

ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

**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, 2006

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Audit Highlights

Annual Financial Report
Sevier County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2006.

Results

Our report on Sevier County's financial statements is unqualified.

Our audit resulted in four 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 COUNTY MAYOR

- ◆ The office did not always issue purchase orders.

OFFICE OF COUNTY CLERK

- ◆ Fees and commissions were not reported and paid to the county in compliance with state statute.

OFFICE OF GENERAL SESSIONS COURT CLERK

- ◆ The cash shortage from a prior year has not been liquidated.

OTHER FINDING

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Sevier County Officials

June 30, 2006

Officials

Larry Waters, County Mayor
Jonas Smelcer, Road Superintendent
Jack Parton, Director of Schools
Jettie Clabo, Trustee
Johnny King, Assessor of Property
Joe 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 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
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

February 14, 2007

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, 2006, 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 .7 percent of the assets and .7 percent of revenues of the aggregate discretely presented component units); and the Sevier County Public Building Authority (which represent 36.2 percent of the assets and .2 percent of the revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports 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 the 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, 2006, 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 February 14, 2007, 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.

The management's discussion and analysis on pages 13 through 19 and the budgetary comparison information on pages 93 through 99 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sevier County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us 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 has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/rc

SEVIER COUNTY GOVERNMENT
Management's Discussion and Analysis
For the Year Ended June 30, 2006

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, 2006. 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 2005-2006

In total, net assets of the primary government increased by approximately \$10.8 million. All net assets of the primary government are related to governmental activities.

General revenues of the primary government accounted for \$37.3 million in revenue or 63 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$22.1 million or 37 percent of total revenues of \$59.4 million.

Total assets of governmental activities in the primary government were \$172.4 million as taxes receivable ended at \$23.6 million, cash ended at \$41.2 million, and capital assets, net of accumulated depreciation, ended at \$105.1 million.

Sevier County had \$48.6 million in expenses related to governmental activities. Only \$22.1 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$22 million) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$30.7 million in revenues and \$27.2 million in expenditures. The Highway/Public Works Fund had \$8 million in revenues and \$7.1 million in expenditures. The General Debt Service Fund had \$11.7 million in revenues and \$8.6 million in expenditures. The General Capital Projects Fund had \$.2 million in revenues and \$3.7 million in expenditures. Fund balance for the General Fund increased by \$1.1 million to \$6.1 million. Fund balance for the Highway/Public Works Fund increased by \$1 million to \$4.7 million. Fund balances of the General Debt Service Fund and the General Capital Projects Fund increased by \$3.3 million and \$3.2 million, to \$20.1 million and \$8.1 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 changes in the government's net assets 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 governmental 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. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget. Budget comparison statements 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 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 dependents 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 \$56.1 million at the close of the most recent fiscal year.

At June 30, 2006, \$81.6 million of the county's net assets reflect its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets. 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 2006. A comparison of the prior year is provided.

Sevier County Government Net Assets as of June 30

	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 67,228,563	\$ 56,779,262
Capital Assets	105,148,726	101,607,693
Total Assets	<u>\$ 172,377,289</u>	<u>\$ 158,386,955</u>
Long-term Liabilities Outstanding	\$ 92,157,724	\$ 90,022,828
Other Liabilities	24,093,304	22,988,084
Total Liabilities	<u>\$ 116,251,028</u>	<u>\$ 113,010,912</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 81,606,227	\$ 79,230,866
Restricted	26,345,809	22,078,931
Unrestricted	<u>(51,825,775)</u>	<u>(55,933,754)</u>
Total Net Assets	<u>\$ 56,126,261</u>	<u>\$ 45,376,043</u>

The following table shows the increase (decrease) in net assets for the fiscal year 2006 and a comparative analysis of government-wide data to the prior year.

Sevier County Government Changes in Net Assets as of June 30

	<u>2006</u>	<u>2005</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 10,692,886	\$ 9,883,788
Operating Grants and Contributions	3,616,765	3,207,169
Capital Grants and Contributions	7,798,119	5,275,911
General Revenues:		
Property Taxes	21,996,716	20,689,098
Sales Tax	3,549,585	3,148,370
Other Taxes	2,554,807	2,434,884
Grants and Contributions Unrestricted	6,691,036	6,561,928
Unrestricted Investment Income	2,227,231	1,158,123
Miscellaneous	127,304	62,547
Gain on Sale/Disposal of Capital Assets	127,160	0
Total Revenues	<u>\$ 59,381,609</u>	<u>\$ 52,421,818</u>
Expenses:		
General Government	\$ 4,775,867	\$ 3,899,275
Finance	2,469,847	2,129,007
Administration of Justice	2,383,690	2,305,312
Public Safety	10,086,003	8,959,282
Public Health and Welfare	9,328,238	10,985,603
Social, Cultural, and Recreational Services	2,609,260	1,006,991
Agricultural and Natural Resources	350,541	201,027
Other Operations	136,273	1,030,443
Highways	11,638,833	10,399,475
Education	804,603	9,792,484
Interest	3,707,352	3,467,877
Other Debt Service	340,884	325,798
Total Expenses	<u>\$ 48,631,391</u>	<u>\$ 54,502,574</u>
Increase/(Decrease) in Net Assets	\$ 10,750,218	\$ (2,080,756)
Net Assets - Beginning Balance	<u>45,376,043</u>	<u>47,456,799</u>
Net Assets - Ending Balance	<u>\$ 56,126,261</u>	<u>\$ 45,376,043</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 \$40.3 million. Approximately \$40.2 million of the total 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 \$6.1 million – all 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 22.3 percent of total General Fund expenditures.

The fund balance of the county’s General Fund increased by \$1.1 million during the current fiscal year.

The fund balance of the Highway/Public Works Fund ended at \$4.7 million, an increase of \$1 million.

The General Debt Service Fund again finished very strong at June 30, 2006, with a net increase of \$3.3 million of fund balance to end at \$21 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.

Proprietary Funds – The financial statements of the internal service funds reflect operations 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 revenues and expenses for governmental activities on the government-wide financial statements.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were approximately \$1.4 million in additional appropriations and revenue estimates. The changes were the result of mid-year projects 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, 2006, totals \$81.6 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 2006 fiscal year.

