

ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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SEVIER COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit/Table	Page(s)
Audit Highlights		1
<u>INTRODUCTORY SECTION</u>		3
Sevier County Officials		5
<u>FINANCIAL SECTION</u>		7
Independent Auditor's Report		9-11
Management's Discussion and Analysis		13-19
BASIC FINANCIAL STATEMENTS:		21
Government-wide Financial Statements:		
Statement of Net Assets	A	23-24
Statement of Activities	B	25-26
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	27-28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	30-31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	32-33
Proprietary Funds:		
Statement of Net Assets	D-1	34
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	35
Statement of Cash Flows	D-3	36
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	37
Notes to the Financial Statements		39-88
REQUIRED SUPPLEMENTARY INFORMATION:		89
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	91-94
Highway/Public Works Fund	F-2	95
Notes to the Required Supplementary Information		97

	Exhibit/Table	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		99
Nonmajor Governmental Funds:		101-102
Combining Balance Sheet	G-1	103-104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	105-106
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Courthouse and Jail Maintenance Fund	G-3	107
Law Library Fund	G-4	108
Solid Waste/Sanitation Fund	G-5	109
Special Purpose Fund	G-6	110-111
Drug Control Fund	G-7	112
Major Governmental Fund:		113
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	115
Proprietary Funds:		117
Combining Statement of Net Assets	I-1	119
Combining Statement of Revenues, Expenses, and Changes in Net Assets	I-2	120
Combining Statement of Cash Flows	I-3	121
Fiduciary Funds:		123
Combining Statement of Fiduciary Assets and Liabilities	J-1	125
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	J-2	126-127
Component Unit:		129
Discretely Presented Sevier County School Department:		
Balance Sheet – Governmental Funds	K-1	131
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	K-2	132
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	K-3	133
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	K-4	134
Combining Balance Sheet – Nonmajor Governmental Funds	K-5	135
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	K-6	136

	Exhibit/Table	Page(s)
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	K-7	137-139
School Federal Projects Fund	K-8	140
Central Cafeteria Fund	K-9	141
Miscellaneous Schedules:		143
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Leases – Primary Government and Discretely Presented Sevier County School Department	L-1	145-146
Schedule of Bond and Interest Requirements by Year	L-2	147
Schedule of Transfers – All Funds	L-3	148
Schedule of Salaries and Official Bonds of Principal Officials	L-4	149
Schedule of Detailed Revenues – All Governmental Fund Types	L-5	150-159
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Sevier County School Department	L-6	160-161
Schedule of Detailed Expenditures – All Governmental Fund Types	L-7	162-185
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Sevier County School Department	L-8	186-200
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	L-9	201
 <u>STATISTICAL SECTION</u>		 203
Uncollected Taxes Filed in Chancery Court	1	205
Tax Rates and Assessments – Last Ten Years	2	206
 <u>SINGLE AUDIT SECTION</u>		 207
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		209-210
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		211-212

	Exhibit/Table	Page(s)
Other Auditor's Report on the Sevier County Emergency Communications District: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		213
Other Auditor's Report on the Sevier County Public Building Authority: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		215
Schedule of Expenditures of Federal Awards and State Grants		217-218
Schedule of Audit Findings Not Corrected		219
Schedule of Findings and Questioned Costs		221-225
Auditee Reporting Responsibilities		227

Audit Highlights

Annual Financial Report
Sevier County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2005.

Results

Our audit resulted in five findings and recommendations, which we have reviewed with Sevier County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF ROAD SUPERINTENDENT

- ◆ The Highway Department sold some equipment that was owned by either department employees or private citizens at a county surplus property auction. Also, the department had not received payment for two county items sold at auction.

OFFICE OF COUNTY CLERK

- ◆ A cash shortage from the prior year audit had not been liquidated.

OFFICE OF GENERAL SESSIONS COURT CLERK

- ◆ The Office of General Sessions Court Clerk had a cash shortage of \$16,643.47 at June 30, 2005.

OTHER FINDINGS

- ◆ Duties were not segregated adequately in the Office of Juvenile Court Clerk.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Sevier County Officials

June 30, 2005

Officials:

Larry Waters, County Mayor
Jonas Smelcer, Road Superintendent
Jack Parton, Director of Schools
Jettie Clabo, Trustee
Johnny King, Assessor of Property
Joe T. Keener, II, County Clerk
Janette Layman-Ballard, Circuit Court Clerk
Connie Holt, General Sessions Court Clerk
Carolyn McMahan, Clerk and Master
Sherry Robertson-Huskey, Register
Bruce Montgomery, Sheriff

Board of County Commissioners:

Ronnie Allen
Fred Atchley
Ben Clabo
Gary Cole
James Dykes
Kent Woods
Marty Hamilton
Mike Hillard
Tim Hurst
Warren Hurst
Jim Keener
Darrell Lee
Phil King

Jeffrey McCarter
Charles McGaha
David Norton
Bill Oakes
Ray Ogle
Greg Patterson
Tony Proffitt
Carroll Rauhuff
Garold Rhea
James A. Temple, Sr.
Ronnie Whaley
Judy Godfrey

Board of Education:

Becky Barnes
Stanley Moore
John McClure

Mike Oakley
Charles Temple

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

March 3, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Sevier County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sevier County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Sevier County Emergency Communications District (which represent 0.5 percent and 0.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units); and the Sevier County Public Building Authority (which represent 48.5 percent and 0.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented Sevier County Emergency Communications District and Sevier County Public Building Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2006, on our consideration of Sevier County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Sevier County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management's discussion and analysis on pages 13 through 19 and the budgetary comparison information on pages 91 through 97 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sevier 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 Sevier County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables 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

Sevier County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/rd

SEVIER COUNTY GOVERNMENT
Management's Discussion and Analysis
For the Year Ended June 30, 2005

This discussion and analysis of Sevier County's financial performance provides a narrative overview and analysis of the county's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the county's financial performance as a whole. Readers should consider the information presented here in conjunction with the financial statements and notes to the financial statements to enhance their understanding of the county's financial performance.

Financial Highlights for Fiscal Year 2004-2005

In total, net assets of the primary government decreased by \$2 million. All net assets of the primary government are related to governmental activities.

General revenues of the primary government accounted for \$34 million in revenue or 65 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$18.4 million or 35 percent of total revenues of \$52.4 million.

Total assets of governmental activities in the primary government were \$158.4 million as taxes receivable ended at \$22.6 million, cash ended at \$31.6 million, and capital assets, net of accumulated depreciation, ended at \$101.6 million.

Sevier County had \$54.5 million in expenses related to governmental activities, including \$9.8 million in expenses for capital assets provided to the discretely presented School Department component unit. Only \$18.4 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$20.7 million) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$28.6 million in revenues and \$24.6 million in expenditures. The Highway/Public Works Fund had \$8 million in revenues and \$6.8 million in expenditures. The General Debt Service Fund had \$10.5 million in revenues and \$10.6 million in expenditures. The General Capital Projects Fund had \$1.2 million in revenues and \$11.3 million in expenditures. Fund balance for the General Fund increased by \$1.6 million to \$4.9 million. Fund balance for the Highway/Public Works Fund increased by \$1.2 million to \$3.7 million. Fund balance of the General Debt Service Fund and the General Capital Projects Fund each increased by \$2.3 million, to \$17.7 million and \$4.9 million, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Sevier County Government's basic financial statements. Sevier County Government's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of Sevier County Government's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Sevier County Government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Sevier County Government is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Sevier County Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Sevier County Government include general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agricultural and natural resources; other operations; highways; and education. Refer to the table of contents for the location of the government-wide financial statements of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sevier County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about Sevier County's major funds. The county uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the county's most significant funds. The county's major governmental funds are the General Fund, Highway/Public Works Fund, General Debt Service Fund, and General Capital Projects Fund.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provided a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Sevier County maintains many individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other eight governmental funds are combined into a single, aggregate presentation titled Other Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining financial statements elsewhere in this report.

Sevier County Government adopts an annual appropriated budget for most of its governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget. The budget comparison statement for the General and Highway/Public Works Funds can be found as required supplementary information of this report. Budget comparison statements for the other budgeted governmental funds are located in the combining and individual fund section of this report.

Proprietary Funds – Sevier County maintains one type of a proprietary fund, an internal service fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the county's various functions. Specifically, the Employee Health Insurance Fund, Employee Dental Insurance Fund, and the Workers' Compensation Fund account for the activities related to the health and dental insurance provided to the county employees and their dependants and workers compensation risks. Please refer to the table of contents for the location of the proprietary fund financial statements of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used to report fiduciary funds is much like that used to report proprietary funds. The basic fiduciary fund financial statement is reported as Exhibit E in this report.

Notes to the financial statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Please refer to the table of contents for the location of the notes to the financial statements of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds. Please refer to the table of contents for the location of these statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of Sevier County Government, assets exceeded liabilities by \$45.4 million at the close of the most recent fiscal year.

At June 30, 2005, \$79.2 million of the county’s net assets reflect its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although Sevier County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of Sevier County’s net assets for 2005. A comparison of the prior year is provided.

Sevier County Government Net Assets as of June 30

	2005	2004
Current and Other Assets	\$ 56,779,262	\$ 48,561,589
Capital Assets	101,607,693	100,728,746
Total Assets	\$ 158,386,955	\$ 149,290,335
Long-term Liabilities Outstanding	\$ 90,022,828	\$ 79,366,178
Other Liabilities	22,988,084	22,467,358
Total Liabilities	\$ 113,010,912	\$ 101,833,536
Net Assets:		
Invested in Capital Assets, Net of		
Related Debt	\$ 79,230,866	\$ 77,362,717
Restricted	22,078,931	18,484,007
Unrestricted	(55,933,754)	(48,389,925)
Total Net Assets	\$ 45,376,043	\$ 47,456,799

The following chart shows the increase (decrease) in net assets for the fiscal year 2005 and a comparative analysis of government-wide data to the prior year.

Sevier County Government Changes in Net Assets as of June 30

	<u>2005</u>	<u>2004</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 9,883,788	\$ 9,249,594
Operating Grants and Contributions	3,207,169	3,383,381
Capital Grants and Contributions	5,275,911	1,758,174
General Revenues:		
Property Taxes	20,689,098	18,338,911
Sales Tax	3,148,370	2,857,210
Other Taxes	2,434,884	2,207,757
Grants and Contributions Unrestricted	6,561,928	5,780,429
Unrestricted Investment Income	1,158,123	863,287
Gain on Sale/Disposal of Capital Assets	0	35,479
Miscellaneous	62,547	39,157
Total Revenues	<u>\$ 52,421,818</u>	<u>\$ 44,513,379</u>
Expenses:		
General Government	\$ 3,899,275	\$ 3,048,137
Finance	2,129,007	1,602,981
Administration of Justice	2,305,312	1,617,715
Public Safety	8,959,282	6,960,483
Public Health and Welfare	10,985,603	6,507,838
Social, Cultural and Recreational Services	1,006,991	1,135,109
Agricultural and Natural Resources	201,027	167,980
Other Operations	1,030,443	5,800,656
Highways	10,399,475	12,158,797
Education	9,792,484	9,022,978
Interest	3,467,877	3,216,599
Other Debt Service	325,798	322,125
Total Expenses	<u>\$ 54,502,574</u>	<u>\$ 51,561,398</u>
Increase/(Decrease) in Net Assets	\$ (2,080,756)	\$ (7,048,019)
Net Assets - Beginning Balance	47,456,799	(22,603,506)
Restatement for Retroactive Reporting of Infrastructure	0	77,731,504
Restatement for Capital Assets	0	(623,180)
Net Assets - Ending Balance	<u>\$ 45,376,043</u>	<u>\$ 47,456,799</u>

Financial Analysis of the Government's Funds

As noted earlier, the county uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the county's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the county's financing requirements. In particular, unreserved fund balances may serve as a useful measure of net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the county's governmental funds reported combined ending balances of \$31.8 million. Approximately \$30.9 million of the total amount constitutes unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, the total fund balance of the General Fund was \$4.9 million – mostly unreserved. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents approximately 20.1 percent of total General Fund expenditures.

The fund balance of the county's General Fund increased by \$1.6 million during the current fiscal year.

The fund balance of the Highway/Public Works Fund ended at \$3.7 million, an increase of \$1.2 million.

The General Debt Service Fund again finished very strong at June 30, 2005, with a net increase of \$2.3 million of fund balance to end at \$17.7 million.

The General Capital Projects Fund reports all activity related to the county's capital building program. Funding sources in this fund include proceeds from the issuance of long-term debt as well as contributions from the federal government toward specific projects. The major expenditure for this fund in this year was \$9.2 million spent for the benefit of the discretely presented School Department.

Proprietary Funds – The financial statements of the Internal Service Funds reflect operating of the county's self-insured risk financing activities, the Employee Health and Dental Insurance Funds and the Workers' Compensation Fund. These activities have been consolidated under the revenue and expenses for governmental activities on the government-wide financial statements.

General Fund Budgetary Highlights

Differences between the original budget and the fiscal amended budget were approximately \$397 thousand in additional appropriations and revenue estimates. The changes were the result of mid-year projects being funded by revenues unanticipated at the beginning of the year.

Capital Assets and Debt Administration

Capital Assets – Sevier County’s investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$79.2 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, roads, highways, water lines, and bridges. The notes to the financial statements provide more information on the county’s capital asset activity of the 2005 fiscal year.

Long-term debt – At the end of the 2005 fiscal year, Sevier County had total long-term debt obligations outstanding of \$ 90.6 million. All of this debt is backed by the full faith and credit of the government. The primary government is obligated for the long-term debt of the Sevier County School Department. Of the amount noted above, approximately \$63 million relates to debt issued for the benefit of the School Department and other entities. The county maintains an A2 rating for Moody’s for general obligation debt. Interest and fiscal charges amounted to seven percent of the total expenses for governmental activities.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate for the county was 5.2 percent at June 30, 2005, up 1.2 percentage points from June 30, 2004. This compares favorably to the state’s average unemployment rate of 6.3 percent and matches the national average of 5.2 percent. Inflationary trends in the region compare favorably to national indices. These factors were considered in preparing the county budget for the 2006 fiscal year. At the end of the 2005 fiscal year, unreserved fund balance in the General Fund increased to \$4.9 million. The county has budgeted to use \$.5 million of this fund balance for spending on fiscal year 2006. It is intended that this use of available fund balance will avoid the need to raise taxes during the 2006 fiscal year.

Requests for Information

This financial report is designed to provide a general overview on Sevier County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, 125 Court Avenue, Room 203E, Sevierville, TN 37862.

BASIC FINANCIAL STATEMENTS

Exhibit A

Sevier County, Tennessee
Statement of Net Assets
June 30, 2005

	Primary	Component Units		
	Governmental Activities	Sevier County School Department	Emergency Communications District	Public Building Authority
<u>ASSETS</u>				
Cash	\$ 752,186	\$ 6,280	\$ 395,250	\$ 8,794
Equity in Pooled Cash and Investments	30,835,677	13,805,221	0	0
Investments	0	0	0	1,244,461
Accounts Receivable	960,212	690,312	97,090	0
Due from Other Governments	1,808,604	6,317,408	0	0
Due from Primary Government	0	84,169	0	0
Property Taxes Receivable	22,628,672	20,547,874	0	0
Allowance for Uncollectible Property Taxes	(838,349)	(761,260)	0	0
Prepaid Items	0	0	5,082	15,000
Restricted Assets:				
Other Restricted Assets	0	0	0	110,471,340
Deferred Charges - Debt Issuance Costs	632,260	0	0	0
Capital Assets				
Assets Not Depreciated:				
Land	3,434,411	5,767,730	0	2,042,901
Construction in Progress	1,350,879	15,028,994	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	11,477,642	52,617,316	0	631,604
Other Capital Assets	4,971,152	4,819,722	732,439	178
Infrastructure - Roads, Streets, and Bridges	80,373,609	1,226,149	0	0
Total Assets	\$ 158,386,955	\$ 120,149,915	\$ 1,229,861	\$ 114,414,278
<u>LIABILITIES</u>				
Accounts Payable	\$ 704,929	\$ 639,476	\$ 2,418	\$ 276
Accrued Payroll	67,398	0	0	0
Accrued Interest Payable	288,874	5,025	0	21,487
Contracts Payable	291,017	58,197	0	0
Retainage Payable	56,434	283,645	0	0
Due to Component Units	84,169	0	0	0
Due to Litigants, Heirs, and Others	4,712			
Other Current Liabilities	8,751	0	5,731	922,746
Current Liabilities Payable from Restricted Assets:				
Conduit Debt	0	0	0	110,471,340
Deferred Revenue - Property Taxes	20,976,796	19,047,895	0	0
Unamortized Premiums on Debt	505,004	0	0	0
Noncurrent Liabilities:				
Due Within One Year	4,478,212	310,021	0	120,000
Due in More than One Year	85,544,616	1,353,157	0	535,000
Total Liabilities	\$ 113,010,912	\$ 21,697,416	\$ 8,149	\$ 112,070,849

(Continued)

Exhibit A

Sevier County, Tennessee
Statement of Net Assets (cont.)

	Primary	Component Units		
	Governmental Activities	Sevier County School Department	Emergency Communications District	Public Building Authority
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	\$ 79,230,866	\$ 77,791,708	\$ 0	\$ 1,396,160
Invested in Capital Assets	0	0	732,439	0
Restricted for:				
Highway	4,091,249	0	0	0
Debt Service	17,473,250	0	0	0
Capital Projects	0	3,645,112	0	0
Other Purposes	514,432	2,429,020	0	0
Unrestricted	<u>(55,933,754)</u>	<u>14,586,659</u>	<u>489,273</u>	<u>947,269</u>
Total Net Assets	<u>\$ 45,376,043</u>	<u>\$ 98,452,499</u>	<u>\$ 1,221,712</u>	<u>\$ 2,343,429</u>

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

Exhibit B

Sevier County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets						
		Program Revenues			Primary Government	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Sevier County School Department	Emergency Communications District	Public Building Authority
Primary Government:								
Governmental Activities:								
General Government	\$ 3,899,275	\$ 1,925,372	\$ 12,285	\$ 0	\$ (1,961,618)	\$ 0	\$ 0	\$ 0
Finance	2,129,007	2,610,703	41,916	0	523,612	0	0	0
Administration of Justice	2,305,312	1,177,619	63,353	0	(1,064,340)	0	0	0
Public Safety	8,959,282	881,408	320,316	464,410	(7,293,148)	0	0	0
Public Health and Welfare	10,985,603	2,625,716	253,271	500,000	(7,606,616)	0	0	0
Social, Cultural, and Recreational	1,006,991	32,088	92,799	19,810	(862,294)	0	0	0
Agricultural and Natural Resources	201,027	489	0	0	(200,538)	0	0	0
Other Operations	1,030,443	499	0	622,006	(407,938)	0	0	0
Highways	10,399,475	193,079	2,423,229	3,669,685	(4,113,482)	0	0	0
Education	9,792,484	436,815	0	0	(9,355,669)	0	0	0
Debt Service:								
Interest on Long-Term Debt	3,467,877	0	0	0	(3,467,877)	0	0	0
Other Debt Service	325,798	0	0	0	(325,798)	0	0	0
Total Primary Government	\$ 54,502,574	\$ 9,883,788	\$ 3,207,169	\$ 5,275,911	\$ (36,135,706)	\$ 0	\$ 0	\$ 0
Component Units:								
Sevier County School Department	\$ 91,977,229	\$ 2,509,336	\$ 8,518,652	\$ 9,185,000	\$ 0	\$ (71,764,241)	\$ 0	\$ 0
Emergency Communications District	644,460	669,287	0	10,000	0	0	34,827	0
Public Building Authority	96,368	0	121,976	53,600	0	0	0	79,208
Total Component Units	\$ 92,718,057	\$ 3,178,623	\$ 8,640,628	\$ 9,248,600	\$ 0	\$ (71,764,241)	\$ 34,827	\$ 79,208

(Continued)

Exhibit B

Sevier County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets						
		Program Revenues			Primary Government	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Sevier County School Department	Emergency Communica-tions District	Public Building Authority
General Revenues:								
Property Taxes					\$ 20,689,098	\$ 18,705,930	\$ 0	\$ 0
Sales Taxes					3,148,370	30,197,916	0	0
Other Taxes					2,434,884	9,673	0	0
Grants and Contributions not restricted to specific programs					6,561,928	36,763,520	0	0
Unrestricted Investment Income					1,158,123	33,583	4,178	24,913
Gain on Sale of Capital Assets					0	37,788	0	0
Miscellaneous					62,547	91,832	0	0
Extraordinary Item- Loss from Early Redemption of Bond Debt					0	0	(1,014)	0
Total General Revenues and Extraordinary Item					<u>\$ 34,054,950</u>	<u>\$ 85,840,242</u>	<u>\$ 3,164</u>	<u>\$ 24,913</u>
Change in Net Assets					\$ (2,080,756)	\$ 14,076,001	\$ 37,991	\$ 104,121
Net Assets, July 1, 2004					<u>47,456,799</u>	<u>84,376,498</u>	<u>1,183,721</u>	<u>2,239,308</u>
Net Assets, June 30, 2005					<u>\$ 45,376,043</u>	<u>\$ 98,452,499</u>	<u>\$ 1,221,712</u>	<u>\$ 2,343,429</u>

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

Exhibit C-1

Sevier County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 375	\$ 0	\$ 0	\$ 0	\$ 17,630	\$ 18,005
Equity in Pooled Cash and Investments	4,157,655	3,827,018	17,523,207	4,811,372	516,425	30,835,677
Accounts Receivable	152,096	11,731	98,918	385,600	3,641	651,986
Due from Other Governments	1,305,155	447,692	37,087	18,670	0	1,808,604
Due from Other Funds	92,720	20,243	17,047	0	109,158	239,168
Property Taxes Receivable	13,004,983	4,941,894	4,161,595	0	520,200	22,628,672
Allowance for Uncollectible Property Taxes	(481,810)	(183,088)	(154,179)	0	(19,272)	(838,349)
Total Assets	\$ 18,231,174	\$ 9,065,490	\$ 21,683,675	\$ 5,215,642	\$ 1,147,782	\$ 55,343,763
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 97,564	\$ 262,254	\$ 0	\$ 16,266	\$ 11,323	\$ 387,407
Accrued Payroll	0	67,398	0	0	0	67,398
Payroll Deductions Payable	0	0	0	0	0	0
Contracts Payable	0	54,489	0	236,528	0	291,017
Retainage Payable	0	0	0	56,434	0	56,434
Due to Other Funds	296,448	8,961	63,750	0	20,009	389,168
Due to Component Units	84,169	0	0	0	0	84,169
Due to Litigants, Heirs, and Others	4,712	0	0	0	0	4,712
Other Current Liabilities	8,751	0	0	0	0	8,751
Deferred Revenue - Current Property Taxes	12,055,630	4,581,139	3,857,801	0	482,226	20,976,796
Deferred Revenue - Delinquent Property Taxes	337,126	128,108	107,882	0	13,485	586,601
Other Deferred Revenues	399,509	249,373	0	0	0	648,882
Total Liabilities	\$ 13,283,909	\$ 5,351,722	\$ 4,029,433	\$ 309,228	\$ 527,043	\$ 23,501,335
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 583	\$ 244,616	\$ 0	\$ 698,860	\$ 3,595	\$ 947,654
Unreserved, Reported In:						
General Fund	4,946,682	0	0	0	0	4,946,682
Special Revenue Funds	0	3,469,152	0	0	594,565	4,063,717
Debt Service Funds	0	0	17,654,242	0	0	17,654,242

(Continued)

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Unreserved, Reported In (Cont.):

Capital Projects Funds

Total Fund Balances

Total Liabilities and Fund Balances

Major Funds				Nonmajor Funds	Total Governmental Funds
General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
\$ 0	\$ 0	\$ 0	\$ 4,207,554	\$ 22,579	\$ 4,230,133
\$ 4,947,265	\$ 3,713,768	\$ 17,654,242	\$ 4,906,414	\$ 620,739	\$ 31,842,428
\$ 18,231,174	\$ 9,065,490	\$ 21,683,675	\$ 5,215,642	\$ 1,147,782	\$ 55,343,763

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

Exhibit C-2

Sevier County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	31,842,428
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			101,607,693
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,235,483
(3) Internal service funds are used by management to charge the cost of workers' compensation, and employee health and dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.			874,885
(4) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.			632,260
(5) Interest costs of long-term debt is expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.			(288,874)
(6) Long-term liabilities, including other loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Notes payable	\$	587,375	
Other loans payable		60,215,305	
Bonded debt payable		29,815,000	
Unamortized debt premiums		505,004	
Less: Deferred charge on refunding (to be amortized as interest expense)		(594,852)	(90,527,832)
Net assets of governmental activities (Exhibit A)		\$	<u>45,376,043</u>

