
Total Capital Assets Depreciated	\$ 19,084,973	\$ 951,719	\$ (162,986)	\$ 19,873,706
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,632,531	\$ 197,698	\$ 0	\$ 2,830,229
Other Capital Assets	2,758,304	354,520	(162,986)	2,949,838
Infrastructure	3,495,784	215,793	0	3,711,577
Total Accumulated Depreciation	\$ 8,886,619	\$ 768,011	\$ (162,986)	\$ 9,491,644
Total Capital Assets Depreciated, Net	\$ 10,198,354	\$ 183,708	\$ 0	\$ 10,382,062
Governmental Activities Capital Assets, Net	\$ 11,143,950	\$ 712,630	\$ (432,760)	\$ 11,423,820

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

Governmental Activities:

General Government	\$ 158,603
Finance	2,547
Administration of Justice	3,546
Public Safety	289,634
Public Health and Welfare	14,769
Highways	298,912
Total Depreciation Expense - Governmental Activities	\$ 768,011

Discretely Presented Unicoi County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 615,753	\$ 0	\$ 0	\$ 615,753
Total Capital Assets Not Depreciated	\$ 615,753	\$ 0	\$ 0	\$ 615,753
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,313,163	\$ 183,360	\$ 0	\$ 35,496,523
Other Capital Assets	4,495,537	185,432	(52,173)	4,628,796
Total Capital Assets Depreciated	\$ 39,808,700	\$ 368,792	\$ (52,173)	\$ 40,125,319
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,557,888	\$ 884,141	\$ 0	\$ 12,442,029
Other Capital Assets	2,844,496	302,575	(52,173)	3,094,898
Total Accumulated Depreciation	\$ 14,402,384	\$ 1,186,716	\$ (52,173)	\$ 15,536,927
Total Capital Assets Depreciated, Net	\$ 25,406,316	\$ (817,924)	\$ 0	\$ 24,588,392
Governmental Activities Capital Assets, Net	\$ 26,022,069	\$ (817,924)	\$ 0	\$ 25,204,145

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

Governmental Activities:

Instruction	\$ 891,127
Support Services	273,407
Operation of Non-instructional Services	<u>22,182</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,186,716</u>

C. Construction Commitments

At June 30, 2015, the Highway Department had uncompleted construction contracts of approximately \$466,849 for the construction of two bridges. Funding for these future expenditures is expected to be received from state grants.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Highway/Public Works	\$ 12,435
"	Nonmajor governmental	46,690
General Debt Service	Highway/Public Works	1,445
"	Nonmajor governmental	423
Nonmajor governmental	General	200

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Component Unit: School Department: General Purpose School	\$ 600

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
Nonmajor governmental funds	\$ 585	\$ 166,180

Discretely Presented Unicoi County School Department

Transfer Out	Transfer In Nonmajor Governmental Funds
General Purpose School Fund	\$ 45,000

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, 2015, were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental</u> <u>Funds</u>
2016	\$ 178,573
2017	178,574
Total Minimum Lease Payments	\$ 357,147
Less: Amount Representing Interest	<u>(3,150)</u>
Present Value of Minimum Lease Payments	<u>\$ 353,997</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 21 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, 2015, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	3.5 to 4.75 %	5-1-29	\$ 16,350,000	\$ 1,200,000
General Obligation Bonds - Refunding	2 to 5.25	5-1-35	26,515,000	20,610,000
Capital Outlay Notes	2.85 to 4.12	4-1-26	1,201,850	759,228
Capital Outlay Notes - Refunding	2 to 2.96	4-1-21	2,935,000	1,825,000
Capital Leases	0 to 2.25	7-15-16	531,921	353,997

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,235,000	\$ 938,415	\$ 2,173,415
2017	1,290,000	857,573	2,147,573
2018	1,340,000	799,760	2,139,760
2019	1,480,000	738,510	2,218,510
2020	1,535,000	681,285	2,216,285
2021-2025	6,665,000	2,498,238	9,163,238
2026-2030	8,105,000	714,950	8,819,950
2031-2035	160,000	15,929	175,929
Total	\$ 21,810,000	\$ 7,244,660	\$ 29,054,660

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2021-2025	633,000	47,136	680,136
2026	65,000	1,911	66,911
Total	\$ 2,584,228	\$ 313,252	\$ 2,897,480

There is \$2,971,516 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and capital leases totaled \$1,351, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases	Compensated Absences
Balance, July 1, 2014	\$ 23,069,171	\$ 2,974,323	\$ 531,921	\$ 135,722
Additions	14,500,000	0	0	192,929
Reductions	<u>(15,759,171)</u>	<u>(390,095)</u>	<u>(177,924)</u>	<u>(181,091)</u>
Balance, June 30, 2015	<u>\$ 21,810,000</u>	<u>\$ 2,584,228</u>	<u>\$ 353,997</u>	<u>\$ 147,560</u>
Balance Due Within One Year	<u>\$ 1,235,000</u>	<u>\$ 437,132</u>	<u>\$ 176,481</u>	<u>\$ 95,914</u>

	Net Pension Liability
Balance, July 1, 2014	\$ 798,260 (1)
Additions	156,575
Reductions	<u>(715,608)</u>
Balance, June 30, 2015	<u>\$ 239,227</u>
Balance Due Within One Year	<u>\$ 0</u>

(1) Restated for implementation of GASB Statement No. 68. See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 25,135,012
Less: Balance Due Within One Year	(1,944,526)
Add: Unamortized Premium on Debt	<u>1,829,656</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 25,020,142</u>

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

Advance and Current Refunding

On April 15, 2015, Unicoi County advance refunded \$14,050,000 of general obligation bonds issued on September 24, 2008, and current refunded \$518,602 of general obligation public improvement bonds dated April 9, 1997, with a separate general obligation bond issue of \$14,500,000.

Net proceeds from the sale amounted to \$16,233,014 (\$14,500,000 per value, plus premium of \$1,837,860, less costs of \$104,846).

Advance Refunding

A portion of the net proceeds from the refunding bonds was used to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded Series 2008 bonds, which are callable on May 1, 2018. As a result, the refunded bonds dated September 24, 2008, are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 14 years will be reduced by \$1,071,219 and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$883,899 was obtained.

Current Refunding

The remaining portion of the net proceeds from the refunding bonds was used to retire the debt dated April 9, 1997, and payment was made on April 16, 2015, to retire the old debt. As a result of the refunding, total debt service payments over the next 20 years will be reduced by \$115,962 and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$90,827 was obtained.

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, 2015, was as follows:

Governmental Activities:	Other Postemployment Benefits	Termination Benefits	Net Pension Liability
Balance, July 1, 2014	\$ 316,123	\$ 0	\$ 983,570 (1)
Additions	261,326	253,000	192,922
Reductions	(169,962)	0	(881,731)
Balance, June 30, 2015	<u>\$ 407,487</u>	<u>\$ 253,000</u>	<u>\$ 294,761</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 55,600</u>	<u>\$ 0</u>

(1) Restated for implementation of GASB Statement No. 68. See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 955,248
Less: Balance Due Within One Year	<u>(55,600)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 899,648</u>

Other postemployment benefits and net pension liabilities will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds. Termination benefits will be paid from the General Purpose School Fund.

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 (\$4,080,000) and interest (\$782,775) 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 \$746,084. The amount of revenue generated by the pledged sales tax levy and the agreement with the Town of Unicoi was \$509,815. 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, 2015, were \$98,656 and \$26,938, 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 \$1,700,000 and \$50,000 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, 2015, was as follows:

	Balance 7-1-14	Issued	Paid	Balance 6-30-15
Tax Anticipation Notes	\$ 0	\$ 1,750,000	\$ (1,750,000)	\$ 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Event

Subsequent to June 30, 2015, the county's General Debt Service Fund loaned \$800,000 in tax anticipation notes to the General Fund for temporary operating funds.

D. Contingent Liabilities

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

E. Changes in Administration

Denise Brown left the Office of Director of Schools on March 12, 2015. Tommy Clouse served as Director of Schools from March 13, 2015, to May 31, 2015, and was succeeded by John English on June 1, 2015.

Patsy Bennett left the Office of Assessor of Property on April 2, 2015, and was succeeded by Wayne Peterson on May 2, 2015.

F. Joint Ventures

Primary Government

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 \$47,955 to the Animal Welfare Board for the year ended June 30, 2015.

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 contributed \$2,500 to the DTF for the year ended June 30, 2015.

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
P.O. Box 38
Jonesborough, TN 37659

Discretely Presented School Department

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Unicoi County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each

member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Administrative Office:

Northeast Tennessee Cooperative
100 East Maple Street
P.O. Box 1517
Johnson City, TN 37605

G. 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.

H. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Unicoi County and non-certified employees of the discretely presented Unicoi County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 44.8 percent and the non-certified employees of the discretely present School Department comprise 55.2 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPA is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	156
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	231
Active Employees	<u>221</u>
 Total	 <u><u>608</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Unicoi County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Unicoi County were \$493,992 based on a rate of 8.52 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Unicoi County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Unicoi County’s net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate

and that contributions from Unicoi County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 16,859,749	\$ 14,600,685	\$ 2,259,064
Changes for the year:			
Service Cost	\$ 450,749	\$ 0	\$ 450,749
Interest	1,265,006	0	1,265,006
Differences Between Expected and Actual Experience	(278,910)	0	(278,910)
Contributions-Employer	0	477,234	(477,234)
Contributions-Employees	0	284,754	(284,754)
Net Investment Income	0	2,408,454	(2,408,454)
Benefit Payments, Including Refunds of Employee Contributions	(887,503)	(887,503)	0
Administrative Expense	0	(8,521)	8,521
Net Changes	\$ 549,342	\$ 2,274,418	\$ (1,725,076)
Balance, June 30, 2014	\$ 17,409,091	\$ 16,875,103	\$ 533,988

Allocation of Agent Plan Changes in the Net Pension Liability

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	44.80%	\$ 7,799,273	\$ 7,560,046	\$ 239,227
School Department	55.20%	9,609,818	9,315,057	294,761
Total		\$ 17,409,091	\$ 16,875,103	\$ 533,988

Sensitivity of the Net Position Liability Asset to Changes in the Discount Rate. The following presents the net pension liability of Unicoi County calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
<u>Unicoi County</u>			
Net Pension Liability	\$ 2,556,499	\$ 533,988	\$ (1,156,499)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2015, Unicoi County recognized pension expense of \$30,029.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Unicoi County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 223,128
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,054,743
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>493,992</u>	<u>N/A</u>
Total	<u>\$ 493,992</u>	<u>\$ 1,277,871</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction to net pension liability in the following measurement period. The amount shown is composed of \$287,598 primary government and \$206,394 School Department.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources (Other than Contributions Subsequent to
the Measurement Date)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 287,598	\$ 572,486
School Department	206,394	705,385
Total	<u>\$ 493,992</u>	<u>\$ 1,277,871</u>

Amounts reported in the above table as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (319,468)
2017	(319,468)
2018	(319,468)
2019	(319,467)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Unicoi County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Unicoi County and non-certified employees of the discretely presented Unicoi County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 44.8 percent and the non-certified employees of the discretely present School Department comprise 55.2 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Unicoi County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$26,431, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Unicoi County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Unicoi County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 26,431	N/A

The Unicoi County School Department’s employer contributions of \$26,431 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Unicoi County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Unicoi County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$828,788, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Unicoi County School Department reported an asset of \$39,377 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Unicoi County School Department's proportion of the net pension asset was based on a projection of the Unicoi County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Unicoi County School Department's proportion was 0.242324 percent. The proportion measured as of June 30, 2013, was 0.236914 percent.

Pension Income. For the year ended June 30, 2015, the Unicoi County School Department recognized a pension income of \$21,052.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Unicoi County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 95,596	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,244,380
Changes in Proportion of Net Pension Liability (Asset)	76,311	0
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>828,788</u>	<u>N/A</u>
Total	<u>\$ 1,000,695</u>	<u>\$ 3,244,380</u>

The Unicoi County School Department's employer contributions of \$828,788 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (782,444)
2017	(782,444)
2018	(782,444)
2019	(782,444)
2020	28,651
Thereafter	28,651

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
Short-term Securities	0.98	29
	4.73	7
	0.00	<u>1</u>
Total		<u><u>100 %</u></u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Position Asset to Changes in the Discount Rate. The following presents Unicoi County School Department's proportionate share of the net pension asset calculated using the discount rate of 7.5 percent, as well as what Unicoi County School Department's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
--	---------------------	-------------------------------	---------------------

Net Pension Liability \$ 6,641,307 \$ (39,377) \$ (5,570,258)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

I. Other Postemployment Benefits (OPEB)

Discretely Presented Unicoi County School Department

The Unicoi County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for teachers. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization 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, 2015, the School Department contributed \$169,962 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 261,000
Interest on the NOPEBO	12,645
Adjustment to the ARC	(12,319)
Annual OPEB cost	<hr/> \$ 261,326
Amount of contribution	(169,962)
Increase/decrease in NOPEBO	<hr/> \$ 91,364
Net OPEB obligation, 7-1-14	<hr/> 316,123
	<hr/>
Net OPEB obligation, 6-30-15	<hr/> <hr/> \$ 407,487

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-13	Local Education Group	\$ 324,485	70	% \$ 306,632
6-30-14	"	252,316	96	316,123
6-30-15	"	261,326	65	407,487

Funding Status and Funding Progress

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

	Local Education Group Plan
	<hr/>
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)	\$ 9,874,000
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 seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 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.