Long-term Debt – At the end of the 2006 fiscal year, Sevier County had total long-term debt obligations outstanding of \$92.7 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 \$60.9 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 eight percent of the total expenses for governmental activities.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county was 4.9 percent at June 30, 2006, down .3 percentage points from June 30, 2005. This compares favorably to the state's average unemployment rate of 5.9 percent and is .1 percent above the national average of 4.8 percent. Inflationary trends in the region compare favorably to national indices. These factors were considered in preparing the county budget for the 2007 fiscal year. At the end of the 2006 fiscal year, unreserved fund balance in the General Fund increased to \$6.1 million. The county has budgeted to use \$.5 million of this fund balance for spending on fiscal year 2007. It is intended that this use of available fund balance will avoid the need to raise taxes during the 2007 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, 2006

	Primary	Component Units		
	Governmental Activities	Sevier County School Department	Emergency Communications District	Public Building Authority
<u>ASSETS</u>				
Cash	\$ 1,446,702	\$ 38,416	\$ 495,922	\$ 36,106
Equity in Pooled Cash and Investments	39,757,946	14,245,681	0	0
Investments	0	0	0	1,396,213
Accounts Receivable	432,806	656	76,000	76,895
Due from Other Governments	1,705,724	6,818,226	0	0
Property Taxes Receivable	23,617,131	21,585,227	0	0
Allowance for Uncollectible Property Taxes	(481,978)	(439,196)	0	0
Prepaid Items	0	0	4,717	0
Restricted Assets:				
Other Restricted Assets	0	0	0	63,085,966
Deferred Charges - Debt Issuance Costs	750,232	0	0	0
Capital Assets				
Assets Not Depreciated:				
Land	3,374,571	5,767,730	0	1,181,941
Construction in Progress	2,754,913	1,500,622	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	11,182,289	59,489,691	506,292	0
Other Capital Assets	5,094,161	4,370,927	195,740	52
Infrastructure	82,742,792	1,082,874	0	0
Total Assets	\$ 172,377,289	\$ 114,460,854	\$ 1,278,671	\$ 65,777,173
<u>LIABILITIES</u>				
Accounts Payable	\$ 859,479	\$ 493,088	\$ 3,413	\$ 276
Accrued Payroll	76,507	0	0	0
Accrued Interest Payable	250,772	439	0	11,035
Payroll Deductions Payable	180	0	0	0
Contracts Payable	250,001	0	0	0
Retainage Payable	37,633	0	0	27,000
Due to Litigants, Heirs, and Others	4,712	0	0	0
Current Liabilities Payable from Restricted Assets:				
Conduit Debt	0	0	0	63,085,966
Deferred Revenue - Current Property Taxes	22,155,982	20,256,899	0	0
Other Current Liabilities	230	0	7,405	203
Unamortized Premiums on Debt	457,808	0	0	0
Noncurrent Liabilities:				
Due Within One Year	4,834,410	320,357	0	125,000
Due in More Than One Year (net of deferred amount on refunding)	87,323,314	1,032,800	0	410,000
Total Liabilities	\$ 116,251,028	\$ 22,103,583	\$ 10,818	\$ 63,659,480

(Continued)

Exhibit A

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

	Primary Government	Component Units		
	Governmental Activities	Sevier County School Department	Emergency Communica- tions District	Public Building Authority
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 81,606,227	\$ 70,858,248	\$ 0	\$ 646,993
Invested in Capital Assets	0	0	702,033	0
Restricted for:				
Courthouse & Jail Maintenance	163,434	0	0	0
Law Library	35,617	0	0	0
Short-term Capital Assets	169,168	0	0	0
Highway	5,077,697	0	0	0
Debt Service	20,881,568	0	0	0
Capital Projects	0	2,405,895	0	0
Federal Assistance Programs	0	1,828,015	0	0
Other Purposes	18,325	0	0	0
Unrestricted	(51,825,775)	17,265,113	565,820	1,470,700
Total Net Assets	<u>\$ 56,126,261</u>	<u>\$ 92,357,271</u>	<u>\$ 1,267,853</u>	<u>\$ 2,117,693</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, 2006

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Expenses	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
<u>Primary Government:</u>								
Governmental Activities:								
General Government	\$ 4,775,867	\$ 2,084,507	\$ 1,154	\$ 306,790	\$ (2,383,416)	\$ 0	\$ 0	\$ 0
Finance	2,469,847	2,794,271	63,548	0	387,972	0	0	0
Administration of Justice	2,383,690	1,287,956	28,000	0	(1,067,734)	0	0	0
Public Safety	10,086,003	876,917	624,321	113,739	(8,471,026)	0	0	0
Public Health and Welfare	9,328,238	2,754,312	461,224	0	(6,112,702)	0	0	0
Social, Cultural, and Recreational	2,609,260	33,097	56,434	17,000	(2,502,729)	0	0	0
Agricultural and Natural Resources	350,541	854	0	0	(349,687)	0	0	0
Other Operations	136,273	52	0	27,409	(108,812)	0	0	0
Highways	11,638,833	170,773	2,382,084	7,333,181	(1,752,795)	0	0	0
Education	804,603	690,147	0	0	(114,456)	0	0	0
Interest on Long-term Debt	3,707,352	0	0	0	(3,707,352)	0	0	0
Debt Service	340,884	0	0	0	(340,884)	0	0	0
Total Primary Government	\$ 48,631,391	\$ 10,692,886	\$ 3,616,765	\$ 7,798,119	\$ (26,523,621)	\$ 0	\$ 0	\$ 0
<u>Component Units:</u>								
Sevier County School Department	\$ 103,184,250	\$ 2,723,683	\$ 9,342,965	\$ 0	\$ 0	\$ (91,117,602)	\$ 0	\$ 0
Emergency Communications District	671,701	691,420	0	15,000	0	0	34,719	0
Public Building Authority	400,179	122,436	0	0	0	0	0	(277,743)
Total Component Units	\$ 104,256,130	\$ 3,537,539	\$ 9,342,965	\$ 15,000	\$ 0	\$ (91,117,602)	\$ 34,719	\$ (277,743)

(Continued)

Exhibit B

Sevier County, Tennessee
Statement of Activities (Cont.)