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

Exhibit C-3

Sevier County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2005

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 17,776,113	\$ 4,645,258	\$ 3,940,936	\$ 0	\$ 522,380	\$ 26,884,687
Licenses and Permits	287,079	0	0	0	0	287,079
Fines, Forfeitures, and Penalties	348,166	0	0	0	35,788	383,954
Charges for Current Services	2,567,977	0	0	0	172,100	2,740,077
Other Local Revenues	304,886	94,953	1,185,504	386,100	12,822	1,984,265
Fees Received from County Officials	4,893,422	0	0	0	0	4,893,422
State of Tennessee	1,801,498	2,805,819	0	339,406	9,175	4,955,898
Federal Government	624,526	239,674	0	500,000	129,123	1,493,323
Other Governments and Citizens Groups	38,782	189,192	5,352,414	0	0	5,580,388
Total Revenues	\$ 28,642,449	\$ 7,974,896	\$ 10,478,854	\$ 1,225,506	\$ 881,388	\$ 49,203,093
<u>Expenditures</u>						
Current:						
General Government	\$ 2,989,578	\$ 0	\$ 0	\$ 0	\$ 152,482	\$ 3,142,060
Finance	1,691,274	0	0	0	101,686	1,792,960
Administration of Justice	1,708,821	0	0	0	79,643	1,788,464
Public Safety	7,230,475	0	0	0	278,776	7,509,251
Public Health and Welfare	3,644,251	0	0	0	2,711,348	6,355,599
Social, Cultural, and Recreational Services	714,573	0	0	0	39,181	753,754
Agricultural and Natural Resources	178,881	0	0	0	0	178,881
Other Operations	6,192,649	0	0	704,392	14,212	6,911,253
Highways	142,037	6,812,797	0	0	0	6,954,834
Capital Outlay	0	0	0	9,185,000	0	9,185,000
Debt Service:						
Principal	0	0	4,246,600	0	0	4,246,600
Interest	0	0	3,649,366	0	0	3,649,366
Other Debt Service	0	0	2,724,859	0	0	2,724,859
Capital Projects	141,994	0	0	1,386,474	0	1,528,468
Total Expenditures	\$ 24,634,533	\$ 6,812,797	\$ 10,620,825	\$ 11,275,866	\$ 3,377,328	\$ 56,721,349
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,007,916	\$ 1,162,099	\$ (141,971)	\$ (10,050,360)	\$ (2,495,940)	\$ (7,518,256)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 2,483,440	\$ 12,328,671	\$ 0	\$ 14,812,111

(Continued)

Exhibit C-3

Sevier 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	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,451,307	\$ 2,451,307
Transfers Out	(2,451,307)	0	0	0	0	(2,451,307)
Total Other Financing Sources (Uses)	<u>\$ (2,451,307)</u>	<u>\$ 0</u>	<u>\$ 2,483,440</u>	<u>\$ 12,328,671</u>	<u>\$ 2,451,307</u>	<u>\$ 14,812,111</u>
Net Change in Fund Balances	\$ 1,556,609	\$ 1,162,099	\$ 2,341,469	\$ 2,278,311	\$ (44,633)	\$ 7,293,855
Fund Balance, July 1, 2004	3,390,656	2,551,669	15,312,773	2,628,103	665,372	24,548,573
Fund Balance, June 30, 2005	<u>\$ 4,947,265</u>	<u>\$ 3,713,768</u>	<u>\$ 17,654,242</u>	<u>\$ 4,906,414</u>	<u>\$ 620,739</u>	<u>\$ 31,842,428</u>

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

Sevier 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, 2005

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)	\$	7,293,855
(1) Governmental funds report capital outlay 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 amount that capital outlays differed from depreciation is itemized as follows:		
Add: Capital outlays in the current period	\$	4,171,092
Less: Current year depreciation		<u>(6,215,321)</u>
		(2,044,229)
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		2,987,000
(3) Governmental funds only report the disposal of capital assets to the extent proceeds are received from the disposal. In the statement of activities, gains or losses are recorded for disposals.		
Less: Proceeds received from disposals of capital assets		(63,824)
(4) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$	(1,467,232)
For the year ended June 30, 2005		<u>1,235,483</u>
		(231,749)
(5) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: Other loans issued	\$	(14,812,111)
Add: Amortization of debt premiums		47,197
Add: Principal payment on notes		115,000
Add: Principal payment on other loans		1,106,600
Add: Principal payment on bonds		3,025,000
Less: Amortization of deferred charge on refunding		<u>(91,139)</u>
		(10,609,453)
(6) Governmental funds report the effect of issuance costs, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Add: Current year issuance costs deferred	\$	42,617
Less: Debt issuance costs amortized during the year		<u>(40,437)</u>
		2,180

(Continued)

Sevier County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities (Cont.)

(7) 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	\$ 181,489
(8) Internal service funds are used by management to charge the cost of workers' compensation, and employee health and dental benefits to individual funds. The net operations of certain activities of the internal service funds are reported with governmental activities in the statement of activities.	403,975
	<hr/>
Change in net assets of governmental activities (Exhibit B)	\$ <u>(2,080,756)</u>

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

Sevier County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 734,181
Accounts Receivable	308,226
Due from Other Funds	150,000
Total Assets	<u>\$ 1,192,407</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 317,522
Total Liabilities	<u>\$ 317,522</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 874,885</u>
Total Net Assets	<u>\$ 874,885</u>

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

Exhibit D-2

Sevier County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 4,539,207
Other Employee Benefit Charges/Contributions	89,084
Total Operating Revenues	<u>\$ 4,628,291</u>
<u>Operating Expenses</u>	
Handling Charges & Administrative Costs	\$ 254,431
Life Insurance	17,405
Excess Risk Insurance	543,776
Medical Claims	3,410,103
Total Operating Expenses	<u>\$ 4,225,715</u>
Operating Income (Loss)	<u>\$ 402,576</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 1,399</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 1,399</u>
Change in Net Assets	\$ 403,975
Net Assets, July 1, 2004	<u>470,910</u>
Net Assets, June 30, 2005	<u><u>\$ 874,885</u></u>

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

Sevier County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts for self-insurance premiums	\$ 4,141,087
Receipts for patient charges	89,084
Payments to insurers	(561,181)
Payments for claims	(3,369,296)
Payments for administrative costs	(254,431)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 45,263</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on investments	\$ 1,399
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,399</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ 46,662
Cash and Cash Equivalents, July 1, 2004	<u>687,519</u>
Cash and Cash Equivalents, June 30, 2005	<u><u>\$ 734,181</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ 402,576
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Changes in Assets and Liabilities:	
(Increase) decrease in current receivables	(315,265)
Increase (decrease) in other current liabilities	(42,048)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 45,263</u></u>

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

Exhibit E

Sevier County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 9,490,894
Equity in Pooled Cash and Investments	59,178
Investments	17,315
Accounts Receivable	8,521
Due from Other Governments	5,026,327
Cash Shortage	<u>33,332</u>
Total Assets	<u>\$ 14,635,567</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,026,327
Due to Litigants, Heirs, and Others	9,550,062
Due to Joint Ventures	<u>59,178</u>
Total Liabilities	<u>\$ 14,635,567</u>

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

SEVIER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sevier 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 Sevier County:

A. Reporting Entity

Sevier County is a public municipal corporation governed by an elected 25-member board. As required by GAAP, these financial statements present Sevier County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Blended Component Units – There are no legally separate component units of Sevier County that meet the criteria for being reported as part of the primary government by the blending method.

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 Sevier County School Department operates the public school system in the county, and the voters of Sevier County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

In previous years, the Sevier County Public Library was reported as a discretely presented component unit of the county, since the library was considered a legally separate entity, the Board of Trustees was appointed by the County Commission and the county provided annual support to the library. Prior to fiscal year 2005, transactions of the library were channeled through bank accounts maintained by the library board, wherein separate accounting records and annual operating expenses were controlled by the Board of Trustees. Beginning in fiscal year 2005, the library's operations were taken over by the county. All financial activity for the library is controlled by the county and processed through the Sevier County General Fund. The Board of Trustees of the library does not handle or control

transactions outside the county's General Fund; therefore, separate financial statements are not presented.

The Sevier County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Sevier County, and the Sevier 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 Sevier County Public Building Authority serves primarily as a financing mechanism to provide capital loans to local governments throughout the state. Assets of the authority consist primarily of proceeds of revenue bonds that are held in trust under loan agreements for various local governments. The Sevier County Public Building Authority is a public, nonprofit, organization whose board is appointed by the County Commission. The county is not responsible for obligations of the authority; however, the county is entitled to net earnings of the authority after provisions have been made for obligations and any reserves which are determined by the board. During the fiscal year ended June 30, 2003, the Sevier County Commission authorized the county mayor to enter into an agreement for the purchase of industrial property. The purchase was actually carried out by the Public Building Authority (PBA) through the issuance of the PBA's capital outlay note, as discussed in Note VII. At the time of the purchase, Sevier County made contributions to the PBA equal to the down payment on the land. During the current year, Sevier County made contributions to the PBA equal to the annual principal and interest requirements on the note. Sevier County expects to continue contributing the annual principal and interest requirements in future years, until the land is sold.

The Sevier County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Sevier County School Department are included in this report as listed in the table of contents. Complete financial statements of the Sevier County Public Building Authority and the Sevier County Emergency Communications District can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Sevier County Public Building Authority
248 Bruce Street
Sevierville, TN 37862

Sevier County Emergency Communications District
245 Bruce Street
Sevierville, TN 37862

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 Sevier 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 Sevier 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.

Sevier County issues all debt for the discretely presented Sevier County School Department. Net debt issues of \$9,185,000 were contributed by the county to the School Department during the year ended June 30, 2005.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service funds are reported with the governmental activities in the government-wide financial statements, and 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 proprietary funds and fiduciary funds financial statements. 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 Sevier County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Sevier County reports three proprietary funds, all internal service funds. It has no enterprise funds to report. Separate financial statements are provided for governmental funds, proprietary 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 internal service funds and the fiduciary funds in total are reported in single columns by fund types.

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. Sevier 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.

Proprietary fund and fiduciary fund financial statements are reported using the economic resources 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Sevier 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 fund accounts for transactions of the county’s Highway Department.

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.

General Capital Projects Fund – This fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Additionally, Sevier County reports the following fund types:

Internal Service Funds – These funds account for the employee health, dental, and workers’ compensation programs managed by the county for the primary government and the discretely presented School Department. Premiums charged to the various county funds and employee payroll deductions are placed in these funds for the payment of claims of county employees.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sevier County, and a joint venture. 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 Sevier 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 Sevier County School Department reports the following fund types:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Sevier County and contributed to the School Department for building construction and renovations.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has three proprietary funds, internal service funds used to account for the employees' health insurance, dental insurance, and workers' compensation programs. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the county's internal service funds are self-insurance premiums. Operating expenses for the internal service funds include medical claims and fiscal agent charges.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows of the internal service funds, cash includes cash on hand, demand deposits, cash equivalents, and cash on deposit with the county trustee. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sevier County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to General Debt Service Fund. Cash and Investments

reflected on the balance sheets represent nonpooled amounts held separately by individual funds. Sevier County and the Sevier County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of

year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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	20 - 60
Other Capital Assets	5 - 10
Infrastructure	20 - 60

4. Compensated Absences

Vacation leave benefits for Sevier County employees granted through the primary government and the discretely presented Sevier County

School Department do not vest or accumulate and must be used within the year or lost. Therefore, no accrual or recording is required. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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 all long-term obligations, are recognized to the extent that the liabilities have matured (come due for payment) each period.

The county has entered into interest rate swap agreements to modify the interest rates on some of its outstanding debt. Other than the net interest expenditures resulting from the agreements, no amounts are recorded in the financial statements. See Note IV.F. for details for the swap agreements.

6. Net Assets and Fund Equity

In the government-wide financial statements and the proprietary funds in the fund financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors,

- grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2005, Sevier County had \$63,270,759 in outstanding debt for capital purposes for the discretely presented Sevier County School Department and other entities. The debt is a liability of Sevier County, but the capital assets acquired are reported in the financial statements of the School Department and other entities. Therefore, Sevier County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2005:

<u>Fund/Purpose</u>	<u>Amount</u>
General Purpose School:	
School Buses	\$ 761,563

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$514,432, with the primary restrictions being for: (1) Courthouse and Jail Maintenance (\$205,551) and (2) Purchase of short-lived capital assets (\$214,334). For the discretely presented Sevier County School Department, the account balance in Restricted for Other Purposes (\$2,429,020) consists of restrictions for various federal assistance programs, primarily the Title I Program (\$932,032), the Title II Program (\$279,488), and the School Lunch and Breakfast Program (\$973,014).

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

Discretely Presented Sevier County School Department

The discretely presented Sevier County School Department's Exhibit K-2 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

Exhibit C-4 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities

Discretely Presented Sevier County School Department

The discretely presented Sevier County School Department's Exhibit K-4 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Cash Shortages

Cash shortages of \$16,689.43 and \$16,643.47 existed in the offices of County Clerk and General Sessions Court Clerk, respectively, on June 30, 2005. Details of these cash shortages are discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Sevier County and the Sevier County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and Investments reflected on the balance sheets or statements of net assets represent 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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2005, Sevier County had the following nonpooled investments carried at cost.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
Constitutional Officer's - Agency Fund		
Clerk and Master:		
State Treasurer's Investment Pool	Daily	\$ <u>17,315</u>
Total		\$ <u>17,315</u>

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. Sevier 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. Sevier County has no investment policy that would further limit its investment choices. As of June 30, 2005, Sevier County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 3,416,854	\$ 17,557	\$ 0	\$ 3,434,411
Construction in Progress	1,103,645	1,725,896	(1,478,662)	1,350,879
Total Capital Assets Not Depreciated	\$ 4,520,499	\$ 1,743,453	\$ (1,478,662)	\$ 4,785,290
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,887,480	\$ 23,750	\$ 0	\$ 14,911,230
Roads and Bridges	109,066,178	5,890,465	0	114,956,643
Other Capital Assets	8,814,858	979,086	(144,830)	9,649,114
Total Capital Assets Depreciated	\$ 132,768,516	\$ 6,893,301	\$ (144,830)	\$ 139,516,987
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,138,380	\$ 295,208	\$ 0	\$ 3,433,588
Roads and Bridges	29,420,934	5,162,100	0	34,583,034
Other Capital Assets	4,000,955	758,013	(81,006)	4,677,962
Total Accumulated Depreciation	\$ 36,560,269	\$ 6,215,321	\$ (81,006)	\$ 42,694,584
Total Capital Assets Depreciated, Net	\$ 96,208,247	\$ 677,980	\$ (63,824)	\$ 96,822,403
Governmental Activities Capital Assets, Net	\$ 100,728,746	\$ 2,421,433	\$ (1,542,486)	\$ 101,607,693

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

Governmental Activities:

General Government	\$ 212,953
Finance	17,557
Administration of Justice	2,739
Public Safety	412,795
Public Health and Welfare	162,328
Social, Cultural, and Recreational Services	44,914
Other Operations	110,535
Highways/Public Works	<u>5,251,500</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,215,321</u>

Discretely Presented Sevier County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 5,470,463	\$ 346,949	\$ (49,682)	\$ 5,767,730
Construction in Progress	5,937,188	11,080,987	(1,989,181)	15,028,994
Total Capital Assets Not Depreciated	\$ 11,407,651	\$ 11,427,936	\$ (2,038,863)	\$ 20,796,724
Capital Assets Depreciated:				
Buildings and Improvements	\$ 77,865,263	\$ 3,496,933	\$ 0	\$ 81,362,196
Infrastructure	4,058,651	165,191	0	4,223,842
Other Capital Assets	10,788,908	1,367,986	(609,595)	11,547,299
Total Capital Assets Depreciated	\$ 92,712,822	\$ 5,030,110	\$ (609,595)	\$ 97,133,337
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 26,893,877	\$ 1,851,003	\$ 0	\$ 28,744,880
Infrastructure	2,723,599	274,094	0	2,997,693
Other Capital Assets	6,475,036	831,706	(579,165)	6,727,577
Total Accumulated Depreciation	\$ 36,092,512	\$ 2,956,803	\$ (579,165)	\$ 38,470,150
Total Capital Assets Depreciated, Net	\$ 56,620,310	\$ 2,073,307	\$ (30,430)	\$ 58,663,187
Governmental Activities Capital Assets, Net	\$ 68,027,961	\$ 13,501,243	\$ (2,069,293)	\$ 79,459,911

Depreciation expense totaling \$2,956,803 was charged by the discretely presented Sevier County School Department.

C. Construction Commitments

At June 30, 2005, Sevier County and the Sevier County School Department had various uncompleted construction projects of approximately \$698,860 in the General Capital Projects Fund and approximately \$233,992 in the Education Capital Projects Fund. Funding has been provided through authorized loan agreements, discussed in note IV.F, which the county draws as the projects progress.

At June 30, 2005, the Highway Department had uncompleted construction contracts of approximately \$176,607 for the construction of three bridges. Funding for these future expenditures is expected to be received from federal bridge replacement program funds and from state bridge program funds.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Highway/Public Works	\$ 8,961
"	General Debt Service	63,750
"	Nonmajor governmental	20,009
Highway/Public Works	General	20,243
General Debt Service	"	17,047
Internal Service	"	150,000
Nonmajor governmental	"	<u>109,158</u>
Total		<u>\$ 389,168</u>

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

Due to/from primary government and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Department:	Primary Government:	
General Purpose School	General	<u>\$ 84,169</u>
Total		<u>\$ 84,169</u>

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In Nonmajor Governmental Funds
General Fund	\$ 2,451,307
Total	\$ 2,451,307

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Leases

On July 13, 2004, the Sevier County School Department entered into two six-year lease-purchase agreements to finance the purchase of lighting fixtures and a related geothermal project. The terms of the agreements require total lease payments of \$1,320,214 and \$600,018, respectively, plus interest on both lease agreements of 3.29 percent. The School Department maintains title to the equipment during the term of the lease and has granted the lessor a first priority security interest in the equipment in order to secure payment of all lease payments and the performance of all other obligations. The General Purpose School Fund is making the lease payments.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

Year Ending June 30	Governmental Funds
2006	\$ 353,683
2007	353,683
2008	353,683
2009	353,683
2010	353,683
Total Minimum Lease Payments	\$ 1,768,415
Amounts Representing Interest	(139,848)
Present Value of Minimum Lease Payments	\$ 1,628,567

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 17 years for bonds, up to 7 years for notes, and up to 26 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2005, are as follows:

Type	Interest Rate		Original Amount of Issue	Balance 6-30-05
General Obligation				
Bonds - Refunding	2 to 4.5	%	38,550,000	\$ 29,815,000
Capital Outlay Notes	4.5 to 6		1,032,375	587,375
Other Loans	Variable or Synthetic Fixed Rate		65,568,440	60,215,305

Sevier County has entered into various loan agreements with the Sevier County Public Building Authority (PBA) to finance various capital projects for the county and the discretely presented Sevier County School Department. Under the loan agreements, the PBA issued its revenue bonds

and made the proceeds available for loan to Sevier County. The following table summarizes loan agreements outstanding at June 30, 2005:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-05	Interest Type	Interest Rates as of 6-30-05	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Series A-2	\$ 4,700,000	\$ 2,095,000	Variable	2.3%	0.49%
Series F-1	9,000,000	8,150,000	Variable	2.3	0.49
Series A-1 - Water Board	450,000	293,000	(1) Variable	2.3	0.49
Series IV- A-2	14,435,000	14,210,000	Synthetic Fixed by Swap	4.3	0.53
Series IV- E-4	4,000,000	3,430,000	Synthetic Fixed by Swap	4.16	0.48
Series IV- H-3	3,000,000	3,000,000	Synthetic Fixed by Swap	4.32	0.43
Series V- A-1	27,500,000	26,553,865	(2) (4)	(4)	0.51
Series VI- E-1 - Sevier Solid Waste, Inc.	2,483,440	<u>2,483,440</u>	(3) Variable	2.26	0.49
		<u>\$ 60,215,305</u>			

- (1) Total amount of issue is \$7,500,000 of which Sevier County is liable for 6 percent.
- (2) \$946,135 remains available at June 30, 2005, for future draws under this loan agreement.
- (3) Total amount of issue is \$7,400,000 of which Sevier County is liable for 33.56 percent.
- (4) Of this loan agreement, \$13 million has a synthetic fixed by swap rate of 3.77 percent while the remaining \$14.5 million has a variable interest rate, which was 2.5 percent as of June 30, 2005.

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2005, including interest payments, are presented in the following table. Estimated annual requirements for the other loans are also reflected in the table. Amounts reflected for other loans are based on the outstanding principal on June 30, 2005.

Estimated interest payments and estimated other fees are included for the loan agreements. The Series A-2, Series F-1, Series A-1- Water Board, Series V1-E-1, and 14.5 million of the Series V-A-1 carry variable interest rates that are functions of the Bond Market Association Index with the rates changing daily or weekly. Interest payments included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2005.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 3,120,000	\$ 1,171,880	\$ 115,000	\$ 33,932
2007	3,170,000	1,070,660	115,000	27,257
2008	3,305,000	960,020	315,000	20,582
2009	1,855,000	839,623	42,375	1,907
2010	1,905,000	772,690	0	0
2011-2015	13,460,000	2,498,331	0	0
2016	3,000,000	134,500	0	0
Total	\$ 29,815,000	\$ 7,447,704	\$ 587,375	\$ 83,678

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2006	\$ 1,329,410	\$ 2,034,513	\$ 308,732	\$ 3,672,655
2007	1,549,410	2,000,424	302,222	3,852,056
2008	1,627,800	1,959,883	294,608	3,882,291
2009	2,521,190	1,917,255	286,610	4,725,055
2010	2,859,580	1,842,984	273,976	4,976,540
2011-2015	15,361,070	7,900,769	1,154,431	24,416,270
2016-2020	20,182,980	5,033,309	713,792	25,930,081
2021-2025	14,783,865	1,693,667	243,656	16,721,188
Total	\$ 60,215,305	\$ 24,382,804	\$ 3,578,027	\$ 88,176,136

There is \$17,654,242 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$419, based on the 2000 federal census. Total debt per capita, including bonds, notes, and other loans amounted to \$1,273, based on the 2000 federal census.

The Sevier County School Department has pledged certain sales tax revenues toward the retirement of debt that the primary government has issued for the benefit of the School Department. During the year, the School Department

remitted \$5,352,414 to the primary government's General Debt Service Fund to be applied to the retirement of that debt.

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-A-2.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$14.435 million Series IV-A-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.38 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$14.435 million, and the associated variable-rate bond has a \$14.435 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-A-2 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.38 %
Variable payment from counterparty	70% of LIBOR	<u>-2.34</u>
Net interest rate swap payments		2.04
Variable-rate bond coupon payments		<u>2.26</u>
Synthetic interest rate on bonds		<u><u>4.30 %</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$1,777,513. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the

potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if the BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.38 percent and the synthetic rate of 4.3 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.34 percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2006	\$ 30,000	\$ 321,146	\$ 289,884	\$	641,030
2007	95,000	320,468	289,272		704,740
2008	100,000	318,321	287,334		705,655
2009	270,000	316,061	285,294		871,355
2010	430,000	309,959	279,786		1,019,745
2011-2015	2,860,000	1,389,222	1,253,988		5,503,210
2016-2020	8,845,000	843,658	761,532		10,450,190
2021-2025	1,580,000	110,740	99,960		1,790,700
Total	\$ 14,210,000	\$ 3,929,575	\$ 3,547,050	\$	21,686,625

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-E-4.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$4 million Series IV-E-4 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.24 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$4 million, and the associated variable-rate bond has a \$4 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-E-4 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.24 %
Variable payment from counterparty	70% of LIBOR	<u>-2.34</u>
Net interest rate swap payments		1.90
Variable-rate bond coupon payments		<u>2.26</u>
Synthetic interest rate on bonds		<u><u>4.16 %</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$308,956. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a

Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if the BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.24 percent and the synthetic rate of 4.16 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.34 percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2006	\$ 160,000	\$ 77,518	\$ 65,170	\$	302,688
2007	165,000	73,902	62,130		301,032
2008	175,000	70,173	58,995		304,168
2009	180,000	66,218	55,670		301,888
2010	190,000	62,150	52,250		304,400
2011-2015	1,110,000	241,707	203,205		1,554,912
2016-2020	1,450,000	101,700	85,500		1,637,200
Total	\$ 3,430,000	\$ 693,368	\$ 582,920	\$	4,706,288

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-H-3.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$3 million Series IV-H-3 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.4 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$3 million, and the associated variable-rate bond has a \$3 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-H-3 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds, and the related swap agreement, mature on June 1, 2025. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.40 %
Variable payment from counterparty	70% of LIBOR	<u>-2.34</u>
Net interest rate swap payments		2.06
Variable-rate bond coupon payments		<u>2.26</u>
Synthetic interest rate on bonds		<u><u>4.32 %</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$490,590. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a

Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if the BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.4 percent and the synthetic rate of 4.32 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.34 percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap	
			Payment	
2006	\$ 0	\$ 67,800	\$ 61,800	\$ 129,600
2007	0	67,800	61,800	129,600
2008	0	67,800	61,800	129,600
2009	0	67,800	61,800	129,600
2010	0	67,800	61,800	129,600
2011-2015	0	339,000	309,000	648,000
2016-2020	0	339,000	309,000	648,000
2021-2025	3,000,000	211,310	192,610	3,403,920
Total	\$ 3,000,000	\$ 1,228,310	\$ 1,119,610	\$ 5,347,920

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee at the request of the county, has entered into an interest rate swap agreement for \$13 million of the outstanding Local Government Improvement Bonds, Series V-A-1.

