

ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
UNICOI COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016

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
PAULA KNIGHT
GREG BRUSH, CISA
State Auditors

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

UNICOI COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Unicoi County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	25-28
Highway/Public Works Fund	C-6	29
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	30
Index and Notes to the Financial Statements		31-80
REQUIRED SUPPLEMENTARY INFORMATION:		81
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	82
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	83
Schedule of Contributions Based on Participation in the Teacher Pension Plan of TCRS – Discretely Presented Unicoi County School Department	E-3	84
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Unicoi County School Department	E-4	85

	Exhibit	Page(s)
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Pension Plan of TCRS – Discretely Presented Unicoi County School Department	E-5	86
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Unicoi County School Department	E-6	87
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Unicoi County School Department	E-7	88
Notes to the Required Supplemental Information		89
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		90
Nonmajor Governmental Funds:		91-92
Combining Balance Sheet	F-1	93-94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	95
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	F-3	96
Drug Control Fund	F-4	97
Major Governmental Fund:		98
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	99
Fiduciary Funds:		100
Combining Statement of Fiduciary Assets and Liabilities	H-1	101
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	102
Component Unit:		
Discretely Presented Unicoi County School Department:		103
Statement of Activities	I-1	104
Balance Sheet – Governmental Funds	I-2	105
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	106
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	107
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	108
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	110
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	111-112
School Federal Projects Fund	I-9	113
Central Cafeteria Fund	I-10	114

	Exhibit	Page(s)
Miscellaneous Schedules:		115
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds	J-1	116
Schedule of Long-term Debt Requirements by Year	J-2	117
Schedule of Transfers	J-3	118
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Unicoi County School Department	J-4	119
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	120-131
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Unicoi County School Department	J-6	132-135
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	136-151
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Unicoi County School Department	J-8	152-162
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	163
 <u>SINGLE AUDIT SECTION</u>		 164
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>		165-166
Auditor's 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 Uniform Guidance		167-169
Schedule of Expenditures of Federal Awards and State Grants		170-171
Summary Schedule of Prior-year Findings		172
Schedule of Findings and Questioned Costs		173-175
Management's Corrective Action Plan		176
Best Practice		177

Summary of Audit Findings

Annual Financial Report
Unicoi County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Unicoi County as of and for the year ended June 30, 2016.

Results

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

Our audit resulted in no findings.

INTRODUCTORY SECTION

Unicoi County Officials
June 30, 2016

Officials

Greg Lynch, County Mayor
Terry Haynes, Road Superintendent
John English, Director of Schools
Paul Berry, Trustee
Teresa Kinsler, 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
Kenneth Garland
Jason Harris
John Mosley

Bridget Peters
Loren Thomas
Glenn White
Gene Wilson

Board of Education

Tyler Engle, Chairman
Garland Evely
Ruth Gaines

Cathy Thomas
Lisa White
Steve Willis

Audit Committee

Dr. James Hatcher, Chairman
John Harris
Kenneth Kisiel

Marie Rice
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, 2016, 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 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 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, 2016, and the respective changes in financial position 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

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 - other postemployment benefits plan on pages 82-89 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 29, 2016, on our consideration of Unicoi County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unicoi County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 29, 2016

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Unicoi County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government Governmental Activities	Component Unit Unicoi County School Department
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 7,393	\$ 716,641
Equity in Pooled Cash and Investments	5,976,208	5,537,619
Accounts Receivable	13,451	35,195
Due from Other Governments	673,209	278,271
Property Taxes Receivable	6,341,382	2,754,771
Allowance for Uncollectible Property Taxes	(221,650)	(95,965)
Net Pension Asset - Teacher Retirement Plan	0	10,228
Capital Assets:		
Assets Not Depreciated:		
Land	511,921	615,753
Construction in Progress	27,863	872,068
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,044,560	22,425,299
Other Capital Assets	998,844	1,538,998
Infrastructure	5,773,997	0
Total Assets	<u>\$ 24,147,178</u>	<u>\$ 34,688,878</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	\$ 1,359,572	\$ 0
Pension Changes in Experience	0	79,006
Pension Changes on Investment Earnings	345,607	2,026,435
Pension Contributions after Measurement Date	304,426	1,069,408
Pension Other Deferrals	0	63,592
Total Deferred Outflows of Resources	<u>\$ 2,009,605</u>	<u>\$ 3,238,441</u>

LIABILITIES

Accounts Payable	\$ 89,437	\$ 96,835
Accrued Payroll	182,638	0
Accrued Interest Payable	152,715	0
Payroll Deductions Payable	51,628	0
Contracts Payable	0	487,282
Retainage Payable	0	25,646
Due to State of Tennessee	2,521	0

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit <u>Unicoi County School Department</u>
<u>LIABILITIES (CONT.)</u>		
Other Current Liabilities	\$ 1,537	\$ 453,396
Noncurrent Liabilities:		
Due Within One Year	1,857,818	50,400
Due in More Than One Year	23,229,369	956,300
Total Liabilities	<u>\$ 25,567,663</u>	<u>\$ 2,069,859</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 5,843,197	\$ 2,538,552
Pension Changes in Experience	290,634	1,744,192
Pension Changes on Investment Earnings	460,553	2,743,682
Pension Other Deferrals	0	21,412
Total Deferred Inflows of Resources	<u>\$ 6,594,384</u>	<u>\$ 7,047,838</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 7,695,973	\$ 25,452,118
Restricted for:		
General Government	211,613	0
Finance	32,827	0
Administration of Justice	30,652	0
Public Safety	31,550	0
Public Health and Welfare	496,298	0
Highways/Public Works	1,587,605	0
Debt Service	1,383,644	0
Education	0	467,537
Capital Projects	2,366	0
Unrestricted	<u>(17,477,792)</u>	<u>2,889,967</u>
Total Net Position	<u>\$ (6,005,264)</u>	<u>\$ 28,809,622</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, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Unicoi County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,093,577	\$ 144,093	\$ 77,272	\$ 0	\$ (872,212)	\$ 0
Finance	779,648	441,148	0	0	(338,500)	0
Administration of Justice	745,700	547,373	13,500	0	(184,827)	0
Public Safety	4,503,688	1,271,817	143,140	420,377	(2,668,354)	0
Public Health and Welfare	1,126,947	0	334,833	0	(792,114)	0
Social, Cultural, and Recreational Services	77,959	20,360	0	0	(57,599)	0
Agriculture and Natural Resources	41,095	0	0	0	(41,095)	0
Highways	1,801,098	87,683	1,411,999	401,863	100,447	0
Education	18,671	0	0	0	(18,671)	0
Interest on Long-term Debt	1,059,374	0	0	0	(1,059,374)	0
Total Primary Government	\$ 11,247,757	\$ 2,512,474	\$ 1,980,744	\$ 822,240	\$ (5,932,299)	\$ 0
Component Unit:						
Unicoi County School Department	\$ 21,832,235	\$ 305,071	\$ 3,173,080	\$ 0	\$ 0	\$ (18,354,084)
Total Component Unit	\$ 21,832,235	\$ 305,071	\$ 3,173,080	\$ 0	\$ 0	\$ (18,354,084)

(Continued)

Exhibit B

Unicoi County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Unicoi County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 4,527,703	\$ 2,537,935	
Property Taxes Levied for Debt Service				1,611,229	0	
Local Option Sales Taxes				525,925	1,487,570	
Hotel/Motel Tax				43,000	0	
Litigation Tax - General				60,091	0	
Litigation Tax - Jail, Workhouse, or Courthouse				107,622	0	
Business Tax				76,651	31,483	
Mixed Drink Tax				1,152	1,151	
Mineral Severance Tax				16,288	0	
Wholesale Beer Tax				12,355	5,103	
Interstate Telecommunications Tax				721	1,682	
Other Statutory Local Taxes				59,882	0	
Other Local Taxes				0	279	
Grants and Contributions Not Restricted to Specific Programs				975,044	14,081,236	
Unrestricted Investment Income				49,205	6,207	
Miscellaneous				28,698	185,057	
Total General Revenues				<u>\$ 8,095,566</u>	<u>\$ 18,337,703</u>	
Change in Net Position				\$ 2,163,267	\$ (16,381)	
Net Position, July 1, 2015				<u>(8,168,531)</u>	<u>28,826,003</u>	
Net Position, June 30, 2016				<u><u>\$ (6,005,264)</u></u>	<u><u>\$ 28,809,622</u></u>	

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

Exhibit C-1

Unicoi County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	7,393	\$ 7,393
Equity in Pooled Cash and Investments	1,534,110	1,649,381	2,684,607	108,110	5,976,208
Accounts Receivable	13,355	0	0	96	13,451
Due from Other Governments	270,922	243,693	158,594	0	673,209
Due from Other Funds	19,924	0	1,868	200	21,992
Property Taxes Receivable	3,987,249	163,739	1,751,773	438,621	6,341,382
Allowance for Uncollectible Property Taxes	(138,899)	(6,447)	(61,024)	(15,280)	(221,650)
Total Assets	\$ 5,686,661	\$ 2,050,366	\$ 4,535,818	\$ 539,140	\$ 12,811,985
<u>LIABILITIES</u>					
Accounts Payable	\$ 61,474	\$ 0	\$ 0	27,963	\$ 89,437
Accrued Payroll	182,638	0	0	0	182,638
Payroll Deductions Payable	48,786	2,842	0	0	51,628
Due to Other Funds	200	13,880	0	7,912	21,992
Due to State of Tennessee	2,493	0	0	28	2,521
Other Current Liabilities	0	0	0	1,537	1,537
Total Liabilities	\$ 295,591	\$ 16,722	\$ 0	\$ 37,440	\$ 349,753
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,674,295	\$ 150,429	\$ 1,614,279	\$ 404,194	\$ 5,843,197
Deferred Delinquent Property Taxes	160,658	6,612	70,584	17,673	255,527
Other Deferred/Unavailable Revenue	32,960	122,851	72,667	0	228,478
Total Deferred Inflows of Resources	\$ 3,867,913	\$ 279,892	\$ 1,757,530	\$ 421,867	\$ 6,327,202

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 211,613	\$ 0	\$ 0	\$ 0	\$ 211,613
Restricted for Finance	32,827	0	0	0	32,827
Restricted for Administration of Justice	30,652	0	0	0	30,652
Restricted for Public Safety	6,923	0	0	24,627	31,550
Restricted for Public Health and Welfare	36,625	0	0	0	36,625
Restricted for Highways/Public Works	0	1,483,115	0	0	1,483,115
Restricted for Debt Service	0	0	1,393,108	0	1,393,108
Restricted for Capital Projects	0	0	0	2,366	2,366
Restricted for Other Purposes	442,000	0	0	0	442,000
Committed:					
Committed for Public Health and Welfare	0	0	0	52,840	52,840
Committed for Highways/Public Works	0	270,637	0	0	270,637
Committed for Debt Service	0	0	1,385,180	0	1,385,180
Assigned:					
Assigned for Public Safety	3,000	0	0	0	3,000
Unassigned	759,517	0	0	0	759,517
Total Fund Balances	\$ 1,523,157	\$ 1,753,752	\$ 2,778,288	\$ 79,833	\$ 6,135,030
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,686,661	\$ 2,050,366	\$ 4,535,818	\$ 539,140	\$ 12,811,985

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, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 6,135,030
(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	27,863	
Add: buildings and improvements net of accumulated depreciation	4,044,560	
Add: other capital assets net of accumulated depreciation	998,844	
Add: infrastructure net of accumulated depreciation	<u>5,773,997</u>	11,357,185
(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	\$ (2,255,204)	
Less: bonds payable	(20,615,000)	
Add: deferred amount on refunding	1,359,572	
Less: unamortized premium on debt	(1,681,102)	
Less: compensated absences payable	(159,449)	
Less: net pension liability	(376,432)	
Less: accrued interest on bonds and notes	<u>(152,715)</u>	(23,880,330)
(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	\$ 650,033	
Less: deferred inflows of resources related to pensions	<u>(751,187)</u>	(101,154)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>484,005</u>
Net position of governmental activities (Exhibit A)		<u>\$ (6,005,264)</u>

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

Exhibit C-3

Unicoi County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 4,307,256	\$ 178,043	\$ 2,292,901	\$ 369,865	\$ 7,148,065
Licenses and Permits	21,049	906	8,424	1,855	32,234
Fines, Forfeitures, and Penalties	95,767	0	0	55,505	151,272
Charges for Current Services	108,517	0	0	3,673	112,190
Other Local Revenues	95,413	34,163	701	1,500	131,777
Fees Received From County Officials	913,944	0	0	0	913,944
State of Tennessee	1,505,373	1,820,111	0	15,538	3,341,022
Federal Government	57,609	19,530	30,000	0	107,139
Other Governments and Citizens Groups	452,774	68,143	554,717	0	1,075,634
Total Revenues	\$ 7,557,702	\$ 2,120,896	\$ 2,886,743	\$ 447,936	\$ 13,013,277
<u>Expenditures</u>					
Current:					
General Government	\$ 869,445	\$ 0	\$ 0	\$ 3,673	\$ 873,118
Finance	743,868	0	0	482	744,350
Administration of Justice	745,611	0	0	0	745,611
Public Safety	3,984,436	0	0	28,333	4,012,769
Public Health and Welfare	667,686	0	0	441,624	1,109,310
Social, Cultural, and Recreational Services	67,284	0	0	0	67,284
Agriculture and Natural Resources	40,907	0	0	0	40,907
Other Operations	95,528	0	0	0	95,528
Highways	0	2,044,393	0	0	2,044,393
Debt Service:					
Principal on Debt	0	0	2,050,021	0	2,050,021
Interest on Debt	0	0	1,011,546	0	1,011,546
Other Debt Service	0	0	70,909	0	70,909
Total Expenditures	\$ 7,214,765	\$ 2,044,393	\$ 3,132,476	\$ 474,112	\$ 12,865,746

(Continued)

Exhibit C-3

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 Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 342,937	\$ 76,503	\$ (245,733)	\$ (26,176)	\$ 147,531
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 132,000	\$ 0	\$ 0	\$ 0	\$ 132,000
Refunding Debt Issued	0	0	1,890,000	0	1,890,000
Insurance Recovery	0	38,167	0	0	38,167
Transfers In	0	0	23,166	0	23,166
Transfers Out	0	0	0	(23,166)	(23,166)
Payments to Refunded Debt Escrow Agent	0	0	(1,860,661)	0	(1,860,661)
Total Other Financing Sources (Uses)	\$ 132,000	\$ 38,167	\$ 52,505	\$ (23,166)	\$ 199,506
Net Change in Fund Balances	\$ 474,937	\$ 114,670	\$ (193,228)	\$ (49,342)	\$ 347,037
Fund Balance, July 1, 2015	1,048,220	1,639,082	2,971,516	129,175	5,787,993
Fund Balance, June 30, 2016	\$ 1,523,157	\$ 1,753,752	\$ 2,778,288	\$ 79,833	\$ 6,135,030