		Net (Expense) Revenue and Changes in Net Assets							
		Program Revenues			Primary Government	Component Units			
Functions/Programs	Expenses	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:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 12,638,738	\$ 19,920,599	\$ 0	\$ 0	0
Property Taxes Levied for Special Purposes					506,433	0	0	0	0
Property Taxes Levied for Highway					4,800,025	0	0	0	0
Property Taxes Levied for Debt					4,051,520	0	0	0	0
Local Option Sales Taxes					3,549,585	33,527,198	0	0	0
Other Local Taxes					2,554,807	12,327	0	0	0
Grants and Contributions Not Restricted to Specific Programs					6,691,036	38,020,441	0	0	0
Unrestricted Investment Income					2,227,231	36,109	11,422	52,007	0
Miscellaneous					127,304	602,611	0	0	0
Gain on Disposal of Capital Assets					127,160	0	0	0	0
Total General Revenues					\$ 37,273,839	\$ 92,119,285	\$ 11,422	\$ 52,007	
Change in Net Assets					\$ 10,750,218	\$ 1,001,683	\$ 46,141	\$ (225,736)	
Net Assets, July 1, 2005					45,376,043	98,452,499	1,221,712	2,343,429	
Restatement for Capital Assets					0	(7,096,911)	0	0	
Net Assets, June 30, 2006					\$ 56,126,261	\$ 92,357,271	\$ 1,267,853	\$ 2,117,693	

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, 2006

	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	\$ 26,283	\$ 26,658
Equity in Pooled Cash and Investments	5,699,308	4,619,716	20,719,455	8,380,816	338,651	39,757,946
Accounts Receivable	143,180	0	232,808	0	733	376,721
Due from Other Governments	1,313,461	392,263	0	0	0	1,705,724
Due from Other Funds	26,283	0	0	0	106,930	133,213
Property Taxes Receivable	13,499,493	5,065,800	4,383,844	0	667,994	23,617,131
Allowance for Uncollectible Property Taxes	(276,189)	(104,248)	(89,085)	0	(12,456)	(481,978)
Total Assets	\$ 20,405,911	\$ 9,973,531	\$ 25,247,022	\$ 8,380,816	\$ 1,128,135	\$ 65,135,415
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 231,705	\$ 71,617	\$ 0	\$ 36,578	\$ 7,318	\$ 347,218
Accrued Payroll	0	76,507	0	0	0	76,507
Payroll Deductions Payable	180	0	0	0	0	180
Contracts Payable	0	0	0	250,001	0	250,001
Retainage Payable	0	0	0	37,633	0	37,633
Due to Other Funds	381,930	0	0	0	26,283	408,213
Due to Litigants, Heirs, and Others	4,712	0	0	0	0	4,712
Other Current Liabilities	230	0	0	0	0	230
Deferred Revenue - Current Property Taxes	12,660,562	4,747,710	4,114,682	0	633,028	22,155,982
Deferred Revenue - Delinquent Property Taxes	441,783	167,877	141,370	0	17,672	768,702
Other Deferred Revenues	616,272	202,921	0	0	0	819,193
Total Liabilities	\$ 14,337,374	\$ 5,266,632	\$ 4,256,052	\$ 324,212	\$ 684,301	\$ 24,868,571
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 19,604	\$ 0	\$ 93,507	\$ 0	\$ 113,111
Unreserved, Reported In:						
General Fund	6,068,537	0	0	0	0	6,068,537
Special Revenue Funds	0	4,687,295	0	0	438,148	5,125,443
Debt Service Funds	0	0	20,990,970	0	0	20,990,970
Capital Projects Funds	0	0	0	7,963,097	5,686	7,968,783
Total Fund Balances	\$ 6,068,537	\$ 4,706,899	\$ 20,990,970	\$ 8,056,604	\$ 443,834	\$ 40,266,844
Total Liabilities and Fund Balances	\$ 20,405,911	\$ 9,973,531	\$ 25,247,022	\$ 8,380,816	\$ 1,128,135	\$ 65,135,415

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, 2006

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)		\$ 40,266,844
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,374,571	
Add: construction in progress	2,754,913	
Add: infrastructure net of accumulated depreciation	82,742,792	
Add: buildings and improvements net of accumulated depreciation	11,182,289	
Add: other capital assets net of accumulated depreciation	<u>5,094,161</u>	105,148,726
(2) 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 of the internal service funds are included in governmental activities in the statement of net assets.		1,238,868
(3) Long-term liabilities are not due in the current period and therefore are not reported in the funds.		
Less: notes payable	\$ (472,375)	
Less: other loans payable	(65,499,003)	
Less: bonds payable	(26,695,000)	
Add: deferred amount on refunding	508,654	
Add: deferred charges - debt issuance costs	750,232	
Less: accrued interest on bonds, notes, and other loans	(250,772)	
Less: other deferred revenue - premium on debt	<u>(457,808)</u>	(92,116,072)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>1,587,895</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ 56,126,261</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, 2006