Objective of the interest rate swap. In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$27.5 million Series V-A-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.97 percent and receives a variable payment computed as 75 percent of the one-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$13 million and the associated variable-rate bond has a \$13 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series V-A-1 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.97 %
Variable payment from counterparty	75% of LIBOR	<u>-2.50</u>
Net interest rate swap payments		1.47
Variable-rate bond coupon payments		<u>2.30</u>
Synthetic interest rate on bonds		<u><u>3.77 %</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$1,008,799. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac

Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if the BMA increases to above 75 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 75 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 3.97 percent and the synthetic rate of 3.77 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.3 percent whereas 75 percent of LIBOR was 2.5 percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2006	\$ 0	\$ 299,000	\$ 191,100	\$ 490,100
2007	0	299,000	191,100	490,100
2008	0	299,000	191,100	490,100
2009	0	299,000	191,100	490,100
2010	0	299,000	191,100	490,100
2011-2015	0	1,495,000	955,500	2,450,500
2016-2020	1,850,000	1,495,000	955,500	4,300,500
2021-2025	11,150,000	800,400	511,560	12,461,960
Total	\$ 13,000,000	\$ 5,285,400	\$ 3,378,060	\$ 21,663,460

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
	_____	_____	_____
Balance, July 1, 2004	\$ 32,840,000	\$ 702,375	\$ 46,509,794
Additions	0	0	14,812,111
Deductions	(3,025,000)	(115,000)	(1,106,600)
	_____	_____	_____
Balance, June 30, 2005	<u>\$ 29,815,000</u>	<u>\$ 587,375</u>	<u>\$ 60,215,305</u>
Balance Due Within One Year	<u>\$ 3,033,802</u>	<u>\$ 115,000</u>	<u>\$ 1,329,410</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 90,617,680
Less: Balance Due Within One Year	(4,478,212)
Less: Deferred Amount on Refunding	<u>(594,852)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 85,544,616</u>

Discretely Presented Sevier County School Department

Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of seven years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The note included in long term debt as of June 30, 2005, will be retired from the General Purpose School Fund of the discretely presented Sevier County School Department.

Capital outlay notes and capital leases outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
_____	_____	_____	_____
Capital Outlay Note	3	% \$ 39,806	\$ 34,611
Capital Leases	3.29	1,920,232	1,628,567

The annual requirements to amortize all notes outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2006	\$ 5,351	\$ 1,038
2007	5,511	878
2008	5,677	712
2009	5,847	542
2010	6,022	367
2011	6,203	186
Total	<u>\$ 34,611</u>	<u>\$ 3,723</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Sevier County School Department for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Notes	Capital Leases
Balance, July 1, 2004	\$ 39,806	\$ 0
Additions	0	1,920,232
Deductions	(5,195)	(291,665)
Balance, June 30, 2005	<u>\$ 34,611</u>	<u>\$ 1,628,567</u>
Balance Due Within One Year	<u>\$ 5,351</u>	<u>\$ 304,670</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 1,663,178
Less: Balance Due Within One Year	<u>(310,021)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 1,353,157</u>

V. **OTHER INFORMATION**

A. **Risk Management**

Sevier County has chosen to establish three self-insurance funds for risks associated with the employees' health and dental plans for the primary government and risks associated with worker's compensation claims for the primary government and the School Department. The self-insurance funds are accounted for as Internal Service Funds where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$45,000 for each employee and approximately \$4,945,000 for all claims in any plan year for health coverage. The county also retains the risk of loss to a limit of \$300,000 per occurrence and approximately \$1,516,679 for all claims in any plan year for workers' compensation coverage. The county has obtained stop/loss commercial insurance policies to cover claims beyond these limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All full-time employees of the primary government are eligible to participate in the health and dental programs. A premium charge is allocated to each fund that accounts for employees who are covered by the Employee Health Insurance plan and/or the Workers' Compensation plan. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$456,046 for health coverage, \$35,692 for dental coverage, and \$383,147 for workers' compensation coverage at June 30, 2005. Liabilities of these funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance funds establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Health Fund

	Beginning of Fiscal- Year Liability	Current- Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$228,737	\$3,445,530	(\$3,446,448)	\$227,819
2004-2005	227,819	3,056,710	(3,013,029)	271,500

Employee Insurance - Dental Fund

	Beginning of Fiscal- Year Liability	Current- Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$5,002	\$53,147	(\$50,861)	\$7,288
2004-2005	7,288	58,626	(62,409)	3,505

Workers' Compensation

	Beginning of Fiscal- Year Liability	Current- Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$31,342	\$848,775	(\$755,654)	\$124,463
2004-2005	124,463	294,767	(376,713)	42,517

The discretely presented Sevier County School Department participated in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report for the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The county and the discretely presented School Department continue to carry commercial insurance for all other risks of loss, including general liability, property, and casualty. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Accounting Change

During the year, Sevier County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit

risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Event

On December 20, 2005, Sevier County entered into an \$11,000,000 loan agreement with the Public Building Authority of Sevier County to fund various public improvement projects.

D. Contingent Liabilities

Sevier County is contingently liable for certain debt issued by Sevier Solid Waste, Inc. Sevier County would become liable for its pro-rata share of this debt in the event of default by Sevier Solid Waste, Inc. Sevier County's contingency is based on the prior year's tonnage of waste deposited by Sevier County compared to the total tonnage accepted by Sevier Solid Waste, Inc. Based on June 30, 2005, percentages, Sevier County could be liable for approximately \$985,750 in the event of default by Sevier Solid Waste, Inc.

Sevier County has also signed four contracts in-lieu-of performance bonds on behalf of Sevier Solid Waste, Inc., in the sum of \$1,549,234 to meet the Tennessee Department of Environment and Conservation's financial assurance requirements regarding landfill closure/postclosure care costs. The county would be obligated for this amount in the event of default on closure/postclosure care costs by Sevier Solid Waste, Inc.

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

E. Joint Ventures

Sevier Solid Waste, Inc., is a non-profit organization created under the laws of the State of Tennessee for purposes of developing and implementing a comprehensive program for collecting, transporting, disposing, and recycling solid waste generated within Sevier County and the cities of Gatlinburg, Pigeon Forge, and Sevierville. The corporation was formed in 1988 pursuant to a mutual interlocal cooperation agreement between each of the governmental entities. It is governed by a board of directors, which consists of one representative from each governmental unit. Sevier County has control over budgeting and financing the joint venture only to the extent of representation by the one board member appointed and is responsible for funding a pro-rata share of any deficits from operations. The corporation receives financial support from each of these four government entities that created it. These contributors pay a pro-rata share based on their percentage of total waste brought to the disposal facility during the previous year.

Complete financial statements for Sevier Solid Waste, Inc., can be obtained from its administrative office at the following address:

Administrative Office:

Sevier Solid Waste, Inc.
943 Centerview Road
Sevierville, TN 37864

Sevier Water Board, Inc., is a non-profit organization created under the laws of the State of Tennessee that was designed to carry out future planning and implementing of certain water-related functions within Sevier County and the cities of Gatlinburg, Pigeon Forge, Sevierville, and Pittman Center. The corporation was formed in 1995 pursuant to a mutual interlocal cooperation agreement between each of the governmental entities. It is governed by a board of directors, which consists of one representative from each governmental unit. Sevier County has control over budgeting and financing the joint venture only to the extent of representation by the one board member appointed and is responsible for funding a pro-rata share of any deficits from operations. Complete financial statements for Sevier Water Board, Inc., can be obtained from its administrative office at the following address:

Administrative Office:

Sevier Water Board
125 Court Avenue, Suite 201E
Sevierville, TN 37862

Sevier County and the City of Sevierville jointly constructed a baseball stadium that they lease to a minor league baseball club. The Stadium Advisory Committee was created by an interlocal agreement between Sevier County and the City of Sevierville to oversee overall operations of the stadium facility and to report to the Sevier County Commission and the City of Sevierville Board of Mayor and Aldermen. The committee includes seven members nominated jointly by the county and city mayors and appointed to four year terms by both legislative bodies. Operations of the joint venture are split 70 percent (City of Sevierville) and 30 percent (Sevier County). The City of Sevierville maintains financial transactions relating to the joint venture, and complete financial statements may be obtained from the City of Sevierville.

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Sevier, Jefferson, Grainger, and Cocke 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. Sevier County made no contributions to the DTF for the year ended June 30, 2005, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General's Office
Fourth Judicial District
125 Court Avenue, Suite 301
Sevierville, TN 37862

The Sevier County Economic Development Council is a joint venture, which is jointly operated by Sevier County, the cities of Sevierville, Pigeon Forge, and Gatlinburg, and various local private enterprises. The board is comprised of 12 members, two of whom represent Sevier County. The purpose is to coordinate the governmental and private sector activities in attracting businesses and industries to the Sevier County area. Sevier County contributed \$173,000 to the operations of the Economic Development Council for the 2004-05 year. Complete financial statements for Sevier County Economic Development can be obtained from its administrative office at the following address:

Administrative Office:

Sevier County Economic Development Council
100 East Main Street, Suite 302
P.O. Box 4066
Sevierville, TN 37864

F. Retirement Commitments

Plan Description

Employees of Sevier County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining

the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Sevier County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Sevier County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 9.14 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Sevier County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Sevier County's annual pension cost of \$2,421,511 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Sevier County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$2,421,511	100%	\$0
6-30-04	1,883,020	100	0
6-30-03	1,785,121	100	0

Required Supplementary Information
Schedule of Funding Progress for Sevier County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$34,707	\$40,788	\$6,081	85.09%	\$22,850	26.61%
6-30-00	27,609	34,344	6,735	80.39	19,338	34.83
6-30-1999	21,147	25,968	4,821	81.43	16,817	28.67

SCHOOL TEACHERS

Plan Description

The Sevier County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price

Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were \$2,406,177, \$1,389,595, and \$1,341,250, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits

In addition to the retirement commitments described above, the discretely presented Sevier County School Department provides post-retirement health care benefits to certified employees until age 65 for those who retire with a minimum of ten years of service to the Sevier County School System. The School Department also provides post-retirement health care benefits to non-certified employees after age 65 for those who retire with a minimum of 15 years' of service. Approximately 70 retirees met these eligibility requirements at June 30, 2005. During the year, expenditures of \$162,717 were recognized for post-employment health care benefits.

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office 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 \$5,000 to be made after public advertisement and solicitation of competitive bids.

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by provisions of the Uniform Road Law, Section 54-7-113, TCA, which provides

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 Sevier 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 competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$5,000.

VI. OTHER NOTES – DISCRETELY PRESENTED SEVIER COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. The Organization

The Sevier County Emergency Communications District, commonly referred to as E-911, was established to provide services under the Emergency Communications District Law, Tennessee Code Annotated, Chapter 86. The district was created by a resolution of the Sevier County Court in February 1987, after adoption by public referendum in November 1986. Under its enabling legislation, the district is a municipality with powers of perpetual succession, but without any power to levy or collect taxes. Charges for services authorized shall not be considered as taxes. The powers of the district are vested in and exercised by a majority of the members of the Board of Directors. The district is a component unit of Sevier County, whereby the county is financially accountable for the district, as well as required by law to appoint a voting majority to the Board of Directors.

2. Fund Accounting and Basis of Accounting

The financial statements of the Sevier County Emergency Communications District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The district applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

The district's accounts are organized on the basis of fund accounting. The entity is a proprietary fund type known as an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs are financed through user charges.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses), in net total assets.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions and ancillary activities.

3. Budgets and Budgetary Accounting

As set forth in the Tennessee Code Annotated, Section 7-86-120, Sevier County Emergency Communications District formally adopts an annual budget. The budget is prepared on a modified cash basis. Certain capital expenditures are included as items of expense. Revisions to the budget were approved by the Board of Directors as changes became necessary throughout the year. For the year ended June 30, 2005, the budgeted expense was \$685,000. Anticipated revenues were \$685,000 at original budget date. All unencumbered annual appropriations lapse at fiscal year-end.

4. Compensated Absences

The entity allows employees to accumulate unused sick leave of an unlimited amount. This can be credited toward retirement. Earned vacation time is generally required to be used within one year of accrual.

As of June 30, 2005, the liability for earned vacation time accrued was \$5,731.

5. Property and Equipment

Property, equipment, and buildings are stated at cost less accumulated depreciation, computed on the straight-line method over

the estimated useful lives as follows: equipment, five to seven years; automobile, five years; building, 39 years.

6. Statement of Cash Flows

Sevier County Emergency Communications District considers, for the purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

B. Cash

The district's cash funds, except for a nominal amount of petty cash, are deposited, at its own discretion, in checking accounts and certificates of deposit at local depository banks.

At June 30, 2005, the carrying amount of the district's deposits (cash and certificates of deposit) was \$275,768 and the bank's balance was \$119,482. All deposits during the audit were collateralized by the State of Tennessee Bank Collateral Pool for balances over the Federal Deposit Insurance Corporation (FDIC) insured amount of \$100,000. The following is disclosed concerning cash depository accounts:

- a. Name of bank.
- b. Amount of security pledged as of the date of highest balance on deposit.
- c. Largest cash, savings and time deposit combined amount and month of occurrence.
- d. Total amount of FDIC coverage at the time of largest combined balance.

- a. Citizens National Bank
- b. All governmental funds collateralized by State of Tennessee Collateral Pool.
- c. \$285,919, March 2005
- d. \$100,000

- a. Tennessee State Bank
- b. All governmental funds collateralized by State of Tennessee Collateral Pool.
- c. \$275,718, June 2005
- d. \$100,000

C. Revenue and Support

1. Revenue

The district's primary source of revenue is a surcharge on Sevier County telephone service collected by Telephone Service Providers in accordance with Tennessee Code Annotated (TCA), Section 7-86-108. This surcharge may be levied for Sevier County Emergency

Communications Districts by Telephone Service Providers up to a maximum of \$.65 per month for residence classification users and \$2 per month for business classification users. Effective May 20, 1993, TCA, Section 7-86-108, was amended to allow rate increases to exceed the maximum stated above; however, this must be done by the Board of Directors of emergency communications districts calling a referendum. If approved, the maximum monthly charges cannot exceed \$1.50 for residential users or \$3 for business users. Not more than one referendum may be held in any 24-month period. During the year ended June 30, 2005, total operating revenues of \$671,846 were earned from telephone surcharges. Surcharges of \$3,007 were uncollectible at June 30, 2005. Emergency Telephone Surcharge revenue is shown net of these uncollectible amounts.

The district receives surcharge revenue from BellSouth Telephone Company, AT&T Communications, USLEC of TN, Inc., Nuvox Communications, Business Telecom, Inc., Momentum Business Solutions, Inc., Birch Telecom, and 25 other telephone service providers as well as the State of Tennessee (cell phones).

The accounts receivable balance of \$96,747 at June 30, 2005, represents net amounts of \$33,809 due from BellSouth for the surcharge on Sevier County telephone services for the month of June; \$41,345 due from the State of Tennessee for cell phone revenue as well as \$21,594 in revenue from other sources.

2. Support

An undetermined amount of operating support was received during the fiscal year ended June 30, 2005, from various law-enforcement agencies or departments located in Sevier County. This support is in the form of personnel costs to receive and handle the calls to Emergency 911. Sevier County is divided into emergency service number (ESN) boundaries and the service number from which the call is being placed determines which Public Safety Answering Point (PSAP) would receive the call. At June 30, 2005, all phone services in Sevier County had been addressed and totaled 59,544. These were serviced by the answering points of various agencies or departments in the following approximate percentages:

	<u>Percentage</u>
Pigeon Forge Police Department	13.39%
Gatlinburg Police Department	11.65
Central Dispatch	<u>74.96</u>
 TOTAL	 <u><u>100%</u></u>

D. Expenses

The district's expenses incurred from BellSouth Telephone Company other than normal telephone charges for the year ended June 30, 2005, were as follows:

	<u>2005</u>
Service Fee	\$161,293
Administration Fee of 1% of Net Revenues	3,966
Fax Monthly Line Expenses	<u>7,574</u>
TOTAL	<u><u>\$172,833</u></u>

E. Changes in Capital Assets

The following is a summary of capital assets at June 30, 2005:

	Balance 6-30-04	Additions	Balance 6-30-05
Buildings	\$ 678,324	\$ 0	\$ 678,324
Furniture and Fixtures	65,895	1,473	67,368
Equipment	735,610	2,894	738,504
Automobile	49,438	0	49,438
Total Capital Assets	<u>\$1,529,267</u>	<u>\$ 4,367</u>	<u>\$1,533,634</u>
Less: Accumulated Depreciation	(679,236)	(121,959)	(801,195)
Total Net Capital Assets	<u><u>\$ 850,031</u></u>	<u><u>\$ (117,592)</u></u>	<u><u>\$ 732,439</u></u>

F. Retirement Commitments

Plan Description

Employees of the Sevier County Emergency District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the

result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Sevier County Emergency District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The Sevier County Emergency District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2005, was 10.26 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Sevier County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2005, the Sevier County Emergency District's annual pension cost of \$17,215 to TCRS was equal to the Sevier County Emergency District's required and actual contributions.

The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Sevier County Emergency District's unfunded actuarial accrued liability is

being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 16 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$ 17,215	100%	\$ 0
6-30-04	11,746	100	0
6-30-03	11,404	100	0

Required Supplementary Information

Schedule of Funding Progress for the Sevier County Emergency District

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$ 243	\$ 323	\$ 80	75.23%	\$ 155	51.61%
6-30-01	189	267	78	70.79	145	53.79
6-30-1999	140	84	44	76.09	122	35.97

G. Bonds Payable

Emergency Telephone Service Revenue Bonds were issued on April 26, 1996, to assist in funding the construction of the Emergency Operations Center. Total principal was \$315,000, issued at a discount of \$1,084 with a 6.75 percent interest rate. Additional costs related to the bond issue were \$7,216. The Sevier County Emergency Communications District retired the bond issue early with extra payments of \$100,000 in July 2004, and \$55,000 in March 2005, as well as paying the regularly scheduled maturities.

	Balance 7-1-04	Issued (Retired)	Balance 6-1-05	Due Within One Year
Emergency Telephone Service Revenue Bonds:				
6.75% Emergency Operations Center Construction	\$80,000	(\$80,000)	\$0	\$0
Less: Bond Discount	(205)	205	0	0
Long Term Liabilities	\$79,795	(\$79,795)	\$0	\$0

H. Loss Policy

The Sevier County Emergency Communications District incurs risk of loss from the following types of events:

- Torts
- Theft of, damage of, or destruction of assets
- Business Interruptions
- Errors or Omissions
- Job-Related Illness or Injuries to Employees
- Acts of God

It is the policy of the Sevier County Emergency Communications District to retain membership in the Tennessee Municipal League Risk Management Pool (TML) that currently operates as a common risk management and insurance program for members. Sevier County Emergency Communications District pays an annual premium to TML for the following risk coverages: general liability, law enforcement liability, errors and omissions, automobile liability, automobile physical damage, workers' compensation, employers liability, and official statutory blanket bonds. TML agrees to provide coverage for the types of losses listed previously, in return for premiums paid. Sevier County Emergency Communications District retains the risk of loss only to the extent of the amount of policy deductibles.

There have been no significant reductions in policy coverages in any major categories of risk. No settlements have exceeded policy coverages in fiscal years 2003, 2004, and 2005.

At present, there are no liabilities or loss contingencies because no information exists to indicate that an asset is (or will be) impaired. Therefore, no loss amount is required to be estimated, accrued, or disclosed.

VII. OTHER NOTES – DISCRETELY PRESENTED – SEVIER COUNTY PUBLIC BUILDING AUTHORITY

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Public Building Authority (PBA) of Sevier County, Tennessee, a component unit of Sevier County, Tennessee, is a local public non-profit organization formed pursuant to the provisions of the Public Building Authorities Act of 1971, Title 12, Chapter 10, Tennessee Code Annotated. The PBA constructs, acquires, repairs, and renovates public facilities to improve the quality of life, and the health, safety, and welfare of the citizens of the State of Tennessee. In addition, the PBA borrows funds and executes loan agreements, leases, and interest rate swap agreements with municipal corporations for the purpose of financing any undertaking that is eligible to be financed by bonds,

notes, interim certificates, or other obligations issued. The PBA of Sevier County, Tennessee, is a public instrumentality of the county and its Board of Directors is appointed by the County Commissioners; it has no power to obligate Sevier County, Tennessee. Sevier County is legally entitled to the net earnings of the PBA of Sevier County, Tennessee, after provisions for all current obligations and future projects of the authority have been met.

2. Basis of Presentation

The financial statements of the Public Building Authority of Sevier County, Tennessee, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition to applicable GASB pronouncements for proprietary activities, all pronouncements issued, such as Statements and Interpretations by the Financial Accounting Standards Board, Accounting Principles Board, Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures, are applied, except for those that conflict with or contradict GASB pronouncements.

The entity is a proprietary fund type known as an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs are financed through user charges.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets.

3. Methods of Accounting

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

4. Cash and Cash Equivalents

The Public Building Authority of Sevier County, Tennessee, considers cash, for the purposes of the statement of cash flows, to include demand deposits with the bank, as there were no other cash equivalents.

5. Capital Assets and Depreciation

Property and equipment are stated at cost less accumulated depreciation, computed on the straight-line method over the estimated useful lives of the assets. Only items over \$100 are capitalized.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Interest Capitalization

Interest costs incurred during construction are capitalized. There was \$16,419 of interest capitalized during the year ended June 30, 2005.

B. Cash

Cash consists of demand deposits in the Public Building Authority of Sevier County, Tennessee, and checking accounts with Citizens National Bank. Cash is insured through the Federal Depository Insurance Corporation.

C. Investments

The Public Building Authority (PBA) of Sevier County, Tennessee, authorized by its board of directors, has invested its idle monies into two accounts with Morgan Keegan & Company of Knoxville, Tennessee. All interest income generated by these investments is added to the principal amounts on a monthly basis. Total carrying value, which also equals market value, at June 30, 2005, is \$1,244,461. This includes all interest earned through the end of fiscal year 2005. At June 30, 2005, the accounts were invested in Public Building Authority of Educational Funding of the South, Inc., adjustable rate municipal bonds of various series, Federal Home Loan Bank Discount Notes and cash positions with Morgan Keegan. All securities are held by Morgan Keegan in the PBA of Sevier County, Tennessee's name and are protected by insurance coverage of up to \$2,500,000 (\$100,000 limit for cash amounts). These investments are in compliance with state statute restrictions regarding investment policies.

D. Funds Held by Trustee

The Public Building Authority of Sevier County, Tennessee, has issued bonds on behalf of the following Tennessee entities: counties of Knox, Claiborne, Loudon, Hamblen, Haywood, Gibson, Sevier, Hawkins, Monroe, Cocke, and McNairy; cities of Gatlinburg, Alcoa, White House, Maryville, Franklin,

Pigeon Forge, Smyrna, Oak Ridge, Bristol, Lewisburg, and Johnson City; Utility District of Nolensville, College Grove, and Fayetteville Public Utilities. The proceeds of these bond issues are deposited with Regions Bank Trust Department as trustee. The proceeds remain the funds of the authority as long as the proceeds remain with the trustee and are carried as an asset on the balance sheet of the Public Building Authority of Sevier County, Tennessee. The proceeds become the funds of the borrower when funds are disbursed to the above named entities in accordance with the contract terms.

E. Capital Assets

	<u>7-1-04</u>	<u>Additions</u>	<u>6-30-05</u>
Land and improvements held for development -			
Smith-Thomas Technology Park	\$ 984,621	\$ 0	\$ 984,621
Smith-Thomas Technology Park Improvements	1,004,680	0	1,004,680
	<u>\$ 1,989,301</u>	<u>\$ 0</u>	<u>\$ 1,989,301</u>
Incubator building and land	\$ 0	\$ 685,204	\$ 685,204
Furniture and fixtures	\$ 879	\$ 0	\$ 879

During 2004, Sevier County donated 6.7 acres of land in the John L. Marshall Technology Park, with a fair market value of \$53,600, for construction of an incubator building. The authority has entered into a sales agreement with a third party for the facility upon completion.

F. Line of Credit

During the year, the authority utilized a bank line of credit totaling \$1,200,000, bearing annual interest ranging from five to six percent, to construct an incubator building in the John L. Marshall Technology Park. The balance outstanding on the line of credit totaled \$623,523 at June 30, 2005. The authority incurred interest costs totaling \$16,419 during the year ended June 30, 2005.

G. Capital Outlay Note

During January 2003, the Public Building Authority purchased 65.41 acres of land to be developed as an industrial park (Smith-Thomas Industrial Park). Sevier County contributed \$103,471 toward the purchase price of this land. The remaining \$881,150 was financed with a capital outlay note. This capital outlay note matures on January 15, 2010, bears interest payable January 15th of each year commencing on January 15, 2004, at the rate of 4.5 percent

per annum; and is subject to mandatory redemption prior to maturity at the times and in the principal amounts as follows:

Redemption Date	Principal Amount to be Redeemed	Interest	Total
1-15-06	\$ 120,000	\$ 29,475	\$ 149,475
1-15-07	125,000	24,075	149,075
1-15-08	130,000	18,450	148,450
1-15-09	135,000	12,600	147,600
1-15-10	145,000	6,525	151,525
	<u>\$ 655,000</u>	<u>\$ 91,125</u>	<u>\$ 746,125</u>

During the year, Sevier County advanced the authority \$149,650 for debt service payments due on the above capital outlay note. The authority expects to repay the advance next year from proceeds of land sales in the Smith-Thomas Industrial Park.