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, 2016

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)		\$ 347,037
(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	\$ 634,892	
Less: current-year depreciation expense	<u>(816,736)</u>	(181,844)
(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	\$ 152,805	
Less: net book value of assets disposed	<u>(37,596)</u>	115,209
(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, 2016	\$ 484,005	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(476,635)</u>	7,370
(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/notes proceeds	\$ (1,890,000)	
Less: note proceeds	(132,000)	
Add: change in premium on debt issuances	148,554	
Add: principal payments on bonds	1,235,000	
Add: principal payments on notes	461,024	
Add: principal amount of debt refunded	1,850,000	
Add: principal payments on capital leases	353,997	
Less: change in deferred amount on refunding debt	<u>(164,861)</u>	1,861,714
(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	\$ (20,859)	
Change in compensated absences payable	(11,889)	
Change in net pension liability	(137,205)	
Change in deferred outflows related to pensions	362,435	
Change in deferred inflows related to pensions	<u>(178,701)</u>	13,781
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,163,267</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 (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,307,256	\$ 0	\$ 4,307,256	\$ 4,345,765	\$ 4,345,765	\$ (38,509)
Licenses and Permits	21,049	0	21,049	20,000	20,000	1,049
Fines, Forfeitures, and Penalties	95,767	0	95,767	83,175	83,175	12,592
Charges for Current Services	108,517	0	108,517	88,475	88,475	20,042
Other Local Revenues	95,413	0	95,413	57,050	64,189	31,224
Fees Received From County Officials	913,944	0	913,944	891,000	891,028	22,916
State of Tennessee	1,505,373	0	1,505,373	1,255,764	1,395,224	110,149
Federal Government	57,609	0	57,609	35,500	66,849	(9,240)
Other Governments and Citizens Groups	452,774	0	452,774	484,096	496,746	(43,972)
Total Revenues	\$ 7,557,702	\$ 0	\$ 7,557,702	\$ 7,260,825	\$ 7,451,451	\$ 106,251
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 47,970	\$ 0	\$ 47,970	\$ 50,772	\$ 51,447	\$ 3,477
Board of Equalization	1,700	0	1,700	2,100	2,100	400
County Mayor/Executive	253,918	0	253,918	250,135	257,968	4,050
County Attorney	27,000	0	27,000	27,000	27,000	0
Election Commission	178,141	0	178,141	183,452	183,694	5,553
Register of Deeds	179,044	0	179,044	177,098	182,463	3,419
Planning	11,631	0	11,631	12,056	12,056	425
County Buildings	118,728	0	118,728	120,916	123,822	5,094
Other General Administration	42,068	0	42,068	48,500	46,000	3,932
Preservation of Records	9,245	0	9,245	34,050	34,050	24,805
<u>Finance</u>						
Property Assessor's Office	218,573	0	218,573	261,777	261,777	43,204
County Trustee's Office	170,931	0	170,931	176,403	176,514	5,583

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Clerk's Office	\$ 266,391	\$ 0	\$ 266,391	\$ 259,031	\$ 283,899	\$ 17,508
Other Finance	87,973	0	87,973	96,000	96,000	8,027
<u>Administration of Justice</u>						
Circuit Court	431,696	0	431,696	452,077	452,076	20,380
General Sessions Court	118,324	0	118,324	119,250	119,250	926
Chancery Court	147,306	0	147,306	153,278	153,278	5,972
Juvenile Court	48,285	0	48,285	50,326	50,326	2,041
<u>Public Safety</u>						
Sheriff's Department	1,915,168	3,000	1,918,168	1,852,393	1,960,578	42,410
Jail	934,484	0	934,484	795,592	956,027	21,543
Workhouse	488,719	0	488,719	499,962	524,524	35,805
Juvenile Services	9,000	0	9,000	9,000	9,000	0
Fire Prevention and Control	55,000	0	55,000	55,000	55,000	0
Civil Defense	61,665	0	61,665	62,553	64,848	3,183
Other Emergency Management	4,750	0	4,750	4,750	4,750	0
County Coroner/Medical Examiner	38,432	0	38,432	37,737	40,387	1,955
Other Public Safety	477,218	0	477,218	491,167	491,576	14,358
<u>Public Health and Welfare</u>						
Local Health Center	70,368	0	70,368	81,378	83,848	13,480
Rabies and Animal Control	134,644	0	134,644	136,521	136,887	2,243
Ambulance/Emergency Medical Services	132,000	0	132,000	132,000	132,000	0
Other Local Health Services	180,183	0	180,183	253,900	253,900	73,717
Regional Mental Health Center	1,000	0	1,000	1,000	1,000	0
Appropriation to State	36,246	0	36,246	36,916	36,246	0
Sanitation Education/Information	29,613	0	29,613	31,072	31,072	1,459

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Other Public Health and Welfare	\$ 83,632	\$ 0	\$ 83,632	\$ 73,173	\$ 116,834	\$ 33,202
<u>Social, Cultural, and Recreational Services</u>						
Adult Activities	2,375	0	2,375	2,375	2,375	0
Senior Citizens Assistance	35,600	0	35,600	35,600	35,600	0
Libraries	22,700	0	22,700	22,700	22,700	0
Other Social, Cultural, and Recreational	6,609	0	6,609	6,609	6,609	0
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	37,107	0	37,107	37,510	37,510	403
Forest Service	800	0	800	800	800	0
Soil Conservation	3,000	0	3,000	3,000	3,000	0
<u>Other Operations</u>						
Tourism	3,300	0	3,300	3,300	3,300	0
Industrial Development	60,713	0	60,713	65,000	65,000	4,287
Veterans' Services	950	0	950	950	950	0
Contributions to Other Agencies	6,425	0	6,425	6,425	6,425	0
Employee Benefits	21,890	0	21,890	30,000	34,739	12,849
Miscellaneous	2,250	0	2,250	2,250	2,250	0
Total Expenditures	\$ 7,214,765	\$ 3,000	\$ 7,217,765	\$ 7,244,854	\$ 7,633,455	\$ 415,690
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 342,937	\$ (3,000)	\$ 339,937	\$ 15,971	\$ (182,004)	\$ 521,941
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 132,000	\$ 0	\$ 132,000	\$ 0	\$ 132,000	\$ 0
Total Other Financing Sources	\$ 132,000	\$ 0	\$ 132,000	\$ 0	\$ 132,000	\$ 0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 474,937	\$ (3,000)	\$ 471,937	\$ 15,971	\$ (50,004)	\$ 521,941
Fund Balance, July 1, 2015	1,048,220	0	1,048,220	142,270	142,270	905,950
Fund Balance, June 30, 2016	\$ 1,523,157	\$ (3,000)	\$ 1,520,157	\$ 158,241	\$ 92,266	\$ 1,427,891

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 178,043	\$ 0	\$ 0	\$ 178,043	\$ 191,810	\$ 191,810	\$ (13,767)
Licenses and Permits	906	0	0	906	1,074	1,074	(168)
Other Local Revenues	34,163	0	0	34,163	16,100	16,100	18,063
State of Tennessee	1,820,111	0	0	1,820,111	2,861,070	2,861,070	(1,040,959)
Federal Government	19,530	0	0	19,530	20,000	20,000	(470)
Other Governments and Citizens Groups	68,143	0	0	68,143	117,000	117,000	(48,857)
Total Revenues	\$ 2,120,896	\$ 0	\$ 0	\$ 2,120,896	\$ 3,207,054	\$ 3,207,054	\$ (1,086,158)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 126,759	\$ 0	\$ 0	\$ 126,759	\$ 129,786	\$ 131,323	\$ 4,564
Highway and Bridge Maintenance	868,221	0	0	868,221	939,621	944,548	76,327
Operation and Maintenance of Equipment	170,620	0	0	170,620	203,780	211,093	40,473
Other Charges	135,946	0	0	135,946	179,480	179,626	43,680
Employee Benefits	256,242	0	0	256,242	275,407	261,484	5,242
Capital Outlay	486,605	(466,849)	17,425	37,181	1,548,791	1,548,791	1,511,610
Total Expenditures	\$ 2,044,393	\$ (466,849)	\$ 17,425	\$ 1,594,969	\$ 3,276,865	\$ 3,276,865	\$ 1,681,896
Excess (Deficiency) of Revenues Over Expenditures	\$ 76,503	\$ 466,849	\$ (17,425)	\$ 525,927	\$ (69,811)	\$ (69,811)	\$ 595,738
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 38,167	\$ 0	\$ 0	\$ 38,167	\$ 0	\$ 0	\$ 38,167
Total Other Financing Sources	\$ 38,167	\$ 0	\$ 0	\$ 38,167	\$ 0	\$ 0	\$ 38,167
Net Change in Fund Balance	\$ 114,670	\$ 466,849	\$ (17,425)	\$ 564,094	\$ (69,811)	\$ (69,811)	\$ 633,905
Fund Balance, July 1, 2015	1,639,082	(466,849)	0	1,172,233	1,634,193	1,634,193	(461,960)
Fund Balance, June 30, 2016	\$ 1,753,752	\$ 0	\$ (17,425)	\$ 1,736,327	\$ 1,564,382	\$ 1,564,382	\$ 171,945

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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 613,308
Accounts Receivable	1,191
Due from Other Governments	267,745
Restricted Assets	<u>39,635</u>
Total Assets	<u>\$ 921,879</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 267,745
Due to Litigants, Heirs, and Others	<u>654,134</u>
Total Liabilities	<u>\$ 921,879</u>

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

UNICOI COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	33
B. Government-wide and Fund Financial Statements	34
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	35
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	37
2. Receivables and Payables	38
3. Restricted Assets	39
4. Capital Assets	39
5. Deferred Outflows/Inflows of Resources	40
6. Compensated Absences	40
7. Long-term Obligations	40
8. Net Position and Fund Balance	41
E. Pension Plans	43
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	43
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	44
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	44
B. Cash Shortages	45
IV. Detailed Notes on All Funds	
A. Deposits and Investments	45
B. Capital Assets	47
C. Construction Commitments	49
D. Interfund Receivables, Payables, and Transfers	50
E. Long-term Obligations	50
F. Pledges of Receivables and Future Revenues	54
G. On-Behalf Payments	55
H. Short-term Debt	55

(Continued)

UNICOI COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

Note	Page(s)
V. Other Information	
A. Risk Management	55
B. Accounting Changes	56
C. Subsequent Event	57
D. Contingent Liabilities	57
E. Change in Administration	57
F. Joint Ventures	57
G. Jointly Governed Organizations	59
H. Retirement Commitments	60
I. Other Postemployment Benefits (OPEB)	77
J. Termination Benefits	80
K. Purchasing Laws	80

UNICOI COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 financial statements of the Unicoi County Emergency Communications District, a component unit requiring discrete presentation, was excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. 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 financial statements of the Unicoi County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Unicoi County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. 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, 2016.

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 Fund – The Community Development/Industrial Park Fund is 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 infrastructure 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 1.86 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 (\$437,321) and payroll taxes (\$16,075) held in clearing accounts and due to the insurance administrator and the U.S. Treasury.

Retainage payable in the discretely presented School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

3. Restricted Assets

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

4. Capital Assets

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government 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. The items are the deferred charges on refundings, pension changes in experience, pension changes on investment earnings, pension contributions after the measurement date, and pension other deferrals.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, 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, pension changes in experience, pension changes on investment earnings, pension other deferrals, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

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, 2016, Unicoi County had \$19,237,250 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, 2017 (\$398,649), encumbrances (\$118,065), and amounts assigned by the board for various purposes within Instruction (\$488,761) and Support (\$125,000).

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

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, 2016, Unicoi County and the Unicoi County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
Highway/Public Works	Bridge Construction	\$ 17,425
School Department:		
Major Fund:		
General Purpose School	Roofing and Renovations	354,502

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, 2016, the former employee had paid a total of \$5,850 toward liquidating the remaining restitution, leaving a balance of \$2,940 due to the School Department.

On July 15, 2016, the School Department received payment of \$2,940 to liquidate the remaining balance of restitution due from the former employee.

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, 2016, Unicoi County had the following investments carried at amortized cost, which approximates 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	Amortized Cost
State Treasurer's Investment Pool	4 to 117	N/A	\$ 365,279

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, 2016, 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, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15		Increases		Decreases		Balance 6-30-16	
Capital Assets Not Depreciated:								
Land	\$	511,921	\$	0	\$	0	\$	511,921
Construction in Progress		529,837		13,483		(515,457)		27,863
Total Capital Assets Not Depreciated	\$	1,041,758	\$	13,483	\$	(515,457)	\$	539,784
Capital Assets Depreciated:								
Buildings and Improvements	\$	7,076,358	\$	0	\$	0	\$	7,076,358
Other Capital Assets		4,086,123		295,017		(98,504)		4,282,636
Infrastructure		8,711,225		994,654		0		9,705,879
Total Capital Assets Depreciated	\$	19,873,706	\$	1,289,671	\$	(98,504)	\$	21,064,873
Less Accumulated Depreciation For:								
Buildings and Improvements	\$	2,830,229	\$	201,569	\$	0	\$	3,031,798
Other Capital Assets		2,949,838		394,862		(60,908)		3,283,792
Infrastructure		3,711,577		220,305		0		3,931,882
Total Accumulated Depreciation	\$	9,491,644	\$	816,736	\$	(60,908)	\$	10,247,472
Total Capital Assets Depreciated, Net	\$	10,382,062	\$	472,935	\$	(37,596)	\$	10,817,401
Governmental Activities Capital Assets, Net	\$	11,423,820	\$	486,418	\$	(553,053)	\$	11,357,185

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

Governmental Activities:

General Government	\$	162,032
Finance		2,547
Administration of Justice		2,995
Public Safety		344,332
Public Health and Welfare		14,769
Highways		290,061
Total Depreciation Expense - Governmental Activities	\$	816,736

Discretely Presented Unicoi County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 615,753	\$ 0	\$ 0	\$ 615,753
Construction in Progress	0	872,068	0	872,068
Total Capital Assets Not Depreciated	\$ 615,753	\$ 872,068	\$ 0	\$ 1,487,821
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,496,523	\$ 268,365	\$ 0	\$ 35,764,888
Other Capital Assets	4,628,796	222,322	(52,173)	4,798,945
Total Capital Assets Depreciated	\$ 40,125,319	\$ 490,687	\$ (52,173)	\$ 40,563,833
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,442,029	\$ 897,560	\$ 0	\$ 13,339,589
Other Capital Assets	3,094,898	217,222	(52,173)	3,259,947
Total Accumulated Depreciation	\$ 15,536,927	\$ 1,114,782	\$ (52,173)	\$ 16,599,536
Total Capital Assets Depreciated, Net	\$ 24,588,392	\$ (624,095)	\$ 0	\$ 23,964,297
Governmental Activities Capital Assets, Net	\$ 25,204,145	\$ 247,973	\$ 0	\$ 25,452,118

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

Governmental Activities:

Instruction	\$ 808,296
Support Services	295,324
Operation of Non-instructional Services	<u>11,162</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,114,782</u>

C. Construction Commitments

At June 30, 2016, the Highway Department had an uncompleted construction contract of approximately \$17,425 for the construction of a bridge. Funding for these future expenditures is expected to be received from state grants.

At June 30, 2016, the discretely presented School Department had an uncompleted construction contract of approximately \$354,502 for roof replacement and renovations. Funding for these future expenditures has been received.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Highway/Public Works	\$ 12,435
"	Nonmajor governmental	7,489
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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amount:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>
	General Debt Service Fund
Nonmajor governmental funds	\$ 23,166

E. 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 outstanding 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, 2016, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	3.5 to 4.75 %	5-1-29	\$ 16,350,000	\$ 800,000
General Obligation Bonds - Refunding	1.6 to 5.25	5-1-35	25,065,000	19,815,000
Capital Outlay Notes	1.48 to 4.12	4-1-26	1,333,850	730,204
Capital Outlay Notes - Refunding	2.11 to 2.96	4-1-21	2,975,000	1,525,000

The annual requirements to amortize all general obligation bonds and notes as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 1,315,000	\$ 816,088	\$ 2,131,088
2018	1,360,000	762,200	2,122,200
2019	1,495,000	706,630	2,201,630
2020	1,540,000	655,405	2,195,405
2021	1,585,000	601,858	2,186,858
2022-2026	7,085,000	2,167,830	9,252,830
2027-2031	6,105,000	410,850	6,515,850
2032-2035	130,000	10,820	140,820
Total	\$ 20,615,000	\$ 6,131,681	\$ 26,746,681

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 431,204	\$ 64,962	\$ 496,166
2018	408,000	53,127	461,127
2019	349,000	41,778	390,778
2020	369,000	31,468	400,468
2021	374,000	20,567	394,567
2022-2026	324,000	28,480	352,480
Total	<u>\$ 2,255,204</u>	<u>\$ 240,382</u>	<u>\$ 2,495,586</u>

There is \$2,778,288 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes, totaled \$1,249, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases	Compensated Absences
Balance, July 1, 2015	\$ 21,810,000	\$ 2,584,228	\$ 353,997	\$ 147,560
Additions	1,850,000	172,000	0	161,353
Reductions	(3,045,000)	(501,024)	(353,997)	(149,464)
Balance, June 30, 2016	<u>\$ 20,615,000</u>	<u>\$ 2,255,204</u>	<u>\$ 0</u>	<u>\$ 159,449</u>
Balance Due Within One Year	<u>\$ 1,315,000</u>	<u>\$ 431,204</u>	<u>\$ 0</u>	<u>\$ 111,614</u>

	Net Pension Liability
Balance, July 1, 2015	\$ 239,227
Additions	748,468
Reductions	(611,263)
Balance, June 30, 2016	<u>\$ 376,432</u>
Balance Due Within One Year	<u>\$ 0</u>

The School Department contributed funds of \$357,147 to service principal and interest on capital leases issued on its behalf by the primary government. This debt was retired in the current year.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 23,406,085
Less: Balance Due Within One Year	(1,857,818)
Add: Unamortized Premium on Debt	<u>1,681,102</u>
 Noncurrent Liabilities - Due in More Than One Year - Exhibit A	 <u>\$ 23,229,369</u>

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

Current Refunding

On March 15, 2016, Unicoi County current refunded \$1,810,000 of general obligation bonds issued on October 18, 2006, with a separate general obligation bond issue of \$1,850,000, and payment was made on April 19, 2016, to retire the old debt. As a result of the refunding, total debt service payments over the next seven years will be reduced by \$142,092 and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$131,986 was obtained.