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 18,874,159	\$ 4,895,266	\$ 4,131,724	\$ 0	\$ 547,636	\$ 28,448,785
Licenses and Permits	317,068	0	0	0	0	317,068
Fines, Forfeitures, and Penalties	321,387	0	0	0	24,354	345,741
Charges for Current Services	2,664,036	0	0	0	206,076	2,870,112
Other Local Revenues	524,144	88,349	2,220,072	166,619	187,150	3,186,334
Fees Received from County Officials	5,269,661	0	0	0	0	5,269,661
State of Tennessee	2,026,614	2,906,008	0	27,409	0	4,960,031
Federal Government	624,226	50,000	0	0	0	674,226
Other Governments and Citizens Groups	101,647	153,251	5,306,155	0	0	5,561,053
Total Revenues	\$ 30,722,942	\$ 8,092,874	\$ 11,657,951	\$ 194,028	\$ 965,216	\$ 51,633,011
Expenditures						
Current:						
General Government	\$ 3,232,914	\$ 0	\$ 0	\$ 0	\$ 173,451	\$ 3,406,365
Finance	1,870,987	0	0	0	106,293	1,977,280
Administration of Justice	1,799,478	0	0	0	46,295	1,845,773
Public Safety	8,105,598	0	0	0	246,254	8,351,852
Public Health and Welfare	3,833,611	0	0	0	2,480,398	6,314,009
Social, Cultural, and Recreational Services	865,625	0	0	0	22,486	888,111
Agricultural and Natural Resources	272,523	0	0	0	0	272,523
Other Operations	6,568,915	0	0	0	215,490	6,784,405
Highways	114,066	7,099,743	0	0	0	7,213,809
Debt Service:						
Principal on Debt	0	0	4,564,410	0	0	4,564,410
Interest on Debt	0	0	3,745,454	0	0	3,745,454
Other Debt Service	0	0	252,881	166,973	0	419,854
Capital Projects	491,158	0	0	3,489,973	56,727	4,037,858
Total Expenditures	\$ 27,154,875	\$ 7,099,743	\$ 8,562,745	\$ 3,656,946	\$ 3,347,394	\$ 49,821,703
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 3,568,067	\$ 993,131	\$ 3,095,206	\$ (3,462,918)	\$ (2,382,178)	\$ 1,811,308

(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	Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 6,613,108	\$ 0	\$ 6,613,108
Transfers In	0	0	241,522	0	2,446,795	2,688,317
Transfers Out	(2,446,795)	0	0	0	(241,522)	(2,688,317)
Total Other Financing Sources (Uses)	\$ (2,446,795)	\$ 0	\$ 241,522	\$ 6,613,108	\$ 2,205,273	\$ 6,613,108
Net Change in Fund Balances	\$ 1,121,272	\$ 993,131	\$ 3,336,728	\$ 3,150,190	\$ (176,905)	\$ 8,424,416
Fund Balance, July 1, 2005	4,947,265	3,713,768	17,654,242	4,906,414	620,739	31,842,428
Fund Balance, June 30, 2006	\$ 6,068,537	\$ 4,706,899	\$ 20,990,970	\$ 8,056,604	\$ 443,834	\$ 40,266,844

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

Exhibit C-4

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, 2006

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)		\$ 8,424,416
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,433,429	
Less: current year depreciation expense	<u>(6,442,368)</u>	(3,008,939)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: assets donated and capitalized	\$ 6,752,445	
Less: proceeds from disposal of capital assets	(258,556)	
Add: gain on disposal of capital assets	127,160	
Less: loss on disposal of capital assets	<u>(71,077)</u>	6,549,972
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Add: deferred delinquent property taxes and other deferred June 30 2006	\$ 1,587,895	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(1,235,483)</u>	352,412
(4) The issuance of long-term debt (e.g., bonds, 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: other loan proceeds	\$ (6,613,108)	
Add: change in premium on debt issuances	47,196	
Add: change in deferred debt issuance costs	117,972	
Add: principal payments on bonds	3,120,000	
Add: principal payments on notes	115,000	
Add: principal payments on other loans	1,329,410	
Less: change in deferred amount on refunding debt	<u>(86,198)</u>	(1,969,728)
(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		38,102

(Continued)

Exhibit C-4

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

(6) 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 revenue (expense) of certain activities of the internal service funds is reported with governmental activities in the statement of activities.	<u>\$ 363,983</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 10,750,218</u></u>

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

Exhibit D-1

Sevier County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2006

	<u>Governmental Activities - Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,420,044
Accounts Receivable	56,085
Due from Other Funds	<u>275,000</u>
Total Assets	<u>\$ 1,751,129</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	<u>\$ 512,261</u>
Total Liabilities	<u>\$ 512,261</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 1,238,868</u>
Total Net Assets	<u>\$ 1,238,868</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, 2006

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 4,786,269
Other Employee Benefit Charges/Contributions	83,684
Total Operating Revenues	<u>\$ 4,869,953</u>
<u>Operating Expenses</u>	
Handling Charges & Administrative Costs	\$ 232,594
Life Insurance	25,862
Excess Risk Insurance	645,359
Medical Claims	3,603,461
Total Operating Expenses	<u>\$ 4,507,276</u>
Operating Income (Loss)	<u>\$ 362,677</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 1,306</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 1,306</u>
Change in Net Assets	\$ 363,983
Net Assets, July 1, 2005	<u>874,885</u>
Net Assets, June 30, 2006	<u><u>\$ 1,238,868</u></u>

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

Exhibit D-3

Sevier County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 4,924,864
Receipts for Patient Charges	83,684
Payments to Insurers	(671,221)
Payments for Claims	(3,420,176)
Payments for Administrative Costs	(232,594)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 684,557</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 1,306
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,306</u>
Increase (Decrease) in Cash	\$ 685,863
Cash, July 1, 2005	<u>734,181</u>
Cash, June 30, 2006	<u><u>\$ 1,420,044</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 362,677
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	127,141
Increase (Decrease) in Other Current Liabilities	<u>194,739</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 684,557</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, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,630,474
Equity in Pooled Cash and Investments	96,536
Investments	17,665
Accounts Receivable	1,401
Due from Other Governments	5,491,193
Cash Shortage	<u>30,032</u>
Total Assets	<u><u>\$ 10,267,301</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,491,193
Due to Litigants, Heirs, and Others	4,679,572
Due to Joint Ventures	<u>96,536</u>
Total Liabilities	<u><u>\$ 10,267,301</u></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, 2006

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.

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. Also during the current year, the PBA sold a portion of the land and contributed the proceeds to Sevier County. Sevier County expects to continue contributing the annual principal and interest requirements in future years while receiving proceeds of any additional sales of land, up to the amount expended by the county.

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 Emergency Communications District
245 Bruce Street
Sevierville, TN 37862

Sevier County Public Building Authority
248 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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements.

However, the primary government of 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.