J. Termination Benefits

The discretely presented Unicoi County School Department through School Board policy provides termination benefits to all professional employees who retired from service prior to 2014 and who met eligibility requirements for the benefit. To be eligible for the benefit, employees must have been at least age 52 and had at least 15 years of service with the Unicoi County School System at the time of retirement. Under the terms of the policy, those retirees will receive a supplement of \$1,200 per year for a period of ten years or until Medicare eligible. Upon death of the retiree, this benefit ceases. Currently, 54 retirees are eligible for participation in the program. The estimated cost of the cash payments for this benefit reported in the government-wide statement of net position is \$253,000.

K. 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

From July 1, 2014, to December 31, 2014, operating revenue consists of Emergency Telephone Service Charges, Tennessee Emergency Communications Board (TECB) Shared Wireless Charges, 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.

After December 31, 2014, the TECB received all subscriber fee revenue from E-911 service charges and will be required to make distributions of 911 surcharges at a fixed amount every two months. From time to time other funds will be received from the TECB as distributions of excess revenues.

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

Prior to December 31, 2014, accounts receivable consisted of various surcharges levied on telephone services, which were collected by the service provider and remitted to the district in subsequent months. Effective January 1, 2015, all surcharges levied on telephone services were remitted to the Tennessee Emergency Communications Board (TECB) to fund their distributions to the local district. Since the base amount to be paid is not related to, nor contingent upon, the amount collected by TECB, there will be no revenue recorded as an account receivable at the end of the year.

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 \$197,514, of which \$9,955 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. 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 zero.

G. Capital Assets

Capital assets additions, retirements, and balances for the year ended June 30, 2015, are as follows:

	Beginning			Ending
	Balance	Additions	Decreases	Balance
	7-1-14			6-30-15
<u>Capital Assets</u>				
Equipment Not in Service	\$ 97,464	\$ 0	\$ 97,464	\$ 0
Leasehold Improvements	188,857	3,341	57,640	134,558
Communications Equipment	637,228	483,696	478,102	642,822
Office Equipment	49,340	13,954	36,810	26,484
Total Capital Assets	<u>\$ 972,889</u>	<u>\$ 500,991</u>	<u>\$ 670,016</u>	<u>\$ 803,864</u>
<u>Less Accumulated Depreciation</u>				
Leasehold Improvements	\$ 88,273	\$ 8,902	\$ 22,597	\$ 74,578
Communications Equipment	534,678	49,685	449,354	135,009
Office Equipment	45,741	1,732	35,710	11,763
Total Accumulated Depreciation	<u>\$ 668,692</u>	<u>\$ 60,319</u>	<u>\$ 507,661</u>	<u>\$ 221,350</u>
Capital Assets, Net	<u>\$ 304,197</u>	<u>\$ 440,672</u>	<u>\$ 162,355</u>	<u>\$ 582,514</u>

Additions to communications equipment include \$97,464 that was reclassified from equipment not in service.

H. Other Required Disclosures

Depreciation expense for the year was \$60,319.

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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Unicoi County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 450,749
Interest	1,265,006
Differences Between Actual and Expected Experience	(278,910)
Benefit Payments, Including Refunds of Employee Contributions	<u>(887,503)</u>
Net Change in Total Pension Liability (Asset)	\$ 549,342
Total Pension Liability (Asset), Beginning	<u>16,859,749</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 17,409,091</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 477,234
Contributions - Employee	284,754
Net Investment Income	2,408,454
Benefit Payments, Including Refunds of Employee Contributions	(887,503)
Administrative Expense	<u>(8,521)</u>
Net Change in Plan Fiduciary Net Position	\$ 2,274,418
Plan Fiduciary Net Position, Beginning	<u>14,600,685</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 16,875,103</u>
Net Pension Liability (Asset), Ending (a - b)	<u><u>\$ 533,988</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.93%
Covered Employee Payroll	\$ 5,695,012
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	9.38%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-2

Unicoi County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 477,234	\$ 493,992
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(477,234)</u>	<u>(493,992)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 5,695,012	\$ 6,413,636
Contributions as a Percentage of Covered Employee Payroll	8.38%	7.70%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-3

Unicoi County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Unicoi County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 16,519
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(26,431)</u>
Contribution Deficiency (Excess)	<u>\$ (9,912)</u>
Covered Employee Payroll	\$ 508,574
Contributions as a Percentage of Covered Employee Payroll	5.20%

Note: ten years of data will be presented when available.

Exhibit E-4

Unicoi County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Unicoi County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 844,596	\$ 828,788
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(844,596)</u>	<u>(828,788)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 9,511,240	\$ 8,970,011
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.24%

Note: ten years of data will be presented when available.

Exhibit E-5

Unicoi County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Unicoi County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.242324%
School Department's Proportionate Share of the Net Pension Asset	\$ 39,377
Covered Employee Payroll	\$ 9,511,240
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Unicoi County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Unicoi County School Department
June 30, 2015

(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, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	10 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation. This fund was closed during the year and the balance was transferred to the General Fund.

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.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county. This fund was closed during the year and the balance was transferred to the General Fund.

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, 2015

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Community Development/ Industrial Park		
\$	0 \$	0 \$	18,726 \$	0 \$	0 \$	18,726
	141,511	34,766	0	2,366	0	178,643
	0	20,431	4,329	0	0	24,760
	0	200	0	0	0	200
	435,963	0	0	0	0	435,963
	(17,167)	0	0	0	0	(17,167)
\$	560,307 \$	55,397 \$	23,055 \$	2,366 \$	0 \$	641,125

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable
 Due to Other Funds
 Due to State of Tennessee
 Other Current Liabilities
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Capital Projects
 Committed:
 Committed for Public Health and Welfare
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

\$	34,972 \$	751 \$	0 \$	0 \$	0 \$	35,723 \$
	0	24,058	23,055	0	0	47,113
	0	15	0	0	0	15
	0	10,970	0	0	0	10,970
\$	34,972 \$	35,794 \$	23,055 \$	0 \$	0 \$	93,821
\$	400,524 \$	0 \$	0 \$	0 \$	0 \$	400,524
	17,605	0	0	0	0	17,605
\$	418,129 \$	0 \$	0 \$	0 \$	0 \$	418,129
\$	0 \$	19,603 \$	0 \$	0 \$	0 \$	19,603
	0	0	0	2,366	0	2,366
	107,206	0	0	0	0	107,206
\$	107,206 \$	19,603 \$	0 \$	2,366 \$	0 \$	129,175
\$	560,307 \$	55,397 \$	23,055 \$	2,366 \$	0 \$	641,125

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, 2015

	Special Revenue Funds					Total	Capital Projects Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	General Capital Projects		
Revenues							
Local Taxes	\$ 0	\$ 424,443	\$ 0	\$ 0	\$ 0	\$ 424,443	\$ 0
Licenses and Permits	0	2,099	0	0	0	2,099	0
Fines, Forfeitures, and Penalties	0	0	45,913	0	0	45,913	0
Charges for Current Services	0	0	0	8,836	0	8,836	0
Other Local Revenues	0	0	2,400	0	0	2,400	0
State of Tennessee	0	17,688	15,000	0	0	32,688	0
Federal Government	0	0	0	0	0	0	0
Total Revenues	\$ 0	\$ 444,230	\$ 63,313	\$ 8,836	\$ 0	\$ 516,379	\$ 0
Expenditures							
Current:							
Finance	\$ 0	\$ 0	\$ 436	\$ 0	\$ 0	\$ 436	\$ 0
Administration of Justice	0	0	0	8,802	0	8,802	0
Public Safety	0	0	68,247	34	0	68,281	0
Public Health and Welfare	0	464,610	0	0	0	464,610	0
Capital Projects	0	0	0	0	0	0	18,684
Total Expenditures	\$ 0	\$ 464,610	\$ 68,683	\$ 8,836	\$ 0	\$ 542,129	\$ 18,684
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (20,380)	\$ (5,370)	\$ 0	\$ 0	\$ (25,750)	\$ (18,684)
Other Financing Sources (Uses)							
Insurance Recovery	\$ 0	\$ 0	\$ 10,215	\$ 0	\$ 0	\$ 10,215	\$ 0
Transfers Out	(585)	0	0	0	0	(585)	(161,468)
Total Other Financing Sources (Uses)	\$ (585)	\$ 0	\$ 10,215	\$ 0	\$ 0	\$ 9,630	\$ (161,468)
Net Change in Fund Balances Fund Balance, July 1, 2014	\$ (585)	\$ (20,380)	\$ 4,845	\$ 0	\$ 0	\$ (16,120)	\$ (180,152)
	585	127,586	14,758	0	0	142,929	180,152
Fund Balance, June 30, 2015	\$ 0	\$ 107,206	\$ 19,603	\$ 0	\$ 0	\$ 126,809	\$ 0

(Continued)

Unicoi County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
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>
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 424,443
Licenses and Permits	0	0	2,099
Fines, Forfeitures, and Penalties	0	0	45,913
Charges for Current Services	0	0	8,836
Other Local Revenues	0	0	2,400
State of Tennessee	0	0	32,688
Federal Government	152,813	152,813	152,813
Total Revenues	<u>\$ 152,813</u>	<u>\$ 152,813</u>	<u>\$ 669,192</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 0	\$ 436
Administration of Justice	0	0	8,802
Public Safety	0	0	68,281
Public Health and Welfare	0	0	464,610
Capital Projects	152,813	171,497	171,497
Total Expenditures	<u>\$ 152,813</u>	<u>\$ 171,497</u>	<u>\$ 713,626</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (18,684)	\$ (44,434)
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	0	0	10,215
Transfers Out	(4,712)	(166,180)	(166,765)
Total Other Financing Sources (Uses)	<u>\$ (4,712)</u>	<u>\$ (166,180)</u>	<u>\$ (156,550)</u>
Net Change in Fund Balances	\$ (4,712)	\$ (184,864)	\$ (200,984)
Fund Balance, July 1, 2014	7,078	187,230	330,159
Fund Balance, June 30, 2015	\$ 2,366	\$ 2,366	\$ 129,175

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 55	\$ 55	\$ (55)
Total Revenues	\$ 0	\$ 55	\$ 55	\$ (55)
<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	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (585)	\$ 0	\$ (585)	\$ 0
Total Other Financing Sources	\$ (585)	\$ 0	\$ (585)	\$ 0
Net Change in Fund Balance	\$ (585)	\$ 0	\$ (585)	\$ 0
Fund Balance, July 1, 2014	585	585	585	0
Fund Balance, June 30, 2015	\$ 0	\$ 585	\$ 0	\$ 0

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 424,443	\$ 435,291	\$ 435,291	\$ (10,848)
Licenses and Permits	2,099	1,500	1,500	599
State of Tennessee	17,688	10,000	10,000	7,688
Total Revenues	<u>\$ 444,230</u>	<u>\$ 446,791</u>	<u>\$ 446,791</u>	<u>\$ (2,561)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 464,610	\$ 557,345	\$ 557,345	\$ 92,735
Total Expenditures	<u>\$ 464,610</u>	<u>\$ 557,345</u>	<u>\$ 557,345</u>	<u>\$ 92,735</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (20,380)</u>	<u>\$ (110,554)</u>	<u>\$ (110,554)</u>	<u>\$ 90,174</u>
Net Change in Fund Balance	\$ (20,380)	\$ (110,554)	\$ (110,554)	\$ 90,174
Fund Balance, July 1, 2014	<u>127,586</u>	<u>122,601</u>	<u>122,601</u>	<u>4,985</u>
Fund Balance, June 30, 2015	<u>\$ 107,206</u>	<u>\$ 12,047</u>	<u>\$ 12,047</u>	<u>\$ 95,159</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 45,913	\$ 126,000	\$ 126,000	\$ (80,087)
Other Local Revenues	2,400	14,000	14,000	(11,600)
State of Tennessee	15,000	0	15,000	0
Other Governments and Citizens Groups	0	200	200	(200)
Total Revenues	<u>\$ 63,313</u>	<u>\$ 140,200</u>	<u>\$ 155,200</u>	<u>\$ (91,887)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 436	\$ 525	\$ 525	\$ 89
<u>Public Safety</u>				
Sheriff's Department	68,247	137,919	152,919	84,672
Total Expenditures	<u>\$ 68,683</u>	<u>\$ 138,444</u>	<u>\$ 153,444</u>	<u>\$ 84,761</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,370)</u>	<u>\$ 1,756</u>	<u>\$ 1,756</u>	<u>\$ (7,126)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 10,215	\$ 0	\$ 0	\$ 10,215
Total Other Financing Sources	<u>\$ 10,215</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,215</u>
Net Change in Fund Balance	\$ 4,845	\$ 1,756	\$ 1,756	\$ 3,089
Fund Balance, July 1, 2014	<u>14,758</u>	<u>5,974</u>	<u>5,974</u>	<u>8,784</u>
Fund Balance, June 30, 2015	<u>\$ 19,603</u>	<u>\$ 7,730</u>	<u>\$ 7,730</u>	<u>\$ 11,873</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,291,440	\$ 2,306,174	\$ 2,306,174	\$ (14,734)
Licenses and Permits	8,388	7,000	7,000	1,388
Other Local Revenues	1,807	1,200	1,200	607
Other Governments and Citizens Groups	375,881	197,314	375,887	(6)
Total Revenues	<u>\$ 2,677,516</u>	<u>\$ 2,511,688</u>	<u>\$ 2,690,261</u>	<u>\$ (12,745)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,580,664	\$ 1,569,845	\$ 1,580,746	\$ 82
Education	177,924	0	177,924	0
<u>Interest on Debt</u>				
General Government	1,144,772	1,139,550	1,148,544	3,772
Education	649	0	649	0
<u>Other Debt Service</u>				
General Government	285,938	45,000	291,120	5,182
Total Expenditures	<u>\$ 3,189,947</u>	<u>\$ 2,754,395</u>	<u>\$ 3,198,983</u>	<u>\$ 9,036</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (512,431)</u>	<u>\$ (242,707)</u>	<u>\$ (508,722)</u>	<u>\$ (3,709)</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 14,500,000	\$ 0	\$ 14,500,000	\$ 0
Premiums on Debt Issued	1,837,860	0	1,837,860	0
Transfers In	166,180	0	165,774	406
Payments to Refunded Debt Escrow Agent	(16,091,740)	0	(16,091,740)	0
Total Other Financing Sources	<u>\$ 412,300</u>	<u>\$ 0</u>	<u>\$ 411,894</u>	<u>\$ 406</u>
Net Change in Fund Balance	\$ (100,131)	\$ (242,707)	\$ (96,828)	\$ (3,303)
Fund Balance, July 1, 2014	<u>3,071,647</u>	<u>3,078,916</u>	<u>3,078,916</u>	<u>(7,269)</u>
Fund Balance, June 30, 2015	<u>\$ 2,971,516</u>	<u>\$ 2,836,209</u>	<u>\$ 2,982,088</u>	<u>\$ (10,572)</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register 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, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 915,978	\$ 915,978
Due from Other Governments	282,016	0	282,016
Restricted Assets	0	38,569	38,569
Total Assets	<u>\$ 282,016</u>	<u>\$ 954,547</u>	<u>\$ 1,236,563</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 282,016	\$ 0	\$ 282,016
Due to Litigants, Heirs, and Others	0	954,547	954,547
Total Liabilities	<u>\$ 282,016</u>	<u>\$ 954,547</u>	<u>\$ 1,236,563</u>