On May 26, 2016, Unicoi County issued a capital outlay note of \$40,000 to refund a separate Refunding Series 2013 capital outlay note, which had a balloon payment due on June 1, 2016. The refunding extended the maturity of the debt to June 1, 2018.

Defeasance of Prior Debt

In the prior year, Unicoi County defeased certain outstanding general obligation bonds by placing the proceeds of the new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds, which are callable on May 1, 2018. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2016, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2008 General Obligation Bonds (callable 5-1-2018)	\$ 14,050,000

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, 2016, was as follows:

Governmental Activities:	Other Postemployment Benefits	Termination Benefits	Net Pension Liability
Balance, July 1, 2015	\$ 407,487	\$ 253,000	\$ 294,761
Additions	233,939	0	3,833,577
Reductions	(197,107)	(59,200)	(3,759,757)
Balance, June 30, 2016	<u>\$ 444,319</u>	<u>\$ 193,800</u>	<u>\$ 368,581</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 50,400</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 1,006,700
Less: Balance Due Within One Year	<u>(50,400)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 956,300</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.

F. Pledges of Receivables and Future Revenues

Local Option Sales Tax Revenues Pledged

Unicoi County, the discretely presented Unicoi County School Department, and the Town of Unicoi agreed in previous years to commit one cent on the local option sales tax rate for the repayment of general obligation bonds issued to finance the construction of a high school. On July 14, 2011, Unicoi County and the Town of Unicoi amended their sales tax agreement to limit the amount the town would contribute to the retirement of debt associated with the construction of the high school to \$175,000 annually. The county originally issued \$9.2 million in Public Improvement Bonds Series 1996 of which, \$8.5 million was used to construct the Unicoi County High School. Subsequently, the county refunded \$8.21 million of the outstanding portion of

these bonds, with \$8.715 million of General Obligation Refunding Bonds Series 2001. The remaining principal (\$3,485,000) and interest (\$565,575) 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 \$747,701. The amount of revenue generated by the pledged sales tax levy and the agreement with the Town of Unicoi was \$539,140. The agreements dissolve with the maturity of the debt on April 1, 2021.

G. On-Behalf Payments – Discretely Presented Unicoi County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Unicoi County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$73,412 and \$27,488, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Unicoi County issued tax anticipation notes of \$1,200,000 and \$44,612 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, 2016, was as follows:

	Balance 7-1-15		Issued		Paid		Balance 6-30-16
Tax Anticipation Notes	\$ 0	\$	1,244,612	\$	(1,244,612)	\$	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. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Subsequent Event

Subsequent to June 30, 2016, Unicoi County issued tax anticipation notes totaling \$800,000 to provide temporary operating funds for the General Fund and \$70,145 to provide temporary operating funds for the Solid Waste/Sanitation Fund.

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. Change in Administration

Wayne Peterson, assessor of property died on February 16, 2016, and was succeeded by Teresa Kinsler on March 29, 2016.

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 ElyJenn Health Services, LLC, 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 \$48,148 to the Animal Welfare Board for the year ended June 30, 2016.

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 \$5,000 to the DTF for the year ended June 30, 2016.

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

1. 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 comprised 58.22 percent, the non-certified employees of the discretely presented School Department comprised 41.78 percent of the plan based on contribution 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 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.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	157
Inactive Employees Entitled to But Not Yet Receiving Benefits	237
Active Employees	229
 Total	 <hr/> <hr/> 623

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 their 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, the Actuarial Determined Contribution (ADC) for Unicoi County was \$486,697 based on a rate of 8.52 percent of covered 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 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 (Asset)

Unicoi County’s net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2015, 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, 2015, 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	6.40	5
Private Equity and Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	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 (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 17,409,091	\$ 16,875,103	\$ 533,988
Changes for the Year:			
Service Cost	\$ 498,400	\$ 0	\$ 498,400
Interest	1,307,182	0	1,307,182
Differences Between Expected and Actual Experience	(414,817)	0	(414,817)
Contributions-Employer	0	486,697	(486,697)
Contributions-Employees	0	286,181	(286,181)
Net Investment Income	0	516,295	(516,295)
Benefit Payments, Including Refunds of Employee Contributions	(956,791)	(956,791)	0
Administrative Expense	0	(10,989)	10,989
Net Changes	\$ 433,974	\$ 321,393	\$ 112,581
Balance, June 30, 2015	\$ 17,843,065	\$ 17,196,496	\$ 646,569

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	58.22%	\$ 10,388,232	\$ 10,011,800	\$ 376,432
School Department	41.78%	7,454,833	7,184,696	270,137
Total		\$ 17,843,065	\$ 17,196,496	\$ 646,569

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

Unicoi County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
---------------	------------------------	-------------------------------------	------------------------

Net Pension Liability \$ 2,705,701 \$ 646,569 \$ (1,083,132)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2016, Unicoi County recognized pension expense of \$18,041.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 499,200
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	593,623	791,057
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	522,889	N/A
Total	<u>\$ 1,116,512</u>	<u>\$ 1,290,257</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 650,033	\$ 751,187
School Department	<u>466,479</u>	<u>539,070</u>
Total	<u>\$ 1,116,512</u>	<u>\$ 1,290,257</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (254,025)
2018	(254,025)
2019	(254,025)
2020	65,443
2021	0
Thereafter	0

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 58.22 percent, the non-certified employees of the discretely presented School Department comprise 41.78 percent of the plan based on contribution 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 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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 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, 2016, to the Teacher Retirement Plan were \$29,073, which is four percent of covered 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 (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2016, the Unicoi County School Department reported an asset of \$10,228 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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 the Unicoi County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Unicoi County School Department's proportion was .254245 percent.

Pension Expense. For the year ended June 30, 2016, the Unicoi County School Department recognized pension expense of \$13,404.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 3,329
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	827	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>29,073</u>	<u>N/A</u>
Total	<u>\$ 29,900</u>	<u>\$ 3,329</u>

The Unicoi County School Department's employer contributions of \$29,073, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (71)
2018	(71)
2019	(71)
2020	(71)
2021	(277)
Thereafter	(1,942)

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, 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, 2015, 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:

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 Real Estate	4.61		8	
	0.98		29	
	4.73		7	
Short-term Securities	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 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 Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Unicoi County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Unicoi County School Department's proportionate share of the net pension liability (asset) would be if it was 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	\$ 1,814	\$ (10,228)	\$ (19,060)

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

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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. 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, 2016, to the Teacher Legacy Pension Plan were \$821,872, which is 9.04 percent of covered 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 (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2016, the Unicoi County School Department reported a liability of \$98,444 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Unicoi County School Department's proportion of the net pension liability (asset) was based on the Unicoi County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Unicoi County School Department's proportion was .240322 percent. The proportion measured at June 30, 2014, was .242324 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Unicoi County School Department recognized negative pension expense of \$74,676.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Unicoi County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 79,006	\$ 1,532,297
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,777,592	2,413,178
Changes in Proportion of Net Pension Liability (Asset)	63,592	21,412
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>821,872</u>	<u>N/A</u>
Total	<u>\$ 2,742,062</u>	<u>\$ 3,966,887</u>

The Unicoi County School Department's employer contributions of \$821,872 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ (642,217)
2018	(642,217)
2019	(642,217)
2020	162,176
2021	(282,222)
Thereafter	0

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, 2015, 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 adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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:

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 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 Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Unicoi County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Unicoi County School Department's proportionate share of the net pension liability (asset) would be if it was 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 \$ 6,711,587 \$ 98,444 \$ (5,376,458)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Unicoi County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Unicoi County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Unicoi County School Department contributed \$42,901 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

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 (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state’s retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state’s website at <http://tn.gov/finance/article/fa-acffin-cafr>.

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 to 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, 2016, the School Department contributed \$197,107 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 234,000
Interest on the NOPEBO	15,281
Adjustment to the ARC	(15,342)
	<hr/>
Annual OPEB cost	\$ 233,939
Amount of contribution	(197,107)
	<hr/>
Increase/decrease in NOPEBO	\$ 36,832
Net OPEB obligation, 7-1-15	<hr/> 407,487 <hr/>
Net OPEB obligation, 6-30-16	<hr/> <hr/> \$ 444,319 <hr/> <hr/>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>		<hr/>		<hr/>
6-30-14	Local Education Group	\$ 252,316	96	% \$ 316,123
6-30-15	"	261,326	65	407,487
6-30-16	"	233,939	84	444,319

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 2,110,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,110,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 10,543,094
UAAL as of % of covered payroll	20%

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

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. 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 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, 47 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 \$193,800.

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.

**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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 450,749	\$ 498,400
Interest	1,265,006	1,307,182
Differences Between Actual and Expected Experience	(278,910)	(414,817)
Benefit Payments, Including Refunds of Employee Contributions	(887,503)	(956,791)
Net Change in Total Pension Liability (Asset)	\$ 549,342	\$ 433,974
Total Pension Liability (Asset), Beginning	16,859,749	17,409,091
Total Pension Liability (Asset), Ending (a)	\$ 17,409,091	\$ 17,843,065
Plan Fiduciary Net Position		
Contributions - Employer	\$ 477,234	\$ 486,697
Contributions - Employee	284,754	286,181
Net Investment Income	2,408,454	516,295
Benefit Payments, Including Refunds of Employee Contributions	(887,503)	(956,791)
Administrative Expense	(8,521)	(10,989)
Net Change in Plan Fiduciary Net Position	\$ 2,274,418	\$ 321,393
Plan Fiduciary Net Position, Beginning	14,600,685	16,875,103
Plan Fiduciary Net Position, Ending (b)	\$ 16,875,103	\$ 17,196,496
Net Pension Liability (Asset), Ending (a - b)	\$ 533,988	\$ 646,569
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.93%	96.38%
Covered Employee Payroll	\$ 5,695,012	\$ 5,712,194
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	9.38%	11.32%

Note: ten-year information will be presented when available.

Note: data presented includes the primary government and the non-certified employees of the discretely presented 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>	<u>2016</u>
Actuarially Determined Contribution	\$ 477,234	\$ 486,697	\$ 522,889
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(477,234)</u>	<u>(486,697)</u>	<u>(522,889)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 5,695,012	\$ 5,712,194	\$ 6,040,016
Contributions as a Percentage of Covered Payroll	8.38%	8.52%	8.66%

Note: ten-year information will be presented when available.

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

Exhibit E-3

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

	<u>2015</u>	<u>2016</u>
Contractually Determined Contribution	\$ 13,206	\$ 18,171
Less Contributions in Relation to the Contractually Determined Contribution	<u>(21,130)</u>	<u>(29,073)</u>
Contribution Deficiency (Excess)	<u>\$ (7,924)</u>	<u>\$ (10,902)</u>
Covered Payroll	\$ 528,255	\$ 726,823
Contributions as a Percentage of Covered Payroll	4.00%	4.00%

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>	<u>2016</u>
Contractually Determined Contribution	\$ 844,596	\$ 813,280	\$ 821,872
Less Contributions in Relation to the Contractually Determined Contribution	<u>(844,596)</u>	<u>(813,280)</u>	<u>(821,872)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 9,511,240	\$ 8,996,468	\$ 9,097,492
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

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 Pension Plan of TCRS
Discretely Presented Unicoi County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.254245%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (10,228)
Covered Employee Payroll	\$ 528,255
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

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

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

Exhibit E-6

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>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.242324%	0.240322%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (39,377)	\$ 98,444
Covered Employee Payroll	\$ 9,511,212	\$ 8,996,468
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	(0.41%)	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	100.08%	99.81%

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

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

Exhibit E-7

Unicoi County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Unicoi County School Department
June 30, 2016

(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	7-1-11	\$ 0	\$ 2,573	\$ 2,573	0	% \$ 9,760	26.36 %
"	7-1-13	0	2,309	2,309	0	9,874	23.38
"	7-1-15	0	2,110	2,110	0	10,543	20.01

UNICOI COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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.

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 Fund

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

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, 2016

	Special Revenue Funds				Capital	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Projects Fund Community Development/ Industrial Park	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 7,393	\$ 7,393	\$ 0	7,393
Equity in Pooled Cash and Investments	79,329	26,415	0	105,744	2,366	108,110
Accounts Receivable	0	0	96	96	0	96
Due from Other Funds	0	200	0	200	0	200
Property Taxes Receivable	438,621	0	0	438,621	0	438,621
Allowance for Uncollectible Property Taxes	(15,280)	0	0	(15,280)	0	(15,280)
Total Assets	\$ 502,670	\$ 26,615	\$ 7,489	\$ 536,774	\$ 2,366	\$ 539,140
<u>LIABILITIES</u>						
Accounts Payable	\$ 27,963	\$ 0	\$ 0	\$ 27,963	\$ 0	27,963
Due to Other Funds	0	423	7,489	7,912	0	7,912
Due to State of Tennessee	0	28	0	28	0	28
Other Current Liabilities	0	1,537	0	1,537	0	1,537
Total Liabilities	\$ 27,963	\$ 1,988	\$ 7,489	\$ 37,440	\$ 0	37,440
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 404,194	\$ 0	\$ 0	\$ 404,194	\$ 0	404,194
Deferred Delinquent Property Taxes	17,673	0	0	17,673	0	17,673
Total Deferred Inflows of Resources	\$ 421,867	\$ 0	\$ 0	\$ 421,867	\$ 0	421,867

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Community Development/ Industrial Park	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 24,627	\$ 0	\$ 24,627	\$ 0	\$ 24,627
Restricted for Capital Projects	0	0	0	0	2,366	2,366
Committed:						
Committed for Public Health and Welfare	52,840	0	0	52,840	0	52,840
Total Fund Balances	<u>\$ 52,840</u>	<u>\$ 24,627</u>	<u>\$ 0</u>	<u>\$ 77,467</u>	<u>\$ 2,366</u>	<u>\$ 79,833</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 502,670</u>	<u>\$ 26,615</u>	<u>\$ 7,489</u>	<u>\$ 536,774</u>	<u>\$ 2,366</u>	<u>\$ 539,140</u>