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, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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 funds and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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, the Employee Insurance – Health Fund, the Employee Insurance – Dental Fund, and the Workers’ Compensation Fund, are used to account for the county’s self-insured health, dental, and workers’ compensation programs. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do

not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 charges for services. Operating expenses for the internal service funds include administrative expenses and employee benefits.

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, cash includes demand deposits.

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. 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 with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.1 percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements. Retainage payable in the General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Capital Projects Fund.

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 on 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, 2006, Sevier County had \$60,853,780 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, if any.

7. Prior-period Adjustment – Restatement of Capital Assets

Capital assets of the discretely presented School Department were restated (\$7,096,911) from the prior year because the School Department had recorded a building twice (\$760,531) and overstated construction in progress (\$6,336,380) for the year ended June 30, 2005.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Sevier County School Department

Exhibit K-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Sevier County School Department

Exhibit K-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the District Attorney General Fund (special revenue fund) and the Constitutional Officers – Fees Fund (special revenue fund) which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Sevier 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, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the Sevier County

Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Shortages

Prior year cash shortages of \$13,389.43 and \$16,643.47 still existed in the Offices of County Clerk and General Sessions Court Clerk, respectively on June 30, 2006. In the previous fiscal year, a former employee of the County Clerk's Office entered into a plea agreement for charges of theft and agreed to pay monthly installments until the shortage is liquidated. During the year, \$3,300 was received to reduce this shortage to \$13,389.43. A former employee of the General Sessions Court Clerk's Office was recently indicted on charges relating to the cash shortage in that office and is awaiting trial. Details of the cash shortage in the Office of General Sessions Court Clerk are further discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in Support Services - Vocational Education major appropriation category (the legal level of control) of the School Federal Projects Fund by \$6,748. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by subsequent amendments of the federal project state budget.

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. Participating banks determine the aggregate balance of their public fund

accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, 2006, 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>17,665</u>
Total		<u>\$ 17,665</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, 2006, 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, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 3,434,411	\$ 0	\$ (59,840)	\$ 3,374,571
Construction in Progress	1,350,879	1,638,295	(234,261)	2,754,913
Total Capital Assets Not Depreciated	\$ 4,785,290	\$ 1,638,295	\$ (294,101)	\$ 6,129,484
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,911,230	\$ 0	\$ 0	\$ 14,911,230
Roads and Bridges	114,956,643	7,671,684	0	122,628,327
Other Capital Assets	9,649,114	1,110,156	(405,125)	10,354,145
Total Capital Assets Depreciated	\$ 139,516,987	\$ 8,781,840	\$ (405,125)	\$ 147,893,702
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,433,588	\$ 295,353	\$ 0	\$ 3,728,941
Roads and Bridges	34,583,034	5,302,501	0	39,885,535
Other Capital Assets	4,677,962	844,514	(262,492)	5,259,984
Total Accumulated Depreciation	\$ 42,694,584	\$ 6,442,368	\$ (262,492)	\$ 48,874,460

Governmental Activities (Cont.):

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Total Capital Assets				
Depreciated, Net	\$ 96,822,403	\$ 2,339,472	\$ (142,633)	\$ 99,019,242
Governmental Activities				
Capital Assets, Net	\$ 101,607,693	\$ 3,977,767	\$ (436,734)	\$ 105,148,726

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

Governmental Activities:

General Government	\$ 220,490
Finance	24,078
Public Safety	465,074
Public Health and Welfare	163,610
Social, Cultural, and Recreational Services	44,577
Other Operations	121,120
Highways/Public Works	5,403,419
Total Depreciation Expense - Governmental Activities	<u>\$ 6,442,368</u>

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

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 5,767,730	\$ 0	\$ 0	\$ 5,767,730
*Construction in Progress	8,692,614	2,367,006	(9,558,998)	1,500,622
Total Capital Assets				
Not Depreciated	\$ 14,460,344	\$ 2,367,006	\$ (9,558,998)	\$ 7,268,352
Capital Assets Depreciated:				
*Buildings and Improvements	\$ 80,540,740	\$ 9,816,299	\$ 0	\$ 90,357,039
Infrastructure	4,223,842	139,701	0	4,363,543
Other Capital Assets	11,547,299	471,831	(169,080)	11,850,050
Total Capital Assets				
Depreciated	\$ 96,311,881	\$ 10,427,831	\$ (169,080)	\$ 106,570,632

Governmental Activities (Cont.):

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Less Accumulated Depreciation For:				
*Buildings and				
Improvements	\$ 28,683,955	\$ 2,183,393	\$ 0	\$ 30,867,348
Infrastructure	2,997,693	282,976	0	3,280,669
Other Capital Assets	6,727,577	893,443	(141,897)	7,479,123
Total Accumulated				
Depreciation	\$ 38,409,225	\$ 3,359,812	\$ (141,897)	\$ 41,627,140
Total Capital Assets				
Depreciated, Net	\$ 57,902,656	\$ 7,068,019	\$ (27,183)	\$ 64,943,492
Governmental Activities				
Capital Assets, Net	\$ 72,363,000	\$ 9,435,025	\$ (9,586,181)	\$ 72,211,844

*The beginning balance in capital assets not depreciated for Construction in Progress has been decreased by \$6,336,380 due to corrections made by the discretely presented Sevier County School Department. The beginning balances in capital assets depreciated and accumulated depreciation for Buildings and Improvements has been decreased by \$821,456 and \$60,925, respectively.

Depreciation expense totaling \$3,359,812 was charged by the discretely presented Sevier County School Department.