Exhibit H-2

Unicoi County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,578,524	\$ 1,578,524	\$ 0
Due from Other Governments	262,581	282,016	262,581	282,016
Total Assets	\$ 262,581	\$ 1,860,540	\$ 1,841,105	\$ 282,016
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 262,581	\$ 1,860,540	\$ 1,841,105	\$ 282,016
Total Liabilities	\$ 262,581	\$ 1,860,540	\$ 1,841,105	\$ 282,016
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 476,611	\$ 3,849,804	\$ 3,410,437	\$ 915,978
Accounts Receivable	3,209	0	3,209	0
Due From Other Funds	10,485	0	10,485	0
Restricted Assets	37,251	1,318	0	38,569
Total Assets	\$ 527,556	\$ 3,851,122	\$ 3,424,131	\$ 954,547
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 527,556	\$ 3,851,122	\$ 3,424,131	\$ 954,547
Total Liabilities	\$ 527,556	\$ 3,851,122	\$ 3,424,131	\$ 954,547
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 476,611	\$ 3,849,804	\$ 3,410,437	\$ 915,978
Equity in Pooled Cash and Investments	0	1,578,524	1,578,524	0
Accounts Receivable	3,209	0	3,209	0
Due from Other Governments	262,581	282,016	262,581	282,016
Due From Other Funds	10,485	0	10,485	0
Restricted Assets	37,251	1,318	0	38,569
Total Assets	\$ 790,137	\$ 5,711,662	\$ 5,265,236	\$ 1,236,563
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 262,581	\$ 1,860,540	\$ 1,841,105	\$ 282,016
Due to Litigants, Heirs, and Others	527,556	3,851,122	3,424,131	954,547
Total Liabilities	\$ 790,137	\$ 5,711,662	\$ 5,265,236	\$ 1,236,563

Unicoi County School Department

This section presents combining and individual fund financial statements for the Unicoi County School Department, a discretely presented component unit. The School Department uses a General Fund and two Special Revenue Funds.

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, 2015

Functions/Programs	Program Revenues			Charges for Services	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants and Contributions				Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 12,726,123	\$ 53,007	\$ 1,845,175	\$ 84,232	\$	(10,743,709)	
Support Services	7,258,132	2,200	162,645	0		(7,093,287)	
Operation of Non-instructional Services	1,748,260	224,051	948,548	0		(575,661)	
Total Governmental Activities	\$ 21,732,515	\$ 279,258	\$ 2,956,368	\$ 84,232	\$	(18,412,657)	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$	2,625,059	
Local Option Sales Taxes						1,442,102	
Business Tax						31,211	
Mixed Drink Tax						1,610	
Wholesale Beer Tax						4,653	
Interstate Telecommunications Tax						1,815	
Other Local Taxes						341	
Grants and Contributions Not Restricted to Specific Programs						13,783,006	
Unrestricted Investment Income						6,626	
Miscellaneous						231,544	
Pension Income						21,052	
Total General Revenues					\$	18,149,019	
Change in Net Position					\$	(263,638)	
Net Position, July 1, 2014						33,127,360	
Restatement - Pension Liability (see Note I.D.9)						(4,037,719)	
Net Position, June 30, 2015					\$	28,826,003	

Exhibit I-2

Unicoi County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>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	6,927,850	346,523	7,274,373
Accounts Receivable	2,087	34	2,121
Due from Other Governments	255,681	2,992	258,673
Property Taxes Receivable	2,738,074	0	2,738,074
Allowance for Uncollectible Property Taxes	(107,819)	0	(107,819)
Total Assets	\$ 9,879,514	\$ 352,549	\$ 10,232,063
<u>LIABILITIES</u>			
Accounts Payable	\$ 3,953	\$ 0	\$ 3,953
Due to Primary Government	600	0	600
Other Current Liabilities	458,037	0	458,037
Total Liabilities	\$ 462,590	\$ 0	\$ 462,590
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,515,498	\$ 0	\$ 2,515,498
Deferred Delinquent Property Taxes	110,565	0	110,565
Other Deferred/Unavailable Revenue	127,500	0	127,500
Total Deferred Inflows of Resources	\$ 2,753,563	\$ 0	\$ 2,753,563
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 100,609	\$ 302,549	\$ 403,158
Committed:			
Committed for Education	0	50,000	50,000
Assigned:			
Assigned for Education	1,984,003	0	1,984,003
Assigned for Capital Projects	1,149,631	0	1,149,631
Unassigned	3,429,118	0	3,429,118
Total Fund Balances	\$ 6,663,361	\$ 352,549	\$ 7,015,910
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,879,514	\$ 352,549	\$ 10,232,063

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, 2015

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)		\$	7,015,910
(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		23,054,494	
Add: other capital assets net of accumulated depreciation		<u>1,533,898</u>	25,204,145
(2) 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	\$	(407,487)	
Less: termination benefits liability		(253,000)	
Less: net pension liability - agent plan		<u>(294,761)</u>	(955,248)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	1,233,520	
Less: deferred inflows of resources related to pensions		<u>(3,949,766)</u>	(2,716,246)
(4) Net pension assets of the cost-sharing plan are not current financial resources and are therefore not reported in the governmental funds.			39,377
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>238,065</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>28,826,003</u></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, 2015

	<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	\$ 4,115,875	\$ 0	\$ 4,115,875
Licenses and Permits	15,256	0	15,256
Fines, Forfeitures, and Penalties	95	0	95
Charges for Current Services	53,007	194,781	247,788
Other Local Revenues	267,014	15,220	282,234
State of Tennessee	13,817,152	12,346	13,829,498
Federal Government	470,694	2,454,885	2,925,579
Total Revenues	<u>\$ 18,739,093</u>	<u>\$ 2,677,232</u>	<u>\$ 21,416,325</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,386,070	\$ 1,290,109	\$ 11,676,179
Support Services	7,078,049	260,501	7,338,550
Operation of Non-instructional Services	621,856	1,156,011	1,777,867
Capital Outlay	651,444	0	651,444
Debt Service:			
Other Debt Service	178,573	0	178,573
Total Expenditures	<u>\$ 18,915,992</u>	<u>\$ 2,706,621</u>	<u>\$ 21,622,613</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (176,899)</u>	<u>\$ (29,389)</u>	<u>\$ (206,288)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 7,349	\$ 0	\$ 7,349
Transfers In	0	45,000	45,000
Transfers Out	(45,000)	0	(45,000)
Total Other Financing Sources (Uses)	<u>\$ (37,651)</u>	<u>\$ 45,000</u>	<u>\$ 7,349</u>
Net Change in Fund Balances	\$ (214,550)	\$ 15,611	\$ (198,939)
Fund Balance, July 1, 2014	<u>6,877,911</u>	<u>336,938</u>	<u>7,214,849</u>
Fund Balance, June 30, 2015	<u>\$ 6,663,361</u>	<u>\$ 352,549</u>	<u>\$ 7,015,910</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, 2015

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)		\$	(198,939)
(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	\$	368,792	
Less: current-year depreciation expense		<u>(1,186,716)</u>	(817,924)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	238,065	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(206,565)</u>	31,500
(3) 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 other postemployment benefits liability	\$	(91,364)	
Change in termination benefits liability		(253,000)	
Change in net pension liability/asset		3,782,335	
Change in deferred outflows related to pensions		1,233,520	
Change in deferred inflows related to pensions		<u>(3,949,766)</u>	721,725
Change in net position of governmental activities (Exhibit B)			<u>\$ (263,638)</u>

Exhibit I-6

Unicoi County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,000	\$ 3,000
Equity in Pooled Cash and Investments	50,000	296,523	346,523
Accounts Receivable	0	34	34
Due from Other Governments	0	2,992	2,992
Total Assets	<u>\$ 50,000</u>	<u>\$ 302,549</u>	<u>\$ 352,549</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 302,549	\$ 302,549
Committed:			
Committed for Education	50,000	0	50,000
Total Fund Balances	<u>\$ 50,000</u>	<u>\$ 302,549</u>	<u>\$ 352,549</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, 2015

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 194,781	\$ 194,781
Other Local Revenues	0	15,220	15,220
State of Tennessee	0	12,346	12,346
Federal Government	1,518,683	936,202	2,454,885
Total Revenues	\$ 1,518,683	\$ 1,158,549	\$ 2,677,232
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,290,109	\$ 0	\$ 1,290,109
Support Services	260,501	0	260,501
Operation of Non-instructional Services	0	1,156,011	1,156,011
Total Expenditures	\$ 1,550,610	\$ 1,156,011	\$ 2,706,621
Excess (Deficiency) of Revenues Over Expenditures			
	\$ (31,927)	\$ 2,538	\$ (29,389)
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 45,000	\$ 0	\$ 45,000
Total Other Financing Sources (Uses)	\$ 45,000	\$ 0	\$ 45,000
Net Change in Fund Balances			
Fund Balance, July 1, 2014	\$ 13,073	\$ 2,538	\$ 15,611
	36,927	300,011	336,938
Fund Balance, June 30, 2015	\$ 50,000	\$ 302,549	\$ 352,549

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, 2015

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2014	Encumbrances 6/30/2015			Original	Final	
Revenues								
Local Taxes	\$ 4,115,875	\$ 0	\$ 0	\$ 0	\$ 4,115,875	\$ 4,017,476	\$ 4,017,476	\$ 98,399
Licenses and Permits	15,256	0	0	0	15,256	19,500	19,500	(4,244)
Fines, Forfeitures, and Penalties	95	0	0	0	95	0	0	95
Charges for Current Services	53,007	0	0	0	53,007	44,940	44,940	8,067
Other Local Revenues	267,014	0	0	0	267,014	330,700	389,356	(122,342)
State of Tennessee	13,817,152	0	0	0	13,817,152	13,725,764	13,851,358	(34,206)
Federal Government	470,694	0	0	0	470,694	247,000	254,158	216,536
Total Revenues	\$ 18,739,093	\$ 0	\$ 0	\$ 0	\$ 18,739,093	\$ 18,385,380	\$ 18,576,788	\$ 162,305
Expenditures								
Instruction								
Regular Instruction Program	\$ 8,154,756	\$ (25,301)	\$ 56,598	\$ 8,186,053	\$ 8,481,226	\$ 8,532,484	\$ 346,431	544
Alternative Instruction Program	95,651	0	0	95,651	96,195	96,195	27,226	34,357
Special Education Program	1,396,285	(5,268)	40,060	1,431,077	1,451,145	1,458,303	80,241	22,121
Vocational Education Program	704,460	(1,641)	0	702,819	733,176	737,176	23,204	291
Student Body Education Program	34,918	(1,311)	1,687	35,294	115,535	115,535	202	0
Support Services								
Attendance	71,591	0	0	71,591	93,712	93,712	12,552	43,464
Health Services	293,982	(6,429)	1,902	289,455	302,007	302,007	24,870	23,204
Other Student Support	531,175	0	0	531,175	556,045	556,045	23,204	291
Regular Instruction Program	524,812	(11,369)	5,943	519,386	555,246	542,590	202	0
Special Education Program	143,207	(4,000)	0	139,207	139,498	139,498	0	0
Vocational Education Program	134,152	0	0	134,152	134,354	134,354	0	0
Other Programs	125,594	0	0	125,594	0	125,594	0	0
Board of Education	523,132	0	1,292	524,424	567,888	567,888	43,464	12,361
Director of Schools	415,033	0	898	415,931	364,097	428,292	28,350	655
Office of the Principal	1,096,735	0	0	1,096,735	1,125,085	1,125,085	58,863	129,049
Fiscal Services	127,485	0	2,500	129,985	130,640	130,640	58,863	129,049
Operation of Plant	1,655,274	(1,000)	71	1,654,345	1,706,052	1,713,208	58,863	129,049
Maintenance of Plant	404,189	(15,943)	29,121	417,367	553,572	546,416	129,049	129,049