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, 2016

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>
	<u>Solid</u>	<u>Drug</u>	<u>Constitu-</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Waste /</u>	<u>Control</u>	<u>tional</u>		<u>Community</u>	<u>Nonmajor</u>
	<u>Sanitation</u>		<u>Officers -</u>		<u>Development/</u>	<u>Governmental</u>
			<u>Fees</u>		<u>Industrial</u>	<u>Funds</u>
					<u>Park</u>	
<u>Revenues</u>						
Local Taxes	\$ 369,865	\$ 0	\$ 0	\$ 369,865	\$ 0	\$ 369,865
Licenses and Permits	1,855	0	0	1,855	0	1,855
Fines, Forfeitures, and Penalties	0	55,505	0	55,505	0	55,505
Charges for Current Services	0	0	3,673	3,673	0	3,673
Other Local Revenues	0	1,500	0	1,500	0	1,500
State of Tennessee	15,538	0	0	15,538	0	15,538
Total Revenues	\$ 387,258	\$ 57,005	\$ 3,673	\$ 447,936	\$ 0	\$ 447,936
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 3,673	\$ 3,673	\$ 0	\$ 3,673
Finance	0	482	0	482	0	482
Public Safety	0	28,333	0	28,333	0	28,333
Public Health and Welfare	441,624	0	0	441,624	0	441,624
Total Expenditures	\$ 441,624	\$ 28,815	\$ 3,673	\$ 474,112	\$ 0	\$ 474,112
Excess (Deficiency) of Revenues Over Expenditures	\$ (54,366)	\$ 28,190	\$ 0	\$ (26,176)	\$ 0	\$ (26,176)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ (23,166)	\$ 0	\$ (23,166)	\$ 0	\$ (23,166)
Total Other Financing Sources (Uses)	\$ 0	\$ (23,166)	\$ 0	\$ (23,166)	\$ 0	\$ (23,166)
Net Change in Fund Balances	\$ (54,366)	\$ 5,024	\$ 0	\$ (49,342)	\$ 0	\$ (49,342)
Fund Balance, July 1, 2015	107,206	19,603	0	126,809	2,366	129,175
Fund Balance, June 30, 2016	\$ 52,840	\$ 24,627	\$ 0	\$ 77,467	\$ 2,366	\$ 79,833

Exhibit F-3

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 369,865	\$ 378,044	\$ 378,044	\$ (8,179)
Licenses and Permits	1,855	1,500	1,500	355
State of Tennessee	15,538	10,000	10,000	5,538
Total Revenues	<u>\$ 387,258</u>	<u>\$ 389,544</u>	<u>\$ 389,544</u>	<u>\$ (2,286)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 441,624	\$ 467,526	\$ 467,526	\$ 25,902
Total Expenditures	<u>\$ 441,624</u>	<u>\$ 467,526</u>	<u>\$ 467,526</u>	<u>\$ 25,902</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (54,366)</u>	<u>\$ (77,982)</u>	<u>\$ (77,982)</u>	<u>\$ 23,616</u>
Net Change in Fund Balance	\$ (54,366)	\$ (77,982)	\$ (77,982)	\$ 23,616
Fund Balance, July 1, 2015	<u>107,206</u>	<u>110,006</u>	<u>110,006</u>	<u>(2,800)</u>
Fund Balance, June 30, 2016	<u>\$ 52,840</u>	<u>\$ 32,024</u>	<u>\$ 32,024</u>	<u>\$ 20,816</u>

Exhibit F-4

Unicoi County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 55,505	\$ 69,000	\$ 69,000	\$ (13,495)
Other Local Revenues	1,500	14,000	14,000	(12,500)
Other Governments and Citizens Groups	0	4,000	4,000	(4,000)
Total Revenues	<u>\$ 57,005</u>	<u>\$ 87,000</u>	<u>\$ 87,000</u>	<u>\$ (29,995)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 482	\$ 500	\$ 500	18
<u>Public Safety</u>				
Sheriff's Department	28,333	88,725	65,559	37,226
Total Expenditures	<u>\$ 28,815</u>	<u>\$ 89,225</u>	<u>\$ 66,059</u>	<u>\$ 37,244</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,190</u>	<u>\$ (2,225)</u>	<u>\$ 20,941</u>	<u>\$ 7,249</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 5,000	\$ 5,000	(5,000)
Transfers Out	(23,166)	0	(23,166)	0
Total Other Financing Sources	<u>\$ (23,166)</u>	<u>\$ 5,000</u>	<u>\$ (18,166)</u>	<u>\$ (5,000)</u>
Net Change in Fund Balance	\$ 5,024	\$ 2,775	\$ 2,775	2,249
Fund Balance, July 1, 2015	<u>19,603</u>	<u>30,378</u>	<u>30,378</u>	<u>(10,775)</u>
Fund Balance, June 30, 2016	<u>\$ 24,627</u>	<u>\$ 33,153</u>	<u>\$ 33,153</u>	<u>\$ (8,526)</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,292,901	\$ 2,253,973	\$ 2,253,973	\$ 38,928
Licenses and Permits	8,424	8,000	8,000	424
Other Local Revenues	701	1,000	1,000	(299)
Federal Government	30,000	0	30,000	0
Other Governments and Citizens Groups	554,717	197,569	531,550	23,167
Total Revenues	\$ 2,886,743	\$ 2,460,542	\$ 2,824,523	\$ 62,220
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,696,024	\$ 1,672,131	\$ 1,697,131	\$ 1,107
Education	353,997	0	353,997	0
<u>Interest on Debt</u>				
General Government	1,008,396	1,014,127	1,019,127	10,731
Education	3,150	0	3,150	0
<u>Other Debt Service</u>				
General Government	70,909	42,000	71,339	430
Total Expenditures	\$ 3,132,476	\$ 2,728,258	\$ 3,144,744	\$ 12,268
Excess (Deficiency) of Revenues Over Expenditures	\$ (245,733)	\$ (267,716)	\$ (320,221)	\$ 74,488
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 1,890,000	\$ 0	\$ 1,890,000	\$ 0
Transfers In	23,166	0	23,166	0
Payments to Refunded Debt Escrow Agent	(1,860,661)	0	(1,860,661)	0
Total Other Financing Sources	\$ 52,505	\$ 0	\$ 52,505	\$ 0
Net Change in Fund Balance	\$ (193,228)	\$ (267,716)	\$ (267,716)	\$ 74,488
Fund Balance, July 1, 2015	2,971,516	2,981,249	2,981,249	(9,733)
Fund Balance, June 30, 2016	\$ 2,778,288	\$ 2,713,533	\$ 2,713,533	\$ 64,755

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, 2016

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 613,308	\$ 613,308
Accounts Receivable	0	1,191	1,191
Due from Other Governments	267,745	0	267,745
Restricted Assets	0	39,635	39,635
Total Assets	<u>\$ 267,745</u>	<u>\$ 654,134</u>	<u>\$ 921,879</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 267,745	\$ 0	\$ 267,745
Due to Litigants, Heirs, and Others	0	654,134	654,134
Total Liabilities	<u>\$ 267,745</u>	<u>\$ 654,134</u>	<u>\$ 921,879</u>

Exhibit H-2

Unicoi County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,639,052	\$ 1,639,052	\$ 0
Due from Other Governments	282,016	267,745	282,016	267,745
Total Assets	\$ 282,016	\$ 1,906,797	\$ 1,921,068	\$ 267,745
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 282,016	\$ 1,906,797	\$ 1,921,068	\$ 267,745
Total Liabilities	\$ 282,016	\$ 1,906,797	\$ 1,921,068	\$ 267,745
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 915,978	\$ 3,397,907	\$ 3,700,577	\$ 613,308
Accounts Receivable	0	1,191	0	1,191
Restricted Assets	38,569	1,066	0	39,635
Total Assets	\$ 954,547	\$ 3,400,164	\$ 3,700,577	\$ 654,134
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 954,547	\$ 3,400,164	\$ 3,700,577	\$ 654,134
Total Liabilities	\$ 954,547	\$ 3,400,164	\$ 3,700,577	\$ 654,134
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 915,978	\$ 3,397,907	\$ 3,700,577	\$ 613,308
Equity in Pooled Cash and Investments	0	1,639,052	1,639,052	0
Accounts Receivable	0	1,191	0	1,191
Due from Other Governments	282,016	267,745	282,016	267,745
Restricted Assets	38,569	1,066	0	39,635
Total Assets	\$ 1,236,563	\$ 5,306,961	\$ 5,621,645	\$ 921,879
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 282,016	\$ 1,906,797	\$ 1,921,068	\$ 267,745
Due to Litigants, Heirs, and Others	954,547	3,400,164	3,700,577	654,134
Total Liabilities	\$ 1,236,563	\$ 5,306,961	\$ 5,621,645	\$ 921,879

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, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 12,770,608	\$ 69,238	\$ 2,046,893	\$ (10,654,477)
Support Services	7,356,514	1,000	138,216	(7,217,298)
Operation of Non-instructional Services	1,705,113	234,833	987,971	(482,309)
Total Governmental Activities	\$ 21,832,235	\$ 305,071	\$ 3,173,080	\$ (18,354,084)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,537,935
Local Option Sales Taxes				1,487,570
Business Tax				31,483
Mixed Drink Tax				1,151
Wholesale Beer Tax				5,103
Interstate Telecommunications Tax				1,682
Other Local Taxes				279
Grants and Contributions Not Restricted to Specific Programs				14,081,236
Unrestricted Investment Income				6,207
Miscellaneous				185,057
Total General Revenues				\$ 18,337,703
Change in Net Position				\$ (16,381)
Net Position, July 1, 2015				28,826,003
Net Position, June 30, 2016				\$ 28,809,622

Exhibit I-2

Unicoi County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 713,641	\$ 3,000	\$ 716,641
Equity in Pooled Cash and Investments	5,192,014	345,605	5,537,619
Accounts Receivable	34,960	235	35,195
Due from Other Governments	257,927	20,344	278,271
Property Taxes Receivable	2,754,771	0	2,754,771
Allowance for Uncollectible Property Taxes	(95,965)	0	(95,965)
Total Assets	<u>\$ 8,857,348</u>	<u>\$ 369,184</u>	<u>\$ 9,226,532</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 96,835	\$ 0	\$ 96,835
Contracts Payable	487,282	0	487,282
Retainage Payable	25,646	0	25,646
Other Current Liabilities	453,396	0	453,396
Total Liabilities	<u>\$ 1,063,159</u>	<u>\$ 0</u>	<u>\$ 1,063,159</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,538,552	\$ 0	\$ 2,538,552
Deferred Delinquent Property Taxes	110,998	0	110,998
Other Deferred/Unavailable Revenue	125,645	0	125,645
Total Deferred Inflows of Resources	<u>\$ 2,775,195</u>	<u>\$ 0</u>	<u>\$ 2,775,195</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 138,125	\$ 319,184	\$ 457,309
Committed:			
Committed for Education	0	50,000	50,000
Assigned:			
Assigned for Education	1,130,475	0	1,130,475
Assigned for Capital Projects	773,346	0	773,346
Unassigned	2,977,048	0	2,977,048
Total Fund Balances	<u>\$ 5,018,994</u>	<u>\$ 369,184</u>	<u>\$ 5,388,178</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,857,348</u>	<u>\$ 369,184</u>	<u>\$ 9,226,532</u>

Exhibit I-3

Unicoi County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Unicoi County School Department
June 30, 2016

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)		\$	5,388,178
(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: construction in progress		872,068	
Add: building and improvements net of accumulated depreciation		22,425,299	
Add: other capital assets net of accumulated depreciation		<u>1,538,998</u>	25,452,118
(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	\$	(444,319)	
Less: termination benefits liability		(193,800)	
Less: net pension liability - agent plan and teacher legacy plan		<u>(368,581)</u>	(1,006,700)
(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	\$	3,238,441	
Less: deferred inflows of resources related to pensions		<u>(4,509,286)</u>	(1,270,845)
(4) Net pension assets of the teacher hybrid cost-sharing plan are not current financial resources and therefore are not reported in the governmental funds.			10,228
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>236,643</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>28,809,622</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, 2016

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,111,009	\$ 0	\$ 4,111,009
Licenses and Permits	15,097	0	15,097
Charges for Current Services	69,238	204,470	273,708
Other Local Revenues	236,375	11,517	247,892
State of Tennessee	14,125,417	11,165	14,136,582
Federal Government	471,240	2,561,748	3,032,988
Total Revenues	<u>\$ 19,028,376</u>	<u>\$ 2,788,900</u>	<u>\$ 21,817,276</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,745,692	\$ 1,321,272	\$ 12,066,964
Support Services	7,426,432	263,670	7,690,102
Operation of Non-instructional Services	591,456	1,187,323	1,778,779
Capital Outlay	1,552,016	0	1,552,016
Debt Service:			
Other Debt Service	357,147	0	357,147
Total Expenditures	<u>\$ 20,672,743</u>	<u>\$ 2,772,265</u>	<u>\$ 23,445,008</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,644,367)</u>	<u>\$ 16,635</u>	<u>\$ (1,627,732)</u>
Net Change in Fund Balances	\$ (1,644,367)	\$ 16,635	\$ (1,627,732)
Fund Balance, July 1, 2015	6,663,361	352,549	7,015,910
Fund Balance, June 30, 2016	<u>\$ 5,018,994</u>	<u>\$ 369,184</u>	<u>\$ 5,388,178</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, 2016

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) \$ (1,627,732)

(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:

Add: capital assets purchased in the current period	\$ 1,362,755	
Less: current-year depreciation expense	<u>(1,114,782)</u>	247,973

(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, 2016	\$ 236,643	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(238,065)</u>	(1,422)

(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	\$ (36,832)	
Change in termination benefits liability	59,200	
Change in net pension asset - teacher retirement plan	10,228	
Change in net pension liability - teacher legacy pension plan	24,624	
Change in net pension liability - agent plan	(137,821)	
Change in deferred outflows related to pensions	2,004,921	
Change in deferred inflows related to pensions	<u>(559,520)</u>	<u>1,364,800</u>

Change in net position of governmental activities (Exhibit B) \$ (16,381)

Exhibit I-6

Unicoi County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Unicoi County School Department
June 30, 2016

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,000	\$ 3,000
Equity in Pooled Cash and Investments	33,140	312,465	345,605
Accounts Receivable	0	235	235
Due from Other Governments	16,860	3,484	20,344
Total Assets	<u>\$ 50,000</u>	<u>\$ 319,184</u>	<u>\$ 369,184</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 319,184	\$ 319,184
Committed:			
Committed for Education	50,000	0	50,000
Total Fund Balances	<u>\$ 50,000</u>	<u>\$ 319,184</u>	<u>\$ 369,184</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, 2016

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 204,470	\$ 204,470
Other Local Revenues	0	11,517	11,517
State of Tennessee	0	11,165	11,165
Federal Government	1,584,942	976,806	2,561,748
Total Revenues	\$ 1,584,942	\$ 1,203,958	\$ 2,788,900
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,321,272	\$ 0	\$ 1,321,272
Support Services	263,670	0	263,670
Operation of Non-instructional Services	0	1,187,323	1,187,323
Total Expenditures	\$ 1,584,942	\$ 1,187,323	\$ 2,772,265
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 16,635	\$ 16,635
Net Change in Fund Balances	\$ 0	\$ 16,635	\$ 16,635
Fund Balance, July 1, 2015	50,000	302,549	352,549
Fund Balance, June 30, 2016	\$ 50,000	\$ 319,184	\$ 369,184

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,111,009	\$ 0	\$ 0	\$ 4,111,009	\$ 4,023,276	\$ 4,023,276	\$ 87,733
Licenses and Permits	15,097	0	0	15,097	19,500	19,500	(4,403)
Charges for Current Services	69,238	0	0	69,238	48,751	48,751	20,487
Other Local Revenues	236,375	0	0	236,375	331,500	331,500	(95,125)
State of Tennessee	14,125,417	0	0	14,125,417	14,033,249	14,134,149	(8,732)
Federal Government	471,240	0	0	471,240	302,274	302,274	168,966
Total Revenues	\$ 19,028,376	\$ 0	\$ 0	\$ 19,028,376	\$ 18,758,550	\$ 18,859,450	\$ 168,926
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 8,345,185	\$ (56,598)	\$ 41,500	\$ 8,330,087	\$ 8,505,946	\$ 8,505,946	\$ 175,859
Alternative Instruction Program	97,606	0	0	97,606	97,610	97,610	4
Special Education Program	1,502,681	(40,060)	4,167	1,466,788	1,449,888	1,470,933	4,145
Vocational Education Program	764,524	0	0	764,524	777,335	777,335	12,811
Student Body Education Program	35,696	(1,687)	0	34,009	100,000	100,000	65,991
<u>Support Services</u>							
Attendance	94,274	0	0	94,274	95,207	95,207	933
Health Services	301,938	(1,902)	227	300,263	306,569	306,569	6,306
Other Student Support	560,042	0	0	560,042	568,881	568,881	8,839
Regular Instruction Program	642,660	(5,943)	0	636,717	650,405	660,405	23,688
Special Education Program	152,378	0	1,600	153,978	148,815	154,815	837
Vocational Education Program	138,533	0	0	138,533	139,098	139,098	565
Other Programs	100,900	0	0	100,900	0	100,900	0
Board of Education	546,945	(1,292)	16	545,669	606,100	646,100	100,431
Director of Schools	351,736	(898)	3,346	354,184	369,740	369,740	15,556
Office of the Principal	1,135,079	0	0	1,135,079	1,170,431	1,170,431	35,352
Fiscal Services	132,530	(2,500)	1,028	131,058	133,768	133,768	2,710
Operation of Plant	1,687,544	(71)	0	1,687,473	1,771,261	1,721,261	33,788
Maintenance of Plant	512,987	(29,121)	41,710	525,576	623,159	623,159	97,583