C. Construction Commitments

At June 30, 2006, Sevier County had uncompleted construction projects of approximately \$93,507 in the General Capital Projects Fund. Funding has been provided through authorized loan agreements, discussed in note IV.F., which the county draws as the projects progress.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 26,283
Internal Service	General	275,000
Nonmajor governmental	General	106,930
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	3,300

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 2,446,795
Nonmajor governmental fund	241,522	0
Total	\$ 241,522	\$ 2,446,795

Discretely Presented Sevier County School Department

Transfers Out	Transfers In
	Nonmajor Governmental Fund
General Purpose School Fund	\$ 800,000
Total	\$ 800,000

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, 2006, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2007	\$ 353,683
2008	353,683
2009	353,683
2010	<u>353,683</u>
Total Minimum Lease Payments	\$ 1,414,732
Amount Representing Interest	<u>(90,835)</u>
 Present Value of Minimum Lease Payments	 <u><u>\$ 1,323,897</u></u>

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 seven 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, 2006, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2006, are as follows:

Type	Interest Rate		Original Amount of Issue	Balance 6-30-06
General Obligation				
Bonds - Refunding	2 to 4.5	% \$	33,565,000	\$ 26,695,000
Capital Outlay Notes	4.5 to 6		1,032,375	472,375
Other Loans	Variable or Synthetic Fixed Rate		76,568,440	65,499,003

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, 2006:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-06	Interest Type	Interest Rates as of 6-30-06	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Series A-2	\$ 4,700,000	\$ 1,720,000	Variable	4%	.60%
Series F-1	9,000,000	7,570,000	Variable	4	.53
Series A-1 - Water Board	450,000	268,000	(1) Variable	4	.54
Series IV- A-2	14,435,000	14,180,000	Synthetic Fixed by Swap	4.45	.53
Series IV- E-4	4,000,000	3,270,000	Synthetic Fixed by Swap	4.31	.50

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-06	Interest Type	Interest Rates as of 6-30-06	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority (Cont.)</u>					
Series IV- H-3	\$3,000,000	\$3,000,000	Synthetic Fixed by Swap	4.47	.43
Series V- A-1	27,500,000	27,500,000	(4)	(4)	.51
Series VI- E-1 - Sevier Solid Waste, Inc.	2,483,440	2,324,030	(2) Variable	4.1	.46
Series VI-G-1	11,000,000	<u>5,666,973</u>	(3) Variable	4.1	.86
		<u>\$ 65,499,003</u>			

- (1) Total of issue is \$7,500,000 of which Sevier County is liable for six percent.
- (2) Total of issue is \$7,400,000 of which Sevier County is liable for 33.56 percent.
- (3) Total available at June 30, 2006, for future draws under this loan agreement is \$5,333,027.
- (4) Of this loan agreement, \$13 million has a synthetic fixed by swap rate of 3.88 percent while the remaining \$14.5 million has a variable interest rate, which was 4.1 percent as of June 30, 2006.

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2006, 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, 2006.

Estimated interest payments and other fees are included for the loan agreements. The Series A-2, Series F-1, Series A-1- Water Board, \$14.5 million of the Series V-A-1, Series VI-E-1, and Series VI-G-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, 2006.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
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	2,370,000	701,890	0	0
2012-2016	14,090,000	1,930,941	0	0
Total	\$ 26,695,000	\$ 6,275,824	\$ 472,375	\$ 49,746

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2007	\$ 1,549,410	\$ 2,714,882	\$ 333,301	\$ 4,597,593
2008	1,627,800	2,651,807	324,971	4,604,578
2009	2,521,190	2,585,535	316,217	5,422,942
2010	2,859,580	2,482,776	302,912	5,645,268
2011	2,652,970	2,365,725	287,814	5,306,509
2012-2016	18,269,460	9,952,965	1,204,786	29,427,211
2017-2021	23,053,593	5,531,382	663,950	29,248,925
2022-2025	12,965,000	1,376,625	165,516	14,507,141
Total	\$ 65,499,003	\$ 29,661,697	\$ 3,599,467	\$ 98,760,167

There is \$20,990,970 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$375, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,302, 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 \$5,306,155 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. 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, 2006, 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>-3.84</u>
Net interest rate swap payments		0.54
Variable-rate bond coupon payments		<u>3.91</u>
Synthetic interest rate on bonds		<u><u>4.45 %</u></u>

Fair value. As of June 30, 2006, the swap had a negative fair value of \$723,951. 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, 2006, 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. 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, 2006. 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.

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, 2006, 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.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2007	\$ 95,000	\$ 554,438	\$ 76,572	\$ 726,010
2008	100,000	550,724	76,059	726,783
2009	270,000	546,814	75,519	892,333
2010	430,000	536,257	74,061	1,040,318
2011	430,000	519,444	71,739	1,021,183
2012-2016	3,255,000	2,291,651	316,494	5,863,145
2017-2021	8,305,000	1,113,764	153,819	9,572,583
2022-2025	1,295,000	129,812	17,928	1,442,740
Total	\$ 14,180,000	\$ 6,242,904	\$ 862,191	\$ 21,285,095

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. 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, 2006, 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>-3.84</u>
Net interest rate swap payments		0.40
Variable-rate bond coupon payments		<u>3.91</u>
Synthetic interest rate on bonds		<u><u>4.31 %</u></u>

Fair value. As of June 30, 2006, the swap had a negative fair value of \$55,862. 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, 2006, 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. 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, 2006. 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.

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, 2006, 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.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2007	\$ 165,000	\$ 127,857	\$ 13,080	\$	305,937
2008	175,000	121,406	12,420		308,826
2009	180,000	114,563	11,720		306,283
2010	190,000	107,525	11,000		308,525
2011	200,000	100,096	10,240		310,336
2012-2016	1,170,000	374,774	38,340		1,583,114
2017-2020	1,190,000	119,255	12,200		1,321,455
Total	\$ 3,270,000	\$ 1,065,476	\$ 109,000	\$	4,444,476

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. 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, 2006, 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>-3.84</u>
Net interest rate swap payments		0.56
Variable-rate bond coupon payments		<u>3.91</u>
		<u>4.47 %</u>

Fair value. As of June 30, 2006, the swap had a negative fair value of \$212,684. 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, 2006, 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. 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, 2006. 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.