H. Conduit Debt

The authority has issued bonds as conduit debt on behalf of various Tennessee local government borrowers for construction and acquisition of various capital assets. The borrowers have guaranteed, insured, and pledged certain revenues for repayments of these bond issues. The bonds do not constitute a debt or pledge of faith and credit of the authority or Sevier County and, accordingly, have not been reported in the accompanying financial statements, except undrawn bond funds held by the authority's trustee.

The total conduit debt outstanding as of June 30, 2005, for all bond issues is \$1,122,675,000. This amount includes bond issues with amounts remaining undrawn in trust asset accounts as shown in the following paragraph.

The conduit debt amount recorded by the authority is the offsetting liability to the funds held by the trustee asset account. These are funds owed to the borrowing entities, but have not yet been requested by the borrowers. The amounts are fully insured by the borrower for their respective amounts. The investments are held by the trustee and are invested in U.S. Federal Discount Notes as per the contract agreement. Total carrying value, which approximates market value, at June 30, 2005, is \$110,471,340. Earnings on funds held by the trustee flow through to the various entities and reduce interest expense on the amount of funds borrowed on their behalf.

I. Revenue and Support

Operating revenues in the fiscal year ended June 30, 2005, were from facilitating fees and additional payments for loan agreements which are due to the Public Building Authority of Sevier County, Tennessee, under the loan agreements for the Tennessee Local Government Alternative Loan Program

(TN-LOANS Program). The authority acts as a conduit issuer for various borrowers throughout the State of Tennessee. Each borrower under the TN-LOANS Program pays a fee on the outstanding balance of their loan based on the basis points provided for in the loan agreement for their particular bond issue. During 2005, the authority contributed \$25,000 to the program to defray legal costs for new programs.

J. Risk Management

The Public Building Authority of Sevier County, Tennessee, did not participate in any risk management strategies as of June 30, 2005, as it has no employees and owns minimal assets, other than cash which is insured by the Federal Depository Insurance Corporation.

The loan agreements under which bonds are issued require the security of either bond insurance provided by the borrower or other securities such as mortgage notes and trust deeds to indemnify the Public Building Authority of Sevier County, Tennessee.

K. Subsequent Event

Subsequent to June 30, 2005, the authority committed to complete construction of an in progress incubator building in the John L. Marshall Technology Park and approved engineering, management, and construction contracts totaling \$1,612,853 for this total project. Construction financing is provided by local bank lines of credit approved by the authority not to exceed \$1,700,000 in draws for the project related capital expenditures. The authority has entered into a sales agreement with a third party for the sale of the incubator building upon completion of the project. The closing of the sale of the facility was expected to occur prior to January 1, 2006.

Also, the authority approved the sale of approximately 19.66 acres in the Smith-Thomas Technology Park to an industry for construction of a new plant facility. The net proceeds of this sale at closing should approximate \$386,600. The closing occurred in July 2005.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 17,776,113	\$ 0	\$ 17,776,113	\$ 16,837,000	\$ 17,022,000	\$ 754,113
Licenses and Permits	287,079	0	287,079	215,000	215,000	72,079
Fines, Forfeitures, and Penalties	348,166	0	348,166	330,500	330,500	17,666
Charges for Current Services	2,567,977	0	2,567,977	2,756,000	2,756,000	(188,023)
Other Local Revenues	304,886	0	304,886	338,500	311,977	(7,091)
Fees Received from County Officials	4,893,422	0	4,893,422	4,745,000	4,745,000	148,422
State of Tennessee	1,801,498	0	1,801,498	1,702,500	1,712,500	88,998
Federal Government	624,526	0	624,526	337,000	566,000	58,526
Other Governments and Citizens Groups	38,782	0	38,782	18,500	18,500	20,282
Total Revenues	\$ 28,642,449	\$ 0	\$ 28,642,449	\$ 27,280,000	\$ 27,677,477	\$ 964,972
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 184,897	\$ 0	\$ 184,897	\$ 204,000	\$ 199,000	\$ 14,103
Beer Board	4,222	0	4,222	7,050	7,050	2,828
Other Boards and Committees	332,431	0	332,431	355,411	355,411	22,980
County Mayor	363,761	0	363,761	371,233	371,233	7,472
Election Commission	403,737	0	403,737	433,741	433,741	30,004
Register of Deeds	324,498	0	324,498	332,144	332,144	7,646
Planning	141,815	0	141,815	138,686	144,686	2,871
County Buildings	843,615	459	844,074	875,293	875,293	31,219
Other General Administration	278,008	0	278,008	283,115	283,115	5,107
Preservation of Records	112,594	0	112,594	120,352	120,352	7,758
<u>Finance</u>						
Property Assessor's Office	657,854	0	657,854	704,387	704,387	46,533
Reappraisal Program	52,305	0	52,305	53,932	53,932	1,627
County Trustee's Office	274,383	0	274,383	278,734	278,734	4,351

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	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	\$ 648,253	\$ 0	\$ 648,253	\$ 641,139	\$ 648,639	\$ 386
Data Processing	58,479	0	58,479	59,612	59,612	1,133
<u>Administration of Justice</u>						
Circuit Court	533,928	0	533,928	534,887	534,887	959
General Sessions Court	433,179	0	433,179	436,532	436,532	3,353
General Sessions Judge	283,768	0	283,768	288,149	288,149	4,381
Chancery Court	251,732	0	251,732	254,533	254,533	2,801
Juvenile Court	69,156	0	69,156	71,481	71,481	2,325
Judicial Commissioners	95,247	0	95,247	95,400	96,400	1,153
Other Administration of Justice	41,811	0	41,811	44,638	44,638	2,827
<u>Public Safety</u>						
Sheriff's Department	3,478,766	0	3,478,766	3,501,714	3,654,964	176,198
Drug Enforcement	138,506	0	138,506	173,317	146,794	8,288
Jail	2,079,149	0	2,079,149	2,099,038	2,099,038	19,889
Juvenile Services	225,072	0	225,072	231,666	231,666	6,594
Fire Prevention and Control	604,000	0	604,000	642,000	642,000	38,000
Civil Defense	3,000	0	3,000	3,000	3,000	0
Rescue Squad	90,000	0	90,000	90,000	90,000	0
Other Emergency Management	138,570	124	138,694	73,515	139,265	571
County Coroner/Medical Examiner	60,000	0	60,000	66,140	66,140	6,140
Other Public Safety	413,412	0	413,412	452,101	452,101	38,689
<u>Public Health and Welfare</u>						
Local Health Center	87,033	0	87,033	103,800	103,800	16,767
Rabies and Animal Control	40,000	0	40,000	40,000	40,000	0
Ambulance/Emergency Medical Services	2,680,657	0	2,680,657	2,726,414	2,726,414	45,757
Maternal and Child Health Services	256,089	0	256,089	347,237	347,237	91,148

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	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 Local Health Services	\$ 93,308	\$ 0	\$ 93,308	\$ 93,808	\$ 93,808	\$ 500
Regional Mental Health Center	0	0	0	10,000	10,000	10,000
Appropriation to State	82,490	0	82,490	82,490	82,490	0
Other Local Welfare Services	94,697	0	94,697	100,000	100,000	5,303
Other Public Health and Welfare	309,977	0	309,977	294,789	310,289	312
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	144,378	0	144,378	152,520	152,520	8,142
Libraries	553,491	0	553,491	541,210	553,610	119
Parks and Fair Boards	16,704	0	16,704	17,000	17,000	296
<u>Agriculture & Natural Resources</u>						
Agriculture Extension Service	154,489	0	154,489	156,437	156,437	1,948
Forest Service	1,000	0	1,000	1,000	1,000	0
Soil Conservation	23,392	0	23,392	23,392	23,392	0
<u>Other Operations</u>						
Tourism	109,403	0	109,403	110,000	110,000	597
Airport	2,600	0	2,600	500	3,100	500
Veterans' Services	77,385	0	77,385	77,763	77,763	378
Contributions to Other Agencies	131,194	0	131,194	136,425	136,425	5,231
Employee Benefits	4,897,157	0	4,897,157	5,020,000	5,020,000	122,843
Miscellaneous	974,910	0	974,910	943,300	1,043,300	68,390
<u>Highways</u>						
Litter and Trash Collection	108,313	0	108,313	109,265	109,265	952
Other Charges	33,724	0	33,724	27,000	35,000	1,276
<u>Capital Projects</u>						
Other General Government Projects	141,994	0	141,994	109,403	166,403	24,409
Total Expenditures	\$ 24,634,533	\$ 583	\$ 24,635,116	\$ 25,140,693	\$ 25,538,170	\$ 903,054

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,007,916	\$ (583)	\$ 4,007,333	\$ 2,139,307	\$ 2,139,307	\$ 1,868,026
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 12,000	\$ 12,000	\$ (12,000)
Transfers Out	(2,451,307)	0	(2,451,307)	(2,451,307)	(2,451,307)	0
Total Other Financing Sources (Uses)	<u>\$ (2,451,307)</u>	<u>\$ 0</u>	<u>\$ (2,451,307)</u>	<u>\$ (2,439,307)</u>	<u>\$ (2,439,307)</u>	<u>\$ (12,000)</u>
Net Change in Fund Balance	\$ 1,556,609	\$ (583)	\$ 1,556,026	\$ (300,000)	\$ (300,000)	\$ 1,856,026
Fund Balance, July 1, 2004	<u>3,390,656</u>	<u>0</u>	<u>3,390,656</u>	<u>2,300,426</u>	<u>2,300,426</u>	<u>1,090,230</u>
Fund Balance, June 30, 2005	<u>\$ 4,947,265</u>	<u>\$ (583)</u>	<u>\$ 4,946,682</u>	<u>\$ 2,000,426</u>	<u>\$ 2,000,426</u>	<u>\$ 2,946,256</u>

Exhibit F-2

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,645,258	\$ 0	\$ 0	\$ 4,645,258	\$ 4,290,542	\$ 4,290,542	\$ 354,716
Other Local Revenues	94,953	0	0	94,953	38,000	38,000	56,953
State of Tennessee	2,805,819	0	0	2,805,819	2,660,549	2,660,549	145,270
Federal Government	239,674	0	0	239,674	0	0	239,674
Other Governments and Citizens Groups	189,192	0	0	189,192	10,000	10,000	179,192
Total Revenues	\$ 7,974,896	\$ 0	\$ 0	\$ 7,974,896	\$ 6,999,091	\$ 6,999,091	\$ 975,805
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 178,221	\$ 0	\$ 0	\$ 178,221	\$ 203,400	\$ 204,400	\$ 26,179
Highway and Bridge Maintenance	3,878,324	0	4,594	3,882,918	3,539,932	4,364,250	481,332
Operation and Maintenance of Equipment	750,500	0	2,764	753,264	766,500	882,500	129,236
Quarry Operations	257,099	0	0	257,099	304,500	304,500	47,401
Other Charges	228,686	0	0	228,686	228,650	234,650	5,964
Employee Benefits	775,780	0	0	775,780	946,000	946,000	170,220
Capital Outlay	744,187	(352,914)	237,258	628,531	1,274,868	1,274,868	646,337
Total Expenditures	\$ 6,812,797	\$ (352,914)	\$ 244,616	\$ 6,704,499	\$ 7,263,850	\$ 8,211,168	\$ 1,506,669
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,162,099	\$ 352,914	\$ (244,616)	\$ 1,270,397	\$ (264,759)	\$ (1,212,077)	\$ 2,482,474
Net Change in Fund Balance	\$ 1,162,099	\$ 352,914	\$ (244,616)	\$ 1,270,397	\$ (264,759)	\$ (1,212,077)	\$ 2,482,474
Fund Balance, July 1, 2004	2,551,669	(352,914)	0	2,198,755	1,869,579	1,869,579	329,176
Fund Balance, June 30, 2005	\$ 3,713,768	\$ 0	\$ (244,616)	\$ 3,469,152	\$ 1,604,820	\$ 657,502	\$ 2,811,650

SEVIER COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 State 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, County Mayor, County Attorney, Election Commission, 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 generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for all solid waste transactions for the county.

Special Purpose Fund – The Special Purpose Fund is used for the accumulation of resources for expenditures of short-lived capital assets.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

District Attorney General Fund – The District Attorney General Fund is used to account for revenues received for the benefit of the Office of District Attorney General.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for transactions relating to industrial park capital projects.

Exhibit G-1

Sevier County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2005

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	206,751	34,007	97,842	94,427	35,108
Accounts Receivable	0	0	29	1,233	0
Due from Other Funds	0	0	97	109,061	0
Property Taxes Receivable	0	0	0	520,200	0
Allowance for Uncollectible Property Taxes	0	0	0	(19,272)	0
Total Assets	<u>\$ 206,751</u>	<u>\$ 34,007</u>	<u>\$ 97,968</u>	<u>\$ 705,649</u>	<u>\$ 35,108</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 1,200	\$ 279	\$ 755	\$ 9,089	\$ 0
Payroll Deductions Payable	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Deferred Revenue - Current Property Taxes	0	0	0	482,226	0
Deferred Revenue - Delinquent Property Taxes	0	0	0	13,485	0
Total Liabilities	<u>\$ 1,200</u>	<u>\$ 279</u>	<u>\$ 755</u>	<u>\$ 504,800</u>	<u>\$ 0</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 3,595	\$ 0
Unreserved	205,551	33,728	97,213	197,254	35,108
Total Fund Balances	<u>\$ 205,551</u>	<u>\$ 33,728</u>	<u>\$ 97,213</u>	<u>\$ 200,849</u>	<u>\$ 35,108</u>
Total Liabilities and Fund Balances	<u>\$ 206,751</u>	<u>\$ 34,007</u>	<u>\$ 97,968</u>	<u>\$ 705,649</u>	<u>\$ 35,108</u>

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>District Attorney General</u>	<u>Constitutional Officers - Fees</u>	<u>Total</u>	<u>Community Development/Industrial Park</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 17,630	\$ 17,630	\$ 0	\$ 17,630
Equity in Pooled Cash and Investments	25,711	0	493,846	22,579	516,425
Accounts Receivable	0	2,379	3,641	0	3,641
Due from Other Funds	0	0	109,158	0	109,158
Property Taxes Receivable	0	0	520,200	0	520,200
Allowance for Uncollectible Property Taxes	0	0	(19,272)	0	(19,272)
Total Assets	\$ 25,711	\$ 20,009	\$ 1,125,203	\$ 22,579	\$ 1,147,782
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 11,323	\$ 0	\$ 11,323
Payroll Deductions Payable	0	0	0	0	0
Due to Other Funds	0	20,009	20,009	0	20,009
Deferred Revenue - Current Property Taxes	0	0	482,226	0	482,226
Deferred Revenue - Delinquent Property Taxes	0	0	13,485	0	13,485
Total Liabilities	\$ 0	\$ 20,009	\$ 527,043	\$ 0	\$ 527,043
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 3,595	\$ 0	\$ 3,595
Unreserved	25,711	0	594,565	22,579	617,144
Total Fund Balances	\$ 25,711	\$ 0	\$ 598,160	\$ 22,579	\$ 620,739
Total Liabilities and Fund Balances	\$ 25,711	\$ 20,009	\$ 1,125,203	\$ 22,579	\$ 1,147,782

Exhibit G-2

Sevier County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Revenues</u>					
Local Taxes	\$ 21,152	\$ 8,636	\$ 0	\$ 492,592	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	7,749
Charges for Current Services	128,579	0	17,000	0	0
Other Local Revenues	0	0	0	0	762
State of Tennessee	0	0	0	9,175	0
Federal Government	0	0	0	129,123	0
Total Revenues	<u>\$ 149,731</u>	<u>\$ 8,636</u>	<u>\$ 17,000</u>	<u>\$ 630,890</u>	<u>\$ 8,511</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 80,881	\$ 0	\$ 0	\$ 71,601	\$ 0
Finance	0	0	0	100,967	0
Administration of Justice	0	6,871	0	31,903	0
Public Safety	0	0	0	234,776	44,000
Public Health and Welfare	0	0	2,555,763	155,585	0
Social, Cultural, and Recreational Services	0	0	0	39,181	0
Other Operations	1,487	0	0	9,625	0
Total Expenditures	<u>\$ 82,368</u>	<u>\$ 6,871</u>	<u>\$ 2,555,763</u>	<u>\$ 643,638</u>	<u>\$ 44,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 67,363</u>	<u>\$ 1,765</u>	<u>\$ (2,538,763)</u>	<u>\$ (12,748)</u>	<u>\$ (35,489)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 2,451,307	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,451,307</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 67,363	\$ 1,765	\$ (87,456)	\$ (12,748)	\$ (35,489)
Fund Balance, July 1, 2004	<u>138,188</u>	<u>31,963</u>	<u>184,669</u>	<u>213,597</u>	<u>70,597</u>
Fund Balance, June 30, 2005	<u><u>\$ 205,551</u></u>	<u><u>\$ 33,728</u></u>	<u><u>\$ 97,213</u></u>	<u><u>\$ 200,849</u></u>	<u><u>\$ 35,108</u></u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Capital Projects Fund	Total Nonmajor Governmental Funds
	District Attorney General	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 522,380	\$ 0	\$ 522,380
Fines, Forfeitures, and Penalties	28,039	0	35,788	0	35,788
Charges for Current Services	0	26,521	172,100	0	172,100
Other Local Revenues	60	0	822	12,000	12,822
State of Tennessee	0	0	9,175	0	9,175
Federal Government	0	0	129,123	0	129,123
Total Revenues	\$ 28,099	\$ 26,521	\$ 869,388	\$ 12,000	\$ 881,388
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 152,482	\$ 0	\$ 152,482
Finance	0	719	101,686	0	101,686
Administration of Justice	15,067	25,802	79,643	0	79,643
Public Safety	0	0	278,776	0	278,776
Public Health and Welfare	0	0	2,711,348	0	2,711,348
Social, Cultural, and Recreational Services	0	0	39,181	0	39,181
Other Operations	0	0	11,112	3,100	14,212
Total Expenditures	\$ 15,067	\$ 26,521	\$ 3,374,228	\$ 3,100	\$ 3,377,328
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,032	\$ 0	\$ (2,504,840)	\$ 8,900	\$ (2,495,940)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 2,451,307	\$ 0	\$ 2,451,307
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 2,451,307	\$ 0	\$ 2,451,307
Net Change in Fund Balances	\$ 13,032	\$ 0	\$ (53,533)	\$ 8,900	\$ (44,633)
Fund Balance, July 1, 2004	12,679	0	651,693	13,679	665,372
Fund Balance, June 30, 2005	\$ 25,711	\$ 0	\$ 598,160	\$ 22,579	\$ 620,739

Exhibit G-3

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse & Jail Maintenance Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 21,152	\$ 20,000	\$ 20,000	\$ 1,152
Charges for Current Services	128,579	130,000	130,000	(1,421)
Total Revenues	<u>\$ 149,731</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ (269)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 80,881	\$ 109,000	\$ 109,000	\$ 28,119
<u>Other Operations</u>				
Miscellaneous	1,487	1,750	1,750	263
<u>Capital Projects</u>				
Other General Government Projects	0	59,000	59,000	59,000
Total Expenditures	<u>\$ 82,368</u>	<u>\$ 169,750</u>	<u>\$ 169,750</u>	<u>\$ 87,382</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 67,363</u>	<u>\$ (19,750)</u>	<u>\$ (19,750)</u>	<u>\$ 87,113</u>
Net Change in Fund Balance	\$ 67,363	\$ (19,750)	\$ (19,750)	\$ 87,113
Fund Balance, July 1, 2004	<u>138,188</u>	<u>126,902</u>	<u>126,902</u>	<u>11,286</u>
Fund Balance, June 30, 2005	<u>\$ 205,551</u>	<u>\$ 107,152</u>	<u>\$ 107,152</u>	<u>\$ 98,399</u>

Exhibit G-4

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,636	\$ 8,000	\$ 8,000	\$ 636
Total Revenues	\$ 8,636	\$ 8,000	\$ 8,000	\$ 636
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 6,871	\$ 8,000	\$ 8,000	\$ 1,129
Total Expenditures	\$ 6,871	\$ 8,000	\$ 8,000	\$ 1,129
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,765	\$ 0	\$ 0	\$ 1,765
Net Change in Fund Balance	\$ 1,765	\$ 0	\$ 0	\$ 1,765
Fund Balance, July 1, 2004	31,963	34,448	34,448	(2,485)
Fund Balance, June 30, 2005	\$ 33,728	\$ 34,448	\$ 34,448	\$ (720)

Exhibit G-5

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 17,000	\$ 17,000	\$ 17,000	\$ 0
Total Revenues	\$ 17,000	\$ 17,000	\$ 17,000	\$ 0
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,555,763	\$ 2,468,307	\$ 2,556,307	\$ 544
Total Expenditures	\$ 2,555,763	\$ 2,468,307	\$ 2,556,307	\$ 544
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,538,763)	\$ (2,451,307)	\$ (2,539,307)	\$ 544
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,451,307	\$ 2,451,307	\$ 2,451,307	\$ 0
Total Other Financing Sources (Uses)	\$ 2,451,307	\$ 2,451,307	\$ 2,451,307	\$ 0
Net Change in Fund Balance	\$ (87,456)	\$ 0	\$ (88,000)	\$ 544
Fund Balance, July 1, 2004	184,669	187,496	187,496	(2,827)
Fund Balance, June 30, 2005	\$ 97,213	\$ 187,496	\$ 99,496	\$ (2,283)

Exhibit G-6

Sevier County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Special Purpose Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 492,592	\$ 0	\$ 492,592	\$ 485,000	\$ 490,000	\$ 2,592
Other Local Revenues	0	0	0	15,000	15,000	(15,000)
State of Tennessee	9,175	0	9,175	0	19,100	(9,925)
Federal Government	129,123	0	129,123	0	130,000	(877)
Total Revenues	\$ 630,890	\$ 0	\$ 630,890	\$ 500,000	\$ 654,100	\$ (23,210)
<u>Expenditures</u>						
<u>General Government</u>						
County Mayor	\$ 9,089	\$ 3,595	\$ 12,684	\$ 17,000	\$ 17,000	\$ 4,316
Election Commission	0	0	0	100,000	100,000	100,000
Register of Deeds	9,048	0	9,048	9,950	9,950	902
County Buildings	27,070	0	27,070	28,500	28,500	1,430
Other General Administration	26,394	0	26,394	26,394	26,394	0
<u>Finance</u>						
Property Assessor's Office	68,289	0	68,289	74,000	74,000	5,711
County Trustee's Office	17,678	0	17,678	17,678	17,678	0
County Clerk's Office	15,000	0	15,000	15,000	15,000	0
<u>Administration of Justice</u>						
Circuit Court	10,000	0	10,000	10,000	10,000	0
General Sessions Court	21,903	0	21,903	25,000	25,000	3,097
<u>Public Safety</u>						
Sheriff's Department	204,824	0	204,824	178,000	313,000	108,176
Juvenile Services	4,000	0	4,000	4,000	4,000	0
Other Emergency Management	25,952	0	25,952	26,000	26,000	48
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	155,585	0	155,585	155,600	155,600	15

(Continued)

Exhibit G-6

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Special Purpose Fund (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
Libraries	\$ 39,181	\$ 0	\$ 39,181	\$ 20,100	\$ 39,200	\$ 19
<u>Other Operations</u>						
Other Charges	9,625	0	9,625	10,000	10,000	375
Total Expenditures	<u>\$ 643,638</u>	<u>\$ 3,595</u>	<u>\$ 647,233</u>	<u>\$ 717,222</u>	<u>\$ 871,322</u>	<u>\$ 224,089</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (12,748)</u>	<u>\$ (3,595)</u>	<u>\$ (16,343)</u>	<u>\$ (217,222)</u>	<u>\$ (217,222)</u>	<u>\$ 200,879</u>
Net Change in Fund Balance	\$ (12,748)	\$ (3,595)	\$ (16,343)	\$ (217,222)	\$ (217,222)	\$ 200,879
Fund Balance, July 1, 2004	<u>213,597</u>	<u>0</u>	<u>213,597</u>	<u>239,847</u>	<u>239,847</u>	<u>(26,250)</u>
Fund Balance, June 30, 2005	<u>\$ 200,849</u>	<u>\$ (3,595)</u>	<u>\$ 197,254</u>	<u>\$ 22,625</u>	<u>\$ 22,625</u>	<u>\$ 174,629</u>

Exhibit G-7

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 7,749	\$ 10,000	\$ 10,000	\$ (2,251)
Other Local Revenues	762	0	0	762
Total Revenues	<u>\$ 8,511</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (1,489)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 44,000	\$ 46,000	\$ 46,000	\$ 2,000
Total Expenditures	<u>\$ 44,000</u>	<u>\$ 46,000</u>	<u>\$ 46,000</u>	<u>\$ 2,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,489)</u>	<u>\$ (36,000)</u>	<u>\$ (36,000)</u>	<u>\$ 511</u>
Net Change in Fund Balance	\$ (35,489)	\$ (36,000)	\$ (36,000)	\$ 511
Fund Balance, July 1, 2004	<u>70,597</u>	<u>100,597</u>	<u>100,597</u>	<u>(30,000)</u>
Fund Balance, June 30, 2005	<u>\$ 35,108</u>	<u>\$ 64,597</u>	<u>\$ 64,597</u>	<u>\$ (29,489)</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

Exhibit H

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,940,936	\$ 3,548,075	\$ 3,548,075	\$ 392,861
Other Local Revenues	1,185,504	900,000	900,759	284,745
Other Governments and Citizens Groups	5,352,414	5,678,175	5,677,416	(325,002)
Total Revenues	\$ 10,478,854	\$ 10,126,250	\$ 10,126,250	\$ 352,604
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 4,246,600	\$ 4,478,242	\$ 4,478,242	\$ 231,642
<u>Interest</u>				
General Government	3,649,366	4,435,391	4,435,391	786,025
<u>Other Debt Service</u>				
General Government	2,724,859	244,650	2,728,090	3,231
Total Expenditures	\$ 10,620,825	\$ 9,158,283	\$ 11,641,723	\$ 1,020,898
Excess (Deficiency) of Revenues Over Expenditures	\$ (141,971)	\$ 967,967	\$ (1,515,473)	\$ 1,373,502
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 2,483,440	\$ 0	\$ 2,483,440	\$ 0
Total Other Financing Sources (Uses)	\$ 2,483,440	\$ 0	\$ 2,483,440	\$ 0
Net Change in Fund Balance	\$ 2,341,469	\$ 967,967	\$ 967,967	\$ 1,373,502
Fund Balance, July 1, 2004	15,312,773	15,257,864	15,257,864	54,909
Fund Balance, June 30, 2005	\$ 17,654,242	\$ 16,225,831	\$ 16,225,831	\$ 1,428,411

Proprietary Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or to other governments, on a cost-reimbursement basis.