(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 7/1/2015	Add: Encumbrances 6/30/2016	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	\$ 733,619	\$ (179,829)	\$ 700	\$ 554,490	\$ 856,003	\$ 828,958	\$ 274,468
Central and Other	335,267	(1,215)	6,623	340,675	346,541	346,541	5,866
<u>Operation of Non-instructional Services</u>							
Early Childhood Education	591,456	(916)	17,148	607,688	651,857	651,857	44,169
<u>Capital Outlay</u>							
Regular Capital Outlay	1,552,016	(267,779)	354,502	1,638,739	911,432	1,649,432	10,693
<u>Principal on Debt</u>							
Education	0	0	0	0	176,482	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	2,093	0	0
<u>Other Debt Service</u>							
Education	357,147	0	0	357,147	0	357,147	0
Total Expenditures	\$ 20,672,743	\$ (589,811)	\$ 472,567	\$ 20,555,499	\$ 20,458,621	\$ 21,476,093	\$ 920,594
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (1,644,367)	\$ 589,811	\$ (472,567)	\$ (1,527,123)	\$ (1,700,071)	\$ (2,616,643)	\$ 1,089,520
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2015	\$ 6,663,361	(589,811)	0	6,073,550	6,092,608	6,092,608	(19,058)
Fund Balance, June 30, 2016	\$ 5,018,994	0	(472,567)	4,546,427	4,392,537	3,475,965	1,070,462

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,584,942	\$ 1,864,302	\$ 1,867,278	\$ (282,336)
Total Revenues	\$ 1,584,942	\$ 1,864,302	\$ 1,867,278	\$ (282,336)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 532,913	\$ 572,604	\$ 570,729	\$ 37,816
Special Education Program	757,415	897,640	910,640	153,225
Vocational Education Program	30,944	29,464	30,944	0
<u>Support Services</u>				
Other Student Support	52,964	137,066	133,086	80,122
Regular Instruction Program	197,101	193,291	202,122	5,021
Special Education Program	13,160	29,925	19,308	6,148
Vocational Education Program	445	1,925	445	0
Transportation	0	2,387	4	4
Total Expenditures	\$ 1,584,942	\$ 1,864,302	\$ 1,867,278	\$ 282,336
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2015	50,000	0	0	50,000
Fund Balance, June 30, 2016	\$ 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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 204,470	\$ 0	\$ 0	\$ 204,470	\$ 253,759	\$ 253,759	\$ (49,289)
Other Local Revenues	11,517	0	0	11,517	25,100	25,100	(13,583)
State of Tennessee	11,165	0	0	11,165	14,000	14,000	(2,835)
Federal Government	976,806	0	0	976,806	922,600	922,600	54,206
Total Revenues	\$ 1,203,958	\$ 0	\$ 0	\$ 1,203,958	\$ 1,215,459	\$ 1,215,459	\$ (11,501)
<u>Expenditures</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 1,187,323	\$ (1,951)	\$ 30,028	\$ 1,215,400	\$ 1,215,459	\$ 1,215,459	\$ 59
Total Expenditures	\$ 1,187,323	\$ (1,951)	\$ 30,028	\$ 1,215,400	\$ 1,215,459	\$ 1,215,459	\$ 59
Excess (Deficiency) of Revenues Over Expenditures	\$ 16,635	\$ 1,951	\$ (30,028)	\$ (11,442)	\$ 0	\$ 0	\$ (11,442)
Net Change in Fund Balance	\$ 16,635	\$ 1,951	\$ (30,028)	\$ (11,442)	\$ 0	\$ 0	\$ (11,442)
Fund Balance, July 1, 2015	302,549	(1,951)	0	300,598	300,011	300,011	587
Fund Balance, June 30, 2016	\$ 319,184	\$ 0	\$ (30,028)	\$ 289,156	\$ 300,011	\$ 300,011	\$ (10,855)

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, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-16
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Capital Outlay - Jail Renovations/Courthouse HVAC	\$ 326,850	4.12%	2-18-07	1-18-17	\$ 61,228	\$ 0	\$ 38,024	\$ 0	\$ 23,204
Capital Outlay - Public Works Refunding	2,835,000	2.96	6-16-11	4-1-21	1,765,000	0	280,000	0	1,485,000
Capital Outlay - Public Works	160,000	2.85	5-31-12	4-1-22	63,000	0	9,000	0	54,000
Capital Outlay - Refunding 2013	100,000	2	5-31-13	6-1-16	60,000	0	20,000	40,000	0
Capital Outlay - E911 Office/Jail roofing	715,000	2.94	10-2-13	4-1-26	635,000	0	50,000	0	585,000
Capital Outlay - Sheriff's Department Vehicles	132,000	1.48	10-15-15	4-1-18	0	132,000	64,000	0	68,000
Capital Outlay - Refunding 2016	40,000	2.11	5-26-16	6-1-18	0	40,000	0	0	40,000
Total Notes Payable					<u>\$ 2,584,228</u>	<u>\$ 172,000</u>	<u>\$ 461,024</u>	<u>\$ 40,000</u>	<u>\$ 2,255,204</u>
CAPITAL LEASES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Apple iPads (student tablets)	391,501	0	5-1-14	7-15-16	\$ 261,001	\$ 0	\$ 261,001	\$ 0	\$ 0
Apple iPads (student tablets)	140,420	2.25	5-1-14	7-15-16	92,996	0	92,996	0	0
Total Capital Leases Payable					<u>\$ 353,997</u>	<u>\$ 0</u>	<u>\$ 353,997</u>	<u>\$ 0</u>	<u>\$ 0</u>
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding	8,715,000	2.45 to 5.25	9-1-01	4-1-21	\$ 4,080,000	\$ 0	\$ 595,000	\$ 0	\$ 3,485,000
General Obligation Refunding	3,300,000	4	10-18-06	4-1-23	2,030,000	0	220,000	1,810,000	0
General Obligation School	16,350,000	3.5 to 4.75	9-24-08	5-1-29	1,200,000	0	400,000	0	800,000
General Obligation Refunding, Series 2015	14,500,000	2.0 to 5.0	4-15-15	5-1-35	14,500,000	0	20,000	0	14,480,000
General Obligation Refunding, Series 2016	1,850,000	1.6	3-15-16	4-1-23	0	1,850,000	0	0	1,850,000
Total Bonds Payable					<u>\$ 21,810,000</u>	<u>\$ 1,850,000</u>	<u>\$ 1,235,000</u>	<u>\$ 1,810,000</u>	<u>\$ 20,615,000</u>

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2017	\$ 431,204	\$ 64,962	\$ 496,166
2018	408,000	53,127	461,127
2019	349,000	41,778	390,778
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	\$ 2,255,204	\$ 240,382	\$ 2,495,586

Year Ending June 30	Bonds		Total
	Principal	Interest	
2017	\$ 1,315,000	\$ 816,088	\$ 2,131,088
2018	1,360,000	762,200	2,122,200
2019	1,495,000	706,630	2,201,630
2020	1,540,000	655,405	2,195,405
2021	1,585,000	601,858	2,186,858
2022	1,225,000	546,150	1,771,150
2023	1,245,000	492,550	1,737,550
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
2032	30,000	4,173	34,173
2033	30,000	3,235	33,235
2034	35,000	2,275	37,275
2035	35,000	1,137	36,137
Total	\$ 20,615,000	\$ 6,131,681	\$ 26,746,681

Exhibit J-3

Unicoi County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Drug Control	General Debt Service	Debt Retirement	<u>\$ 23,166</u>
Total Transfers			<u><u>\$ 23,166</u></u>

Exhibit J-4

Unicoi County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Unicoi County School Department
For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 77,427	\$ 100,000	Western Surety Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Schools	State Board of Education and County Board of Education	102,539 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	63,843	756,246	"
Assessor of Property:				
Wayne Peterson (7-1-15 through 2-16-16)	Section 8-24-102, <i>TCA</i>	42,562 (4)	50,000	"
Teresa Kinsler (3-29-16 through 6-30-16)		16,485	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i> and Circuit and General Sessions Judges	63,843 (2)	200,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	63,843	200,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	74,939 (3)	100,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

- (1) Includes a career ladder supplement of \$1,000 and equity pay of \$671. Does not include contractual payments of \$350 per month for a travel allowance.
- (2) Does not include special commissioner fees of \$3,275.
- (3) Includes \$3,511 for serving as a workhouse superintendent and a law enforcement training supplement of \$1,200.
- (4) This amount includes an overpayment of \$2,660 to the estate of Mr. Peterson. The mayor has reached an agreement with the estate for installment payments through November 2016 to recover the overpayment.

Exhibit J-5

Unicoi County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2016

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,706,009	\$ 326,916	\$ 0	\$ 0	\$ 160,066
Trustee's Collections - Prior Year	168,932	18,584	0	0	7,231
Circuit Clerk/Clerk and Master Collections - Prior Years	90,798	9,988	0	0	3,873
Interest and Penalty	28,810	3,041	0	0	1,202
Pickup Taxes	1,375	123	0	0	59
Payments in-Lieu-of Taxes - T.V.A.	228	20	0	0	10
Payments in-Lieu-of Taxes - Local Utilities	59,388	5,234	0	0	2,564
Payments in-Lieu-of Taxes - Other	9,428	831	0	0	407
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	45,300	0	0	0	0
Litigation Tax - General	60,091	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	50,133	4,311	0	0	2,226
Mixed Drink Tax	1,152	0	0	0	0
Mineral Severance Tax	16,288	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	1,345	119	0	0	58
Wholesale Beer Tax	8,097	698	0	0	347
Interstate Telecommunications Tax	0	0	0	0	0
Other Statutory Local Taxes	59,882	0	0	0	0
Total Local Taxes	\$ 4,307,256	\$ 369,865	\$ 0	\$ 0	\$ 178,043

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 21,049	\$ 1,855	\$ 0	\$ 0	\$ 906
Total Licenses and Permits	\$ 21,049	\$ 1,855	\$ 0	\$ 0	\$ 906
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 1,123	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,944	0	0	0	0
Drug Control Fines	0	0	8,804	0	0
Drug Court Fees	496	0	0	0	0
Jail Fees	1,976	0	0	0	0
DUI Treatment Fines	214	0	0	0	0
Courtroom Security Fee	81	0	0	0	0
<u>Criminal Court</u>					
Data Entry Fee - Criminal Court	1,517	0	0	0	0
<u>General Sessions Court</u>					
Fines	12,186	0	0	0	0
Fines for Littering	5	0	0	0	0
Officers Costs	12,693	0	0	0	0
Game and Fish Fines	4	0	0	0	0
Drug Control Fines	0	0	10,316	0	0
Drug Court Fees	2,922	0	0	0	0
Jail Fees	18,313	0	0	0	0
DUI Treatment Fines	2,688	0	0	0	0
Data Entry Fee - General Sessions Court	8,183	0	0	0	0
Courtroom Security Fee	540	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Fines	\$ 859	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,775	0	0	0	0
Jail Fees	5,206	0	0	0	0
Data Entry Fee - Juvenile Court	4,550	0	0	0	0
Courtroom Security Fee	2	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	423	0	0	0	0
Data Entry Fee - Chancery Court	2,334	0	0	0	0
<u>Judicial District Drug Program</u>					
Data Entry Fee - Other Courts	15,733	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	21,350	0	0
Other Fines, Forfeitures, and Penalties	0	0	15,035	0	0
Total Fines, Forfeitures, and Penalties	\$ 95,767	\$ 0	\$ 55,505	\$ 0	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Work Release Charges for Board	\$ 3,415	\$ 0	\$ 0	\$ 0	0
<u>Fees</u>					
Recreation Fees	20,360	0	0	0	0
Archives and Records Management Fee	48,158	0	0	0	0
Telephone Commissions	27,221	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	398	0
Special Commissioner Fees/Special Master Fees	0	0	0	3,275	0
Data Processing Fee - Register	4,474	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Data Processing Fee - Sheriff	\$ 890	\$ 0	\$ 0	\$ 0	\$ 0
Sexual Offender Registration Fee - Sheriff	2,100	0	0	0	0
Data Processing Fee - County Clerk	1,899	0	0	0	0
Total Charges for Current Services	\$ 108,517	\$ 0	\$ 0	\$ 3,673	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 41,601	\$ 0	\$ 0	\$ 0	\$ 6,917
Sale of Materials and Supplies	3,400	0	0	0	439
Commissary Sales	3,917	0	0	0	0
Sale of Recycled Materials	361	0	0	0	246
Retirees' Insurance Payments	7,597	0	0	0	1,091
Miscellaneous Refunds	12,127	0	1,500	0	6,369
<u>Nonrecurring Items</u>					
Sale of Equipment	26,385	0	0	0	19,101
Sale of Property	25	0	0	0	0
Total Other Local Revenues	\$ 95,413	\$ 0	\$ 1,500	\$ 0	\$ 34,163
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 155,060	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	73,458	0	0	0	0
General Sessions Court Clerk	285,323	0	0	0	0
Clerk and Master	52,854	0	0	0	0
Juvenile Court Clerk	17,876	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials (Cont.)</u>					
<u>Fees In-Lieu-of Salary (Cont.)</u>					
Register	\$ 55,466	\$ 0	\$ 0	\$ 0	\$ 0
Sheriff	5,451	0	0	0	0
Trustee	268,456	0	0	0	0
Total Fees Received From County Officials	<u>\$ 913,944</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	24,600	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	166,439	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	401,863
Litter Program	31,473	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	25,125	0	0	0	0
Beer Tax	18,488	0	0	0	0
Vehicle Certificate of Title Fees	5,666	0	0	0	0
Alcoholic Beverage Tax	33,702	0	0	0	0
State Revenue Sharing - T.V.A.	202,640	12,755	0	0	6,249
Emergency Hospital - Prisoners	77,638	0	0	0	0
Contracted Prisoner Boarding	821,376	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,398,785
Petroleum Special Tax	0	0	0	0	13,214

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	45,000	0	0	0	0
Other State Revenues	24,562	2,783	0	0	0
Total State of Tennessee	<u>\$ 1,505,373</u>	<u>\$ 15,538</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,820,111</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	23,500	0	0	0	0
Law Enforcement Grants	9,515	0	0	0	0
Other Federal through State	842	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	21,552	0	0	0	19,530
Other Direct Federal Revenue	2,200	0	0	0	0
Total Federal Government	<u>\$ 57,609</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,530</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 170,471	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	281,803	0	0	0	68,143
<u>Citizens Groups</u>					
Donations	500	0	0	0	0
<u>Other</u>					
Other	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 452,774</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,143</u>
Total	<u>\$ 7,557,702</u>	<u>\$ 387,258</u>	<u>\$ 57,005</u>	<u>\$ 3,673</u>	<u>\$ 2,120,896</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 1,483,861	\$ 5,676,852
Trustee's Collections - Prior Year	74,220	268,967
Circuit Clerk/Clerk and Master Collections - Prior Years	39,891	144,550
Interest and Penalty	12,429	45,482
Pickup Taxes	553	2,110
Payments in-Lieu-of Taxes - T.V.A.	91	349
Payments in-Lieu-of Taxes - Local Utilities	23,769	90,955
Payments in-Lieu-of Taxes - Other	3,773	14,439
<u>County Local Option Taxes</u>		
Local Option Sales Tax	522,239	522,239
Hotel/Motel Tax	0	45,300
Litigation Tax - General	0	60,091
Litigation Tax - Jail, Workhouse, or Courthouse	107,622	107,622
Business Tax	19,981	76,651
Mixed Drink Tax	0	1,152
Mineral Severance Tax	0	16,288
<u>Statutory Local Taxes</u>		
Bank Excise Tax	538	2,060
Wholesale Beer Tax	3,213	12,355
Interstate Telecommunications Tax	721	721
Other Statutory Local Taxes	0	59,882
Total Local Taxes	\$ 2,292,901	\$ 7,148,065