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, 2006, 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.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2007	\$ 0	\$ 117,300	\$ 16,800	\$ 134,100
2008	0	117,300	16,800	134,100
2009	0	117,300	16,800	134,100
2010	0	117,300	16,800	134,100
2011	0	117,300	16,800	134,100
2012-2016	0	586,500	84,000	670,500
2017-2021	530,000	586,500	84,000	1,200,500
2022-2025	2,470,000	248,285	35,560	2,753,845
Total	\$ 3,000,000	\$ 2,007,785	\$ 287,560	\$ 5,295,345

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. 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, 2006, 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>-4.00</u>
Net interest rate swap payments		-0.03
Variable-rate bond coupon payments		<u>3.91</u>
Synthetic interest rate on bonds		<u><u>3.88 %</u></u>

Fair value. As of June 30, 2006, the swap had a positive fair value of \$52,462. The positive fair value of the swap may be countered by increases in total interest payments required under the variable-rate bond, creating higher 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, 2006, the county's exposure to credit risk is equal to the amount of the swap's positive fair value. However, should interest rates change and the fair value of the swap becomes negative, the county would no longer be exposed to credit risk. The swap counterparty was unrated at the time of the swap. 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, 2006. 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.

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, 2006, 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.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2007	\$ 0	\$ 508,300	\$ (3,900)	\$ 504,400
2008	0	508,300	(3,900)	504,400
2009	0	508,300	(3,900)	504,400
2010	0	508,300	(3,900)	504,400
2011	0	508,300	(3,900)	504,400
2012-2016	0	2,541,500	(19,500)	2,522,000
2017-2021	3,800,000	2,469,165	(18,945)	6,250,220
2022-2025	9,200,000	924,715	(7,095)	10,117,620
Total	\$ 13,000,000	\$ 8,476,880	\$ (65,040)	\$ 21,411,840

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2005	\$ 29,815,000	\$ 587,375	\$ 60,215,305
Additions	0	0	6,613,108
Deductions	(3,120,000)	(115,000)	(1,329,410)
Balance, June 30, 2006	\$ 26,695,000	\$ 472,375	\$ 65,499,003
Balance Due Within One Year	\$ 3,170,000	\$ 115,000	\$ 1,549,410

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 92,666,378
Less: Balance Due Within One Year	(4,834,410)
Less: Deferred Amount on Refunding	<u>(508,654)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u><u>\$ 87,323,314</u></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, 2006, will be retired from the General Purpose School Fund.

Capital outlay notes and capital leases outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
Capital Outlay Note	3 %	\$ 39,806	\$ 29,260
Capital Leases	3.29	1,920,232	1,323,897

The annual requirements to amortize all notes outstanding as of June 30, 2006, including interest payments, are presented in the following table:

Year Ending June 30	<u>Notes</u>	
	Principal	Interest
2007	\$ 5,511	\$ 878
2008	5,677	712
2009	5,847	542
2010	6,022	367
2011	<u>6,203</u>	<u>186</u>
Total	<u><u>\$ 29,260</u></u>	<u><u>\$ 2,685</u></u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Sevier County School Department for the year ended June 30, 2006, was as follows:

Governmental Activities:

	<u>Notes</u>	<u>Capital Leases</u>
Balance, July 1, 2005	\$ 34,611	\$ 1,628,567
Deductions	(5,351)	(304,670)
Balance, June 30, 2006	<u>\$ 29,260</u>	<u>\$ 1,323,897</u>
Balance Due Within One Year	<u>\$ 5,511</u>	<u>\$ 314,846</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 1,353,157
Less: Balance Due Within One Year	<u>(320,357)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 1,032,800</u>

V. OTHER INFORMATION

A. Risk Management

The 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 \$998,079 for health coverage, \$47,664 for dental coverage, and \$193,125 for workers' compensation coverage at June 30, 2006. 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
2004-2005	\$227,819	\$3,056,710	(\$3,013,029)	\$271,500
2005-2006	271,500	3,020,413	(2,934,913)	357,000

Employee Insurance - Dental Fund

	Beginning of Fiscal- Year Liability	Current- Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-2005	\$7,288	\$58,626	(\$62,409)	\$3,505
2005-2006	3,505	64,158	(64,802)	2,861

Workers' Compensation

	Beginning of Fiscal- Year Liability	Current- Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-2005	\$124,463	\$294,767	(\$376,713)	\$42,517
2005-2006	42,517	518,890	(409,007)	152,400

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 was 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 Changes

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Sevier County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44

establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Sevier County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Sevier County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Sevier County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Sevier County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Sevier County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

On November 20, 2006, the Sevier County Commission passed a resolution authorizing one or more loans under one or more loan agreements between Sevier County and the PBA of Sevier County in an aggregate principal amount not to exceed \$36,000,000.

Bruce Montgomery, county sheriff, died on February 9, 2007. As of the date of this report, a new sheriff has not been appointed.

D. Change in Administration

On August 31, 2006, Janette Layman-Ballard left the Office of Circuit Court Clerk and was succeeded by Rita Ellison.

E. 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, 2006, percentages, Sevier County could be liable for approximately \$3,309,780 in the event of default by Sevier Solid Waste, Inc.

Sevier County has signed four contracts totaling \$1,549,234 in-lieu-of performance bonds on behalf of Sevier Solid Waste, Inc., 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.

F. Joint Ventures

Sevier Solid Waste, Inc., is a non-profit organization created under the laws of the State of Tennessee to develop and implement 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.

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.

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, 2006, and does not have any equity interest in this joint venture.

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 \$295,647 to the operations of the Economic Development Council for the 2005-06 year.

Complete financial statements for Sevier Solid Waste, Inc., the Sevier Water Board, the Fourth Judicial District Drug Task Force, and the Sevier County Economic Development can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

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

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

G. 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, 2006, 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, 2006, Sevier County's annual pension cost of \$2,608,948 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$2,608,948	100%	\$0
6-30-05	2,421,511	100	0
6-30-04	1,883,020	100	0

Schedule of Funding Progress

(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)
6-30-05	\$43,601	\$48,997	\$5,396	88.99%	\$25,498	21.16%
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

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, 2006, 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, 2006, 2005, and 2004, were \$2,590,401, \$2,406,177, and \$1,389,595, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits

In addition to the retirement commitments described above, the discretely presented Sevier County School Department provides post-employment health care benefits, in accordance with contract provisions, to all professional employees who retire from the School Department with at least ten years of service and who have been covered under the county group medical plan for at least one year prior to retirement. The School Department will pay 85 percent of the retiree's insurance premiums until the retiree reaches Medicare age. As of June 30, 2006, 47 individuals are participating in the program. During the year, expenditures of \$169,161 were recognized for participants in the program. The School Department provides Medicare supplement to retirees with at least 15 years experience when they reach age 65. Currently 25 individuals are participating in the program. During the year, expenditures of \$8,280 were recognized for participants in the program.