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 696,359	\$ (153,157)	\$ 179,829	\$ 723,031	\$ 855,253	\$ 855,253	\$ 132,222
Central and Other	335,329	0	1,215	336,544	333,153	342,573	6,029
<u>Operation of Non-instructional Services</u>							
Early Childhood Education	621,856	(8,100)	916	614,672	637,493	637,493	22,821
Capital Outlay							
Regular Capital Outlay	651,444	(235,800)	267,779	683,423	1,211,432	1,211,432	528,009
<u>Interest on Debt</u>							
Education	0	0	0	0	177,925	0	0
Education	0	0	0	0	650	0	0
<u>Other Debt Service</u>							
Education	178,573	0	0	178,573	0	178,575	2
Total Expenditures	\$ 18,915,992	\$ (469,319)	\$ 589,811	\$ 19,036,484	\$ 20,321,379	\$ 20,570,348	\$ 1,533,864
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (176,899)	\$ 469,319	\$ (589,811)	\$ (297,391)	\$ (1,935,999)	\$ (1,993,560)	\$ 1,696,169
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,349	\$ 0	\$ 0	\$ 7,349	\$ 0	\$ 0	\$ 7,349
Transfers Out	(45,000)	0	0	(45,000)	0	(45,000)	0
Total Other Financing Sources	\$ (37,651)	\$ 0	\$ 0	\$ (37,651)	\$ 0	\$ (45,000)	\$ 7,349
Net Change in Fund Balance	\$ (214,550)	\$ 469,319	\$ (589,811)	\$ (335,042)	\$ (1,935,999)	\$ (2,038,560)	\$ 1,703,518
Fund Balance, July 1, 2014	6,877,911	(469,319)	0	6,408,592	6,450,132	6,450,132	(41,540)
Fund Balance, June 30, 2015	\$ 6,663,361	\$ 0	\$ (589,811)	\$ 6,073,550	\$ 4,514,133	\$ 4,411,572	\$ 1,661,978

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,518,683	\$ 1,866,173	\$ 1,869,823	\$ (351,140)
Total Revenues	\$ 1,518,683	\$ 1,866,173	\$ 1,869,823	\$ (351,140)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 495,753	\$ 601,027	\$ 600,990	\$ 105,237
Special Education Program	687,409	851,295	855,834	168,425
Vocational Education Program	106,947	106,145	106,947	0
<u>Support Services</u>				
Other Student Support	64,324	95,635	94,833	30,509
Regular Instruction Program	184,032	213,835	213,835	29,803
Special Education Program	10,826	28,844	27,992	17,166
Vocational Education Program	1,319	1,319	1,319	0
Total Expenditures	\$ 1,550,610	\$ 1,898,100	\$ 1,901,750	\$ 351,140
Excess (Deficiency) of Revenues Over Expenditures	\$ (31,927)	\$ (31,927)	\$ (31,927)	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 45,000	\$ 0	\$ 0	\$ 45,000
Total Other Financing Sources	\$ 45,000	\$ 0	\$ 0	\$ 45,000
Net Change in Fund Balance	\$ 13,073	\$ (31,927)	\$ (31,927)	\$ 45,000
Fund Balance, July 1, 2014	36,927	31,927	31,927	5,000
Fund Balance, June 30, 2015	\$ 50,000	\$ 0	\$ 0	\$ 50,000

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, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 194,781	\$ 0	\$ 194,781	\$ 313,400	\$ 313,400	\$ (118,619)
Other Local Revenues	15,220	0	15,220	25,100	25,100	(9,880)
State of Tennessee	12,346	0	12,346	14,000	14,000	(1,654)
Federal Government	936,202	0	936,202	895,413	895,413	40,789
Total Revenues	\$ 1,158,549	\$ 0	\$ 1,158,549	\$ 1,247,913	\$ 1,247,913	\$ (89,364)
<u>Expenditures</u>						
<u>Operation of Non-instructional Services</u>						
Food Service	\$ 1,156,011	\$ 1,951	\$ 1,157,962	\$ 1,285,414	\$ 1,285,414	\$ 127,452
Total Expenditures	\$ 1,156,011	\$ 1,951	\$ 1,157,962	\$ 1,285,414	\$ 1,285,414	\$ 127,452
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,538	\$ (1,951)	\$ 587	\$ (37,501)	\$ (37,501)	\$ 38,088
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ 2,538	\$ (1,951)	\$ 587	\$ (37,501)	\$ (37,501)	\$ 38,088
	300,011	0	300,011	305,749	305,749	(5,738)
Fund Balance, June 30, 2015	\$ 302,549	\$ (1,951)	\$ 300,598	\$ 268,248	\$ 268,248	\$ 32,350

MISCELLANEOUS SCHEDULES

Exhibit J-1

Unicoi County, Tennessee
 Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
 For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-15
NOTES PAYABLE									
Payable through General Debt Service Fund									
Capital Outlay - Jail Renovations/Courthouse HVAC	\$ 326,850	4.12%	2-18-07	1-18-17	\$ 97,823	\$ 0	\$ 36,595	\$ 0	\$ 61,228
Capital Outlay - Public Works Refunding	2,835,000	2.96	6-16-11	4-1-21	2,050,000	0	285,000	0	1,765,000
Capital Outlay - Public Works	160,000	2.85	5-31-12	4-1-22	71,500	0	8,500	0	63,000
Capital Outlay - Refunding 2013	100,000	2	5-31-13	6-1-16	80,000	0	20,000	0	60,000
Capital Outlay - E911 Office/dial roofing	715,000	2.94	10-2-13	4-1-26	675,000	0	40,000	0	635,000
Total Notes Payable					\$ 2,974,323	\$ 0	\$ 390,095	\$ 0	\$ 2,584,228
CAPITAL LEASES PAYABLE									
Payable through General Debt Service Fund									
Apple iPads (student tablets)	391,501	0	5-1-14	7-15-16	\$ 391,501	\$ 0	\$ 130,500	\$ 0	\$ 261,001
Apple iPads (student tablets)	140,420	2.25	5-1-14	7-15-16	140,420	0	47,424	0	92,996
Total Capital Leases Payable					\$ 531,921	\$ 0	\$ 177,924	\$ 0	\$ 353,997
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation Public Improvement	700,000	4.875	4-9-1997	1-1-35	\$ 534,171	\$ 0	\$ 15,569	\$ 518,602	\$ 0
General Obligation Refunding	8,715,000	2.45 to 5.25	9-1-01	4-1-21	4,645,000	0	565,000	0	4,080,000
General Obligation Refunding	3,300,000	4	10-18-06	4-1-23	2,240,000	0	210,000	0	2,030,000
General Obligation School	16,350,000	3.5 to 4.75	9-24-08	5-1-29	15,650,000	0	400,000	14,050,000	1,200,000
General Obligation Refunding, Series 2015	14,500,000	2.0 to 5.0	4-15-15	5-1-35	0	14,500,000	0	0	14,500,000
Total Bonds Payable					\$ 23,069,171	\$ 14,500,000	\$ 1,190,569	\$ 14,568,602	\$ 21,810,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
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
Total	\$ 2,584,228	\$ 313,252	\$ 2,897,480

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2016	\$ 176,481	\$ 2,092	\$ 178,573
2017	177,516	1,058	178,574
Total	\$ 353,997	\$ 3,150	\$ 357,147

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 1,235,000	\$ 938,415	\$ 2,173,415
2017	1,290,000	857,573	2,147,573
2018	1,340,000	799,760	2,139,760
2019	1,480,000	738,510	2,218,510
2020	1,535,000	681,285	2,216,285
2021	1,585,000	621,098	2,206,098
2022	1,235,000	558,310	1,793,310
2023	1,260,000	498,910	1,758,910
2024	1,140,000	438,460	1,578,460
2025	1,445,000	381,460	1,826,460
2026	2,030,000	309,210	2,339,210
2027	2,035,000	207,710	2,242,710
2028	2,020,000	126,310	2,146,310
2029	1,990,000	65,710	2,055,710
2030	30,000	6,010	36,010
2031	30,000	5,110	35,110

(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
2032	\$ 30,000	\$ 4,172	\$ 34,172
2033	30,000	3,235	33,235
2034	35,000	2,275	37,275
2035	35,000	1,137	36,137
Total	\$ 21,810,000	\$ 7,244,660	\$ 29,054,660

Exhibit J-3

Unicoi County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Courthouse and Jail Maintenance	General	To close fund	\$ 585
General Capital Projects	General Debt Service	Unspent debt proceeds	161,468
Community Development/Industrial Park	"	"	4,712
Total Transfers Primary Government			<u>\$ 166,765</u>
<u>DISCRETELY PRESENTED UNICOI COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School Fund	School Federal Projects	Cash Flow	\$ 45,000
Total Transfers Discretely Presented Unicoi County School Department			<u>\$ 45,000</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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 77,427	\$ 100,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA	70,228	100,000	"
Director of Schools:				
Denise Brown (7-1-14 through 3-12-15)	State Board of Education and County Board of Education	121,553 (1)	50,000	"
Tommy Clouse (3-13-15 through 5-31-15)		23,722 (2)	50,000	"
John English (6-1-15 through 6-30-15)		9,616 (3)	50,000	"
Trustee	Section 8-24-102, TCA	63,843	756,246	"
Assessor of Property:				
Patsy Bennett (7-1-14 through 4-2-2015)	Section 8-24-102, TCA	48,582	50,000	Auto Owners (Mutual) Insurance Company
Wayne Peterson (5-2-15 through 6-30-15)		10,640	50,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	63,843	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA and Circuit and General Sessions Judges	63,843 (4)	200,000	"
Clerk and Master	Section 8-24-102, TCA	63,843	200,000	"
Register of Deeds	Section 8-24-102, TCA	63,843	100,000	"
Sheriff	Section 8-24-102, TCA	73,739 (5)	100,000	"
Individual Employee Bonds - County Departments			10,000	Erie Insurance Company
Employee Blanket Bonds				
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

(1) Includes a career ladder supplement of \$3,000 and equity pay of \$398. Also includes contractual payments for a travel allowance of \$550 per month and accrued vacation leave of \$8,581.
(2) Includes contractual payments for accrued vacation leave of \$1,206.
(3) Includes contractual payments for travel allowance of \$385.
(4) Does not include special commissioner fees of \$7,592.
(5) Includes \$3,511 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, 2015

	Special Revenue Funds						Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 3,465,328	\$ 381,205	\$ 0	\$ 0	\$ 144,332	\$ 1,522,473	
Trustee's Collections - Prior Year	122,914	13,267	0	0	4,983	52,985	
Circuit/Clerk and Master Collections - Prior Years	110,877	12,197	0	0	4,650	48,713	
Interest and Penalty	25,102	2,761	0	0	1,037	11,029	
Pickup Taxes	24,164	2,658	0	0	998	10,616	
Payments in-Lieu-of Taxes - T.V.A.	216	24	0	0	0	181	
Payments in-Lieu-of Taxes - Local Utilities	51,952	5,715	0	0	2,069	22,825	
Payments in-Lieu-of Taxes - Other	8,934	1,045	0	0	369	3,925	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	2,645	0	0	0	0	480,182	
Hotel/Motel Tax	54,241	0	0	0	0	0	
Litigation Tax - General	64,767	0	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	115,162	
Business Tax	45,175	5,015	0	0	1,811	19,848	
Mixed Drink Tax	1,570	0	0	0	0	0	
Mineral Severance Tax	26,276	0	0	0	0	0	
<u>Statutory Local Taxes</u>							
Wholesale Beer Tax	6,033	556	0	0	228	2,650	
Interstate Telecommunications Tax	0	0	0	0	0	851	
Other Statutory Local Taxes	55,735	0	0	0	0	0	
Total Local Taxes	\$ 4,065,929	\$ 424,443	\$ 0	\$ 0	\$ 160,477	\$ 2,291,440	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	19,092	2,099	0	0	789	8,388	
Total Licenses and Permits	\$ 19,092	\$ 2,099	\$ 0	\$ 0	\$ 789	\$ 8,388	