Employee Insurance - Health Fund – The Employee Insurance - Health Fund is used to account for the county’s self-insured health insurance program. Premiums charged to the various county operating funds and employee payroll deductions are placed in this fund for the payment of medical claims of county employees.

Employee Insurance - Dental Fund – The Employee Insurance - Dental Fund is used to account for the county’s self-insured dental insurance program. Premiums charged to the various county operating funds and employee payroll deductions are placed in this fund for the payment of dental claims of county employees.

Workers’ Compensation Fund – The Workers’ Compensation Fund is used to account for the county’s self-insured workers’ compensation program. Premiums charged to the various county operating funds are placed in this fund for the payment of claims.

Exhibit I-1

Sevier County, Tennessee
Combining Statement of Net Assets
Proprietary Funds
June 30, 2005

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental	Worker's Compensation	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 381,309	\$ 39,197	\$ 313,675	\$ 734,181
Accounts Receivable	246,237	0	61,989	308,226
Due from Other Funds	100,000	0	50,000	150,000
Total Assets	<u>\$ 727,546</u>	<u>\$ 39,197</u>	<u>\$ 425,664</u>	<u>\$ 1,192,407</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 271,500	\$ 3,505	\$ 42,517	\$ 317,522
Total Liabilities	<u>\$ 271,500</u>	<u>\$ 3,505</u>	<u>\$ 42,517</u>	<u>\$ 317,522</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 456,046</u>	<u>\$ 35,692</u>	<u>\$ 383,147</u>	<u>\$ 874,885</u>
Total Net Assets	<u>\$ 456,046</u>	<u>\$ 35,692</u>	<u>\$ 383,147</u>	<u>\$ 874,885</u>

Exhibit I-2

Sevier County, Tennessee
Combining Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Internal Service Funds			Total
	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 4,077,907	\$ 71,626	\$ 389,674	\$ 4,539,207
Other Employee Benefit Charges/Contributions	86,887	2,197	0	89,084
Total Operating Revenues	\$ 4,164,794	\$ 73,823	\$ 389,674	\$ 4,628,291
<u>Operating Expenses</u>				
Handling Charges & Administrative Costs	\$ 195,053	\$ 6,139	\$ 53,239	\$ 254,431
Life Insurance	17,405	0	0	17,405
Excess Risk Insurance	543,776	0	0	543,776
Medical Claims	3,056,710	58,626	294,767	3,410,103
Total Operating Expenses	\$ 3,812,944	\$ 64,765	\$ 348,006	\$ 4,225,715
Operating Income (Loss)	\$ 351,850	\$ 9,058	\$ 41,668	\$ 402,576
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 0	\$ 215	\$ 1,184	\$ 1,399
Total Nonoperating Revenues (Expenses)	\$ 0	\$ 215	\$ 1,184	\$ 1,399
Change in Net Assets	\$ 351,850	\$ 9,273	\$ 42,852	\$ 403,975
Net Assets, July 1, 2004	104,196	26,419	340,295	470,910
Net Assets, June 30, 2005	\$ 456,046	\$ 35,692	\$ 383,147	\$ 874,885

Sevier County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Internal Service Funds			Total
	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compen- sation	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts for self-insurance premiums	\$ 3,789,782	\$ 71,626	\$ 279,679	\$ 4,141,087
Receipts for patient charges	86,887	2,197	0	89,084
Payments to insurers	(561,181)	0	0	(561,181)
Payments for claims	(2,928,886)	(62,409)	(378,001)	(3,369,296)
Payments for administrative costs	(195,053)	(6,139)	(53,239)	(254,431)
Net cash provided by (used in) operating activities	\$ 191,549	\$ 5,275	\$ (151,561)	\$ 45,263
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest on investments	\$ 0	\$ 215	\$ 1,184	\$ 1,399
Net cash provided by (used in) investing activities	\$ 0	\$ 215	\$ 1,184	\$ 1,399
Increase (decrease) in cash and cash equivalents	\$ 191,549	\$ 5,490	\$ (150,377)	\$ 46,662
Cash and cash equivalents, July 1, 2004	189,760	33,707	464,052	687,519
Cash and cash equivalents, June 30, 2005	\$ 381,309	\$ 39,197	\$ 313,675	\$ 734,181
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>				
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ 351,850	\$ 9,058	\$ 41,668	\$ 402,576
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:				
Changes in Assets and Liabilities:				
(Increase) decrease in current receivables	(203,982)	0	(111,283)	(315,265)
Increase (decrease) in other current liabilities	43,681	(3,783)	(81,946)	(42,048)
Net cash provided by (used in) operating activities	\$ 191,549	\$ 5,275	\$ (151,561)	\$ 45,263

Fiduciary Funds

Agency Funds are used to account for assets held by the county 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.

Joint Venture Fund – The Joint Venture Fund is used to account for transactions of the Judicial District Drug Task force, a joint venture of the various law enforcement agencies of the Fourth Judicial District.

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 court clerk, general sessions court clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit J-1

Sevier County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	Agency Funds			Total
	Cities - Sales Tax	Joint Venture	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 59,178	\$ 0	\$ 59,178
Cash	0	0	9,490,894	9,490,894
Investments	0	0	17,315	17,315
Accounts Receivable	0	0	8,521	8,521
Due from Other Governments	5,026,327	0	0	5,026,327
Cash Shortage	0	0	33,332	33,332
Total Assets	<u>\$ 5,026,327</u>	<u>\$ 59,178</u>	<u>\$ 9,550,062</u>	<u>\$ 14,635,567</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 5,026,327	\$ 0	\$ 0	\$ 5,026,327
Due to Litigants, Heirs, and Others	0	0	9,550,062	9,550,062
Due to Joint Ventures	0	59,178	0	59,178
Total Liabilities	<u>\$ 5,026,327</u>	<u>\$ 59,178</u>	<u>\$ 9,550,062</u>	<u>\$ 14,635,567</u>

Sevier County School Department

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

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit K-1

Sevier County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 6,280	\$ 6,280
Equity in Pooled Cash and Investments	7,447,194	6,358,027	13,805,221
Accounts Receivable	690,312	0	690,312
Due from Other Governments	6,317,408	0	6,317,408
Due from Primary Government	84,169	0	84,169
Property Taxes Receivable	20,547,874	0	20,547,874
Allowance for Uncollectible Property Taxes	(761,260)	0	(761,260)
Total Assets	<u>\$ 34,325,697</u>	<u>\$ 6,364,307</u>	<u>\$ 40,690,004</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 639,476	\$ 0	\$ 639,476
Contracts Payable	0	58,197	58,197
Retainage Payable	0	283,645	283,645
Deferred Revenue - Current Property Taxes	19,047,895	0	19,047,895
Deferred Revenue - Delinquent Property Taxes	532,660	0	532,660
Other Deferred Revenues	3,887,997	0	3,887,997
Total Liabilities	<u>\$ 24,108,028</u>	<u>\$ 341,842</u>	<u>\$ 24,449,870</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 1,344,915	\$ 488,797	\$ 1,833,712
Reserved for Career Ladder - Extended Contract	41,273	0	41,273
Reserved for Career Ladder Program	10,394	0	10,394
Reserved for Title I Grants to Local Education Agencies	0	932,032	932,032
Other Federal Reserves	0	472,307	472,307
Unreserved, Reported In:			
General Fund	8,821,087	0	8,821,087
Special Revenue Funds	0	973,014	973,014
Capital Projects Funds	0	3,156,315	3,156,315
Total Fund Balances	<u>\$ 10,217,669</u>	<u>\$ 6,022,465</u>	<u>\$ 16,240,134</u>
Total Liabilities and Fund Balances	<u>\$ 34,325,697</u>	<u>\$ 6,364,307</u>	<u>\$ 40,690,004</u>

Exhibit K-2

Sevier County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Sevier County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit K-1)		\$	16,240,134
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			79,459,911
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			4,420,657
(3) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.			(5,025)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Notes payable	\$	34,611	
Capital leases payable		<u>1,628,567</u>	<u>(1,663,178)</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>98,452,499</u></u>

Exhibit K-3

Sevier County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2005

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 49,078,534	\$ 0	\$ 49,078,534
Licenses and Permits	236,338	0	236,338
Charges for Current Services	170,226	2,336,688	2,506,914
Other Local Revenues	747,198	35,806	783,004
State of Tennessee	34,300,315	65,277	34,365,592
Federal Government	300,016	8,602,920	8,902,936
Other Governments and Citizens Groups	0	9,185,000	9,185,000
Total Revenues	<u>\$ 84,832,627</u>	<u>\$ 20,225,691</u>	<u>\$ 105,058,318</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 49,480,821	\$ 3,723,444	\$ 53,204,265
Support Services	28,658,788	2,062,015	30,720,803
Operation of Non-Instructional Services	774,496	4,786,268	5,560,764
Capital Outlay	326,292	0	326,292
Debt Service:			
Principal	296,860	0	296,860
Interest	63,211	0	63,211
Other Debt Service	5,352,414	0	5,352,414
Capital Projects	0	8,257,607	8,257,607
Total Expenditures	<u>\$ 84,952,882</u>	<u>\$ 18,829,334</u>	<u>\$ 103,782,216</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (120,255)</u>	<u>\$ 1,396,357</u>	<u>\$ 1,276,102</u>
<u>Other Financing Sources (Uses)</u>			
Capital Leases Issued	\$ 1,320,214	\$ 600,018	\$ 1,920,232
Total Other Financing Sources (Uses)	<u>\$ 1,320,214</u>	<u>\$ 600,018</u>	<u>\$ 1,920,232</u>
Net Change in Fund Balances	\$ 1,199,959	\$ 1,996,375	\$ 3,196,334
Fund Balance, July 1, 2004	9,017,710	4,026,090	13,043,800
Fund Balance, June 30, 2005	<u>\$ 10,217,669</u>	<u>\$ 6,022,465</u>	<u>\$ 16,240,134</u>

Exhibit K-4

Sevier County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit K-3)		\$ 3,196,334
(1) Governmental funds report capital outlay 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 amount that depreciation differs from capital outlays is itemized as follows:		
Add: Capital outlays in the current period	\$ 14,468,865	
Less: Current year depreciation	<u>(2,956,803)</u>	11,512,062
(2) Governmental funds only report the disposal of capital assets to the extent proceeds are received from the disposal. In the statement of activities, gains or losses are recorded for disposals.		
Less: Proceeds received from disposals of capital assets	\$ (117,900)	
Add: Gain on disposal of capital assets	<u>37,788</u>	(80,112)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$ (3,345,283)	
For the year ended June 30, 2005	<u>4,420,657</u>	1,075,374
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: Capital leases issued	\$ (1,920,232)	
Add: Principal payment on capital leases	5,195	
Add: Principal payment on notes	<u>291,665</u>	(1,623,372)
(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	\$ <u>(4,285)</u>	<u>(4,285)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 14,076,001</u>

Exhibit K-5

Sevier County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2005

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 6,280	\$ 6,280	\$ 0	\$ 6,280
Equity in Pooled Cash and Investments	1,404,339	966,734	2,371,073	3,986,954	6,358,027
Total Assets	\$ 1,404,339	\$ 973,014	\$ 2,377,353	\$ 3,986,954	\$ 6,364,307
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Contracts Payable	\$ 0	\$ 0	\$ 0	\$ 58,197	\$ 58,197
Retainage Payable	0	0	0	283,645	283,645
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 341,842	\$ 341,842
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 488,797	\$ 488,797
Reserved for Title I Grants to Local Education Agencies	932,032	0	932,032	0	932,032
Other Federal Reserves	472,307	0	472,307	0	472,307
Unreserved	0	973,014	973,014	3,156,315	4,129,329
Total Fund Balances	\$ 1,404,339	\$ 973,014	\$ 2,377,353	\$ 3,645,112	\$ 6,022,465
Total Liabilities and Fund Balances	\$ 1,404,339	\$ 973,014	\$ 2,377,353	\$ 3,986,954	\$ 6,364,307

Exhibit K-6

Sevier County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2005

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 2,336,688	\$ 2,336,688	\$ 0	\$ 2,336,688
Other Local Revenues	0	22,661	22,661	13,145	35,806
State of Tennessee	0	65,277	65,277	0	65,277
Federal Government	6,037,458	2,565,462	8,602,920	0	8,602,920
Other Governments and Citizens Groups	0	0	0	9,185,000	9,185,000
Total Revenues	<u>\$ 6,037,458</u>	<u>\$ 4,990,088</u>	<u>\$ 11,027,546</u>	<u>\$ 9,198,145</u>	<u>\$ 20,225,691</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 3,723,444	\$ 0	\$ 3,723,444	\$ 0	\$ 3,723,444
Support Services	2,062,015	0	2,062,015	0	2,062,015
Operation of Non-Instructional Services	0	4,786,268	4,786,268	0	4,786,268
Capital Projects	0	0	0	8,257,607	8,257,607
Total Expenditures	<u>\$ 5,785,459</u>	<u>\$ 4,786,268</u>	<u>\$ 10,571,727</u>	<u>\$ 8,257,607</u>	<u>\$ 18,829,334</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 251,999</u>	<u>\$ 203,820</u>	<u>\$ 455,819</u>	<u>\$ 940,538</u>	<u>\$ 1,396,357</u>
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 600,018	\$ 600,018
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 600,018</u>	<u>\$ 600,018</u>
Net Change in Fund Balances	\$ 251,999	\$ 203,820	\$ 455,819	\$ 1,540,556	\$ 1,996,375
Fund Balance, July 1, 2004	<u>1,152,340</u>	<u>769,194</u>	<u>1,921,534</u>	<u>2,104,556</u>	<u>4,026,090</u>
Fund Balance, June 30, 2005	<u>\$ 1,404,339</u>	<u>\$ 973,014</u>	<u>\$ 2,377,353</u>	<u>\$ 3,645,112</u>	<u>\$ 6,022,465</u>

Exhibit K-7

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sevier County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 49,078,534	\$ 0	\$ 0	\$ 49,078,534	\$ 47,324,893	\$ 48,310,710	\$ 767,824
Licenses and Permits	236,338	0	0	236,338	245,000	230,000	6,338
Charges for Current Services	170,226	0	0	170,226	145,000	156,000	14,226
Other Local Revenues	747,198	0	0	747,198	581,300	1,261,828	(514,630)
State of Tennessee	34,300,315	0	0	34,300,315	33,274,904	34,103,387	196,928
Federal Government	300,016	0	0	300,016	365,941	345,172	(45,156)
Total Revenues	\$ 84,832,627	\$ 0	\$ 0	\$ 84,832,627	\$ 81,937,038	\$ 84,407,097	\$ 425,530
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 40,389,442	\$ (705,724)	\$ 771,928	\$ 40,455,646	\$ 41,496,749	\$ 41,457,766	\$ 1,002,120
Alternative Instruction Program	450,948	0	0	450,948	402,015	458,297	7,349
Special Education Program	6,489,222	0	877	6,490,099	6,561,732	6,617,516	127,417
Vocational Education Program	2,019,094	(1,158)	350	2,018,286	2,037,295	2,053,878	35,592
Adult Education Program	132,115	0	0	132,115	158,714	163,323	31,208
<u>Support Services</u>							
Attendance	379,610	0	0	379,610	417,395	421,493	41,883
Health Services	462,856	(5,237)	4,022	461,641	480,590	482,540	20,899
Other Student Support	1,989,010	0	0	1,989,010	2,000,413	2,059,103	70,093
Regular Instruction Program	2,864,282	(18,910)	18,597	2,863,969	2,972,303	2,999,190	135,221
Special Education Program	382,495	(20,103)	2,956	365,348	358,535	367,174	1,826
Vocational Education Program	163,954	0	0	163,954	167,898	167,226	3,272
Adult Programs	85,753	0	0	85,753	91,566	90,566	4,813
Board of Education	1,523,916	0	0	1,523,916	1,542,653	1,660,621	136,705
Director of Schools	189,394	0	0	189,394	195,339	203,147	13,753
Office of the Principal	5,923,033	(34,921)	66,838	5,954,950	6,001,650	6,120,400	165,450

(Continued)

Exhibit K-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 698,467	\$ (4,897)	\$ 3,298	\$ 696,868	\$ 772,066	\$ 766,615	\$ 69,747
Operation of Plant	5,575,964	0	24,683	5,600,647	6,386,806	6,004,121	403,474
Maintenance of Plant	3,762,083	(1,010)	5,727	3,766,800	2,594,407	3,911,364	144,564
Transportation	4,657,971	(754,131)	1,463	3,905,303	3,558,090	4,257,569	352,266
<u>Operation of Non-Instructional Services</u>							
Food Service	635,833	0	0	635,833	599,983	656,483	20,650
Community Services	138,663	(1,031)	117	137,749	137,982	137,981	232
<u>Capital Outlay</u>							
Regular Capital Outlay	326,292	(417,840)	444,059	352,511	1,246,445	1,161,945	809,434
<u>Principal</u>							
Education	296,860	0	0	296,860	0	296,860	0
<u>Interest</u>							
Education	63,211	0	0	63,211	0	63,211	0
<u>Other Debt Service</u>							
Education	5,352,414	0	0	5,352,414	5,678,175	5,352,414	0
Total Expenditures	\$ 84,952,882	\$ (1,964,962)	\$ 1,344,915	\$ 84,332,835	\$ 85,858,801	\$ 87,930,803	\$ 3,597,968
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (120,255)	\$ 1,964,962	\$ (1,344,915)	\$ 499,792	\$ (3,921,763)	\$ (3,523,706)	\$ 4,023,498
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 1,320,214	\$ 0	\$ 0	\$ 1,320,214	\$ 0	\$ 1,320,214	\$ 0
Total Other Financing Sources (Uses)	\$ 1,320,214	\$ 0	\$ 0	\$ 1,320,214	\$ 0	\$ 1,320,214	\$ 0

(Continued)

Exhibit K-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 1,199,959	\$ 1,964,962	\$ (1,344,915)	\$ 1,820,006	\$ (3,921,763)	\$ (2,203,492)	\$ 4,023,498
Fund Balance, July 1, 2004	9,017,710	(1,964,962)	0	7,052,748	6,900,482	6,900,482	152,266
Fund Balance, June 30, 2005	\$ 10,217,669	\$ 0	\$ (1,344,915)	\$ 8,872,754	\$ 2,978,719	\$ 4,696,990	\$ 4,175,764

Exhibit K-8

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sevier County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 6,037,458	\$ 5,311,960	\$ 6,612,441	\$ (574,983)
Total Revenues	\$ 6,037,458	\$ 5,311,960	\$ 6,612,441	\$ (574,983)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,324,403	\$ 2,827,749	\$ 3,576,252	\$ 1,251,849
Special Education Program	1,189,560	1,298,195	1,189,558	(2)
Vocational Education Program	209,481	182,535	233,458	23,977
<u>Support Services</u>				
Health Services	142,011	101,013	147,945	5,934
Other Student Support	1,147,199	829,467	1,160,616	13,417
Regular Instruction Program	474,034	752,835	1,009,756	535,722
Vocational Education Program	30,155	25,000	32,216	2,061
Transportation	268,616	211,441	268,615	(1)
<u>Capital Outlay</u>				
Regular Capital Outlay	0	90,314	90,314	90,314
Total Expenditures	\$ 5,785,459	\$ 6,318,549	\$ 7,708,730	\$ 1,923,271
Excess (Deficiency) of Revenues Over Expenditures	\$ 251,999	\$ (1,006,589)	\$ (1,096,289)	\$ 1,348,288
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 57,790	\$ (57,790)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 57,790	\$ (57,790)
Net Change in Fund Balance	\$ 251,999	\$ (1,006,589)	\$ (1,038,499)	\$ 1,290,498
Fund Balance, July 1, 2004	1,152,340	1,152,340	1,152,340	0
Fund Balance, June 30, 2005	\$ 1,404,339	\$ 145,751	\$ 113,841	\$ 1,290,498

Exhibit K-9

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sevier County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 2,336,688	\$ 2,223,000	\$ 2,187,232	\$ 149,456
Other Local Revenues	22,661	7,800	15,800	6,861
State of Tennessee	65,277	66,128	65,277	0
Federal Government	2,565,462	2,300,000	2,393,000	172,462
Total Revenues	<u>\$ 4,990,088</u>	<u>\$ 4,596,928</u>	<u>\$ 4,661,309</u>	<u>\$ 328,779</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 4,786,268	\$ 4,838,798	\$ 4,891,906	\$ 105,638
Total Expenditures	<u>\$ 4,786,268</u>	<u>\$ 4,838,798</u>	<u>\$ 4,891,906</u>	<u>\$ 105,638</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 203,820</u>	<u>\$ (241,870)</u>	<u>\$ (230,597)</u>	<u>\$ 434,417</u>
Net Change in Fund Balance	\$ 203,820	\$ (241,870)	\$ (230,597)	\$ 434,417
Fund Balance, July 1, 2004	769,194	768,401	768,401	793
Fund Balance, June 30, 2005	<u>\$ 973,014</u>	<u>\$ 526,531</u>	<u>\$ 537,804</u>	<u>\$ 435,210</u>

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sevier County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Leases
Primary Government and Discretely Presented Sevier County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Capital Outlay Note - Land Purchase	\$ 900,000	6 %	6-1-01	6-1-08	\$ 600,000	\$ 0	\$ 100,000	\$ 500,000
Land Capital Outlay Note, Series 2001	132,375	4.5	10-22-01	10-22-08	102,375	0	15,000	87,375
Total Notes Payable					<u>\$ 702,375</u>	<u>\$ 0</u>	<u>\$ 115,000</u>	<u>\$ 587,375</u>
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Public Building Authority, Series A-2	4,700,000	Variable	6-1-1995	6-1-10	\$ 2,450,000	\$ 0	\$ 355,000	\$ 2,095,000
Public Building Authority, Series F-1	9,000,000	Variable	5-20-1996	5-20-11	8,700,000	0	550,000	8,150,000
Public Building Authority, Series A-1 - Water Board	(1)	Variable	6-1-1995	6-1-10	314,600	0	21,600	293,000
Public Building Authority, Series IV- A-2	14,435,000 (4)	Variable	12-1-1999	6-1-25	14,240,000	0	30,000	14,210,000
Public Building Authority, Series IV-E-4	4,000,000 (4)	Variable	10-1-00	6-1-20	2,019,878	1,560,122	150,000	3,430,000
Public Building Authority, Series IV-H-3	3,000,000 (4)	Variable	10-1-01	5-25-25	2,854,107	145,893	0	3,000,000
Public Building Authority, Series V-A-1	(2) (5)	Variable	12-1-02	6-1-25	15,931,209	10,622,656	0	26,553,865
Public Building Authority, Series VI-E-1	(3)	Variable	5-1-05	6-1-20	0	2,483,440	0	2,483,440
Total Other Loans Payable					<u>\$ 46,509,794</u>	<u>\$ 14,812,111</u>	<u>\$ 1,106,600</u>	<u>\$ 60,215,305</u>
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds, Series 1999A	9,725,000	3.4 to 4.45	1-5-1999	4-1-16	\$ 9,315,000	\$ 0	\$ 65,000	\$ 9,250,000
General Obligation Refunding Bonds, Series 1999B	4,425,000	3.45 to 4.15	1-5-1999	4-1-09	3,040,000	0	670,000	2,370,000
General Obligation Refunding Bonds, Series 2001	4,985,000	3	10-1-01	10-1-05	1,360,000	0	985,000	375,000

(Continued)

Exhibit L-1

Sevier County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Leases
Primary Government and Discretely Presented Sevier County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>BONDS PAYABLE (CONT.)</u>								
<u>Payable through General Debt Service Fund (Cont.)</u>								
School Refunding Bonds, Series 2002	\$ 19,415,000	2 to 4.5 %	10-30-02	4-1-16	\$ 19,125,000	\$ 0	\$ 1,305,000	\$ 17,820,000
Total Bonds Payable					<u>\$ 32,840,000</u>	<u>\$ 0</u>	<u>\$ 3,025,000</u>	<u>\$ 29,815,000</u>
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Energy Efficiency Loan Program	39,806	3	11-7-03	12-15-10	\$ 39,806	\$ 0	\$ 5,195	\$ 34,611
Total Notes Payable					<u>\$ 39,806</u>	<u>\$ 0</u>	<u>\$ 5,195</u>	<u>\$ 34,611</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
GeoThermal Boyds Creek	600,018	3.29	7-13-04	6-1-10	\$ 0	\$ 600,018	\$ 91,137	\$ 508,881
Lighting Retrofit	1,320,214	3.29	7-13-04	6-1-10	0	1,320,214	200,528	1,119,686
Total Capital Leases Payable					<u>\$ 0</u>	<u>\$ 1,920,232</u>	<u>\$ 291,665</u>	<u>\$ 1,628,567</u>

- (1) Total amount of issue is \$7,500,000 (of which Sevier County is liable for 6%).
- (2) Total amount available under this Sevier County Loan Agreement is \$27,500,000, of which \$946,135 had not been drawn as of June 30, 2005.
- (3) Total amount of issue is \$7,400,000 (of which Sevier County is liable for 33.56%).
- (4) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements.
- (5) Of this issue, \$13 million was swapped from variable to synthetic fixed rate by execution of a swap agreement.