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$	8,424	\$	32,234
Total Licenses and Permits	\$	8,424	\$	32,234
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$	0	\$	1,123
Officers Costs		0		1,944
Drug Control Fines		0		8,804
Drug Court Fees		0		496
Jail Fees		0		1,976
DUI Treatment Fines		0		214
Courtroom Security Fee		0		81
<u>Criminal Court</u>				
Data Entry Fee - Criminal Court		0		1,517
<u>General Sessions Court</u>				
Fines		0		12,186
Fines for Littering		0		5
Officers Costs		0		12,693
Game and Fish Fines		0		4
Drug Control Fines		0		10,316
Drug Court Fees		0		2,922
Jail Fees		0		18,313
DUI Treatment Fines		0		2,688
Data Entry Fee - General Sessions Court		0		8,183
Courtroom Security Fee		0		540

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Fines	\$ 0	\$ 859
Officers Costs	0	1,775
Jail Fees	0	5,206
Data Entry Fee - Juvenile Court	0	4,550
Courtroom Security Fee	0	2
<u>Chancery Court</u>		
Officers Costs	0	423
Data Entry Fee - Chancery Court	0	2,334
<u>Judicial District Drug Program</u>		
Data Entry Fee - Other Courts	0	15,733
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	21,350
Other Fines, Forfeitures, and Penalties	0	15,035
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 151,272</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Work Release Charges for Board	\$ 0	\$ 3,415
<u>Fees</u>		
Recreation Fees	0	20,360
Archives and Records Management Fee	0	48,158
Telephone Commissions	0	27,221
Constitutional Officers' Fees and Commissions	0	398
Special Commissioner Fees/Special Master Fees	0	3,275
Data Processing Fee - Register	0	4,474

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Data Processing Fee - Sheriff	\$ 0	\$ 890
Sexual Offender Registration Fee - Sheriff	0	2,100
Data Processing Fee - County Clerk	0	1,899
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 112,190</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 687	\$ 49,205
Sale of Materials and Supplies	0	3,839
Commissary Sales	0	3,917
Sale of Recycled Materials	0	607
Retirees' Insurance Payments	0	8,688
Miscellaneous Refunds	14	20,010
<u>Nonrecurring Items</u>		
Sale of Equipment	0	45,486
Sale of Property	0	25
Total Other Local Revenues	<u>\$ 701</u>	<u>\$ 131,777</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 155,060
Circuit Court Clerk	0	73,458
General Sessions Court Clerk	0	285,323
Clerk and Master	0	52,854
Juvenile Court Clerk	0	17,876

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Fees Received From County Officials (Cont.)</u>		
<u>Fees In-Lieu-of Salary (Cont.)</u>		
Register	\$ 0	\$ 55,466
Sheriff	0	5,451
Trustee	0	268,456
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 913,944</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 13,500
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	24,600
<u>Health and Welfare Grants</u>		
Health Department Programs	0	166,439
<u>Public Works Grants</u>		
Bridge Program	0	401,863
Litter Program	0	31,473
<u>Other State Revenues</u>		
Income Tax	0	25,125
Beer Tax	0	18,488
Vehicle Certificate of Title Fees	0	5,666
Alcoholic Beverage Tax	0	33,702
State Revenue Sharing - T.V.A.	0	221,644
Emergency Hospital - Prisoners	0	77,638
Contracted Prisoner Boarding	0	821,376
Gasoline and Motor Fuel Tax	0	1,398,785
Petroleum Special Tax	0	13,214

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>		<u>General Debt Service</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Registrar's Salary Supplement	\$	0	\$	15,164
Other State Grants		0		45,000
Other State Revenues		0		27,345
Total State of Tennessee	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>3,341,022</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Appalachian Regional Commission	\$	30,000	\$	30,000
Civil Defense Reimbursement		0		23,500
Law Enforcement Grants		0		9,515
Other Federal through State		0		842
<u>Direct Federal Revenue</u>				
Forest Service		0		41,082
Other Direct Federal Revenue		0		2,200
Total Federal Government	<u>\$</u>	<u>30,000</u>	<u>\$</u>	<u>107,139</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$	542,943	\$	713,414
Contracted Services		0		349,946
<u>Citizens Groups</u>				
Donations		0		500
<u>Other</u>				
Other		11,774		11,774
Total Other Governments and Citizens Groups	<u>\$</u>	<u>554,717</u>	<u>\$</u>	<u>1,075,634</u>
Total	<u>\$</u>	<u>2,886,743</u>	<u>\$</u>	<u>13,013,277</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, 2016

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,333,442	\$ 0	\$ 0	\$ 2,333,442
Trustee's Collections - Prior Year	120,906	0	0	120,906
Circuit Clerk/Clerk and Master Collections - Prior Years	62,732	0	0	62,732
Interest and Penalty	19,551	0	0	19,551
Pickup Taxes	871	0	0	871
Payments in-Lieu-of Taxes - T.V.A.	144	0	0	144
Payments in-Lieu-of Taxes - Local Utilities	37,447	0	0	37,447
Payments in-Lieu-of Taxes - Other	5,945	0	0	5,945
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,489,570	0	0	1,489,570
Business Tax	31,483	0	0	31,483
Mixed Drink Tax	1,151	0	0	1,151
Other County Local Option Taxes	279	0	0	279
<u>Statutory Local Taxes</u>				
Bank Excise Tax	848	0	0	848
Wholesale Beer Tax	5,103	0	0	5,103
Interstate Telecommunications Tax	1,537	0	0	1,537
Total Local Taxes	<u>\$ 4,111,009</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,111,009</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,824	\$ 0	\$ 0	\$ 1,824
Cable TV Franchise	13,273	0	0	13,273
Total Licenses and Permits	<u>\$ 15,097</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,097</u>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 2,940	\$ 0	\$ 0	\$ 2,940
Tuition - Other	66,298	0	0	66,298
Lunch Payments - Children	0	0	118,022	118,022
Lunch Payments - Adults	0	0	2,182	2,182
Income from Breakfast	0	0	3,572	3,572
A la Carte Sales	0	0	75,479	75,479
Other Charges for Services	0	0	5,215	5,215
Total Charges for Current Services	<u>\$ 69,238</u>	<u>\$ 0</u>	<u>\$ 204,470</u>	<u>\$ 273,708</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 644	\$ 0	\$ 5,563	\$ 6,207
Lease/Rentals	1,000	0	0	1,000
Sale of Materials and Supplies	30,361	0	0	30,361
E-Rate Funding	34,122	0	0	34,122
Retirees' Insurance Payments	5,904	0	0	5,904
Commodity Rebates	0	0	312	312
Miscellaneous Refunds	134,711	0	5,640	140,351
<u>Nonrecurring Items</u>				
Sale of Equipment	4,368	0	0	4,368
Contributions and Gifts	25,265	0	0	25,265
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	2	2
Total Other Local Revenues	<u>\$ 236,375</u>	<u>\$ 0</u>	<u>\$ 11,517</u>	<u>\$ 247,892</u>

(Continued)

Exhibit J-6

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

	Special Revenue Funds			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 100,900	\$ 0	\$ 0	\$ 100,900
<u>State Education Funds</u>				
Basic Education Program	12,969,000	0	0	12,969,000
Early Childhood Education	582,076	0	0	582,076
School Food Service	0	0	11,165	11,165
Other State Education Funds	280,008	0	0	280,008
Career Ladder Program	64,763	0	0	64,763
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	91,253	0	0	91,253
Other State Grants	37,417	0	0	37,417
Total State of Tennessee	<u>\$ 14,125,417</u>	<u>\$ 0</u>	<u>\$ 11,165</u>	<u>\$ 14,136,582</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 634,177	\$ 634,177
USDA - Commodities	0	0	69,600	69,600
Breakfast	0	0	273,029	273,029
Vocational Education - Basic Grants to States	0	43,651	0	43,651
Title I Grants to Local Education Agencies	0	632,156	0	632,156
Special Education - Grants to States	79,939	714,524	0	794,463
Special Education Preschool Grants	0	56,050	0	56,050
English Language Acquisition Grants	0	10,981	0	10,981
Eisenhower Professional Development State Grants	0	127,580	0	127,580

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	\$ 186,119	\$ 0	\$ 0	\$ 186,119
ROTC Reimbursement	61,955	0	0	61,955
Other Direct Federal Revenue	143,227	0	0	143,227
Total Federal Government	<u>\$ 471,240</u>	<u>\$ 1,584,942</u>	<u>\$ 976,806</u>	<u>\$ 3,032,988</u>
Total	<u>\$ 19,028,376</u>	<u>\$ 1,584,942</u>	<u>\$ 1,203,958</u>	<u>\$ 21,817,276</u>

Exhibit J-7

Unicoi County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,100	
Social Security		1,339	
Pensions		307	
Employer Medicare		313	
Audit Services		5,494	
Dues and Memberships		4,283	
Legal Notices, Recording, and Court Costs		2,959	
Other Charges		1,175	
Total County Commission			\$ 47,970

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		36,277	
Secretary(ies)		29,189	
Clerical Personnel		34,459	
Social Security		10,036	
Pensions		15,110	
Life Insurance		600	
Medical Insurance		20,768	
Dental Insurance		1,150	
Unemployment Compensation		240	
Employer Medicare		2,347	
Communication		4,762	
Data Processing Services		10,395	
Dues and Memberships		1,833	
Maintenance and Repair Services - Office Equipment		1,170	
Travel		2,281	
Penalties		1,331	
Office Supplies		3,161	
Other Charges		999	
Office Equipment		383	
Total County Mayor/Executive			253,918

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	57,459	
Deputy(ies)		29,189	
Mechanic(s)		475	
Clerical Personnel		3,710	
Election Commission		4,020	

(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.)

Election Workers	\$	8,180	
Social Security		5,456	
Pensions		7,382	
Life Insurance		300	
Medical Insurance		13,737	
Dental Insurance		575	
Unemployment Compensation		237	
Employer Medicare		1,276	
Communication		1,889	
Data Processing Services		12,994	
Dues and Memberships		225	
Janitorial Services		1,000	
Legal Notices, Recording, and Court Costs		4,070	
Maintenance and Repair Services - Buildings		1,386	
Maintenance and Repair Services - Equipment		890	
Postal Charges		47	
Printing, Stationery, and Forms		1,961	
Travel		7,925	
Other Contracted Services		1,951	
Electricity		2,142	
Office Supplies		1,945	
Office Equipment		7,720	
Total Election Commission			\$ 178,141

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		29,300	
Clerical Personnel		25,171	
Part-time Personnel		3,545	
Social Security		7,404	
Pensions		10,080	
Life Insurance		450	
Medical Insurance		18,720	
Dental Insurance		863	
Unemployment Compensation		195	
Employer Medicare		1,732	
Communication		2,576	
Data Processing Services		4,723	
Dues and Memberships		583	
Maintenance and Repair Services - Office Equipment		187	
Travel		1,437	
Other Contracted Services		225	
Data Processing Supplies		757	
Office Supplies		1,820	
In Service/Staff Development		200	
Data Processing Equipment		5,233	
Total Register of Deeds			179,044

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning

Board and Committee Members Fees	\$	3,600	
Social Security		223	
Unemployment Compensation		6	
Employer Medicare		52	
Contracts with Government Agencies		7,750	
Total Planning			\$ 11,631

County Buildings

Part-time Personnel	\$	26,828	
Social Security		1,663	
Unemployment Compensation		199	
Employer Medicare		389	
Maintenance and Repair Services - Buildings		32,289	
Custodial Supplies		4,218	
Natural Gas		11,195	
Utilities		36,027	
Building and Contents Insurance		5,920	
Total County Buildings			118,728

Other General Administration

Postal Charges	\$	22,415	
Duplicating Supplies		3,977	
Office Supplies		184	
Excess Risk Insurance		2,735	
Liability Insurance		12,757	
Total Other General Administration			42,068

Preservation of Records

Dues and Memberships	\$	60	
Maintenance and Repair Services - Buildings		6,000	
Travel		596	
Office Supplies		64	
Office Equipment		2,525	
Total Preservation of Records			9,245

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	59,047	
Assistant(s)		29,534	
Deputy(ies)		26,731	
Clerical Personnel		23,987	
Social Security		8,210	
Pensions		11,941	
Life Insurance		525	
Medical Insurance		23,617	
Dental Insurance		1,006	
Unemployment Compensation		306	

(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.)

Employer Medicare	\$	1,920	
Audit Services		4,150	
Communication		3,753	
Data Processing Services		7,512	
Dues and Memberships		1,250	
Maintenance and Repair Services - Office Equipment		4,247	
Printing, Stationery, and Forms		1,484	
Travel		2,786	
Office Supplies		3,429	
Premiums on Corporate Surety Bonds		364	
Office Equipment		2,774	
Total Property Assessor's Office			\$ 218,573

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Assistant(s)		30,805	
Deputy(ies)		29,366	
Temporary Personnel		240	
Social Security		7,686	
Pensions		9,308	
Life Insurance		406	
Medical Insurance		10,920	
Dental Insurance		779	
Unemployment Compensation		252	
Employer Medicare		1,798	
Communication		2,387	
Data Processing Services		7,838	
Dues and Memberships		568	
Legal Notices, Recording, and Court Costs		300	
Maintenance and Repair Services - Office Equipment		240	
Travel		1,133	
Data Processing Supplies		1,782	
Office Supplies		1,280	
Total County Trustee's Office			170,931

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		29,189	
Clerical Personnel		28,891	
Part-time Personnel		19,691	
Other Salaries and Wages		29,191	
Social Security		9,949	
Pensions		12,305	
Life Insurance		550	
Medical Insurance		25,441	
Dental Insurance		1,054	
Unemployment Compensation		371	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Employer Medicare	\$	2,327	
Communication		7,274	
Dues and Memberships		558	
Maintenance and Repair Services - Buildings		1,950	
Maintenance and Repair Services - Office Equipment		13,369	
Other Contracted Services		891	
Office Supplies		1,274	
Utilities		1,230	
Premiums on Corporate Surety Bonds		33	
Data Processing Equipment		16,085	
Office Equipment		925	
Total County Clerk's Office			\$ 266,391

Other Finance

Trustee's Commission	\$	87,973	
Total Other Finance			87,973

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Assistant(s)		31,171	
Deputy(ies)		52,514	
Accountants/Bookkeepers		26,852	
Clerical Personnel		48,247	
Part-time Personnel		11,537	
Other Salaries and Wages		51,060	
Jury and Witness Expense		5,222	
Social Security		17,404	
Pensions		18,002	
Life Insurance		1,256	
Medical Insurance		38,864	
Dental Insurance		2,120	
Unemployment Compensation		930	
Employer Medicare		4,070	
Communication		5,707	
Data Processing Services		262	
Dues and Memberships		518	
Evaluation and Testing		1,950	
Maintenance and Repair Services - Office Equipment		22,945	
Travel		1,096	
Remittance of Revenue Collected		496	
Data Processing Supplies		494	
Office Supplies		9,758	
Premiums on Corporate Surety Bonds		50	
Office Equipment		15,328	
Total Circuit Court			431,696

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	90,974	
Social Security		5,567	
Pensions		7,756	
Life Insurance		150	
Medical Insurance		7,417	
Dental Insurance		288	
Employer Medicare		1,302	
Communication		795	
Travel		1,153	
Remittance of Revenue Collected		2,922	
Total General Sessions Court			\$ 118,324