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 768	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,237	0	0	0	0	0	0
Drug Control Fines	0	0	8,611	0	0	0	0
Drug Court Fees	210	0	0	0	0	0	0
Jail Fees	809	0	0	0	0	0	0
DUI Treatment Fines	142	0	0	0	0	0	0
Courtroom Security Fee	35	0	0	0	0	0	0
<u>Criminal Court</u>							
Data Entry Fee - Criminal Court	1,550	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	10,359	0	0	0	0	0	0
Officers Costs	11,698	0	0	0	0	0	0
Game and Fish Fines	16	0	0	0	0	0	0
Drug Control Fines	0	0	8,655	0	0	0	0
Drug Court Fees	2,890	0	0	0	0	0	0
Jail Fees	12,722	0	0	0	0	0	0
DUI Treatment Fines	2,537	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,983	0	0	0	0	0	0
Courtroom Security Fee	89	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	792	0	0	0	0	0	0
Officers Costs	997	0	0	0	0	0	0
Jail Fees	4,733	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	2,400	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
Chancery Court						
Officers Costs	\$ 915	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	2,696	0	0	0	0	0
Courtroom Security Fee	4	0	0	0	0	0
Judicial District Drug Program						
Data Entry Fee - Other Courts	15,559	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	24,772	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	3,875	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 83,141	\$ 0	\$ 45,913	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
General Service Charges						
Work Release Charges for Board	\$ 2,165	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Recreation Fees	14,905	0	0	0	0	0
Archives and Records Management Fee - County Clerk	50,397	0	0	0	0	0
Telephone Commissions	25,553	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	1,244	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	7,592	0	0
Data Processing Fee - Register	4,370	0	0	0	0	0
Data Processing Fee - Sheriff	917	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,500	0	0	0	0	0
Data Processing Fee - County Clerk	1,452	0	0	0	0	0
Total Charges for Current Services	\$ 101,259	\$ 0	\$ 0	\$ 8,836	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 27,800	\$ 0	\$ 0	\$ 0	\$ 6,116	\$ 307	0
Sale of Materials and Supplies	246	0	0	0	0	0	0
Commissary Sales	778	0	0	0	0	0	0
Sale of Recycled Materials	1,192	0	0	0	3,051	0	0
Retirees' Insurance Payments	7,246	0	0	0	1,171	0	0
Miscellaneous Refunds	6,702	0	2,400	0	1,708	1,500	0
<u>Nonrecurring Items</u>							
Sale of Property	650	0	0	0	0	0	0
Performance Bond Forfeitures	2,375	0	0	0	0	0	0
Total Other Local Revenues	\$ 46,989	\$ 0	\$ 2,400	\$ 0	\$ 12,046	\$ 1,807	0
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 157,091	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	67,202	0	0	0	0	0	0
General Sessions Court Clerk	292,509	0	0	0	0	0	0
Clerk and Master	55,663	0	0	0	0	0	0
Juvenile Court Clerk	14,917	0	0	0	0	0	0
Register	52,323	0	0	0	0	0	0
Sheriff	6,822	0	0	0	0	0	0
Trustee	260,657	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 907,184	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	11,400	0	0	0	0	0	0
Other Public Safety Grants	16,285	0	15,000	0	0	0	0
Health and Welfare Grants							
Health Department Programs	162,802	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	387,576	0	0
State Aid Program	0	0	0	0	148,607	0	0
Litter Program	28,182	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	23,995	0	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0	0
Vehicle Certificate of Title Fees	8,892	0	0	0	0	0	0
Alcoholic Beverage Tax	31,488	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	194,383	14,856	0	0	5,580	0	0
Contracted Prisoner Boarding	595,145	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,338,446	0	0
Petroleum Special Tax	0	0	0	0	13,214	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	45,000	0	0	0	0	0	0
Other State Revenues	797	2,832	0	0	0	0	0
Total State of Tennessee	\$ 1,160,588	\$ 17,688	\$ 15,000	\$ 0	\$ 1,893,423	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	23,500	0	0	0	0	0	0
Other Federal through State	1,657	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Forest Service	28,179	0	0	0	20,155	0	0
Other Direct Federal Revenue	1,800	0	0	0	0	0	0
<u>Total Federal Government</u>	\$ 55,136	\$ 0	\$ 0	\$ 0	\$ 20,155	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 192,446	\$ 0	\$ 0	\$ 0	\$ 0	\$ 364,107	\$ 0
Contracted Services	187,559	0	0	0	153,414	0	0
<u>Other</u>	0	0	0	0	0	11,774	0
<u>Total Other Governments and Citizens Groups</u>	\$ 380,005	\$ 0	\$ 0	\$ 0	\$ 153,414	\$ 375,881	\$ 0
<u>Total</u>	\$ 6,819,323	\$ 444,230	\$ 63,313	\$ 8,836	\$ 2,240,304	\$ 2,677,516	\$ 0

(Continued)

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	0 \$	5,513,338
Trustee's Collections - Prior Year	0	194,149
Circuit/Clerk and Master Collections - Prior Years	0	176,437
Interest and Penalty	0	39,929
Pickup Taxes	0	38,436
Payments in-Lieu-of Taxes - T.V.A.	0	421
Payments in-Lieu-of Taxes - Local Utilities	0	82,561
Payments in-Lieu-of Taxes - Other	0	14,273
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	482,827
Hotel/Motel Tax	0	54,241
Litigation Tax - General	0	64,767
Litigation Tax - Jail, Workhouse, or Courthouse	0	115,162
Business Tax	0	71,849
Mixed Drink Tax	0	1,570
Mineral Severance Tax	0	26,276
<u>Statutory Local Taxes</u>		
Wholesale Beer Tax	0	9,467
Interstate Telecommunications Tax	0	851
Other Statutory Local Taxes	0	55,735
Total Local Taxes	<u>0 \$</u>	<u>6,942,289</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	0 \$	30,368
Total Licenses and Permits	<u>0 \$</u>	<u>30,368</u>

(Continued)

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

	\$	0 \$	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines				768
Officers Costs				1,237
Drug Control Fines				8,611
Drug Court Fees				210
Jail Fees				809
DUI Treatment Fines				142
Courtroom Security Fee				35
<u>Criminal Court</u>				
Data Entry Fee - Criminal Court				1,550
<u>General Sessions Court</u>				
Fines				10,359
Officers Costs				11,698
Game and Fish Fines				16
Drug Control Fines				8,655
Drug Court Fees				2,890
Jail Fees				12,722
DUI Treatment Fines				2,537
Data Entry Fee - General Sessions Court				9,983
Courtroom Security Fee				89
<u>Juvenile Court</u>				
Fines				792
Officers Costs				997
Jail Fees				4,733
Data Entry Fee - Juvenile Court				2,400

(Continued)

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
Chancery Court		
Officers Costs	0 \$	915
Data Entry Fee - Chancery Court	0	2,696
Courtroom Security Fee	0	4
Judicial District Drug Program		
Data Entry Fee - Other Courts	0	15,559
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	24,772
Other Fines, Forfeitures, and Penalties	0	3,875
Total Fines, Forfeitures, and Penalties	<u>0 \$</u>	<u>129,054</u>
<u>Charges for Current Services</u>		
General Service Charges		
Work Release Charges for Board	0 \$	2,165
<u>Fees</u>		
Recreation Fees		
Archives and Records Management Fee - County Clerk	0	14,905
Telephone Commissions	0	50,397
Constitutional Officers' Fees and Commissions	0	25,553
Special Commissioner Fees/Special Master Fees	0	1,244
Data Processing Fee - Register	0	7,592
Data Processing Fee - Sheriff	0	4,370
Sexual Offender Registration Fee - Sheriff	0	917
Data Processing Fee - County Clerk	0	1,500
Total Charges for Current Services	<u>0 \$</u>	<u>110,095</u>

(Continued)

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	0 \$	34,223
Sale of Materials and Supplies	0	246
Commissary Sales	0	778
Sale of Recycled Materials	0	4,243
Retirees' Insurance Payments	0	8,417
Miscellaneous Refunds	0	12,310
<u>Nonrecurring Items</u>		
Sale of Property	0	650
Performance Bond Forfeitures	0	2,375
Total Other Local Revenues	0 \$	63,242
<u>Fees Received from County Officials</u>		
<u>Fees in-Lieu-of Salary</u>		
County Clerk	0 \$	157,091
Circuit Court Clerk	0	67,202
General Sessions Court Clerk	0	292,509
Clerk and Master	0	55,663
Juvenile Court Clerk	0	14,917
Register	0	52,323
Sheriff	0	6,822
Trustee	0	260,657
Total Fees Received from County Officials	0 \$	907,184

(Continued)

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	0 \$	9,000
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	11,400
Other Public Safety Grants	0	31,285
Health and Welfare Grants		
Health Department Programs	0	162,802
<u>Public Works Grants</u>		
Bridge Program	0	387,576
State Aid Program	0	148,607
Litter Program	0	28,182
<u>Other State Revenues</u>		
Income Tax	0	23,995
Beer Tax	0	18,055
Vehicle Certificate of Title Fees	0	8,892
Alcoholic Beverage Tax	0	31,488
State Revenue Sharing - T.V.A.	0	214,819
Contracted Prisoner Boarding	0	595,145
Gasoline and Motor Fuel Tax	0	1,338,446
Petroleum Special Tax	0	13,214
Registrar's Salary Supplement	0	15,164
Other State Grants	0	45,000
Other State Revenues	0	3,629
Total State of Tennessee	0 \$	3,086,699

(Continued)

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	152,813 \$	152,813
Civil Defense Reimbursement	0	23,500
Other Federal through State	0	1,657
<u>Direct Federal Revenue</u>		
Forest Service	0	48,334
Other Direct Federal Revenue	0	1,800
<u>Total Federal Government</u>	<u>152,813 \$</u>	<u>228,104</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	0 \$	556,553
Contracted Services	0	340,973
<u>Other</u>		
Other	0	11,774
<u>Total Other Governments and Citizens Groups</u>	<u>0 \$</u>	<u>909,300</u>
<u>Total</u>	<u>152,813 \$</u>	<u>12,406,335</u>

Exhibit J-6

Unicoi County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,385,194	\$ 0	\$ 0	\$ 2,385,194
Trustee's Collections - Prior Year	106,729	0	0	106,729
Circuit/Clerk and Master Collections - Prior Years	76,605	0	0	76,605
Interest and Penalty	17,342	0	0	17,342
Pickup Taxes	16,689	0	0	16,689
Payments in-Lieu-of Taxes - T.V.A.	149	0	0	149
Payments in-Lieu-of Taxes - Local Utilities	35,893	0	0	35,893
Payments in-Lieu-of Taxes - Other	4,542	0	0	4,542
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,433,102	0	0	1,433,102
Business Tax	31,211	0	0	31,211
Mixed Drink Tax	1,610	0	0	1,610
Other County Local Option Taxes	341	0	0	341
<u>Statutory Local Taxes</u>				
Wholesale Beer Tax	4,653	0	0	4,653
Interstate Telecommunications Tax	1,815	0	0	1,815
Total Local Taxes	\$ 4,115,875	\$ 0	\$ 0	\$ 4,115,875
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,066	\$ 0	\$ 0	\$ 2,066
Cable TV Franchise	13,190	0	0	13,190
Total Licenses and Permits	\$ 15,256	\$ 0	\$ 0	\$ 15,256
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 95	\$ 0	\$ 0	\$ 95
Total Fines, Forfeitures, and Penalties	\$ 95	\$ 0	\$ 0	\$ 95
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 2,727	\$ 0	\$ 0	\$ 2,727
Tuition - Other	50,280	0	0	50,280
Lunch Payments - Children	0	0	127,337	127,337
Lunch Payments - Adults	0	0	3,248	3,248
Income from Breakfast	0	0	285	285
A la carte Sales	0	0	62,667	62,667
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	1,244	1,244
Total Charges for Current Services	\$ 53,007	\$ 0	\$ 194,781	\$ 247,788

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,529	\$ 0	\$ 5,097	\$ 6,626
Lease/Rentals	2,200	0	0	2,200
Sale of Materials and Supplies	29,268	0	0	29,268
E-Rate Funding	43,519	0	0	43,519
Retirees' Insurance Payments	8,748	0	0	8,748
Commodity Rebates	0	0	156	156
Miscellaneous Refunds	165,475	0	9,965	175,440
<u>Nonrecurring Items</u>				
Sale of Equipment	3,681	0	0	3,681
Contributions and Gifts	12,594	0	0	12,594
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	2	2
Total Other Local Revenues	\$ 267,014	\$ 0	\$ 15,220	\$ 282,234
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 125,594	\$ 0	\$ 0	\$ 125,594
<u>State Education Funds</u>				
Basic Education Program	12,707,424	0	0	12,707,424
Early Childhood Education	582,076	0	0	582,076
School Food Service	0	0	12,346	12,346
Other State Education Funds	211,033	0	0	211,033
Career Ladder Program	65,800	0	0	65,800
Career Ladder - Extended Contract	28,270	0	0	28,270
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	93,305	0	0	93,305
Other State Grants	3,650	0	0	3,650
Total State of Tennessee	\$ 13,817,152	\$ 0	\$ 12,346	\$ 13,829,498
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 605,489	\$ 605,489
USDA - Commodities	0	0	73,413	73,413
Breakfast	0	0	257,300	257,300
Vocational Education - Basic Grants to States	0	125,549	0	125,549
Title I Grants to Local Education Agencies	0	588,068	0	588,068
Special Education - Grants to States	72,158	606,901	0	679,059
Special Education Preschool Grants	0	59,724	0	59,724
English Language Acquisition Grants	0	9,905	0	9,905
Eisenhower Professional Development State Grants	0	128,536	0	128,536
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	206,184	0	0	206,184
ROTC Reimbursement	60,262	0	0	60,262
Other Direct Federal Revenue	132,090	0	0	132,090
Total Federal Government	\$ 470,694	\$ 1,518,683	\$ 936,202	\$ 2,925,579
Total	\$ 18,739,093	\$ 1,518,683	\$ 1,158,549	\$ 21,416,325

Exhibit J-7

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,400	
Social Security		1,294	
Pensions		307	
Employer Medicare		405	
Audit Services		5,494	
Contracts with Government Agencies		1,250	
Dues and Memberships		4,283	
Legal Notices, Recording, and Court Costs		2,174	
Travel		424	
Other Charges		440	
Total County Commission			\$ 48,471

Board of Equalization

Board and Committee Members Fees	\$	1,700	
Total Board of Equalization			1,700

County Mayor/Executive

County Official/Administrative Officer	\$	77,427	
Accountants/Bookkeepers		36,138	
Secretary(ies)		29,078	
Clerical Personnel		29,078	
Social Security		9,990	
Pensions		14,631	
Life Insurance		600	
Medical Insurance		29,965	
Dental Insurance		1,150	
Unemployment Compensation		270	
Employer Medicare		2,421	
Communication		4,507	
Data Processing Services		9,965	
Dues and Memberships		1,833	
Maintenance and Repair Services - Office Equipment		1,170	
Travel		3,000	
Penalties		382	
Office Supplies		2,494	
Premiums on Corporate Surety Bonds		1,490	
Other Charges		971	
Office Equipment		259	
Total County Mayor/Executive			256,819

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	57,459	
Deputy(ies)		29,078	

(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.)