Exhibit L-2

Sevier County, Tennessee
Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 3,120,000	\$ 1,171,880	\$ 4,291,880
2007	3,170,000	1,070,660	4,240,660
2008	3,305,000	960,020	4,265,020
2009	1,855,000	839,623	2,694,623
2010	1,905,000	772,690	2,677,690
2011	2,370,000	701,890	3,071,890
2012	2,450,000	613,643	3,063,643
2013	2,755,000	517,943	3,272,943
2014	2,885,000	396,355	3,281,355
2015	3,000,000	268,500	3,268,500
2016	3,000,000	134,500	3,134,500
Total	\$ 29,815,000	\$ 7,447,704	\$ 37,262,704

Exhibit L-3

Sevier County, Tennessee
Schedule of Transfers - All Funds
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	To provide funds for operations	<u>\$ 2,451,307</u>
Total Transfers			<u>\$ 2,451,307</u>

Exhibit L-4

Sevier County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 103,150 (1)	\$ 50,000	National Grange Mutual Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u> , and County Commission	81,506 (1)	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	112,184 (2)	100,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, <u>TCA</u> , and County Commission	71,681 (1)	2,143,000	National Grange Mutual Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u> , and County Commission	71,681 (1)	10,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	71,681 (1)	50,000	National Grange Mutual Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	71,681 (1)	50,000	"
General Sessions Court Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	71,681 (1)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , Chancery Court Judge, and County Commission	97,483 (3)(1)	50,000	"
Register	Section 8-24-102, <u>TCA</u> , and County Commission	71,681 (1)	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	80,415 (4)(1)	25,000	"
Employee Blanket Bonds - All County Employees:				
	Public Employee Dishonesty		10,000	"

- (1) The County Commission has elected to set the officials salaries at amounts greater than the minimum required by statute.
(2) Includes chief executive officer training supplement of \$1,000.
(3) Includes special commissioner fees of \$25,802.
(4) Includes law enforcement training supplement of \$600 and \$966 for superintendent of the workhouse.

Exhibit L-5

Sevier County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2005

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 11,222,831	\$ 0	\$ 0	\$ 0	\$ 449,389	\$ 0
Trustee's Collections - Prior Year	374,048	0	0	0	16,247	0
Circuit/Clerk & Master Collections - Prior Years	233,323	0	0	0	10,144	0
Interest and Penalty	86,650	0	0	0	3,684	0
Payments in Lieu of Taxes - T.V.A.	2,700	0	0	0	108	0
Payments in Lieu of Taxes - Local Utilities	131,607	0	0	0	5,337	0
Payments in Lieu of Taxes - Other	56,657	0	0	0	2,179	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	3,125,034	0	0	0	0	0
Litigation Tax - General	275,468	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	8,636	0	0	0
Business Tax	1,766,450	0	0	0	0	0
Other County Local Option Taxes	0	21,152	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	137,596	0	0	0	5,504	0
Wholesale Beer Tax	346,722	0	0	0	0	0
Interstate Telecommunications Tax	17,027	0	0	0	0	0
Total Local Taxes	\$ 17,776,113	\$ 21,152	\$ 8,636	\$ 0	\$ 492,592	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 287,079	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 287,079	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 16,295	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	15,180	0	0	0	0	0
Drug Control Fines	3,648	0	0	0	0	0
Jail Fees	11,771	0	0	0	0	0
Data Entry Fee - Circuit Court	2,520	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court</u>						
Fines	\$ 49,783	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	41,327	0	0	0	0	0
Game and Fish Fines	839	0	0	0	0	0
Drug Control Fines	14,165	0	0	0	0	0
Drug Court Fees	8,755	0	0	0	0	0
Jail Fees	132,892	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0
DUI Treatment Fines	21,868	0	0	0	0	0
Data Entry Fee - General Sessions Court	10,906	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	2,783	0	0	0	0	0
Officers Costs	5,726	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	9,708	0	0	0	0	0
<u>Courts in Other District Counties</u>						
District Attorney General Fees	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	7,749
Total Fines, Forfeitures and Penalties	\$ 348,166	\$ 0	\$ 0	\$ 0	\$ 0	7,749
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 2,034,681	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	19,823	0	0	0	0	0
Health Department Collections	380,308	0	0	0	0	0
Other General Service Charges	5,041	0	0	17,000	0	0
<u>Fees</u>						
Recreation Fees	780	0	0	0	0	0
Copy Fees	35,873	0	0	0	0	0
Library Fees	27,504	0	0	0	0	0
Telephone Commissions	29,949	0	0	0	0	0
Vending Machine Collections	21,659	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Constitutional Officers' Fees and Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	0	128,579	0	0	0	0
Data Processing Fee - Sheriff	10,019	0	0	0	0	0
Sexual Offender Registration Fee	2,340	0	0	0	0	0
Total Charges for Current Services	\$ 2,567,977	\$ 128,579	\$ 0	\$ 17,000	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 8,304	\$ 0	\$ 0	\$ 0	\$ 0	762
Lease/Rentals	175,001	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Miscellaneous Refunds	11,549	0	0	0	0	0
Expenditure Credits	2,095	0	0	0	0	0
<u>Nonrecurring Items</u>						
Insurance Recovery	20,199	0	0	0	0	0
Sale of Equipment	0	0	0	0	0	0
Damages Recovered from Individuals	250	0	0	0	0	0
Contributions & Gifts	70,788	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	16,700	0	0	0	0	0
Total Other Local Revenues	\$ 304,886	\$ 0	\$ 0	\$ 0	\$ 0	762
<u>Fees Received from County Officials</u>						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 994,391	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	247,832	0	0	0	0	0
General Sessions Court Clerk	297,965	0	0	0	0	0
Clerk and Master	176,488	0	0	0	0	0
Juvenile Court Clerk	35,182	0	0	0	0	0
Register	1,522,303	0	0	0	0	0
Sheriff	28,101	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees In Lieu of Salary (Cont.)</u>						
Trustee	\$ 1,591,160	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received from County Officials	\$ 4,893,422	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	64,276	0	0	0	0	0
State Reappraisal Grant	20,958	0	0	0	0	0
Solid Waste Grants	53,784	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	37,865	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	199,487	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	0
Litter Program	101,287	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	164,833	0	0	0	0	0
Beer Tax	16,778	0	0	0	0	0
Alcoholic Beverage Tax	71,480	0	0	0	0	0
State Revenue Sharing - T.V.A.	320,505	0	0	0	0	0
Contracted Prisoner Boarding	691,967	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Reappraisal Program Reimbursement	20,958	0	0	0	0	0
Registrar's Salary Supplement	12,285	0	0	0	0	0
Other State Grants	15,935	0	0	0	9,175	0
Other State Revenues	100	0	0	0	0	0
Total State of Tennessee	\$ 1,801,498	\$ 0	\$ 0	\$ 0	\$ 9,175	\$ 0

(Continued)

Exhibit L-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	335,287	0	0	0	129,123	0
Other Federal through State	15,788	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Public Safety Partnership and Community Policing - COPS	273,451	0	0	0	0	0
Total Federal Government	\$ 624,526	\$ 0	\$ 0	\$ 0	\$ 129,123	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 38,782	\$ 0	\$ 0	\$ 0	\$ 0	0
Paving and Maintenance	0	0	0	0	0	0
Contributions	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 38,782	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 28,642,449	\$ 149,731	\$ 8,636	\$ 17,000	\$ 630,890	\$ 8,511

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Constituti -	Highway /	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
		Officers - Fees	Public Works				
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 4,263,235	\$ 3,595,069	\$ 0	\$ 0	\$ 19,530,524
Trustee's Collections - Prior Year	0	0	138,187	130,218	0	0	658,700
Circuit/Clerk & Master Collections - Prior Years	0	0	86,228	81,157	0	0	410,852
Interest and Penalty	0	0	32,275	29,468	0	0	152,077
Payments in Lieu of Taxes - T.V.A.	0	0	1,026	864	0	0	4,698
Payments in Lieu of Taxes - Local Utilities	0	0	50,628	42,114	0	0	229,686
Payments in Lieu of Taxes - Other	0	0	21,393	18,016	0	0	98,245
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	3,125,034
Litigation Tax - General	0	0	0	0	0	0	275,468
Litigation Tax - Special Purpose	0	0	0	0	0	0	8,636
Business Tax	0	0	0	0	0	0	1,766,450
Other County Local Option Taxes	0	0	0	0	0	0	21,152
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	52,286	44,030	0	0	239,416
Wholesale Beer Tax	0	0	0	0	0	0	346,722
Interstate Telecommunications Tax	0	0	0	0	0	0	17,027
Total Local Taxes	\$ 0	\$ 0	\$ 4,645,258	\$ 3,940,936	\$ 0	\$ 0	\$ 26,884,687
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 287,079
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 287,079
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,295
Officers Costs	0	0	0	0	0	0	15,180
Drug Control Fines	0	0	0	0	0	0	3,648
Jail Fees	0	0	0	0	0	0	11,771
Data Entry Fee - Circuit Court	0	0	0	0	0	0	2,520

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>General Sessions Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	49,783
Officers Costs	0	0	0	0	0	0	41,327
Game and Fish Fines	0	0	0	0	0	0	839
Drug Control Fines	0	0	0	0	0	0	14,165
Drug Court Fees	0	0	0	0	0	0	8,755
Jail Fees	0	0	0	0	0	0	132,892
District Attorney General Fees	17,645	0	0	0	0	0	17,645
DUI Treatment Fines	0	0	0	0	0	0	21,868
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	10,906
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	2,783
Officers Costs	0	0	0	0	0	0	5,726
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	9,708
<u>Courts in Other District Counties</u>							
District Attorney General Fees	10,394	0	0	0	0	0	10,394
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	7,749
Total Fines, Forfeitures and Penalties	\$ 28,039	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	383,954
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,034,681
Work Release Charges for Board	0	0	0	0	0	0	19,823
Health Department Collections	0	0	0	0	0	0	380,308
Other General Service Charges	0	0	0	0	0	0	22,041
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	780
Copy Fees	0	0	0	0	0	0	35,873
Library Fees	0	0	0	0	0	0	27,504
Telephone Commissions	0	0	0	0	0	0	29,949
Vending Machine Collections	0	0	0	0	0	0	21,659

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Constitutional Officers' Fees and Commissions	\$ 0	\$ 719	\$ 0	\$ 0	\$ 0	\$ 0	\$ 719
Special Commissioner Fees/Special Master Fees	0	25,802	0	0	0	0	25,802
Data Processing Fee - Register	0	0	0	0	0	0	128,579
Data Processing Fee - Sheriff	0	0	0	0	0	0	10,019
Sexual Offender Registration Fee	0	0	0	0	0	0	2,340
Total Charges for Current Services	\$ 0	\$ 26,521	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,740,077
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 1,147,658	\$ 0	\$ 0	\$ 1,156,724
Lease/Rentals	0	0	0	0	0	0	175,001
Sale of Materials and Supplies	0	0	3,335	0	0	0	3,335
Miscellaneous Refunds	60	0	464	0	500	0	12,573
Expenditure Credits	0	0	0	0	0	0	2,095
<u>Nonrecurring Items</u>							
Insurance Recovery	0	0	0	0	0	0	20,199
Sale of Equipment	0	0	27,300	0	0	0	27,300
Damages Recovered from Individuals	0	0	63,854	0	0	0	64,104
Contributions & Gifts	0	0	0	0	385,600	12,000	468,388
<u>Other Local Revenues</u>	0	0	0	37,846	0	0	54,546
Total Other Local Revenues	\$ 60	\$ 0	\$ 94,953	\$ 1,185,504	\$ 386,100	\$ 12,000	\$ 1,984,265
<u>Fees Received from County Officials</u>							
<u>Fees In Lieu of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 994,391
Circuit Court Clerk	0	0	0	0	0	0	247,832
General Sessions Court Clerk	0	0	0	0	0	0	297,965
Clerk and Master	0	0	0	0	0	0	176,488
Juvenile Court Clerk	0	0	0	0	0	0	35,182
Register	0	0	0	0	0	0	1,522,303
Sheriff	0	0	0	0	0	0	28,101

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park		
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees In Lieu of Salary (Cont.)</u>								
Trustee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,591,160	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,893,422	
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000	
Aging Programs	0	0	0	0	0	0	64,276	
State Reappraisal Grant	0	0	0	0	0	0	20,958	
Solid Waste Grants	0	0	0	0	0	0	53,784	
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	37,865	
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	0	0	0	0	0	0	199,487	
<u>Public Works Grants</u>								
Bridge Program	0	0	292,141	0	0	0	292,141	
State Aid Program	0	0	245,828	0	0	0	245,828	
Litter Program	0	0	0	0	0	0	101,287	
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	164,833	
Beer Tax	0	0	0	0	0	0	16,778	
Alcoholic Beverage Tax	0	0	0	0	0	0	71,480	
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	320,505	
Contracted Prisoner Boarding	0	0	0	0	0	0	691,967	
Gasoline and Motor Fuel Tax	0	0	2,210,599	0	0	0	2,210,599	
Petroleum Special Tax	0	0	57,251	0	0	0	57,251	
Reappraisal Program Reimbursement	0	0	0	0	0	0	20,958	
Registrar's Salary Supplement	0	0	0	0	0	0	12,285	
Other State Grants	0	0	0	0	339,406	0	364,516	
Other State Revenues	0	0	0	0	0	0	100	
Total State of Tennessee	\$ 0	\$ 0	\$ 2,805,819	\$ 0	\$ 339,406	\$ 0	\$ 4,955,898	

(Continued)

Exhibit L-5

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

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>District Attorney General</u>	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>Community Development/ Industrial Park</u>	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 0	\$ 500,000
Homeland Security Grants	0	0	0	0	0	0	464,410
Other Federal through State	0	0	239,674	0	0	0	255,462
<u>Direct Federal Revenue</u>							
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	0	273,451
Total Federal Government	\$ 0	\$ 0	\$ 239,674	\$ 0	\$ 500,000	\$ 0	\$ 1,493,323
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,782
Paving and Maintenance	0	0	189,192	0	0	0	189,192
Contributions	0	0	0	5,352,414	0	0	5,352,414
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 189,192	\$ 5,352,414	\$ 0	\$ 0	\$ 5,580,388
Total	\$ 28,099	\$ 26,521	\$ 7,974,896	\$ 10,478,854	\$ 1,225,506	\$ 12,000	\$ 49,203,093

Exhibit L-6

Sevier County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Sevier County School Department
 For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 17,706,407	\$ 0	\$ 0	\$ 0	\$ 17,706,407
Trustee's Collections - Prior Year	520,331	0	0	0	520,331
Circuit/Clerk & Master Collections - Prior Years	334,750	0	0	0	334,750
Interest and Penalty	125,089	0	0	0	125,089
Payments in Lieu of Taxes - T.V.A.	4,265	0	0	0	4,265
Payments in Lieu of Taxes - Local Utilities	159,262	0	0	0	159,262
Payments in Lieu of Taxes - Other	137,630	0	0	0	137,630
<u>County Local Option Taxes</u>					
Local Option Sales Tax	29,862,909	0	0	0	29,862,909
<u>Statutory Local Taxes</u>					
Bank Excise Tax	217,401	0	0	0	217,401
Interstate Telecommunications Tax	10,490	0	0	0	10,490
Total Local Taxes	\$ 49,078,534	\$ 0	\$ 0	\$ 0	\$ 49,078,534
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 236,338	\$ 0	\$ 0	\$ 0	\$ 236,338
Total Licenses and Permits	\$ 236,338	\$ 0	\$ 0	\$ 0	\$ 236,338
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Adult Education	\$ 6,323	\$ 0	\$ 0	\$ 0	\$ 6,323
Lunch Payments - Children	0	0	1,216,149	0	1,216,149
Lunch Payments - Adults	0	0	178,354	0	178,354
Income from Breakfast	0	0	419,205	0	419,205
A la carte Sales	0	0	521,701	0	521,701
School Based Health Services - FFS	1,118	0	0	0	1,118
Receipts from Individual Schools	162,377	0	1,279	0	163,656
<u>Other Charges for Services</u>					
Other Charges for Services	408	0	0	0	408
Total Charges for Current Services	\$ 170,226	\$ 0	\$ 2,336,688	\$ 0	\$ 2,506,914
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 20,438	\$ 13,145	\$ 33,583
Lease/Rentals	3,540	0	0	0	3,540
Miscellaneous Refunds	66,191	0	2,223	0	68,414
<u>Nonrecurring Items</u>					
Insurance Recovery	14,657	0	0	0	14,657
Sale of Equipment	31,850	0	0	0	31,850
Sale of Property	86,400	0	0	0	86,400
Damages Recovered from Individuals	8,761	0	0	0	8,761
Contributions & Gifts	45,491	0	0	0	45,491
<u>Other Local Revenues</u>					
Other Local Revenues	490,308	0	0	0	490,308
Total Other Local Revenues	\$ 747,198	\$ 0	\$ 22,661	\$ 13,145	\$ 783,004

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 32,062,922	\$ 0	\$ 0	\$ 0	\$ 32,062,922
School Food Service	0	0	65,277	0	65,277
Driver Education	45,240	0	0	0	45,240
Other State Education Funds	588,264	0	0	0	588,264
Career Ladder Program	898,886	0	0	0	898,886
Career Ladder - Extended Contract	274,496	0	0	0	274,496
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	347,214	0	0	0	347,214
Other State Grants	83,293	0	0	0	83,293
Total State of Tennessee	\$ 34,300,315	\$ 0	\$ 65,277	\$ 0	\$ 34,365,592
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,928,387	\$ 0	\$ 1,928,387
Breakfast	0	0	635,168	0	635,168
USDA - Other	0	0	1,907	0	1,907
Adult Education State Grant Program	137,592	0	0	0	137,592
Vocational Education - Basic Grants to States	0	236,838	0	0	236,838
Title I Grants to Local Education Agencies	0	2,311,489	0	0	2,311,489
Innovative Education Program Strategies	0	71,477	0	0	71,477
Special Education - Grants to States	34,256	2,582,249	0	0	2,616,505
Special Education Preschool Grants	0	91,615	0	0	91,615
Eisenhower Professional Development State Grants	0	649,343	0	0	649,343
Other Federal through State	119,347	94,447	0	0	213,794
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	8,821	0	0	0	8,821
Total Federal Government	\$ 300,016	\$ 6,037,458	\$ 2,565,462	\$ 0	\$ 8,902,936
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 9,185,000	\$ 9,185,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 9,185,000	\$ 9,185,000
Total	\$ 84,832,627	\$ 6,037,458	\$ 4,990,088	\$ 9,198,145	\$ 105,058,318

Exhibit L-7

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	113,264	
Audit Services		16,213	
Consultants		3,735	
Dues and Memberships		10,996	
Legal Services		28,437	
Travel		12,252	
Total County Commission			\$ 184,897

Beer Board

Board and Committee Members Fees	\$	3,988	
Advertising		84	
Legal Services		150	
Total Beer Board			4,222

Other Boards and Committees

County Official/Administrative Officer	\$	37,828	
Assistant(s)		28,404	
Dispatchers/Radio Operators		253,922	
In-Service Training		1,322	
Communication		1,800	
Data Processing Services		240	
Travel		360	
Office Supplies		2,512	
Other Supplies and Materials		6,043	
Total Other Boards and Committees			332,431

County Mayor

County Official/Administrative Officer	\$	103,150	
Assistant(s)		71,055	
Accountants/Bookkeepers		32,792	
Secretary(s)		34,218	
Clerical Personnel		89,151	
Communication		9,072	
Maintenance & Repair Services- Office Equipment		190	
Postal Charges		4,362	
Travel		7,180	
Office Supplies		12,591	
Total County Mayor			363,761

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	58,088	
Assistant(s)		53,190	
Supervisor/Director		11,277	
Deputy(ies)		42,122	
Clerical Personnel		34,072	
Other Salaries & Wages		43,039	
Election Commission		12,742	
Election Workers		44,975	
Advertising		17,832	
Communication		11,179	
Dues and Memberships		2,845	
Maintenance & Repair Services- Office Equipment		2,875	
Postal Charges		9,417	
Travel		8,466	
Other Contracted Services		11,689	
Office Supplies		39,929	
Total Election Commission			\$ 403,737

Register of Deeds

County Official/Administrative Officer	\$	71,681	
Deputy(ies)		37,013	
Clerical Personnel		167,190	
Communication		1,497	
Dues and Memberships		725	
Maintenance & Repair Services- Office Equipment		4,970	
Postal Charges		3,997	
Travel		1,070	
Other Contracted Services		16,234	
Office Supplies		16,752	
Other Supplies and Materials		3,369	
Total Register of Deeds			324,498

Planning

Supervisor/Director	\$	47,303	
Secretary(s)		27,299	
Other Salaries & Wages		23,717	
Board and Committee Members Fees		12,750	
Advertising		102	
Communication		1,717	
Contracts with Government Agencies		13,500	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Dues and Memberships	\$	275	
Travel		8,761	
Office Supplies		6,391	
Total Planning			\$ 141,815

County Buildings

Supervisor/Director	\$	77,933	
Custodial Personnel		205,686	
Communication		51,581	
Maintenance & Repair Services- Buildings		44,421	
Pest Control		2,278	
Travel		1,339	
Electricity		245,004	
Natural Gas		110,079	
Water and Sewer		74,430	
Other Supplies and Materials		30,864	
Total County Buildings			843,615

Other General Administration

Mechanic(s)	\$	149,316	
Communication		1,064	
Maintenance & Repair Services- Vehicles		72,893	
Gasoline		13,798	
Tires and Tubes		33,196	
Other Supplies and Materials		7,741	
Total Other General Administration			278,008

Preservation of Records

County Official/Administrative Officer	\$	33,127	
Assistant(s)		47,525	
Communication		1,036	
Maintenance & Repair Services- Office Equipment		507	
Other Contracted Services		26,214	
Office Supplies		359	
Other Supplies and Materials		3,826	
Total Preservation of Records			112,594

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	71,681	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Deputy(ies)	\$	93,903	
Clerical Personnel		128,713	
Other Salaries & Wages		182,479	
Board and Committee Members Fees		4,180	
Advertising		466	
Audit Services		73,921	
Communication		2,530	
Dues and Memberships		1,773	
Maintenance & Repair Services- Office Equipment		3,224	
Postal Charges		18,556	
Rentals		4,650	
Travel		5,027	
Office Supplies		66,751	
Total Property Assessor's Office			\$ 657,854

Reappraisal Program

Other Salaries & Wages	\$	34,825	
Communication		2,078	
Rentals		8,000	
Other Contracted Services		2,100	
Office Supplies		3,715	
Utilities		1,587	
Total Reappraisal Program			52,305

County Trustee's Office

County Official/Administrative Officer	\$	71,681	
Deputy(ies)		37,013	
Clerical Personnel		105,068	
Other Salaries & Wages		21,682	
Communication		1,458	
Dues and Memberships		635	
Maintenance & Repair Services- Office Equipment		1,461	
Postal Charges		20,113	
Travel		1,236	
Other Contracted Services		5,393	
Office Supplies		8,643	
Total County Trustee's Office			274,383

County Clerk's Office

County Official/Administrative Officer	\$	71,681	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Deputy(ies)	\$	40,205	
Clerical Personnel		167,336	
Other Salaries & Wages		277,732	
Communication		9,107	
Dues and Memberships		1,715	
Maintenance & Repair Services- Office Equipment		1,451	
Postal Charges		20,948	
Travel		8,881	
Other Contracted Services		15,660	
Office Supplies		33,537	
Total County Clerk's Office			\$ 648,253

Data Processing

County Official/Administrative Officer	\$	40,863	
Communication		1,251	
Data Processing Services		912	
Postal Charges		45	
Travel		1,177	
Data Processing Supplies		9,575	
Office Supplies		133	
Periodicals		69	
In Service/Staff Development		4,454	
Total Data Processing			58,479