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		28,718	
Part-time Personnel		9,270	
Social Security		6,261	
Pensions		6,769	
Life Insurance		263	
Medical Insurance		11,440	
Dental Insurance		503	
Unemployment Compensation		230	
Employer Medicare		1,464	
Communication		1,449	
Dues and Memberships		700	
Legal Notices, Recording, and Court Costs		801	
Maintenance and Repair Services - Office Equipment		10,836	
Travel		1,042	
Data Processing Supplies		319	
Office Supplies		2,899	
Office Equipment		499	
Total Chancery Court			147,306

Juvenile Court

Salary Supplements	\$	8,072	
Social Security		501	
Unemployment Compensation		60	
Employer Medicare		117	
Communication		918	
Contracts with Government Agencies		37,566	
Travel		771	
Office Supplies		280	
Total Juvenile Court			48,285

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	73,739	
--	----	--------	--

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Supervisor/Director	\$	91,266	
Deputy(ies)		396,549	
Investigator(s)		96,748	
Captain(s)		107,948	
Sergeant(s)		119,989	
Secretary(ies)		64,849	
Overtime Pay		17,143	
Other Salaries and Wages		53,230	
In-service Training		26,645	
Social Security		62,667	
Pensions		73,604	
Life Insurance		3,751	
Medical Insurance		166,672	
Dental Insurance		7,189	
Unemployment Compensation		2,997	
Employer Medicare		14,656	
Communication		20,217	
Dues and Memberships		1,900	
Maintenance and Repair Services - Equipment		844	
Maintenance and Repair Services - Vehicles		35,790	
Travel		4,638	
Remittance of Revenue Collected		2,400	
Other Contracted Services		2,680	
Gasoline		87,504	
Law Enforcement Supplies		4,749	
Office Supplies		3,959	
Tires and Tubes		11,924	
Uniforms		5,525	
Other Supplies and Materials		14,259	
Liability Insurance		103,500	
Workers' Compensation Insurance		93,449	
Other Charges		7,026	
Other Debt Issuance Charges		4,800	
Law Enforcement Equipment		3,250	
Motor Vehicles		127,112	
Total Sheriff's Department			\$ 1,915,168

Jail

Supervisor/Director	\$	27,229
Teachers		25,256
Guards		165,175
Cafeteria Personnel		21,563
Maintenance Personnel		27,966
Overtime Pay		304
Other Salaries and Wages		108,682
Social Security		24,279
Pensions		17,459

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Life Insurance	\$	1,246	
Medical Insurance		60,639	
Dental Insurance		2,100	
Unemployment Compensation		1,714	
Employer Medicare		5,678	
Maintenance and Repair Services - Buildings		18,866	
Maintenance and Repair Services - Equipment		5,898	
Maintenance and Repair Services - Vehicles		864	
Medical and Dental Services		231,314	
Travel		2,507	
Other Contracted Services		23,962	
Custodial Supplies		2,305	
Drugs and Medical Supplies		13,466	
Food Supplies		77,672	
Natural Gas		4,544	
Prisoners Clothing		951	
Uniforms		355	
Utilities		49,911	
Building and Contents Insurance		12,551	
Refunds		28	
Total Jail			\$ 934,484

Workhouse

Supervisor/Director	\$	28,503	
Guards		95,203	
Cafeteria Personnel		31,698	
Other Salaries and Wages		109,549	
Social Security		16,126	
Pensions		8,401	
Life Insurance		690	
Medical Insurance		48,308	
Dental Insurance		1,323	
Unemployment Compensation		1,179	
Employer Medicare		3,771	
Maintenance and Repair Services - Buildings		6,150	
Maintenance and Repair Services - Equipment		2,573	
Maintenance and Repair Services - Vehicles		572	
Medical and Dental Services		22,429	
Custodial Supplies		1,926	
Drugs and Medical Supplies		9,599	
Food Supplies		40,489	
Natural Gas		6,848	
Uniforms		49	
Utilities		50,000	
Other Charges		1,063	
Law Enforcement Equipment		2,270	
Total Workhouse			488,719

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Other Salaries and Wages	\$	8,340	
Social Security		517	
Unemployment Compensation		22	
Employer Medicare		121	
Total Juvenile Services			\$ 9,000

Fire Prevention and Control

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

Civil Defense

County Official/Administrative Officer	\$	38,674	
Social Security		2,388	
Pensions		3,295	
Life Insurance		150	
Medical Insurance		6,240	
Dental Insurance		288	
Unemployment Compensation		74	
Employer Medicare		558	
Maintenance and Repair Services - Vehicles		1,656	
Travel		215	
Gasoline		1,593	
Law Enforcement Supplies		740	
Office Supplies		158	
Other Supplies and Materials		3,000	
Communication Equipment		2,636	
Total Civil Defense			61,665

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		166	
Pensions		230	
Life Insurance		1	
Medical Insurance		33	
Dental Insurance		2	
Unemployment Compensation		6	
Employer Medicare		39	
Contracts with Other Public Agencies		34,860	
Law Enforcement Supplies		301	
Premiums on Corporate Surety Bonds		100	
Total County Coroner/Medical Examiner			38,432

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Supervisor/Director	\$	43,100	
Dispatchers/Radio Operators		295,352	
Part-time Personnel		18,396	
Social Security		21,856	
Pensions		27,358	
Life Insurance		1,612	
Medical Insurance		59,013	
Dental Insurance		3,103	
Unemployment Compensation		1,070	
Employer Medicare		5,112	
Workers' Compensation Insurance		1,246	
Total Other Public Safety			\$ 477,218

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	18,497	
Social Security		1,087	
Pensions		756	
Life Insurance		100	
Medical Insurance		4,680	
Dental Insurance		192	
Unemployment Compensation		114	
Employer Medicare		254	
Communication		2,839	
Maintenance and Repair Services - Equipment		2,082	
Maintenance and Repair Services - Office Equipment		3,731	
Custodial Supplies		1,624	
Drugs and Medical Supplies		5,889	
Natural Gas		1,927	
Office Supplies		1,014	
Utilities		18,101	
Other Supplies and Materials		2,583	
Liability Insurance		1,972	
Workers' Compensation Insurance		400	
Other Charges		2,526	
Total Local Health Center			70,368

Rabies and Animal Control

Supervisor/Director	\$	30,423	
Part-time Personnel		35,701	
Other Salaries and Wages		39,387	
Social Security		6,447	
Pensions		4,087	
Life Insurance		300	
Medical Insurance		13,520	
Dental Insurance		575	
Unemployment Compensation		568	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Employer Medicare	\$ 1,564	
Workers' Compensation Insurance	2,072	
Total Rabies and Animal Control		\$ 134,644

Ambulance/Emergency Medical Services

Other Contracted Services	\$ 132,000	
Total Ambulance/Emergency Medical Services		132,000

Other Local Health Services

Other Salaries and Wages	\$ 139,247	
Social Security	8,593	
Pensions	6,951	
Life Insurance	450	
Medical Insurance	18,720	
Dental Insurance	863	
Unemployment Compensation	320	
Employer Medicare	2,010	
Travel	3,029	
Total Other Local Health Services		180,183

Regional Mental Health Center

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

Appropriation to State

Contracts with Government Agencies	\$ 36,246	
Total Appropriation to State		36,246

Sanitation Education/Information

Other Salaries and Wages	\$ 20,046	
Social Security	1,243	
Unemployment Compensation	84	
Employer Medicare	291	
Instructional Supplies and Materials	4,864	
Other Supplies and Materials	2,280	
Workers' Compensation Insurance	805	
Total Sanitation Education/Information		29,613

Other Public Health and Welfare

Advertising	\$ 19,726	
Maintenance and Repair Services - Buildings	15,760	
Office Supplies	2,109	
Other Supplies and Materials	37,014	
Other Charges	9,023	
Total Other Public Health and Welfare		83,632

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$ 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	\$ 2,251	
Contributions	30,717	
Dues and Memberships	400	
Travel	2,431	
Office Supplies	708	
Office Equipment	600	
Total Agricultural Extension Service		37,107

Forest Service

Contributions	\$ 800	
Total Forest Service		800

Soil Conservation

Contributions	\$ 3,000	
Total Soil Conservation		3,000

Other Operations

Tourism

Contributions	\$ 2,350	
Other Charges	950	
Total Tourism		3,300

Industrial Development

Contributions	\$ 60,000	
Other Charges	713	
Total Industrial Development		60,713

Veterans' Services

Contributions	\$ 950	
Total Veterans' Services		950

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 6,425	
Total Contributions to Other Agencies		\$ 6,425

Employee Benefits

Employee and Dependent Insurance	\$ 6,947	
Workers' Compensation Insurance	14,943	
Total Employee Benefits		21,890

Miscellaneous

Contributions	\$ 2,250	
Total Miscellaneous		2,250

Total General Fund		\$ 7,214,765
--------------------	--	--------------

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Communication	\$ 2,004	
Contracts with Private Agencies	367,034	
Operating Lease Payments	29,339	
Rentals	1,345	
Other Contracted Services	28,031	
Electricity	5,372	
Liability Insurance	538	
Trustee's Commission	7,347	
Site Development	614	
Total Sanitation Management		\$ 441,624

Total Solid Waste/Sanitation Fund		441,624
-----------------------------------	--	---------

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$ 482	
Total Other Finance		\$ 482

Public Safety

Sheriff's Department

Deputy(ies)	\$ 3,492
Social Security	217
Unemployment Compensation	35
Employer Medicare	51
Communication	743
Confidential Drug Enforcement Payments	6,000
Dues and Memberships	5,300
Maintenance and Repair Services - Vehicles	2,796
Towing Services	1,375

(Continued)

Exhibit J-7

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

<u>Drug Control Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Sheriff's Department (Cont.)</u>		
Veterinary Services	\$	680
Animal Food and Supplies		495
Law Enforcement Supplies		4,821
Office Supplies		94
Tires and Tubes		516
Uniforms		785
Law Enforcement Equipment		933
Total Sheriff's Department		<u>\$ 28,333</u>
Total Drug Control Fund		\$ 28,815
<u>Constitutional Officers - Fees Fund</u>		
<u>General Government</u>		
<u>Other General Administration</u>		
Special Commissioner Fees/Special Master Fees	\$	3,275
Bank Charges		398
Total Other General Administration		<u>\$ 3,673</u>
Total Constitutional Officers - Fees Fund		3,673
<u>Highway/Public Works Fund</u>		
<u>Highways</u>		
<u>Administration</u>		
County Official/Administrative Officer	\$	70,228
Accountants/Bookkeepers		42,631
Communication		1,941
Postal Charges		294
Travel		1,697
Data Processing Supplies		1,000
Office Supplies		371
Other Charges		2,060
Data Processing Equipment		6,537
Total Administration		<u>\$ 126,759</u>
<u>Highway and Bridge Maintenance</u>		
Foremen	\$	37,025
Laborers		500,412
Other Salaries and Wages		24,927
Asphalt		207,974
Crushed Stone		22,322
Other Road Materials		68,257
Pipe		7,015
Other Supplies and Materials		289
Total Highway and Bridge Maintenance		<u>868,221</u>
<u>Operation and Maintenance of Equipment</u>		
Mechanic(s)	\$	36,236

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Communication	\$	3,024	
Diesel Fuel		26,004	
Electricity		6,521	
Equipment and Machinery Parts		67,995	
Garage Supplies		342	
Gasoline		6,138	
Lubricants		5,983	
Natural Gas		3,811	
Propane Gas		1,725	
Tires and Tubes		12,481	
Communication Equipment		170	
Office Equipment		190	
Total Operation and Maintenance of Equipment			\$ 170,620

Other Charges

Dues and Memberships	\$	2,302	
Maintenance Agreements		1,162	
Office Supplies		33	
Trustee's Commission		17,718	
Vehicle and Equipment Insurance		37,144	
Workers' Compensation Insurance		77,587	
Total Other Charges			135,946

Employee Benefits

Social Security	\$	54,427	
Pensions		57,768	
Employee and Dependent Insurance		101,884	
Life Insurance		725	
Medical Insurance		30,799	
Dental Insurance		1,390	
Unemployment Compensation		1,522	
Uniforms		7,727	
Total Employee Benefits			256,242

Capital Outlay

Engineering Services	\$	27,752	
Bridge Construction		458,853	
Total Capital Outlay			486,605

Total Highway/Public Works Fund \$ 2,044,393

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	1,235,000	
Principal on Notes		461,024	
Total General Government			\$ 1,696,024

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Principal on Debt (Cont.)</u>		
<u>Education</u>		
Principal on Capital Leases	\$ 353,997	
Total Education		\$ 353,997
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 930,887	
Interest on Notes	<u>77,509</u>	
Total General Government		1,008,396
<u>Education</u>		
Interest on Capital Leases	\$ <u>3,150</u>	
Total Education		3,150
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 38,720	
Other Debt Issuance Charges	30,939	
Other Debt Service	<u>1,250</u>	
Total General Government		<u>70,909</u>
Total General Debt Service Fund		<u>\$ 3,132,476</u>
Total Governmental Funds - Primary Government		<u>\$ 12,865,746</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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 5,521,937	
Career Ladder Program	36,017	
Career Ladder Extended Contracts	68,519	
Homebound Teachers	6,377	
Educational Assistants	77,035	
Other Salaries and Wages	136,223	
Certified Substitute Teachers	37,363	
Non-certified Substitute Teachers	63,115	
Social Security	369,133	
Pensions	541,180	
Life Insurance	5,505	
Medical Insurance	969,329	
Dental Insurance	11,305	
Employer Medicare	85,392	
Other Contracted Services	6,713	
Instructional Supplies and Materials	181,660	
Textbooks	178,337	
Other Supplies and Materials	13,393	
Fee Waivers	23,155	
Other Charges	13,497	
Total Regular Instruction Program		\$ 8,345,185

Alternative Instruction Program

Teachers	\$ 53,618	
Social Security	3,324	
Pensions	4,847	
Life Insurance	40	
Employer Medicare	777	
Contracts with Other School Systems	35,000	
Total Alternative Instruction Program		97,606

Special Education Program

Teachers	\$ 804,068	
Career Ladder Program	3,000	
Educational Assistants	88,455	
Speech Pathologist	161,340	
Certified Substitute Teachers	4,866	
Non-certified Substitute Teachers	13,894	
Social Security	63,898	
Pensions	98,061	
Life Insurance	1,168	
Medical Insurance	182,988	
Dental Insurance	2,293	
Employer Medicare	14,944	
Other Contracted Services	4,465	
Instructional Supplies and Materials	7,122	

(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.)

Other Supplies and Materials	\$ 37,007	
Other Charges	650	
Special Education Equipment	14,462	
Total Special Education Program		\$ 1,502,681

Vocational Education Program

Teachers	\$ 502,531	
Career Ladder Program	3,000	
Educational Assistants	20,306	
Certified Substitute Teachers	56	
Non-certified Substitute Teachers	11,579	
Social Security	30,379	
Pensions	47,415	
Life Insurance	525	
Medical Insurance	107,623	
Dental Insurance	837	
Employer Medicare	7,105	
Maintenance and Repair Services - Equipment	1,638	
Other Contracted Services	3,490	
Instructional Supplies and Materials	15,276	
Other Supplies and Materials	199	
Other Charges	4,057	
Vocational Instruction Equipment	8,508	
Total Vocational Education Program		764,524

Student Body Education Program

Other Equipment	\$ 35,696	
Total Student Body Education Program		35,696

Support Services

Attendance

Supervisor/Director	\$ 71,441	
Career Ladder Program	2,000	
Social Security	4,528	
Pensions	6,639	
Life Insurance	40	
Medical Insurance	6,668	
Dental Insurance	120	
Employer Medicare	1,059	
Travel	1,779	
Total Attendance		94,274

Health Services

Medical Personnel	\$ 104,182	
Other Salaries and Wages	100,663	
Social Security	12,196	

(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.)