Mechanic(s)	\$	1,025	
Clerical Personnel		9,592	
Election Commission		4,020	
Election Workers		17,332	
Social Security		5,904	
Pensions		7,373	
Life Insurance		300	
Medical Insurance		19,582	
Dental Insurance		575	
Unemployment Compensation		316	
Employer Medicare		1,444	
Communication		2,176	
Data Processing Services		12,904	
Dues and Memberships		225	
Janitorial Services		960	
Legal Notices, Recording, and Court Costs		8,683	
Maintenance and Repair Services - Buildings		451	
Maintenance and Repair Services - Equipment		186	
Postal Charges		20	
Printing, Stationery, and Forms		834	
Travel		5,600	
Other Contracted Services		2,928	
Electricity		2,546	
Office Supplies		2,153	
Office Equipment		1,420	
Total Election Commission			\$ 195,086

Register of Deeds

County Official/Administrative Officer	\$	63,843
Deputy(ies)		29,078
Clerical Personnel		24,035
Part-time Personnel		2,592
Social Security		7,293
Pensions		9,965
Life Insurance		450
Medical Insurance		18,720
Dental Insurance		863
Unemployment Compensation		206
Employer Medicare		1,723
Communication		2,506
Data Processing Services		4,446
Dues and Memberships		532
Maintenance and Repair Services - Office Equipment		405
Travel		2,137
Data Processing Supplies		856
Office Supplies		1,901
Premiums on Corporate Surety Bonds		1,612

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

In Service/Staff Development	\$	450	
Data Processing Equipment		2,930	
Office Equipment		1,283	
Total Register of Deeds			\$ 177,826

Planning

Board and Committee Members Fees	\$	3,150	
Social Security		195	
Unemployment Compensation		2	
Employer Medicare		46	
Contracts with Government Agencies		7,750	
Total Planning			11,143

County Buildings

Custodial Personnel	\$	15,561	
Part-time Personnel		11,320	
Social Security		1,662	
Pensions		406	
Life Insurance		34	
Medical Insurance		1,416	
Dental Insurance		65	
Unemployment Compensation		189	
Employer Medicare		392	
Maintenance and Repair Services - Buildings		27,730	
Custodial Supplies		3,363	
Natural Gas		10,353	
Utilities		34,536	
Building and Contents Insurance		5,649	
Total County Buildings			112,676

Other General Administration

Postal Charges	\$	24,699	
Duplicating Supplies		3,184	
Office Supplies		329	
Excess Risk Insurance		3,000	
Liability Insurance		12,847	
Total Other General Administration			44,059

Preservation of Records

Dues and Memberships	\$	115	
Travel		1,021	
Total Preservation of Records			1,136

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	59,222	
Assistant(s)		24,756	

(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.)

Deputy(ies)	\$	28,624	
Clerical Personnel		28,133	
Other Salaries and Wages		1,846	
Social Security		8,520	
Pensions		10,618	
Life Insurance		550	
Medical Insurance		29,462	
Dental Insurance		1,054	
Unemployment Compensation		339	
Employer Medicare		2,043	
Audit Services		8,900	
Communication		4,250	
Data Processing Services		12,163	
Dues and Memberships		1,250	
Maintenance and Repair Services - Office Equipment		2,987	
Printing, Stationery, and Forms		1,191	
Travel		1,635	
Office Supplies		3,556	
Premiums on Corporate Surety Bonds		300	
Office Equipment		2,188	
Total Property Assessor's Office			\$ 233,587

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		29,078	
Deputy(ies)		29,078	
Temporary Personnel		2,065	
Social Security		7,675	
Pensions		10,394	
Life Insurance		450	
Medical Insurance		7,280	
Dental Insurance		863	
Unemployment Compensation		201	
Employer Medicare		1,801	
Communication		2,167	
Data Processing Services		4,895	
Dues and Memberships		617	
Legal Notices, Recording, and Court Costs		300	
Maintenance and Repair Services - Office Equipment		612	
Travel		780	
Data Processing Supplies		1,996	
Office Supplies		1,252	
Premiums on Corporate Surety Bonds		9,299	
Office Equipment		761	
Total County Trustee's Office			175,407

(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

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		26,813	
Salary Supplements		150	
Clerical Personnel		29,079	
Part-time Personnel		19,207	
Other Salaries and Wages		28,606	
Social Security		10,081	
Pensions		12,633	
Life Insurance		585	
Medical Insurance		35,632	
Dental Insurance		1,121	
Unemployment Compensation		360	
Employer Medicare		2,402	
Communication		7,158	
Dues and Memberships		591	
Maintenance and Repair Services - Buildings		1,678	
Maintenance and Repair Services - Office Equipment		14,014	
Travel		510	
Other Contracted Services		792	
Office Supplies		1,206	
Utilities		1,223	
Premiums on Corporate Surety Bonds		2,680	
Data Processing Equipment		643	
Office Equipment		188	
Total County Clerk's Office			\$ 261,195

Other Finance

Trustee's Commission	\$	81,687	
Total Other Finance			81,687

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Assistant(s)		30,591	
Deputy(ies)		49,879	
Accountants/Bookkeepers		26,869	
Clerical Personnel		48,070	
Part-time Personnel		12,163	
Other Salaries and Wages		54,290	
Jury and Witness Expense		5,594	
Social Security		17,227	
Pensions		19,980	
Life Insurance		1,350	
Medical Insurance		51,250	
Dental Insurance		2,300	
Unemployment Compensation		843	
Employer Medicare		4,113	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Communication	\$	5,550	
Data Processing Services		444	
Dues and Memberships		467	
Evaluation and Testing		2,500	
Maintenance and Repair Services - Office Equipment		19,718	
Travel		512	
Remittance of Revenue Collected		210	
Data Processing Supplies		200	
Office Supplies		5,724	
Premiums on Corporate Surety Bonds		3,300	
Office Equipment		2,000	
Total Circuit Court			\$ 428,987

General Sessions Court

Judge(s)	\$	89,541	
Social Security		5,328	
Pensions		7,629	
Life Insurance		150	
Medical Insurance		13,342	
Dental Insurance		288	
Employer Medicare		1,275	
Communication		793	
Dues and Memberships		150	
Travel		1,183	
Remittance of Revenue Collected		2,890	
Total General Sessions Court			122,569

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		29,078	
Part-time Personnel		11,350	
Social Security		6,401	
Pensions		7,917	
Life Insurance		300	
Medical Insurance		12,480	
Dental Insurance		575	
Unemployment Compensation		191	
Employer Medicare		1,508	
Communication		1,511	
Dues and Memberships		567	
Legal Notices, Recording, and Court Costs		701	
Maintenance and Repair Services - Office Equipment		12,803	
Travel		300	
Data Processing Supplies		9,835	
Office Supplies		3,039	
Premiums on Corporate Surety Bonds		1,689	
Office Equipment		500	
Total Chancery Court			164,588

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Salary Supplements	\$	7,579	
Social Security		469	
Unemployment Compensation		66	
Employer Medicare		103	
Communication		915	
Contracts with Government Agencies		35,131	
Travel		831	
Office Supplies		113	
Total Juvenile Court			\$ 45,207

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	73,739	
Supervisor/Director		95,258	
Deputy(ies)		384,090	
Investigator(s)		72,090	
Captain(s)		107,180	
Youth Service Officer(s)		15,694	
Sergeant(s)		122,994	
Secretary(ies)		63,068	
Overtime Pay		15,282	
Other Salaries and Wages		49,833	
In-service Training		13,692	
Social Security		60,500	
Pensions		74,559	
Life Insurance		4,204	
Medical Insurance		217,597	
Dental Insurance		7,738	
Unemployment Compensation		3,285	
Employer Medicare		14,462	
Communication		19,139	
Contributions		1,000	
Dues and Memberships		1,800	
Maintenance and Repair Services - Equipment		1,424	
Maintenance and Repair Services - Vehicles		55,279	
Travel		4,465	
Gasoline		132,596	
Law Enforcement Supplies		3,174	
Office Supplies		3,635	
Tires and Tubes		11,713	
Uniforms		5,835	
Other Supplies and Materials		10,059	
Liability Insurance		101,821	
Premiums on Corporate Surety Bonds		2,000	
Workers' Compensation Insurance		130,000	
Other Charges		5,235	
Law Enforcement Equipment		7,772	
Motor Vehicles		58,000	
Total Sheriff's Department			1,950,212

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Supervisor/Director	\$	27,198	
Teachers		25,106	
Guards		122,930	
Cafeteria Personnel		11,822	
Maintenance Personnel		36,337	
Overtime Pay		30	
Other Salaries and Wages		128,743	
Social Security		23,427	
Pensions		15,132	
Life Insurance		1,162	
Medical Insurance		39,000	
Dental Insurance		2,037	
Unemployment Compensation		1,943	
Employer Medicare		5,263	
Maintenance and Repair Services - Buildings		27,115	
Maintenance and Repair Services - Equipment		6,717	
Maintenance and Repair Services - Vehicles		1,660	
Medical and Dental Services		96,725	
Travel		5,346	
Other Contracted Services		28,263	
Custodial Supplies		1,834	
Drugs and Medical Supplies		11,885	
Food Supplies		71,360	
Natural Gas		4,204	
Uniforms		848	
Utilities		42,188	
Building and Contents Insurance		12,551	
Other Charges		613	
Total Jail			\$ 751,439

Workhouse

Supervisor/Director	\$	29,465
Guards		47,870
Cafeteria Personnel		15,070
Other Salaries and Wages		160,835
Social Security		15,330
Pensions		6,597
Life Insurance		443
Medical Insurance		29,579
Dental Insurance		850
Unemployment Compensation		1,416
Employer Medicare		3,654
Maintenance and Repair Services - Buildings		13,589
Maintenance and Repair Services - Equipment		3,496
Maintenance and Repair Services - Vehicles		1,238
Medical and Dental Services		8,734
Custodial Supplies		1,250

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Drugs and Medical Supplies	\$	8,500	
Food Supplies		38,828	
Natural Gas		5,218	
Prisoners Clothing		998	
Utilities		48,475	
Law Enforcement Equipment		2,015	
Total Workhouse			\$ 443,450

Juvenile Services

Other Salaries and Wages	\$	8,340	
Social Security		519	
Unemployment Compensation		20	
Employer Medicare		121	
Total Juvenile Services			9,000

Fire Prevention and Control

Contributions	\$	58,000	
Total Fire Prevention and Control			58,000

Civil Defense

County Official/Administrative Officer	\$	38,526	
Social Security		2,375	
Pensions		3,282	
Life Insurance		150	
Medical Insurance		6,240	
Dental Insurance		288	
Unemployment Compensation		83	
Employer Medicare		560	
Maintenance and Repair Services - Vehicles		919	
Travel		243	
Gasoline		2,192	
Law Enforcement Supplies		2,824	
Other Supplies and Materials		650	
Communication Equipment		2,400	
Total Civil Defense			60,732

Other Emergency Management

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

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	2,394	
Assistant(s)		300	
Social Security		167	
Pensions		230	
Life Insurance		1	
Medical Insurance		46	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner (Cont.)

Dental Insurance	\$	2	
Unemployment Compensation		7	
Employer Medicare		39	
Contracts with Other Public Agencies		26,384	
Other Contracted Services		2,400	
Law Enforcement Supplies		302	
Premiums on Corporate Surety Bonds		100	
Total County Coroner/Medical Examiner			\$ 32,372

Other Public Safety

Supervisor/Director	\$	36,565	
Dispatchers/Radio Operators		270,248	
Part-time Personnel		28,978	
Social Security		20,531	
Pensions		21,487	
Life Insurance		1,481	
Medical Insurance		57,720	
Dental Insurance		2,839	
Unemployment Compensation		1,430	
Employer Medicare		4,861	
Total Other Public Safety			446,140

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	30,985	
Social Security		1,136	
Pensions		1,577	
Life Insurance		150	
Medical Insurance		6,240	
Dental Insurance		288	
Unemployment Compensation		90	
Employer Medicare		267	
Communication		2,853	
Maintenance and Repair Services - Equipment		2,035	
Maintenance and Repair Services - Office Equipment		1,860	
Custodial Supplies		1,416	
Drugs and Medical Supplies		4,751	
Natural Gas		2,120	
Office Supplies		1,500	
Utilities		19,118	
Other Supplies and Materials		1,962	
Liability Insurance		1,972	
Workers' Compensation Insurance		1,360	
Other Charges		2,019	
Total Local Health Center			83,699

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Supervisor/Director	\$	29,528	
Part-time Personnel		23,769	
Other Salaries and Wages		46,256	
Social Security		6,108	
Pensions		6,341	
Life Insurance		450	
Medical Insurance		18,720	
Dental Insurance		863	
Unemployment Compensation		477	
Employer Medicare		1,407	
Workers' Compensation Insurance		2,942	
Total Rabies and Animal Control			\$ 136,861

Ambulance/Emergency Medical Services

Other Contracted Services	\$	168,000	
Total Ambulance/Emergency Medical Services			168,000

Other Local Health Services

Other Salaries and Wages	\$	128,718	
Social Security		7,940	
Pensions		7,186	
Life Insurance		450	
Medical Insurance		18,720	
Dental Insurance		863	
Unemployment Compensation		517	
Employer Medicare		1,870	
Travel		2,938	
Total Other Local Health Services			169,202

Regional Mental Health Center

Contributions	\$	1,000	
Total Regional Mental Health Center			1,000

Appropriation to State

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

Sanitation Education/Information

Other Salaries and Wages	\$	19,233	
Social Security		1,191	
Unemployment Compensation		86	
Employer Medicare		280	
Instructional Supplies and Materials		4,950	
Other Supplies and Materials		2,238	
Total Sanitation Education/Information			27,978

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Maintenance and Repair Services - Buildings	\$	13,492	
Office Supplies		840	
Other Supplies and Materials		30,519	
Other Charges		3,431	
Total Other Public Health and Welfare			\$ 48,282