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	71,681	
Deputy(ies)		32,765	
Accountants/Bookkeepers		20,253	
Clerical Personnel		297,651	
Other Salaries & Wages		2,657	
Board and Committee Members Fees		135	
Jury and Witness Fees		74,799	
Communication		1,449	
Contracts with Other Public Agencies		127	
Dues and Memberships		660	
Maintenance & Repair Services- Office Equipment		2,993	
Postal Charges		6,264	
Travel		2,420	
Other Contracted Services		5,554	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Supplies	\$	14,520	
Total Circuit Court			\$ 533,928

General Sessions Court

County Official/Administrative Officer	\$	71,681	
Deputy(ies)		37,890	
Accountants/Bookkeepers		23,726	
Clerical Personnel		186,286	
Other Salaries & Wages		59,781	
Communication		1,733	
Contracts with Other Public Agencies		7,135	
Dues and Memberships		670	
Maintenance & Repair Services- Office Equipment		6,265	
Postal Charges		4,725	
Travel		1,531	
Other Contracted Services		12,649	
Office Supplies		16,742	
Office Equipment		2,365	
Total General Sessions Court			433,179

General Sessions Judge

Judge(s)	\$	200,297	
Secretary(s)		27,279	
Other Salaries & Wages		36,273	
Communication		4,625	
Dues and Memberships		3,274	
Postal Charges		296	
Travel		3,365	
Other Contracted Services		5,714	
Office Supplies		2,645	
Total General Sessions Judge			283,768

Chancery Court

County Official/Administrative Officer	\$	71,681	
Deputy(ies)		37,754	
Clerical Personnel		96,461	
Other Salaries & Wages		28,056	
Communication		1,221	
Dues and Memberships		695	
Maintenance & Repair Services- Office Equipment		5,886	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Postal Charges	\$	1,832	
Office Supplies		<u>8,146</u>	
Total Chancery Court			\$ 251,732

Juvenile Court

Deputy(ies)	\$	32,683	
Clerical Personnel		25,798	
Maintenance & Repair Services- Office Equipment		167	
Postal Charges		1,684	
Travel		234	
Other Contracted Services		1,434	
Office Supplies		<u>7,156</u>	
Total Juvenile Court			69,156

Judicial Commissioners

County Official/Administrative Officer	\$	<u>95,247</u>	
Total Judicial Commissioners			95,247

Other Administration of Justice

Assistant(s)	\$	40,912	
Communication		50	
Travel		<u>849</u>	
Total Other Administration of Justice			41,811

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,815	
Assistant(s)		49,304	
Deputy(ies)		1,585,162	
Investigator(s)		184,005	
Lieutenant(s)		91,397	
Sergeant(s)		203,987	
Accountants/Bookkeepers		32,757	
Dispatchers/Radio Operators		222,821	
Guards		136,141	
Secretary(s)		95,524	
Other Salaries & Wages		7,925	
In-Service Training		55,609	
Other Fringe Benefits		45,306	
Communication		<u>3,924</u>	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Contracts with Other Public Agencies	\$	3,434	
Data Processing Services		15,961	
Dues and Memberships		2,850	
Licenses		312	
Maintenance & Repair Services- Equipment		43,309	
Maintenance & Repair Services- Office Equipment		4,406	
Travel		9,611	
Gasoline		203,991	
Other Supplies and Materials		51,740	
Motor Vehicles		110,559	
Other Equipment		238,916	
Total Sheriff's Department			\$ 3,478,766

Drug Enforcement

Secretary(s)	\$	152	
Other Salaries & Wages		126,800	
Other Supplies and Materials		11,554	
Total Drug Enforcement			138,506

Jail

Assistant(s)	\$	50,642	
Supervisor/Director		26,351	
Medical Personnel		37,576	
Guards		968,030	
Cafeteria Personnel		53,266	
Custodial Personnel		10,542	
Other Salaries & Wages		6,167	
In-Service Training		8,025	
Other Fringe Benefits		11,863	
Communication		26,796	
Data Processing Services		11,502	
Maintenance & Repair Services- Buildings		28,365	
Maintenance & Repair Services- Equipment		4,072	
Maintenance & Repair Services- Office Equipment		9,036	
Medical and Dental Services		347,477	
Postal Charges		10,608	
Rentals		10,019	
Transportation - Other than Students		76,406	
Food Supplies		233,032	
Office Supplies		26,283	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$	103,418	
Motor Vehicles		<u>19,673</u>	
Total Jail			\$ 2,079,149

Juvenile Services

Supervisor/Director	\$	43,303	
Youth Service Officer(s)		93,592	
Secretary(s)		26,354	
Other Salaries & Wages		24,265	
Communication		3,540	
Contributions		17,500	
Dues and Memberships		659	
Maintenance & Repair Services- Office Equipment		607	
Postal Charges		1,035	
Travel		3,346	
Other Contracted Services		2,863	
Office Supplies		<u>8,008</u>	
Total Juvenile Services			225,072

Fire Prevention and Control

Contributions	\$	<u>604,000</u>	
Total Fire Prevention and Control			604,000

Civil Defense

Contributions	\$	<u>3,000</u>	
Total Civil Defense			3,000

Rescue Squad

Contributions	\$	<u>90,000</u>	
Total Rescue Squad			90,000

Other Emergency Management

Supervisor/Director	\$	34,570	
Other Salaries & Wages		19,058	
Communication		8,201	
Dues and Memberships		35	
Travel		470	
Office Supplies		1,168	
Other Supplies and Materials		12,440	
Other Equipment		11,862	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Other Capital Outlay	\$ 50,766	
Total Other Emergency Management		\$ 138,570

County Coroner/Medical Examiner

Other Contracted Services	\$ 60,000	
Total County Coroner/Medical Examiner		60,000

Other Public Safety

County Official/Administrative Officer	\$ 37,828	
Sergeant(s)	22,779	
Medical Personnel	10,080	
Guards	244,108	
Secretary(s)	20,209	
Educational Assistants	9,870	
Other Salaries & Wages	9,620	
In-Service Training	7,414	
Other Fringe Benefits	4,702	
Communication	7,346	
Data Processing Services	2,400	
Dues and Memberships	675	
Maintenance & Repair Services- Buildings	2,210	
Maintenance & Repair Services- Equipment	2,327	
Maintenance & Repair Services- Office Equipment	3,343	
Medical and Dental Services	10,582	
Postal Charges	344	
Rentals	2,214	
Travel	1,874	
Other Contracted Services	797	
Gasoline	720	
Office Supplies	5,027	
Other Supplies and Materials	6,943	
Total Other Public Safety		413,412

Public Health and Welfare

Local Health Center

Communication	\$ 17,961	
Maintenance & Repair Services- Buildings	655	
Maintenance & Repair Services- Office Equipment	15,327	
Medical and Dental Services	14,586	
Postal Charges	7,420	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Utilities	\$ 15,202	
Other Supplies and Materials	15,882	
Total Local Health Center		\$ 87,033

Rabies and Animal Control

Contributions	\$ 40,000	
Total Rabies and Animal Control		40,000

Ambulance/Emergency Medical Services

Medical Personnel	\$ 2,047,627	
Employee and Dependent Insurance	236,482	
Communication	13,136	
Contributions	94,000	
Licenses	1,534	
Maintenance & Repair Services- Equipment	5,831	
Maintenance & Repair Services- Office Equipment	22,135	
Maintenance & Repair Services- Vehicles	1,264	
Postal Charges	10,130	
Travel	2,061	
Tuition	12,853	
Custodial Supplies	4,977	
Drugs and Medical Supplies	75,451	
Gasoline	44,259	
Office Supplies	8,773	
Uniforms	19,786	
Utilities	21,762	
Other Supplies and Materials	16,472	
Refunds	42,124	
Total Ambulance/Emergency Medical Services		2,680,657

Maternal and Child Health Services

Medical Personnel	\$ 56,659	
Clerical Personnel	197,589	
Transportation - Other than Students	1,714	
Travel	127	
Total Maternal and Child Health Services		256,089

Other Local Health Services

Contributions	\$ 93,308	
Total Other Local Health Services		93,308

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contributions	\$ 82,490	
Total Appropriation to State		\$ 82,490

Other Local Welfare Services

Contracts with Other Public Agencies	\$ 89,602	
Contributions	2,995	
Pauper Burials	2,100	
Total Other Local Welfare Services		94,697

Other Public Health and Welfare

Supervisor/Director	\$ 60,362	
Secretary(s)	25,280	
Other Salaries & Wages	145,898	
Communication	10,322	
Dues and Memberships	550	
Maintenance & Repair Services- Office Equipment	3,976	
Postal Charges	1,007	
Rentals	19,200	
Travel	31,667	
Other Contracted Services	1,810	
Office Supplies	7,718	
Utilities	693	
Refunds	1,494	
Total Other Public Health and Welfare		309,977

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$ 33,608	
Maintenance Personnel	55,946	
Advertising	981	
Communication	6,360	
Maintenance & Repair Services- Buildings	1,837	
Travel	1,355	
Other Contracted Services	27,008	
Office Supplies	7,894	
Other Supplies and Materials	5,804	
In Service/Staff Development	965	
Other Charges	2,620	
Total Senior Citizens Assistance		144,378

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

County Official/Administrative Officer	\$	51,412	
Assistant(s)		265,584	
Supervisor/Director		81,247	
Accountants/Bookkeepers		25,665	
Librarians		1,136	
Communication		8,030	
Dues and Memberships		635	
Janitorial Services		7,122	
Maintenance & Repair Services- Equipment		7,210	
Maintenance & Repair Services- Office Equipment		733	
Postal Charges		929	
Printing, Stationery, and Forms		3,357	
Rentals		15,400	
Travel		682	
Tuition		2,126	
Other Contracted Services		19,650	
Data Processing Supplies		2,301	
Electricity		15,320	
Equipment and Machinery Parts		4,645	
Instructional Supplies and Materials		1,942	
Library Books/Media		3,395	
Office Supplies		18,359	
Periodicals		4,586	
Utilities		6,151	
Water and Sewer		1,934	
Other Supplies and Materials		2,942	
Administration Equipment		998	
Total Libraries			\$ 553,491

Parks and Fair Boards

Contributions	\$	16,704	
Total Parks and Fair Boards			16,704

Agriculture & Natural Resources

Agriculture Extension Service

Assistant(s)	\$	42,639	
Other Salaries & Wages		87,017	
Board and Committee Members Fees		138	
Social Security		15,048	
Communication		1,630	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Contributions	\$ 1,000	
Postal Charges	259	
Travel	4,072	
Other Supplies and Materials	2,686	
Total Agriculture Extension Service		\$ 154,489

Forest Service

Contributions	\$ 1,000	
Total Forest Service		1,000

Soil Conservation

Clerical Personnel	\$ 23,392	
Total Soil Conservation		23,392

Other Operations

Tourism

Contributions	\$ 109,403	
Total Tourism		109,403

Airport

Utilities	\$ 2,600	
Total Airport		2,600

Veterans' Services

Supervisor/Director	\$ 37,013	
Secretary(s)	31,050	
Communication	427	
Contributions	6,200	
Postal Charges	475	
Travel	1,137	
Other Contracted Services	335	
Office Supplies	669	
Other Supplies and Materials	79	
Total Veterans' Services		77,385

Contributions to Other Agencies

Contributions	\$ 131,194	
Total Contributions to Other Agencies		131,194

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	763,690	
State Retirement		1,032,091	
Employee and Dependent Insurance		2,697,319	
Unemployment Compensation		9,589	
Employer Medicare		179,318	
Workers' Compensation Insurance		215,150	
Total Employee Benefits			\$ 4,897,157

Miscellaneous

Other Fringe Benefits	\$	5,193	
Communication		43,073	
Contributions		136,097	
Legal Notices, Recording, and Court Costs		6,596	
Maintenance & Repair Services - Office Equipment		5,445	
Postal Charges		3,415	
Other Contracted Services		16,055	
Other Supplies and Materials		23,177	
Building and Contents Insurance		23,846	
Liability Insurance		317,135	
Premiums on Corporate Surety Bonds		253	
Refunds		1,597	
Trustee's Commission		337,059	
Vehicle and Equipment Insurance		41,649	
Other Charges		14,320	
Total Miscellaneous			974,910

Highways

Litter and Trash Collection

Deputy(ies)	\$	27,649	
Custodial Personnel		47,476	
Contributions		11,000	
Remittance of Revenue Collected		2,736	
Other Contracted Services		15,800	
Other Supplies and Materials		3,652	
Total Litter and Trash Collection			108,313

Other Charges

Other Contracted Services	\$	33,724	
Total Other Charges			33,724

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Capital Projects

Other General Government Projects

Other Salaries & Wages	\$	104	
Contracts with Government Agencies		53,784	
Contracts with Private Agencies		20,788	
Other Contracted Services		35,916	
Other Charges		31,402	
Total Other General Government Projects			\$ 141,994

Total General Fund \$ 24,634,533

Courthouse & Jail Maintenance Fund

General Government

County Buildings

Maintenance & Repair Services- Buildings	\$	79,037	
Other Supplies and Materials		1,844	
Total County Buildings			\$ 80,881

Other Operations

Miscellaneous

Trustee's Commission	\$	1,487	
Total Miscellaneous			1,487

Total Courthouse & Jail Maintenance Fund 82,368

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	6,784	
Trustee's Commission		87	
Total Other Administration of Justice			\$ 6,871

Total Law Library Fund 6,871

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	44,168	
Laborers		625,108	
Social Security		39,076	
State Retirement		50,797	
Employee and Dependent Insurance		151,840	

(Continued)

Exhibit L-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Employer Medicare	\$	9,139	
Communication		5,349	
Contracts with Government Agencies		1,365,041	
Maintenance & Repair Services- Vehicles		47,015	
Rentals		16,862	
Travel		7,382	
Other Contracted Services		8,250	
Electricity		9,826	
Gasoline		67,313	
Natural Gas		5,683	
Tires and Tubes		15,760	
Utilities		2,187	
Water and Sewer		329	
Other Supplies and Materials		65,616	
Communication Equipment		1,465	
Land		17,557	
Total Sanitation Management			\$ 2,555,763

Total Solid Waste/Sanitation Fund \$ 2,555,763

Special Purpose Fund

General Government

County Mayor

Other Equipment	\$	9,089	
Total County Mayor			\$ 9,089

Register of Deeds

Other Capital Outlay	\$	9,048	
Total Register of Deeds			9,048

County Buildings

Motor Vehicles	\$	27,070	
Total County Buildings			27,070

Other General Administration

Maintenance Equipment	\$	1,888	
Motor Vehicles		24,506	
Total Other General Administration			26,394

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Finance

Property Assessor's Office

Motor Vehicles	\$ 21,987	
Other Equipment	46,302	
Total Property Assessor's Office		\$ 68,289

County Trustee's Office

Office Equipment	\$ 17,678	
Total County Trustee's Office		17,678

County Clerk's Office

Motor Vehicles	\$ 15,000	
Total County Clerk's Office		15,000

Administration of Justice

Circuit Court

Office Equipment	\$ 10,000	
Total Circuit Court		10,000

General Sessions Court

Office Equipment	\$ 21,903	
Total General Sessions Court		21,903

Public Safety

Sheriff's Department

Law Enforcement Equipment	\$ 129,123	
Motor Vehicles	75,701	
Total Sheriff's Department		204,824

Juvenile Services

Office Equipment	\$ 4,000	
Total Juvenile Services		4,000

Other Emergency Management

Motor Vehicles	\$ 25,952	
Total Other Emergency Management		25,952

Public Health and Welfare

Ambulance/Emergency Medical Services

Motor Vehicles	\$ 142,729	
Other Equipment	12,856	
Total Ambulance/Emergency Medical Services		155,585

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Social, Cultural, and Recreational Services

Libraries

Administration Equipment	\$ 39,181	
Total Libraries		\$ 39,181

Other Operations

Other Charges

Trustee's Commission	\$ 9,625	
Total Other Charges		9,625

Total Special Purpose Fund		\$ 643,638
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Drug Control Fund

Public Safety

Sheriff's Department

Motor Vehicles	\$ 44,000	
Total Sheriff's Department		\$ 44,000

Total Drug Control Fund		44,000
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District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$ 3,666	
Travel	2,194	
Trustee's Commission	292	
Other Charges	8,915	
Total District Attorney General		\$ 15,067

Total District Attorney General Fund		15,067
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Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 719	
Total County Clerk's Office		\$ 719

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 25,802	
Total Chancery Court		25,802

Total Constitutional Officers - Fees Fund		26,521
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(Continued)

Exhibit L-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	81,506	
Accountants/Bookkeepers		41,639	
Secretary(s)		31,380	
Data Processing Services		3,833	
Dues and Memberships		2,839	
Legal Services		1,500	
Legal Notices, Recording, and Court Costs		1,813	
Maintenance & Repair Services- Office Equipment		124	
Postal Charges		777	
Printing, Stationery and Forms		1,909	
Travel		4,463	
Office Supplies		2,387	
Other Supplies and Materials		692	
Other Charges		3,359	
Total Administration			\$ 178,221

Highway and Bridge Maintenance

Foremen	\$	295,994	
Equipment Operators		270,578	
Equipment Operators - Light		321,942	
Truck Drivers		344,610	
Laborers		209,134	
Rentals		943	
Other Contracted Services		122,566	
Asphalt		2,131,011	
Concrete		28,028	
Crushed Stone		22,159	
Fertilizer, Lime, and Seed		4,982	
General Construction Materials		15,683	
Pipe - Metal		62,405	
Road Signs		24,188	
Salt		19,714	
Small Tools		1,797	
Wood Products		559	
Other Supplies and Materials		1,725	
Other Charges		306	
Total Highway and Bridge Maintenance			3,878,324

Operation and Maintenance of Equipment

Foremen	\$	94,937	
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(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Mechanic(s)	\$	80,369	
Laborers		52,501	
Nightwatchmen		32,642	
Maintenance & Repair Services- Equipment		24,127	
Tow-in Services		490	
Other Contracted Services		957	
Diesel Fuel		101,178	
Electricity		6,073	
Equipment and Machinery Parts		191,082	
Explosives and Drilling Supplies		2,385	
Garage Supplies		19,400	
Gasoline		88,157	
Lubricants		8,360	
Office Supplies		1,024	
Propane Gas		2,797	
Small Tools		3,061	
Tires and Tubes		37,656	
Other Supplies and Materials		2,188	
Other Charges		1,116	
Total Operation and Maintenance of Equipment			\$ 750,500

Quarry Operations

Foremen	\$	67,000	
Equipment Operators		82,515	
Laborers		24,755	
Explosive and Drilling Services		25,297	
Maintenance & Repair Services- Equipment		2,017	
Permits		2,995	
Electricity		22,732	
Equipment and Machinery Parts		7,436	
Explosives and Drilling Supplies		18,846	
Other Supplies and Materials		2,263	
Other Charges		1,243	
Total Quarry Operations			257,099

Other Charges

Communication	\$	12,168	
Boiler Insurance		134	
Liability Insurance		39,532	
Trustee's Commission		120,959	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$ 55,893	
Total Other Charges		\$ 228,686

Employee Benefits

Social Security	\$ 116,869	
State Retirement	178,738	
Employee and Dependent Insurance	416,945	
Unemployment Compensation	2,546	
Employer Medicare	27,332	
Medical and Dental Services	2,609	
Workers' Compensation Insurance	30,741	
Total Employee Benefits		775,780

Capital Outlay

Bridge Construction	\$ 636,442	
Communication Equipment	330	
Furniture and Fixtures	360	
Highway Equipment	24,000	
Land	54,000	
Motor Vehicles	6,300	
Office Equipment	870	
State Aid Projects	21,885	
Total Capital Outlay		744,187

Total Highway/Public Works Fund		\$ 6,812,797
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General Debt Service Fund

Principal

General Government

Principal on Bonds	\$ 3,025,000	
Principal on Notes	115,000	
Principal on Other Loans Payable	1,106,600	
Total General Government		\$ 4,246,600

Interest

General Government

Interest on Bonds	\$ 1,260,311	
Interest on Notes	40,607	
Interest on Other Loans Payable	2,348,448	
Total General Government		3,649,366

(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Contributions	\$ 2,590,473	
Fiscal Agent Charges	4,659	
Trustee's Commission	87,110	
Underwriter's Discount	21,170	
Other Debt Issuance Charges	21,447	
Total General Government	<u>2,724,859</u>	\$ 2,724,859

Total General Debt Service Fund \$ 10,620,825

General Capital Projects Fund

Other Operations

Industrial Development

Contributions	\$ 704,392	
Total Industrial Development		\$ 704,392

Capital Outlay

Regular Capital Outlay

Contributions	\$ 9,185,000	
Total Regular Capital Outlay		9,185,000

Capital Projects

Public Safety Projects

Legal Services	\$ 855	
Other Contracted Services	45,000	
Other Supplies and Materials	35,702	
Other Charges	101,850	
Total Public Safety Projects		183,407

Social, Cultural, and Recreation Projects

Architects	\$ 9,090	
Other Supplies and Materials	780	
Total Social, Cultural and Recreation Projects		9,870

Public Utility Projects

Contracts with Private Agencies	\$ 241,718	
Engineering Services	127,248	
Legal Services	2,160	
Legal Notices, Recording, and Court Costs	359	
Other Contracted Services	658,271	
Other Supplies and Materials	6,787	
Total Public Utility Projects		1,036,543

(Continued)

Exhibit L-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects

Contracts with Government Agencies	\$ 115,000	
Legal Notices, Recording and Court Costs	27	
Land	<u>21,000</u>	
Total Other General Government Projects		\$ 136,027

Highway & Street Capital Projects

Engineering Services	\$ 15,073	
Legal Services	265	
Other Contracted Services	<u>5,289</u>	
Total Highway & Street Capital Projects		<u>20,627</u>

Total General Capital Projects Fund \$ 11,275,866

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Other Supplies and Materials	\$ 3,100	
Total Industrial Development		<u>\$ 3,100</u>

Total Community Development/Industrial Park Fund 3,100

Total Governmental Funds - Primary Government \$ 56,721,349

Exhibit L-8

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 28,156,669	
Career Ladder Program	513,395	
Career Ladder Extended Contracts	108,000	
Educational Assistants	1,288,079	
Other Salaries & Wages	202,762	
Certified Substitute Teachers	469,860	
Social Security	1,818,187	
State Retirement	1,682,272	
Life Insurance	20,321	
Medical Insurance	3,431,780	
Dental Insurance	61,935	
Employer Medicare	425,173	
Other Fringe Benefits	129,095	
Maintenance & Repair Services- Equipment	41,606	
Tuition	40,135	
Other Contracted Services	239,562	
Instructional Supplies and Materials	763,834	
Textbooks	661,966	
Fee Waivers	40,782	
Other Charges	113,877	
Regular Instruction Equipment	180,152	
Total Regular Instruction Program		\$ 40,389,442

Alternative Instruction Program

Teachers	\$ 280,644	
Career Ladder Program	5,972	
Clerical Personnel	23,447	
Educational Assistants	45,418	
Social Security	21,194	
State Retirement	22,058	
Life Insurance	291	
Medical Insurance	42,642	
Dental Insurance	1,119	
Employer Medicare	4,957	
Other Fringe Benefits	1,606	
Instructional Supplies and Materials	1,600	
Total Alternative Instruction Program		450,948

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	3,687,807	
Career Ladder Program		56,645	
Career Ladder Extended Contracts		2,000	
Homebound Teachers		66,195	
Educational Assistants		816,784	
Other Salaries & Wages		281,782	
Certified Substitute Teachers		50,675	
Social Security		316,357	
State Retirement		322,821	
Life Insurance		5,177	
Medical Insurance		667,776	
Dental Insurance		16,103	
Employer Medicare		74,108	
Other Fringe Benefits		22,597	
Contracts with Other Public Agencies		2,514	
Contracts with Private Agencies		5,825	
Maintenance & Repair Services- Equipment		203	
Other Contracted Services		13,083	
Instructional Supplies and Materials		45,927	
Other Supplies and Materials		202	
Special Education Equipment		34,641	
Total Special Education Program			\$ 6,489,222

Vocational Education Program

Teachers	\$	1,473,707
Career Ladder Program		32,855
Career Ladder Extended Contracts		18,000
Certified Substitute Teachers		25,925
Social Security		91,601
State Retirement		83,589
Life Insurance		923
Medical Insurance		177,744
Dental Insurance		3,270
Employer Medicare		21,423
Other Fringe Benefits		6,474
Maintenance & Repair Services- Equipment		16,917
Other Contracted Services		2,038
Instructional Supplies and Materials		58,551
Other Supplies and Materials		3,899

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Fee Waivers	\$ 2,178	
Total Vocational Education Program		\$ 2,019,094

Adult Education Program

Teachers	\$ 86,394	
Other Salaries & Wages	14,909	
Social Security	5,963	
State Retirement	5,239	
Life Insurance	78	
Medical Insurance	11,737	
Dental Insurance	233	
Employer Medicare	1,395	
Other Fringe Benefits	265	
Instructional Supplies and Materials	5,791	
Other Charges	111	
Total Adult Education Program		132,115

Support Services

Attendance

Supervisor/Director	\$ 67,436	
Career Ladder Program	6,500	
Career Ladder Extended Contracts	2,000	
Social Workers	134,301	
Clerical Personnel	35,220	
Other Salaries & Wages	33,178	
Social Security	16,340	
State Retirement	15,535	
Life Insurance	130	
Medical Insurance	29,090	
Dental Insurance	536	
Employer Medicare	3,821	
Other Fringe Benefits	1,049	
Travel	1,197	
Other Contracted Services	6,798	
Other Supplies and Materials	3,229	
Attendance Equipment	23,250	
Total Attendance		379,610