Pensions	\$	17,167	
Life Insurance		319	
Medical Insurance		49,710	
Dental Insurance		345	
Employer Medicare		2,852	
Travel		3,929	
Drugs and Medical Supplies		5,122	
Other Supplies and Materials		1,051	
Other Charges		4,402	
Total Health Services			\$ 301,938

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		307,643	
Psychological Personnel		44,698	
School Resource Officer		47,000	
Other Salaries and Wages		14,790	
Social Security		22,108	
Pensions		33,292	
Life Insurance		364	
Medical Insurance		66,727	
Dental Insurance		598	
Employer Medicare		5,170	
Evaluation and Testing		5,486	
Other Supplies and Materials		10,166	
Total Other Student Support			560,042

Regular Instruction Program

Supervisor/Director	\$	74,145	
Career Ladder Program		2,999	
Librarians		266,761	
Educational Assistants		13,043	
Other Salaries and Wages		67,050	
Social Security		25,501	
Pensions		38,262	
Life Insurance		364	
Medical Insurance		59,117	
Dental Insurance		838	
Employer Medicare		5,964	
Travel		23,219	
Other Contracted Services		701	
In Service/Staff Development		63,042	
Other Equipment		1,654	
Total Regular Instruction Program			642,660

(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	\$	73,227	
Secretary(ies)		32,539	
Social Security		6,200	
Pensions		9,392	
Life Insurance		81	
Medical Insurance		16,141	
Dental Insurance		240	
Employer Medicare		1,450	
Travel		7,145	
In Service/Staff Development		5,963	
Total Special Education Program			\$ 152,378

Vocational Education Program

Supervisor/Director	\$	65,046	
Secretary(ies)		30,221	
Social Security		5,512	
Pensions		8,455	
Life Insurance		81	
Medical Insurance		23,516	
Dental Insurance		300	
Employer Medicare		1,289	
Maintenance and Repair Services - Equipment		2,542	
Travel		1,279	
Other Supplies and Materials		292	
Total Vocational Education Program			138,533

Other Programs

On-behalf Payments to OPEB	\$	100,900	
Total Other Programs			100,900

Board of Education

Secretary to Board	\$	27,917	
Other Salaries and Wages		129,830	
Board and Committee Members Fees		5,580	
Social Security		8,795	
Pensions		2,379	
Life Insurance		40	
Medical Insurance		7,526	
Dental Insurance		120	
Unemployment Compensation		3,441	
Employer Medicare		2,057	
Audit Services		10,089	
Dues and Memberships		9,549	
Legal Services		16,955	
Travel		18,028	
Maintenance and Repair Services - Records		4,524	

(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 Contracted Services	\$	3,557	
Other Supplies and Materials		982	
Liability Insurance		42,430	
Trustee's Commission		99,733	
Workers' Compensation Insurance		134,687	
Other Charges		18,726	
Total Board of Education			\$ 546,945

Director of Schools

County Official/Administrative Officer	\$	100,868	
Assistant(s)		36,081	
Career Ladder Extended Contracts		1,000	
Secretary(ies)		22,977	
Clerical Personnel		4,820	
Social Security		10,425	
Pensions		14,878	
Life Insurance		122	
Medical Insurance		13,157	
Employer Medicare		2,438	
Other Fringe Benefits		5,712	
Communication		102,548	
Dues and Memberships		2,162	
Postal Charges		6,095	
Travel		7,942	
Other Contracted Services		8,909	
Office Supplies		5,798	
Other Supplies and Materials		1,969	
Other Charges		3,482	
Administration Equipment		353	
Total Director of Schools			351,736

Office of the Principal

Principals	\$	440,631	
Career Ladder Program		3,999	
Accountants/Bookkeepers		48,850	
Assistant Principals		194,819	
Secretary(ies)		156,608	
Social Security		49,950	
Pensions		75,564	
Life Insurance		764	
Medical Insurance		148,521	
Dental Insurance		1,327	
Employer Medicare		11,682	
Other Charges		2,364	
Total Office of the Principal			1,135,079

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	85,120	
Social Security		5,241	
Pensions		7,252	
Life Insurance		81	
Medical Insurance		12,319	
Dental Insurance		240	
Employer Medicare		1,226	
Travel		1,489	
Other Contracted Services		8,680	
Data Processing Supplies		3,038	
Office Supplies		1,432	
Administration Equipment		6,412	
Total Fiscal Services			\$ 132,530

Operation of Plant

Supervisor/Director	\$	35,183	
Custodial Personnel		504,970	
Social Security		32,539	
Pensions		41,839	
Life Insurance		952	
Medical Insurance		149,816	
Dental Insurance		660	
Employer Medicare		7,625	
Janitorial Services		14,400	
Disposal Fees		36,438	
Other Contracted Services		13,679	
Custodial Supplies		44,948	
Electricity		557,763	
Natural Gas		69,433	
Water and Sewer		49,821	
Boiler Insurance		6,623	
Building and Contents Insurance		120,665	
Other Charges		190	
Total Operation of Plant			1,687,544

Maintenance of Plant

Supervisor/Director	\$	42,637	
Maintenance Personnel		160,624	
Social Security		12,272	
Pensions		16,257	
Life Insurance		267	
Medical Insurance		49,259	
Dental Insurance		240	
Employer Medicare		2,870	
Laundry Service		1,445	
Maintenance and Repair Services - Buildings		95,325	

(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 - Equipment	\$	40,512	
Maintenance and Repair Services - Vehicles		4,064	
Other Contracted Services		25,104	
Equipment and Machinery Parts		8,504	
General Construction Materials		819	
Other Supplies and Materials		23,440	
Other Charges		4,248	
Maintenance Equipment		25,100	
Total Maintenance of Plant			\$ 512,987

Transportation

Supervisor/Director	\$	43,766	
Mechanic(s)		36,415	
Bus Drivers		211,928	
Social Security		17,999	
Pensions		19,998	
Life Insurance		82	
Medical Insurance		19,609	
Dental Insurance		243	
Employer Medicare		4,209	
Medical and Dental Services		1,990	
Other Contracted Services		13,641	
Diesel Fuel		61,447	
Garage Supplies		1,364	
Gasoline		18,793	
Tires and Tubes		4,571	
Vehicle Parts		63,610	
Other Supplies and Materials		2,099	
Vehicle and Equipment Insurance		37,255	
Other Charges		181	
Transportation Equipment		174,419	
Total Transportation			733,619

Central and Other

Supervisor/Director	\$	60,085	
Computer Programmer(s)		91,668	
Data Processing Personnel		21,172	
Social Security		10,623	
Pensions		12,547	
Life Insurance		162	
Medical Insurance		29,500	
Dental Insurance		480	
Employer Medicare		2,484	
Travel		2,030	
Other Contracted Services		44,926	
Data Processing Supplies		25,808	
Other Supplies and Materials		33,782	
Total Central and Other			335,267

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services

Early Childhood Education

Supervisor/Director	\$ 56,532	
Teachers	244,684	
Educational Assistants	86,132	
Other Salaries and Wages	21,767	
Non-certified Substitute Teachers	5,447	
Social Security	24,488	
Pensions	36,386	
Life Insurance	606	
Medical Insurance	91,748	
Dental Insurance	1,038	
Employer Medicare	5,727	
Travel	333	
Instructional Supplies and Materials	7,585	
Other Supplies and Materials	1,922	
In Service/Staff Development	2,782	
Other Charges	4,279	
Total Early Childhood Education		\$ 591,456

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 1,140,584	
Other Capital Outlay	411,432	
Total Regular Capital Outlay		1,552,016

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 357,147	
Total Education		<u>357,147</u>

Total General Purpose School Fund \$ 20,672,743

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$ 184,169
Other Salaries and Wages	224,503
Certified Substitute Teachers	225
Non-certified Substitute Teachers	462
Social Security	12,726
Pensions	15,561
Life Insurance	526
Medical Insurance	69,588
Dental Insurance	600
Employer Medicare	2,976
Other Fringe Benefits	1,479
Maintenance and Repair Services - Equipment	1,442

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$ 5,630	
Regular Instruction Equipment	13,026	
Total Regular Instruction Program		\$ 532,913

Special Education Program

Teachers	\$ 42,112	
Educational Assistants	407,292	
Social Security	26,631	
Pensions	37,199	
Life Insurance	1,280	
Medical Insurance	170,680	
Dental Insurance	1,920	
Employer Medicare	6,202	
Other Fringe Benefits	3,592	
Other Contracted Services	7,862	
Instructional Supplies and Materials	45,374	
Other Supplies and Materials	5,254	
Special Education Equipment	2,017	
Total Special Education Program		757,415

Vocational Education Program

Instructional Supplies and Materials	\$ 5,352	
Vocational Instruction Equipment	25,592	
Total Vocational Education Program		30,944

Support Services

Other Student Support

Other Salaries and Wages	\$ 24,822	
Social Security	1,539	
Pensions	1,302	
Life Insurance	40	
Medical Insurance	6,489	
Employer Medicare	360	
Other Fringe Benefits	120	
Travel	8,042	
Other Supplies and Materials	5,485	
In Service/Staff Development	4,532	
Other Charges	233	
Total Other Student Support		52,964

Regular Instruction Program

Supervisor/Director	\$ 74,393	
Secretary(ies)	36,802	
Other Salaries and Wages	7,000	
Certified Substitute Teachers	183	
In-service Training	5,500	

(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.)

Non-certified Substitute Teachers	\$	708	
Social Security		6,662	
Pensions		10,358	
Life Insurance		81	
Medical Insurance		17,649	
Dental Insurance		240	
Employer Medicare		1,558	
Other Fringe Benefits		890	
Maintenance and Repair Services - Equipment		400	
Travel		428	
Library Books/Media		2,890	
Other Supplies and Materials		455	
In Service/Staff Development		30,904	
Total Regular Instruction Program			\$ 197,101

Special Education Program

Clerical Personnel	\$	3,000	
Social Security		186	
Employer Medicare		44	
Other Fringe Benefits		24	
Travel		1,000	
Other Contracted Services		1,000	
Other Supplies and Materials		2,395	
In Service/Staff Development		5,511	
Total Special Education Program			13,160

Vocational Education Program

Travel	\$	445	
Total Vocational Education Program			445

Total School Federal Projects Fund \$ 1,584,942

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	57,613	
Clerical Personnel		26,149	
Cafeteria Personnel		323,958	
Other Salaries and Wages		14,200	
Social Security		25,824	
Pensions		20,484	
Life Insurance		360	
Medical Insurance		45,779	
Dental Insurance		504	
Employer Medicare		6,040	
Advertising		90	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Licenses	\$	560	
Maintenance Agreements		4,096	
Maintenance and Repair Services - Equipment		7,099	
Travel		6,122	
Other Contracted Services		61,019	
Food Preparation Supplies		40,429	
Food Supplies		459,910	
Office Supplies		1,651	
Uniforms		1,610	
USDA - Commodities		69,600	
Other Supplies and Materials		2,433	
Trustee's Commission		93	
In Service/Staff Development		1,708	
Other Charges		679	
Food Service Equipment		9,313	
Total Food Service			<u>\$ 1,187,323</u>

Total Central Cafeteria Fund \$ 1,187,323

Total Governmental Funds - Unicoi County School Department \$ 23,445,008

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, 2016

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,639,052
Total Cash Receipts	<u>\$ 1,639,052</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,623,512
Trustee's Commissions	15,540
Total Cash Disbursements	<u>\$ 1,639,052</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2015	<u>0</u>
 Cash Balance, June 30, 2016	<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

**Independent Auditor's 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***

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, 2016, 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 29, 2016.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

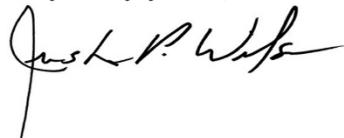
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 29, 2016

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

**Independent Auditor's 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 Uniform Guidance**

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

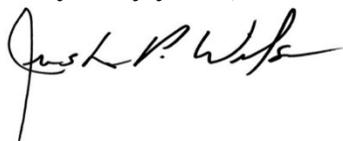
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise Unicoi County's basic financial statements. We issued our report thereon dated September 29, 2016, 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 the Uniform Guidance 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 29, 2016

JPW/sb

Unicoi County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2016

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Schools and Roads - Grants to States	10.665	N/A	\$ 78,119
Community Facilities Loans and Grants	10.766	N/A	30,000
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Noncash Assistance)	10.555	N/A	69,600 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	273,029
National School Lunch Program	10.555	N/A	634,177 (3)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-16-45151-00	13,694 (8)
Total U.S. Department of Agriculture			<u>\$ 1,098,619</u>
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	(4)	\$ 390,377 (5)
Total U.S. Department of Military			<u>\$ 390,377</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 84,638
Total U.S. Department of the Interior			<u>\$ 84,638</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(6)	\$ 9,515
Total U.S. Department of Transportation			<u>\$ 9,515</u>
U.S. Department of Education:			
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	34570-52716	\$ 27,715
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	632,156
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	794,463
Special Education - Preschool Grants	84.173	N/A	56,050
Impact Aid	84.041	N/A	186,119
Career and Technical Education - Basic Grants to States	84.048	N/A	43,651
English Language Acquisition Grants	84.365	N/A	10,981
Improving Teacher Quality State Grants	84.367	N/A	127,580
Total U.S. Department of Education			<u>\$ 1,878,715</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Control Research State and Community Based Programs	93.136	GG-16-45151-00	\$ 10 (8)
Family Planning Services	93.217	GG-16-45151-00	4,217 (8)
Medical Assistance Program	93.778	GG-16-45151-00	31,016 (8)
HIV Prevention Activities - Health Department Based	93.940	GG-16-45151-00	290 (8)
Maternal and Child Health Services Block Grant to the States	93.994	GG-16-45151-00	4,413 (8)
Total U.S. Department of Health and Human Services			<u>\$ 39,946</u>

(Continued)

Unicoi County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-15116	\$ 23,500
Total U.S. Department of Homeland Security			<u>\$ 23,500</u>
Total Expenditures of Federal Grants			<u><u>\$ 3,525,310</u></u>
State Grants			
Juvenile Services Program - State Commission on Children and Youth	N/A	35910-20403	\$ 13,500
Rural Local Health Services - State Department of Health	N/A	(7)	112,799 (8)
Bridge Program - State Department of Transportation	N/A	(4)	401,863
Litter Program - State Department of Transportation	N/A	(4)	31,473
Early Childhood Education Pilot Project - State Department of Education	N/A	(4)	582,076
Safe Schools Act - State Department of Education	N/A	(4)	14,570
Connect TN - State Department of Education	N/A	(4)	6,481
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(4)	2,364
Coordinated School Health - State Department of Education	N/A	(4)	<u>100,000</u>
Total State Grants			<u><u>\$ 1,265,126</u></u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Unicoi County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Total for CFDA No. 10.555 is \$703,777.
- (4) Information not available.
- (5) During the year ended June 30, 2016, Unicoi County received excess military equipment from the U.S. Department of Military valued at \$390,377.
- (6) Z-15-GHS454: \$3,713; Z-16-GHS410: \$5,802.
- (7) GG-15-41604-00: \$12,344; GG-16-45151-00: \$100,455.
- (8) Multi-service contract.

Unicoi County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Unicoi County, Tennessee, for the year ended June 30, 2015.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	175	2015-001	Deficiencies Existed in the Accounting Records - Office of Circuit and General Sessions Courts Clerk	N/A	Corrected
2015	178	2015-003	The Office had Deficiencies in Computer System Backup Procedures - Office of Highway Superintendent	N/A	Corrected

Prior-year Federal Award Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	176 and 179	2015-002 and 2015-004	Unicoi County had Inventory Deficiencies, and Their Use of Section 1033 Excess Federal Property is Questioned - Office of Sheriff	12.U01	Corrected

UNICOI COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Unicoi County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of major federal programs:
 - * CFDA Numbers: 12.U01 Section 1033 Excess Property Program
(Noncash Assistance)
 - * CFDA Numbers: 84.041 Impact Aid
 - * CFDA Numbers: 84.027 and 84.173 Special Education - Grants to States and
Special Education - Preschool Grants
8. Dollar threshold used to distinguish between type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

There were no findings and recommendations, as a result of our audit of the financial statements of Unicoi County, Tennessee.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

Unicoi County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016

The audit of Unicoi County did not report any findings and recommendations. Therefore, no management responses are required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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.