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$	2,375	
Total Adult Activities			2,375

Senior Citizens Assistance

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

Libraries

Contributions	\$	22,700	
Total Libraries			22,700

Other Social, Cultural, and Recreational

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

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	3,164	
Contributions		24,750	
Dues and Memberships		300	
Travel		2,499	
Office Supplies		959	
Office Equipment		600	
Total Agricultural Extension Service			32,272

Forest Service

Contributions	\$	800	
Total Forest Service			800

Soil Conservation

Contributions	\$	2,500	
Total Soil Conservation			2,500

Other Operations

Tourism

Contributions	\$	7,350	
Other Charges		950	
Total Tourism			8,300

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$ 48,895	
Other Charges	825	
Total Industrial Development		\$ 49,720

Veterans' Services

Contributions	\$ 950	
Total Veterans' Services		950

Contributions to Other Agencies

Contributions	\$ 1,425	
Total Contributions to Other Agencies		1,425

Employee Benefits

Employee and Dependent Insurance	\$ 7,513	
Workers' Compensation Insurance	30,525	
Total Employee Benefits		38,038

Miscellaneous

Contributions	\$ 2,250	
Total Miscellaneous		2,250

Total General Fund \$ 7,007,318

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Communication	\$ 1,995	
Contracts with Private Agencies	391,372	
Operating Lease Payments	28,800	
Rentals	1,345	
Other Contracted Services	19,594	
Electricity	5,970	
Liability Insurance	538	
Trustee's Commission	8,472	
Workers' Compensation Insurance	1,148	
Site Development	5,376	
Total Sanitation Management		\$ 464,610

Total Solid Waste/Sanitation Fund 464,610

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$ 436	
Total Other Finance		\$ 436

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety

Sheriff's Department

Deputy(ies)	\$	1,505	
Social Security		62	
Unemployment Compensation		15	
Employer Medicare		19	
Advertising		585	
Communication		197	
Confidential Drug Enforcement Payments		8,000	
Dues and Memberships		2,500	
Maintenance and Repair Services - Equipment		40	
Maintenance and Repair Services - Vehicles		1,760	
Towing Services		515	
Travel		168	
Veterinary Services		2,657	
Animal Food and Supplies		1,059	
Law Enforcement Supplies		1,810	
Office Supplies		141	
Tires and Tubes		528	
Uniforms		619	
Other Charges		1,074	
Law Enforcement Equipment		160	
Motor Vehicles		44,833	
Total Sheriff's Department			\$ 68,247

Total Drug Control Fund \$ 68,683

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court Clerk

Special Commissioner Fees/Special Master Fees	\$	975	
Bank Charges		714	
Total Circuit Court Clerk			\$ 1,689

General Sessions Court Clerk

Special Commissioner Fees/Special Master Fees	\$	6,617	
Bank Charges		292	
Total General Sessions Court Clerk			6,909

Juvenile Court Clerk

Bank Charges	\$	204	
Total Juvenile Court Clerk			204

Public Safety

Sheriff's Department

Bank Charges	\$	34	
Total Sheriff's Department			34

Total Constitutional Officers - Fees Fund 8,836

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,228	
Accountants/Bookkeepers		41,505	
Life Insurance		1,057	
Accounting Services		1,400	
Communication		1,983	
Postal Charges		343	
Travel		1,691	
Data Processing Supplies		531	
Office Supplies		388	
Premiums on Corporate Surety Bonds		1,390	
Other Charges		2,725	
Data Processing Equipment		11,375	
Total Administration			\$ 134,616

Highway and Bridge Maintenance

Foremen	\$	36,561	
Laborers		494,624	
Other Salaries and Wages		15,803	
Asphalt		230,492	
Crushed Stone		33,745	
Other Road Materials		10,538	
Pipe		2,914	
Salt		41,004	
Other Supplies and Materials		288	
Total Highway and Bridge Maintenance			865,969

Operation and Maintenance of Equipment

Mechanic(s)	\$	33,408	
Communication		2,532	
Diesel Fuel		49,942	
Electricity		6,368	
Equipment and Machinery Parts		52,227	
Garage Supplies		690	
Gasoline		20,892	
Lubricants		1,907	
Natural Gas		4,527	
Propane Gas		2,367	
Tires and Tubes		8,558	
Other Supplies and Materials		263	
Total Operation and Maintenance of Equipment			183,681

Other Charges

Accounting Services	\$	1,315	
Dues and Memberships		2,109	
Maintenance Agreements		6,521	
Office Supplies		78	
Trustee's Commission		16,796	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$	36,144	
Workers' Compensation Insurance		101,497	
Total Other Charges			\$ 164,460

Employee Benefits

Social Security	\$	53,083	
Pensions		57,295	
Employee and Dependent Insurance		141,085	
Unemployment Compensation		2,193	
Uniforms		7,639	
Total Employee Benefits			261,295

Capital Outlay

Engineering Services	\$	85,525	
Bridge Construction		391,691	
Highway Construction		40,786	
Land		54,857	
State Aid Projects		148,607	
Total Capital Outlay			721,466

Total Highway/Public Works Fund \$ 2,331,487

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	1,190,569	
Principal on Notes		390,095	
Total General Government			\$ 1,580,664

Education

Principal on Capital Leases	\$	177,924	
Total Education			177,924

Interest on Debt

General Government

Interest on Bonds	\$	1,056,580	
Interest on Notes		88,192	
Total General Government			1,144,772

Education

Interest on Capital Leases	\$	649	
Total Education			649

Other Debt Service

General Government

Trustee's Commission	\$	39,168	
Underwriter's Discount		141,274	

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service (Cont.)</u>			
<u>General Government (Cont.)</u>			
Other Debt Issuance Charges	\$	104,846	
Other Debt Service		650	
Total General Government		<u> </u>	\$ 285,938
Total General Debt Service Fund			\$ 3,189,947
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Architects	\$	5,413	
Building Improvements		13,271	
Total Public Safety Projects		<u> </u>	\$ 18,684
Total General Capital Projects Fund			18,684
<u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>Public Utility Projects</u>			
Consultants	\$	12,500	
Other Capital Outlay		140,313	
Total Public Utility Projects		<u> </u>	\$ 152,813
Total Community Development/Industrial Park Fund			<u>152,813</u>
Total Governmental Funds - Primary Government			<u>\$ 13,242,378</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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	5,452,433	
Career Ladder Program		37,541	
Career Ladder Extended Contracts		25,388	
Homebound Teachers		10,169	
Educational Assistants		67,842	
Bonus Payments		80,349	
Certified Substitute Teachers		27,999	
Non-certified Substitute Teachers		62,140	
Social Security		355,909	
Pensions		526,371	
Life Insurance		5,553	
Medical Insurance		954,203	
Dental Insurance		11,511	
Employer Medicare		83,340	
Other Contracted Services		4,927	
Instructional Supplies and Materials		219,954	
Textbooks		88,583	
Other Supplies and Materials		8,444	
Fee Waivers		23,404	
Other Charges		12,831	
Regular Instruction Equipment		95,865	
Total Regular Instruction Program	\$		8,154,756

Alternative Instruction Program

Teachers	\$	52,407	
Social Security		3,249	
Pensions		4,738	
Life Insurance		40	
Employer Medicare		760	
Contracts with Other School Systems		34,457	
Total Alternative Instruction Program			95,651

Special Education Program

Teachers	\$	727,543	
Career Ladder Program		3,000	
Educational Assistants		64,711	
Speech Pathologist		148,840	
Certified Substitute Teachers		15,513	
Non-certified Substitute Teachers		16,410	
Social Security		58,559	
Pensions		82,047	
Life Insurance		1,093	
Medical Insurance		187,635	
Dental Insurance		1,948	
Employer Medicare		13,699	
Other Contracted Services		50,470	

(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	\$	9,340	
Other Supplies and Materials		10,528	
Other Charges		460	
Special Education Equipment		4,489	
Total Special Education Program			\$ 1,396,285

Vocational Education Program

Teachers	\$	484,846	
Career Ladder Program		3,000	
Certified Substitute Teachers		1,347	
Non-certified Substitute Teachers		9,600	
Social Security		28,503	
Pensions		43,624	
Life Insurance		485	
Medical Insurance		96,103	
Dental Insurance		837	
Employer Medicare		6,686	
Maintenance and Repair Services - Equipment		1,408	
Other Contracted Services		1,191	
Instructional Supplies and Materials		15,565	
Textbooks		2,749	
Other Supplies and Materials		70	
Other Charges		2,076	
Vocational Instruction Equipment		6,370	
Total Vocational Education Program			704,460

Student Body Education Program

Other Equipment	\$	34,918	
Total Student Body Education Program			34,918

Support Services

Attendance

Supervisor/Director	\$	54,020	
Career Ladder Program		2,000	
Social Security		3,400	
Pensions		4,985	
Life Insurance		29	
Medical Insurance		4,581	
Dental Insurance		85	
Employer Medicare		795	
Travel		1,696	
Total Attendance			71,591

Health Services

Medical Personnel	\$	101,945	
Other Salaries and Wages		95,971	

(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	\$	11,749	
Pensions		15,346	
Life Insurance		310	
Medical Insurance		47,243	
Dental Insurance		202	
Employer Medicare		2,748	
Travel		4,282	
Drugs and Medical Supplies		5,633	
Other Supplies and Materials		6,371	
Other Charges		2,182	
Total Health Services			\$ 293,982

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		299,407	
Psychological Personnel		43,978	
School Resource Officer		47,000	
Other Salaries and Wages		4,211	
Social Security		21,382	
Pensions		31,739	
Life Insurance		360	
Medical Insurance		54,132	
Dental Insurance		649	
Employer Medicare		5,001	
Evaluation and Testing		8,075	
Other Supplies and Materials		13,241	
Total Other Student Support			531,175

Regular Instruction Program

Supervisor/Director	\$	69,847	
Career Ladder Program		2,959	
Librarians		261,358	
Educational Assistants		12,706	
Social Security		20,130	
Pensions		30,996	
Life Insurance		323	
Medical Insurance		67,434	
Dental Insurance		835	
Employer Medicare		4,708	
Travel		13,971	
Other Contracted Services		794	
In Service/Staff Development		33,447	
Other Equipment		5,304	
Total Regular Instruction Program			524,812

(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	\$	71,508	
Secretary(ies)		27,582	
Social Security		5,934	
Pensions		8,765	
Life Insurance		81	
Medical Insurance		15,751	
Dental Insurance		120	
Employer Medicare		1,376	
Travel		4,431	
In Service/Staff Development		7,659	
Total Special Education Program			\$ 143,207

Vocational Education Program

Supervisor/Director	\$	62,637	
Secretary(ies)		28,664	
Social Security		5,391	
Pensions		8,113	
Life Insurance		81	
Medical Insurance		21,218	
Dental Insurance		360	
Employer Medicare		1,261	
Maintenance and Repair Services - Equipment		4,492	
Travel		1,935	
Total Vocational Education Program			134,152

Other Programs

On-behalf Payments to OPEB	\$	125,594	
Total Other Programs			125,594

Board of Education

Secretary to Board	\$	27,968	
Other Salaries and Wages		110,932	
Board and Committee Members Fees		5,462	
Social Security		7,161	
Pensions		2,332	
Life Insurance		40	
Medical Insurance		6,489	
Dental Insurance		120	
Unemployment Compensation		31,730	
Employer Medicare		1,656	
Audit Services		13,542	
Dues and Memberships		5,704	
Legal Services		9,038	
Travel		14,355	
Maintenance and Repair Services - Records		1,833	
Other Contracted Services		4,520	

(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.)