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	307,320	
Other Salaries & Wages		7,110	
Social Security		25,801	
State Retirement		21,851	
Life Insurance		273	
Medical Insurance		48,254	
Dental Insurance		1,166	
Employer Medicare		6,034	
Other Fringe Benefits		1,754	
Maintenance & Repair Services- Equipment		124	
Travel		5,440	
Other Contracted Services		14,054	
Drugs and Medical Supplies		15,925	
Other Supplies and Materials		1,184	
In Service/Staff Development		845	
Health Equipment		5,721	
Total Health Services			\$ 462,856

Other Student Support

Career Ladder Program	\$	24,000	
Guidance Personnel		1,202,967	
Psychological Personnel		261,439	
Career Ladder Extended Contracts		5,000	
Social Security		92,181	
State Retirement		96,716	
Life Insurance		910	
Medical Insurance		209,725	
Dental Insurance		3,664	
Employer Medicare		23,597	
Other Fringe Benefits		7,131	
Evaluation and Testing		53,461	
Travel		2,167	
Other Supplies and Materials		6,052	
Total Other Student Support			1,989,010

Regular Instruction Program

Supervisor/Director	\$	382,089
Career Ladder Program		46,935
Career Ladder Extended Contracts		34,000

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Librarians	\$	896,874	
Materials Supervisor		69,992	
Education Media Personnel		225,045	
Instructional Computer Personnel		249,845	
Clerical Personnel		122,557	
Other Salaries & Wages		71,446	
Social Security		124,228	
State Retirement		132,818	
Life Insurance		1,352	
Medical Insurance		200,964	
Dental Insurance		4,652	
Employer Medicare		29,106	
Other Fringe Benefits		8,962	
Maintenance & Repair Services- Equipment		1,936	
Travel		39,522	
Other Contracted Services		14,316	
Library Books/Media		145,714	
Periodicals		3,073	
Other Supplies and Materials		19,320	
In Service/Staff Development		35,487	
Other Charges		354	
Other Equipment		3,695	
Total Regular Instruction Program			\$ 2,864,282

Special Education Program

Supervisor/Director	\$	69,992
Career Ladder Program		3,000
Career Ladder Extended Contracts		4,000
Clerical Personnel		107,850
Other Salaries & Wages		53,672
Social Security		14,065
State Retirement		17,903
Life Insurance		156
Medical Insurance		31,386
Dental Insurance		816
Employer Medicare		3,289
Other Fringe Benefits		1,028
Travel		39,141
Other Supplies and Materials		55

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

In Service/Staff Development	\$	15,010	
Other Charges		2,451	
Other Equipment		18,681	
Total Special Education Program			\$ 382,495

Vocational Education Program

Supervisor/Director	\$	67,136	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Secretary(s)		54,351	
Social Security		7,803	
State Retirement		9,045	
Life Insurance		78	
Medical Insurance		8,259	
Dental Insurance		466	
Employer Medicare		1,825	
Other Fringe Benefits		534	
Travel		3,025	
In Service/Staff Development		2,010	
Other Equipment		2,422	
Total Vocational Education Program			163,954

Adult Programs

Supervisor/Director	\$	64,648	
Social Security		3,973	
State Retirement		3,556	
Life Insurance		26	
Medical Insurance		4,297	
Dental Insurance		233	
Employer Medicare		929	
Other Fringe Benefits		290	
Travel		227	
In Service/Staff Development		578	
Other Charges		6,996	
Total Adult Programs			85,753

Board of Education

Secretary to Board	\$	1,200	
Board and Committee Members Fees		24,000	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Social Security	\$	1,366	
State Retirement		2,260	
Life Insurance		367	
Medical Insurance		196,920	
Dental Insurance		851	
Unemployment Compensation		34,520	
Employer Medicare		319	
Other Fringe Benefits		1,449	
Audit Services		29,000	
Dues and Memberships		15,625	
Legal Services		23,339	
Travel		627	
Liability Insurance		88,078	
Premiums on Corporate Surety Bonds		1,011	
Trustee's Commission		767,248	
Workers' Compensation Insurance		307,259	
In Service/Staff Development		11,843	
Other Charges		16,634	
Total Board of Education			\$ 1,523,916

Director of Schools

County Official/Administrative Officer	\$	112,184	
Social Security		5,560	
State Retirement		6,170	
Life Insurance		26	
Medical Insurance		10,750	
Dental Insurance		842	
Employer Medicare		1,626	
Other Fringe Benefits		499	
Communication		28,990	
Postal Charges		15,187	
Travel		6,509	
In Service/Staff Development		1,051	
Total Director of Schools			189,394

Office of the Principal

Principals	\$	1,641,391	
Career Ladder Program		92,500	
Career Ladder Extended Contracts		93,000	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Assistant Principals	\$	1,383,954	
Clerical Personnel		1,320,102	
Other Salaries & Wages		16,510	
Social Security		268,953	
State Retirement		291,879	
Life Insurance		2,678	
Medical Insurance		469,753	
Dental Insurance		9,398	
Employer Medicare		62,901	
Other Fringe Benefits		18,959	
Communication		152,979	
Maintenance & Repair Services- Equipment		732	
Travel		2,940	
Other Contracted Services		79,586	
Other Supplies and Materials		498	
Administration Equipment		14,320	
Total Office of the Principal			\$ 5,923,033

Fiscal Services

Supervisor/Director	\$	71,838	
Accountants/Bookkeepers		296,178	
Purchasing Personnel		71,838	
Secretary(s)		85,305	
Social Security		31,247	
State Retirement		41,811	
Life Insurance		338	
Medical Insurance		51,597	
Dental Insurance		1,516	
Employer Medicare		7,308	
Other Fringe Benefits		2,305	
Data Processing Services		4,478	
Travel		301	
Other Contracted Services		9,975	
Office Supplies		3,455	
In Service/Staff Development		2,362	
Other Charges		1,027	
Administration Equipment		15,588	
Total Fiscal Services			698,467

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Guards	\$	87,790	
Custodial Personnel		1,916,743	
Social Security		118,621	
State Retirement		160,757	
Life Insurance		2,447	
Medical Insurance		372,653	
Dental Insurance		4,874	
Employer Medicare		27,743	
Other Fringe Benefits		8,783	
Rentals		1	
Other Contracted Services		36,426	
Custodial Supplies		158,964	
Electricity		1,812,042	
Fuel Oil		810	
Natural Gas		379,681	
Water and Sewer		269,326	
Other Supplies and Materials		5,691	
Boiler Insurance		12,083	
Building and Contents Insurance		192,986	
Plant Operation Equipment		7,543	
Total Operation of Plant			\$ 5,575,964

Maintenance of Plant

Supervisor/Director	\$	135,065
Secretary(s)		59,760
Maintenance Personnel		1,390,769
Social Security		95,476
State Retirement		130,475
Life Insurance		1,160
Medical Insurance		192,042
Dental Insurance		2,087
Employer Medicare		22,329
Other Fringe Benefits		6,772
Communication		19,959
Laundry Service		16,340
Maintenance & Repair Services- Buildings		42,988
Maintenance & Repair Services- Equipment		37,149
Travel		6,463
Other Contracted Services		1,367,595

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Equipment and Machinery Parts	\$	2,735	
Other Supplies and Materials		160,502	
In Service/Staff Development		2,893	
Maintenance Equipment		69,524	
Total Maintenance of Plant			\$ 3,762,083

Transportation

Supervisor/Director	\$	49,022	
Mechanic(s)		257,344	
Bus Drivers		1,128,908	
Clerical Personnel		36,780	
Social Security		85,198	
State Retirement		124,312	
Life Insurance		2,530	
Medical Insurance		269,145	
Dental Insurance		4,346	
Employer Medicare		19,926	
Other Fringe Benefits		5,925	
Communication		6,575	
Contracts with Parents		1,467	
Laundry Service		4,581	
Travel		360	
Other Contracted Services		11,472	
Diesel Fuel		294,850	
Equipment and Machinery Parts		634	
Garage Supplies		22,047	
Gasoline		92,743	
Lubricants		6,571	
Tires and Tubes		51,549	
Vehicle Parts		217,034	
Vehicle and Equipment Insurance		168,999	
Other Charges		14,987	
Transportation Equipment		1,780,666	
Total Transportation			4,657,971

Operation of Non-Instructional Services

Food Service

State Retirement	\$	180,151	
Life Insurance		3,762	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$	430,431	
Dental Insurance		6,704	
Other Fringe Benefits		9,806	
Food Supplies		4,979	
Total Food Service			\$ 635,833

Community Services

Supervisor/Director	\$	79,266	
Other Salaries & Wages		25,289	
Social Security		6,422	
State Retirement		4,468	
Life Insurance		52	
Medical Insurance		8,593	
Dental Insurance		233	
Employer Medicare		1,502	
Other Fringe Benefits		356	
Travel		3,864	
Other Contracted Services		1,402	
Other Supplies and Materials		7,216	
Total Community Services			138,663

Capital Outlay

Regular Capital Outlay

Other Salaries & Wages	\$	3,247	
Social Security		201	
Employer Medicare		47	
Building Improvements		322,797	
Total Regular Capital Outlay			326,292

Principal

Education

Principal on Notes	\$	5,195	
Principal on Capitalized Leases		291,665	
Total Education			296,860

Interest

Education

Interest on Notes	\$	1,194	
Interest on Capitalized Leases		62,017	
Total Education			63,211

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 5,352,414	
Total Education		\$ 5,352,414

Total General Purpose School Fund \$ 84,952,882

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 865,817	
Educational Assistants	332,897	
Certified Substitute Teachers	35,890	
Social Security	71,133	
State Retirement	75,840	
Life Insurance	1,232	
Medical Insurance	186,860	
Dental Insurance	4,524	
Unemployment Compensation	6,500	
Employer Medicare	16,688	
Other Fringe Benefits	5,319	
Other Contracted Services	10,000	
Instructional Supplies and Materials	368,718	
Regular Instruction Equipment	342,985	
Total Regular Instruction Program		\$ 2,324,403

Special Education Program

Teachers	\$ 421,300	
Educational Assistants	529,659	
Social Security	28,896	
State Retirement	38,398	
Medical Insurance	137,755	
Dental Insurance	501	
Employer Medicare	6,637	
Other Fringe Benefits	3,200	
Instructional Supplies and Materials	23,214	
Total Special Education Program		1,189,560

Vocational Education Program

Teachers	\$ 50,033
Social Security	3,103

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

State Retirement	\$	2,752	
Life Insurance		39	
Medical Insurance		8,617	
Dental Insurance		146	
Employer Medicare		726	
Other Fringe Benefits		226	
Instructional Supplies and Materials		34,373	
Vocational Instruction Equipment		109,466	
Total Vocational Education Program			\$ 209,481

Support Services

Health Services

Medical Personnel	\$	137,887	
Social Security		943	
State Retirement		846	
Life Insurance		13	
Medical Insurance		2,032	
Employer Medicare		221	
Other Fringe Benefits		69	
Total Health Services			142,011

Other Student Support

Guidance Personnel	\$	92,732	
Psychological Personnel		59,169	
Secretary(s)		30,960	
Attendants		680,629	
Other Salaries & Wages		26,200	
Social Security		35,663	
State Retirement		51,404	
Life Insurance		1,199	
Medical Insurance		153,320	
Dental Insurance		2,815	
Employer Medicare		8,749	
Other Fringe Benefits		3,325	
Evaluation and Testing		1,029	
Other Supplies and Materials		5	
Total Other Student Support			1,147,199

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	33,485	
Secretary(s)		63,930	
Other Salaries & Wages		56,684	
In-Service Training		20,981	
Social Security		10,574	
State Retirement		11,385	
Life Insurance		78	
Medical Insurance		18,824	
Dental Insurance		175	
Employer Medicare		2,420	
Other Fringe Benefits		693	
Consultants		4,116	
Travel		5,352	
Other Contracted Services		5,751	
Library Books/Media		96,249	
Other Supplies and Materials		10,746	
In Service/Staff Development		99,950	
Other Charges		2,590	
Other Equipment		30,051	
Total Regular Instruction Program			\$ 474,034

Vocational Education Program

Travel	\$	1,783	
In Service/Staff Development		28,372	
Total Vocational Education Program			30,155

Transportation

Bus Drivers	\$	225,999	
Social Security		13,712	
State Retirement		18,969	
Medical Insurance		6,728	
Employer Medicare		3,208	
Total Transportation			268,616

Total School Federal Projects Fund \$ 5,785,459

(Continued)

Exhibit L-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	40,068	
Clerical Personnel		98,560	
Cafeteria Personnel		2,143,706	
Social Security		132,854	
State Retirement		11,212	
Medical Insurance		18,750	
Employer Medicare		31,071	
Communication		12,766	
Maintenance & Repair Services- Equipment		28,084	
Transportation - Other than Students		39,279	
Travel		1,865	
Other Contracted Services		50,240	
Food Preparation Supplies		144,409	
Food Supplies		1,958,418	
Other Supplies and Materials		63,970	
Trustee's Commission		14	
In Service/Staff Development		6,750	
Other Charges		586	
Food Service Equipment		3,666	
Total Food Service			\$ 4,786,268
Total Central Cafeteria Fund			\$ 4,786,268

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Other Salaries & Wages	\$	212,282	
Social Security		13,162	
Employer Medicare		3,079	
Architects		64,601	
Building Construction		7,613,882	
Land		350,601	
Total Education Capital Projects			\$ 8,257,607
Total Education Capital Projects Fund			8,257,607
Total Governmental Funds - Sevier County School Department			\$ 103,782,216

Exhibit L-9

Sevier County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 26,218,266
Total Cash Receipts	<u>\$ 26,218,266</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 25,952,134
Trustee's Commission	<u>266,132</u>
Total Cash Disbursements	<u>\$ 26,218,266</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2004	<u>0</u>
 Cash Balance, June 30, 2005	<u><u>\$ 0</u></u>

STATISTICAL SECTION

Table 1

Sevier County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

<u>Year</u>	<u>Amount</u>
1996	\$ 632
1997	2,345
1998	9,417
1999	32,097
2000	41,216
2001	80,833
2002	229,874
2003	423,697
Total	<u>\$ 820,111</u>

Table 2

Sevier County, Tennessee
Tax Rates and Assessments
Last Ten Years

<u>Fund</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General	\$ 0.45	\$ 0.35	\$ 0.35	\$ 0.41	\$ 0.41	\$ 0.47	\$ 0.39	\$ 0.46	\$ 0.46	\$ 0.50
Highway/Public Works	0.20	0.17	0.17	0.19	0.19	0.20	0.16	0.17	0.17	0.19
General Purpose School	0.60	0.60	0.60	0.67	0.67	0.70	0.56	0.64	0.64	0.79
General Debt Service	0.13	0.10	0.10	0.10	0.10	0.10	0.07	0.16	0.16	0.16
Special Purpose	0.04	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02
Total Tax Rate	\$ 1.42	\$ 1.25	\$ 1.25	\$ 1.40	\$ 1.40	\$ 1.50	\$ 1.20	\$ 1.45	\$ 1.45	\$ 1.66
<u>Assessed Valuation</u>										
Real and Personal	\$ 959,413,138	\$ 1,317,294,726	\$ 1,394,691,758	\$ 1,443,739,075	\$ 1,503,619,375	\$ 1,579,851,864	\$ 2,082,162,262	\$ 2,149,975,196	\$ 2,261,612,628	\$ 2,327,465,183
Public Utilities	20,081,709	23,595,601	22,700,167	19,382,825	22,157,380	23,788,538	26,849,492	25,758,877	23,980,697	24,687,014
Total Assessed Valuation	\$ 979,494,847	\$ 1,340,890,327	\$ 1,417,391,925	\$ 1,463,121,900	\$ 1,525,776,755	\$ 1,603,640,402	\$ 2,109,011,754	\$ 2,175,734,073	\$ 2,285,593,325	\$ 2,352,152,197

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

March 3, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Sevier County's basic financial statements and have issued our report thereon dated March 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sevier County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Sevier County's ability to record, process, summarize, and report financial data consistent with the assertions of

management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.03, 05.04, and 05.05.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05.01 and 05.03 to be material weaknesses.

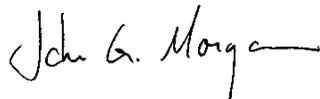
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sevier County's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 05.02.

We have also noted certain other matters that we reported to the management of Sevier County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/rd



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 3, 2006

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Sevier County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Sevier County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Sevier County's management. Our responsibility is to express an opinion on Sevier County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sevier County's compliance with those requirements.

In our opinion, Sevier County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Sevier County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Sevier County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

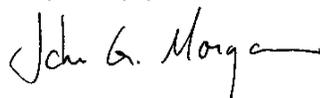
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operations that we consider to be material weaknesses.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated March 3, 2006. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/rd

OTHER 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

For the Sevier County Emergency Communications District

Board of Directors
Sevier County Emergency Communications District
Sevierville, Tennessee

We have audited the financial statements of the Sevier County Emergency Communications District, as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether Sevier County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sevier County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, County Commission and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

OTHER 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

For the Sevier County Public Building Authority

Board of Directors
Public Building Authority of
Sevier County, Tennessee
Sevierville, Tennessee

We have audited the financial statements of the Public Building Authority of Sevier County, Tennessee, a component unit of Sevier County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Public Building Authority of Sevier County, Tennessee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Public Building Authority of Sevier County, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, County Commission and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sevier County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass -through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Non Cash Assistance)	10.550	N/A	\$ 340,087
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	635,168
National School Lunch Program	10.555	N/A	1,928,387
Summer Food Service Program for Children	10.559	N/A	1,907
Total U.S. Department of Agriculture			\$ 2,905,549
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Programs	14.228	GG-04-10884-00	\$ 500,000
HOME Investment Partnerships Program	14.239	HM-02-38	10,635
Total U.S. Department of Housing and Urban Development			\$ 510,635
Bureau of Land Management, Department of the Interior:			
Direct Programs:			
Payments in Lieu of Taxes	15.226	N/A	\$ 177,219
Total Bureau of Land Management, Department of the Interior			\$ 177,219
U.S. Department of Justice:			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 273,451
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	(2)	5,153
Total U.S. Department of Justice			\$ 278,604
U.S. Department of Labor:			
Passed-through Walters State Community College:			
WIA Youth Activities	17.259	N/A	\$ 72,070
Total U.S. Department of Labor			\$ 72,070
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 90,228
Total U.S. Department of Transportation			\$ 90,228
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-04-016709-00	\$ 126,894
Title I Grants to Local Educational Agencies	84.010	N/A	2,125,633
Vocational Education - Basic Grants to States	84.048	N/A	239,681
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,634,474
Special Education - Preschool Grants	84.173	N/A	91,615
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	77,701
Twenty-First Century Community Learning Centers	84.287	192-05-1-021	76,772
State Grants for Innovative Programs	84.298	N/A	101,534
Education Technology State Grants	84.318	(2)	61,779
English Language Acquisition Grants	84.365	N/A	12,353
Improving Teacher Quality State Grants	84.367	N/A	479,196
Total U.S. Department of Education			\$ 6,027,632

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass -through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services: Passed-through State Department of Education: Temporary Assistance for Needy Families	93.558	Z-05-022350-00	\$ 12,698
Total U.S. Department of Health and Human Services			\$ 12,698
Department of Homeland Security: Passed-through State Department of Military: State Domestic Preparedness Equipment Support Program	97.004	(3)	\$ 464,410
Total Department of Homeland Security			\$ 464,410
Total Expenditures of Federal Awards			\$ 10,539,045
<u>State Grants</u>			
Juvenile Services Program - State Department of Children's Services	N/A	(2)	\$ 9,000
Family Resource Center - State Department of Education	N/A	Z-05-01892-00	33,300
Rehabilitation Grant - State Department of Human Services	N/A	GG-04-10275-00	56,356
Library Technology Grant - State Archives	N/A	(2)	21,925
Safe Schools - State Department of Education	N/A	(2)	59,837
Health Department Program - State Department of Health	N/A	(2)	199,487
Litter Program - State Department of Transportation	N/A	(2)	101,287
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	53,784
State Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	224,406
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	20,958
Bus Rapid Transit Grant - State Department of Transportation	N/A	GG-04-10690-00	115,000
Total State Grants			\$ 895,340

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

- (1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) - Information not available.
(3) - Pass through numbers Z-03-017799-01, Z-04-020144-01, and Z-04-022492-00.

Sevier County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Sevier County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

OFFICE OF GENERAL SESSIONS COURT CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	198	The office had a cash shortage of \$2,616 as of August 31, 2004

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.04	201	The cash shortage from the prior-year audit had not been liquidated

OTHER FINDINGS AND RECOMMENDATIONS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	201	Duties were not segregated adequately in the Office of Juvenile Court Clerk
04.06	201	A central system of accounting, budgeting, and purchasing had not been adopted

SEVIER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Sevier County is unqualified.
2. The audit of the financial statements of Sevier County disclosed reportable conditions in internal control. Two of these conditions were also considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance which are material to the financial statements of Sevier County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Food Donation (CFDA No. 10.550); the Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Community Development Block Grants/State's Programs (CFDA No. 14.228); the Special Education Cluster: the, Special Education - Grants to States and the Special Education- Preschool Grants (CFDA Nos. 84.027 and 84.173); and the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) were determined to be major programs.
8. A threshold of \$316,171 was used to distinguish between Type A and Type B federal programs.
9. Sevier County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF ROAD SUPERINTENDENT

FINDING 05.01 **DISCREPANCIES EXISTED IN THE AUCTION OF SURPLUS COUNTY HIGHWAY EQUIPMENT**
(Internal Control – Material Weakness Under Government Auditing Standards)

The following deficiencies were noted from an auction of surplus property:

- A. The Highway Department had a surplus property auction on September 10, 2005. Included in the sale were three pieces of equipment that were owned either by department employees or private citizens. These three items were included in the sale advertisement with the county's items making no distinction between the two. Allowing employees and/or private citizens to sell personal property in a county auction provides those individuals with services (auctioneer and advertising) at county expense.
- B. The Highway Department had not received payment for two of the county owned items sold at the auction until auditors inquired about the status of collections in March 2006. These items had been sold to a county commissioner (\$2,300) and an employee of the department (\$1,500).

RECOMMENDATION

Personal property of employees and/or private citizens should not be sold at a county surplus property auction. The department should require payment for all items sold at auction prior to the purchaser taking possession.

OFFICE OF COUNTY CLERK

FINDING 05.02 **THE CASH SHORTAGE FROM A PRIOR YEAR HAD NOT BEEN LIQUIDATED**
(Noncompliance Under Government Auditing Standards)

We had previously reported that as of October 24, 2003, the Office of County Clerk had a cash shortage of \$16,835.93. During the year ended June 30, 2005, a former employee of the office entered into a plea agreement to charges of theft and agreed to make monthly installments until the shortage is liquidated. As of June 30, 2005, \$146.50 had been paid toward the shortage, and the remaining \$16,689.43 has been reflected as a cash shortage in

the financial statements of this report. Payments subsequent to year-end have reduced the shortage to \$14,289.43

RECOMMENDATION

County officials should continue to monitor payments and ensure the remaining cash shortage of \$14,289.43 is liquidated.

OFFICE OF GENERAL SESSIONS COURT CLERK

FINDING 05.03 **THE OFFICE OF GENERAL SESSIONS COURT CLERK HAD A CASH SHORTAGE OF \$16,643.47 AT JUNE 30, 2005**
(Internal Control – Material Weakness Under Government Auditing Standards)

We previously reported a cash shortage of \$2,616 in the Office of General Sessions Court Clerk as of August 31, 2004, which led to an employee's termination of employment. That report also detailed the internal control weaknesses that aided in the concealment of the cash shortage and stated that the shortage could be significantly larger when further audit work was completed. Subsequent to the issuance of that report, the General Sessions Court Clerk requested detailed deposit records from the bank, and we extended our procedures to compare these detailed deposit records with receipts of the office for the period July 1, 2003 through August 31, 2004. As a result of our examination, we identified 131 additional deposit transactions that had not been receipted. It appears that these deposit items were substituted for receipts that had been properly written but not deposited. These 131 additional items totaled \$14,027.47, bringing the total cash shortage to \$16,643.47.

We then examined the months of September 2004 through December 2004; however, no additional shortage was identified. Shortage items were detected in each of the months between July 1, 2003 and August 19, 2004; therefore, this leads us to assume that thefts may have occurred prior to July 1, 2003. However, the scope of our examination did not cover any periods prior to July 1, 2003.

The above information was reported to the county mayor, the general sessions court clerk, and the County Commission in a letter dated August 2, 2005. The general sessions court clerk has taken steps to correct the internal control weaknesses previously reported that aided in the concealment of the cash shortage. This information has also been reviewed with the district attorney general and the Tennessee Bureau of Investigation.

RECOMMENDATION

County officials should seek to liquidate the cash shortage of \$16,643.47.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.04 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF JUVENILE COURT CLERK**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among the official and employees in the Office of Juvenile Court Clerk. The official and employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

FINDING 05.05 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting 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.

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

There were no findings and questioned costs for federal awards.

SEVIER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

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