Other Supplies and Materials	\$	805	
Liability Insurance		41,150	
Trustee's Commission		98,262	
Workers' Compensation Insurance		128,724	
Other Charges		11,309	
Total Board of Education			\$ 523,132

Director of Schools

County Official/Administrative Officer	\$	154,891	
Assistant(s)		36,006	
Secretary(ies)		23,047	
Clerical Personnel		3,993	
Social Security		12,916	
Pensions		18,823	
Life Insurance		132	
Medical Insurance		23,048	
Dental Insurance		272	
Employer Medicare		3,021	
Other Fringe Benefits		1,584	
Communication		102,169	
Postal Charges		6,787	
Travel		3,584	
Other Contracted Services		10,332	
Office Supplies		5,503	
Other Charges		5,094	
Administration Equipment		3,831	
Total Director of Schools			415,033

Office of the Principal

Principals	\$	429,959	
Career Ladder Program		4,000	
Accountants/Bookkeepers		47,996	
Assistant Principals		183,414	
Secretary(ies)		149,934	
Social Security		48,753	
Pensions		72,876	
Life Insurance		760	
Medical Insurance		142,489	
Dental Insurance		1,293	
Employer Medicare		11,402	
Dues and Memberships		209	
Other Charges		3,650	
Total Office of the Principal			1,096,735

Fiscal Services

Accountants/Bookkeepers	\$	84,275	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Social Security	\$	5,186	
Pensions		7,180	
Life Insurance		81	
Medical Insurance		12,977	
Dental Insurance		240	
Employer Medicare		1,213	
Travel		1,536	
Other Contracted Services		9,268	
Data Processing Supplies		3,214	
Office Supplies		1,626	
Administration Equipment		689	
Total Fiscal Services			\$ 127,485

Operation of Plant

Supervisor/Director	\$	35,094	
Custodial Personnel		476,918	
Social Security		31,277	
Pensions		39,931	
Life Insurance		866	
Medical Insurance		126,133	
Dental Insurance		648	
Employer Medicare		7,044	
Janitorial Services		14,400	
Disposal Fees		35,044	
Other Contracted Services		17,979	
Custodial Supplies		48,767	
Electricity		563,000	
Natural Gas		89,543	
Water and Sewer		44,337	
Boiler Insurance		6,424	
Building and Contents Insurance		117,186	
Other Charges		683	
Total Operation of Plant			1,655,274

Maintenance of Plant

Supervisor/Director	\$	42,402	
Maintenance Personnel		136,919	
Social Security		10,426	
Pensions		14,629	
Life Insurance		239	
Medical Insurance		39,571	
Dental Insurance		264	
Employer Medicare		2,438	
Laundry Service		4,638	
Maintenance and Repair Services - Buildings		79,910	
Maintenance and Repair Services - Equipment		22,435	

(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	\$	4,625	
Other Contracted Services		25,885	
Equipment and Machinery Parts		2,376	
General Construction Materials		330	
Other Supplies and Materials		15,198	
Other Charges		1,904	
Total Maintenance of Plant			\$ 404,189

Transportation

Supervisor/Director	\$	43,508	
Mechanic(s)		30,354	
Bus Drivers		210,136	
Social Security		17,498	
Pensions		17,833	
Life Insurance		77	
Medical Insurance		12,653	
Dental Insurance		228	
Employer Medicare		4,092	
Medical and Dental Services		2,090	
Other Contracted Services		10,128	
Diesel Fuel		90,678	
Garage Supplies		1,287	
Gasoline		21,269	
Tires and Tubes		13,976	
Vehicle Parts		30,690	
Other Supplies and Materials		3,453	
Vehicle and Equipment Insurance		36,132	
Other Charges		795	
Transportation Equipment		149,482	
Total Transportation			696,359

Central and Other

Supervisor/Director	\$	58,146	
Computer Programmer(s)		79,754	
Data Processing Personnel		21,355	
Social Security		9,687	
Pensions		12,604	
Life Insurance		162	
Medical Insurance		34,195	
Dental Insurance		600	
Employer Medicare		2,270	
Travel		174	
Other Contracted Services		43,158	
Data Processing Supplies		21,245	
Other Supplies and Materials		51,979	
Total Central and Other			335,329

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services

Early Childhood Education

Supervisor/Director	\$	61,244	
Teachers		247,151	
Educational Assistants		108,834	
Other Salaries and Wages		13,735	
Non-certified Substitute Teachers		4,437	
Social Security		25,918	
Pensions		37,890	
Life Insurance		638	
Medical Insurance		87,566	
Dental Insurance		1,075	
Employer Medicare		6,062	
Travel		415	
Instructional Supplies and Materials		10,506	
Other Supplies and Materials		15,958	
Other Charges		427	
Total Early Childhood Education			\$ 621,856

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	240,012	
Other Capital Outlay		411,432	
Total Regular Capital Outlay			651,444

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	178,573	
Total Education			178,573

Total General Purpose School Fund \$ 18,915,992

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	176,201	
Other Salaries and Wages		200,927	
Certified Substitute Teachers		280	
Non-certified Substitute Teachers		1,479	
Social Security		10,502	
Pensions		12,401	
Life Insurance		470	
Medical Insurance		49,261	
Dental Insurance		360	
Employer Medicare		2,456	
Other Fringe Benefits		1,424	
Maintenance and Repair Services - Equipment		962	
Instructional Supplies and Materials		20,489	
Regular Instruction Equipment		18,541	
Total Regular Instruction Program			\$ 495,753

(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.)

Special Education Program

Teachers	\$	38,456	
Educational Assistants		403,071	
Social Security		26,609	
Pensions		33,810	
Life Insurance		1,223	
Medical Insurance		145,056	
Dental Insurance		1,535	
Employer Medicare		6,223	
Other Fringe Benefits		3,472	
Other Contracted Services		438	
Instructional Supplies and Materials		26,486	
Other Supplies and Materials		1,030	
Total Special Education Program			\$ 687,409

Vocational Education Program

Instructional Supplies and Materials	\$	6,107	
Other Supplies and Materials		477	
Vocational Instruction Equipment		100,363	
Total Vocational Education Program			106,947

Support Services

Other Student Support

Other Salaries and Wages	\$	23,731	
Social Security		1,471	
Pensions		1,941	
Life Insurance		40	
Medical Insurance		6,164	
Employer Medicare		344	
Other Fringe Benefits		106	
Travel		12,318	
Other Supplies and Materials		11,521	
In Service/Staff Development		5,200	
Other Charges		788	
Other Equipment		700	
Total Other Student Support			64,324

Regular Instruction Program

Supervisor/Director	\$	65,083	
Secretary(ies)		27,304	
Other Salaries and Wages		10,000	
Certified Substitute Teachers		364	
In-service Training		9,919	
Non-certified Substitute Teachers		614	
Social Security		5,728	
Pensions		8,210	
Life Insurance		81	

(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.)

Medical Insurance	\$	6,488	
Employer Medicare		1,340	
Other Fringe Benefits		747	
Maintenance and Repair Services - Equipment		400	
Travel		691	
Library Books/Media		5,986	
Other Supplies and Materials		749	
In Service/Staff Development		40,328	
Total Regular Instruction Program			\$ 184,032

Special Education Program

Clerical Personnel	\$	3,000	
Social Security		186	
Employer Medicare		44	
Other Fringe Benefits		24	
Other Contracted Services		650	
In Service/Staff Development		6,922	
Total Special Education Program			10,826

Vocational Education Program

Travel	\$	1,319	
Total Vocational Education Program			<u>1,319</u>

Total School Federal Projects Fund \$ 1,550,610

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	56,125	
Clerical Personnel		23,504	
Cafeteria Personnel		326,485	
Other Salaries and Wages		10,300	
Social Security		25,429	
Pensions		19,643	
Life Insurance		360	
Medical Insurance		47,025	
Dental Insurance		420	
Employer Medicare		5,947	
Advertising		22	
Licenses		867	
Maintenance and Repair Services - Equipment		8,181	
Travel		4,723	
Other Contracted Services		40,000	
Food Preparation Supplies		39,437	
Food Supplies		457,349	
Office Supplies		1,226	

(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>		
Small Tools	\$	141
Uniforms		1,700
USDA - Commodities		73,413
Other Supplies and Materials		970
Trustee's Commission		51
In Service/Staff Development		2,010
Other Charges		1,405
Food Service Equipment		9,278
Total Food Service		<u>\$ 1,156,011</u>
Total Central Cafeteria Fund		<u>\$ 1,156,011</u>
Total Governmental Funds - Unicoi County School Department		<u><u>\$ 21,622,613</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, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,578,524
Total Cash Receipts	<u>\$ 1,578,524</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,562,739
Trustee's Commissions	15,785
Total Cash Disbursements	<u>\$ 1,578,524</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

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, 2015, and the related notes to the financial statements, which collectively comprise Unicoi County's basic financial statements, and have issued our report thereon dated September 24, 2015. 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: 2015-001(A).

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: 2015-002(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: 2015-001(B), 2015-002(C), and 2015-003.

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 it.

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 prominent vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 24, 2015

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 County 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 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, 2015. 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, 2015.

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 2015-004. 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 Corrective Action Plan. 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 a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004, which we consider to be a significant deficiency.

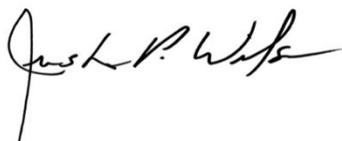
Unicoi County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Unicoi County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on 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, 2015, and the related notes to the financial statements, which collectively comprise Unicoi County's basic financial statements. We issued our report thereon dated September 24, 2015, 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 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, 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

September 24, 2015

JPW/sb

Unicoi County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	\$ 80,621
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	73,413 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	257,300
National School Lunch Program	10.555	N/A	605,489 (3)
Total U.S. Department of Agriculture			<u>\$ 1,016,823</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	(2)	\$ 616,981
Total U.S. Department of Defense			<u>\$ 616,981</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 152,813
Total U.S. Department of Housing and Urban Development			<u>\$ 152,813</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 69,994
Total U.S. Department of the Interior			<u>\$ 69,994</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	24512	\$ 15,000
Total U.S. Department of Justice			<u>\$ 15,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-15-GH8454	\$ 11,287
Alcohol Open Container Requirements	20.607	(2)	4,998
Total U.S. Department of Transportation			<u>\$ 16,285</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 588,385
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	706,900
Special Education - Preschool Grants	84.173	N/A	63,493
Impact Aid	84.041	N/A	206,184
Career and Technical Education - Basic Grants to States	84.048	N/A	125,549
English Language Acquisition Grants	84.365	N/A	9,905
Improving Teacher Quality State Grants	84.367	N/A	128,536
Total U.S. Department of Education			<u>\$ 1,828,952</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 23,500
Total U.S. Department of Homeland Security			<u>\$ 23,500</u>
Total Expenditures of Federal Awards			<u>\$ 3,740,348</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Health Department Program - State Department of Health	N/A	(2)	162,802
State Aid Program - State Department of Transportation	N/A	(2)	148,607
Litter Program - State Department of Transportation	N/A	(2)	28,182
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	582,076
Connect TN - State Department of Education	N/A	(2)	7,314
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education		(2)	3,650
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Safe Schools Act Grant - State Department of Education	N/A	(2)	14,910
 Total State Grants			\$ 1,056,541

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 \$678,902

Unicoi County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Unicoi County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-007	172	Deficiencies existed in the accounting records

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-008	174	Unicoi County had inventory deficiencies, and their use of Section 1033 Excess Federal Property is questioned

UNICOI COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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 Title I Grants to Local Education Agencies (CFDA No. 84.010) 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 circuit and general sessions court's clerk provided written responses to his finding, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2015-001

DEFICIENCIES EXISTED IN THE ACCOUNTING RECORDS

(A – Internal Control – Material Weakness Under *Government Auditing Standards*; B – Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies related to the accounting records in the Office of Circuit and General Sessions Courts Clerk:

- A. During our audit, we noted four checks totaling \$233,314 written by the courts to establish five litigant trust accounts had not cleared the courts' bank accounts for up to ten months. Additionally, activity associated with these trust accounts had not been posted to the general ledgers once the accounts had been established. Therefore, it appears that interest had not been earned or accounted for on these trust accounts as instructed by the courts. This deficiency was the result of office personnel not investing the funds timely and management's failure to correct the finding noted in the prior-year audit report. These errors and omissions could have been detected if the clerk had periodically reconciled the subsidiary trust records and the general ledgers with the bank statements.
- B. Numerous old outstanding checks are reflected on each court's outstanding check listing as of June 30, 2015. These listings include checks dated as early as January 18, 2007. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office.

RECOMMENDATION

As a matter of due diligence and proper management, funds received by the courts for litigant trusts should be invested timely as directed by the court. All trust account activity should be posted to the general ledgers and the trust account subsidiary ledgers currently. The outstanding check listings should be reviewed currently, and the clerk should report and pay to the state unclaimed funds held for more than one year as required by state statute.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- A. Let the record show that no monies were ever missing and all are accounted for. Due to a lack of information, we were unable to invest some monies timely. Other deficiencies were corrected as soon as possible.
 - B. We are working diligently to locate and contact intended recipients of outstanding checks from past years, as well as some recent ones, to verify if they are truly unclaimed property. Our records are not clear on this matter. Some have already been resolved, and we are constantly working to resolve the remainder.
-

OFFICE OF SHERIFF

FINDING 2015-002

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, which are the result of the failure of management to correct the finding noted in the prior-year audit report.

- A. While the county did have an inventory list of some property items that had been received through the program, it was noted that this list did not include information concerning a detailed description of the property or other identifying number, location of the property, who had custody of the property, or any other identifying information. Most of the items that had been received prior to June 30, 2014, were not included on the inventory list. It was also noted that property items received were not clearly identified or marked as being property of the Sheriff's Department. 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.
- 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. While the location of property was noted on the inventory list, it was a generic description of the location. The location of property items that had been assigned to deputies was noted as "Deputies" with no detail provided of who had possession of these items. It should be noted that some of the items were located on private property. Three all-terrain vehicles (ATVs) were observed in a barn at the personal residence of a deputy. One utility truck (Humvee) and another ATV were observed at a private business owned by a part-time reserve officer of the Sheriff's Department. Program property accountability guidelines require the proper storage and security of 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 Sheriff's Department/Jail Annex. This property was being used in the storage and preparation of meals for inmates. It was also noted that some property was located at a volunteer fire department and at a proposed emergency shelter. Activities related to volunteer fire departments and emergency shelters are generally not considered law enforcement activities. Program guidelines provide 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 \$10,888, 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 property assets received under the program.

RECOMMENDATION

Unicoi County should maintain adequate inventory records of all program property, provide proper identification, proper storage and security of program 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.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2015-003

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

(Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. This deficiency was corrected in April 2015 after being brought to the attention of the official.

RECOMMENDATION

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

**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	2015-004	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 2015-002: Unicoi County had inventory deficiencies and questioned use of assets for Section 1033 excess property.	\$ 10,888

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, 2015**

There were audit findings relative to federal awards presented in the prior- and current-years' Schedule of Findings and Questioned Costs.

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

FINDING 2015-004

Contact person: Mike Hensley

Corrective action planned: The Unicoi County Sheriff's Department is in the process of storing all military equipment in a secure location and this equipment will be monitored to make sure it is being used correctly.

Anticipated completion date: September 1, 2015

Sheriff – Summary Schedule of Prior-Year's Findings

FINDING 2014-011

We have created an inventory list for surplus military equipment. As noted in our corrective action plan for the current-year's finding, we are in the process of storing all military equipment in a secure location and this equipment will be monitored to make sure it is being used correctly.