I. 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 Highway Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 133, Private Acts of 1969, and 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 \$10,000.

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, 2006, the budgeted expense was \$687,000. Anticipated revenues were \$687,000 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, 2006, the liability for earned vacation time accrued was \$7,405.

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, 2006, the carrying amount of the district's deposits (cash and certificates of deposit) was \$404,000, and the bank's balance was \$91,872. All deposits during the audit period 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. \$399,723, June 2006
- d. \$100,000

- a. Tennessee State Bank
- b. All governmental funds collateralized by State of Tennessee Collateral Pool
- c. \$328,831, June 2006
- 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. No more than one referendum may be held in any 24-month period. During the year ended June 30, 2006, total operating revenues of \$692,864 were earned from telephone surcharges. Surcharges of \$2,599 were uncollectible at June 30, 2006. 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 \$76,000 at June 30, 2006, represents net amounts of \$35,043 due from BellSouth for the surcharge on Sevier County telephone services for the month of June; \$23,460 due from the State of Tennessee for cell phone revenue as well as \$17,497 in revenue from other sources.

2. Support

An undetermined amount of operating support was received during the fiscal year ended June 30, 2006, 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, 2006, all phone services in Sevier County had been addressed and totaled 63,801. These were serviced by the answering points of various agencies or departments in the following approximate percentages:

	<u>Percentage</u>
Pigeon Forge Police Department	11.41 %
Gatlinburg Police Department	5.84
Central Dispatch	<u>82.75</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, 2006, were as follows:

	<u>2006</u>
Service Fee	\$ 162,906
Administration Fee of 1% of Net Revenues	4,147
Fax Monthly Line Expenses	<u>6,988</u>
Total	<u><u>\$ 174,041</u></u>

E. Changes in Capital Assets

The following is a summary of capital assets at June 30, 2006:

	Balance 7-1-05	Additions	Balance 6-30-06
Buildings	\$ 678,324	\$ 0	\$ 678,324
Less: Accumulated Depreciation	(154,657)	(17,375)	(172,032)
Furniture and Fixtures	67,368	298	67,666
Less: Accumulated Depreciation	(51,207)	(5,213)	(56,420)
Equipment	797,654	95,832	893,486
Less: Accumulated Depreciation	(617,243)	(98,720)	(715,963)
Automobile	49,438	0	49,438
Less: Accumulated Depreciation	(37,238)	(5,229)	(42,467)
Total Net Capital Assets	<u>\$ 732,439</u>	<u>\$ (30,407)</u>	<u>\$ 702,032</u>

F. Retirement Commitments

Plan Description

Employees of the Sevier County Emergency Communications 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 Communications 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, 2006, 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, 2006, the Sevier County Emergency Communications District's annual pension cost of \$18,396 to TCRS was equal to the Sevier County Emergency Communications 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 Communications 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, 2005, was 14 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6-30-06	\$ 18,396	100%	\$ 0
6-30-05	17,215	100	0
6-30-04	11,746	100	0

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((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	184	44	76.09	122	35.97

G. 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 2004, 2005, and 2006.

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 \$32,192 of interest capitalized during the year ended June 30, 2006.

B. Cash

Cash consists of demand deposits in the Public Building Authority of Sevier County, Tennessee, and checking accounts with Citizens National Bank and Branch Banking and Trust. 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, 2006, is \$1,396,213. This includes all interest earned through the end of fiscal year 2006. At June 30, 2006, 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 Hamblen, Haywood, Warren, Sevier, Cocke, and McNairy; cities of Smyrna, Oak Ridge, Sevierville, and Lawrenceburg; West Knox Utility District of Knox County, Citizens Gas Utility District of Scott and Morgan Counties, and Sevierville Board of 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

	7-1-05	Additions	Deletions	6-30-06
Land and improvements held for development -				
Smith-Thomas Tech Park	\$ 984,621	\$ 0	\$ 399,604	\$ 585,017
Smith-Thomas Tech Park Improvements	1,004,680	0	407,756	596,924
Total	\$ 1,989,301	\$ 0	\$ 807,360	\$ 1,181,941

	7-1-05	Additions	Deletions	6-30-06
Land and improvements held for development (Cont.) - Incubator building and land	\$ 685,204	\$ 1,098,318	\$ 1,783,523	\$ 0
Furniture and fixtures	\$ 879	\$ 0	\$ 0	\$ 879
Less: accumulated depreciation	701	126	0	827
Total	\$ 178	\$ 126	\$ 0	\$ 52

F. Line of Credit

During the year, the authority utilized a bank line of credit totaling \$1,700,000, bearing annual interest ranging from six to 7.25 percent, to construct an incubator building in the John L. Marshall Technology Park. The balance outstanding of \$1,416,329 was completely repaid on December 30, 2005, during the sale closing of the incubator building, and there is no outstanding balance at June 30, 2006. The authority incurred interest costs totaling \$32,192 during the year ended June 30, 2006.

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
1-15-07	\$ 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
Total	\$ 535,000	\$ 61,650	\$ 596,650

During the year, Sevier County advanced the authority \$149,475 for debt service payments due on the above capital outlay note. The authority repaid all outstanding advances from proceeds of land sales in the Smith-Thomas Industrial Park during the year ended June 30, 2006, and advanced \$76,895 to Sevier County to be utilized for the next debt service payment due January 15, 2007.

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, 2006, for all bond issues is \$1,200,565,000. 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, 2006, is \$63,085,966. 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, 2006, 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.

J. Risk Management

The Public Building Authority of Sevier County, Tennessee, did not participate in any risk management strategies as of June 30, 2006, 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.

**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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 18,874,159	\$ 0	\$ 18,874,159	\$ 17,637,000	\$ 18,288,700	\$ 585,459
Licenses and Permits	317,068	0	317,068	340,000	340,000	(22,932)
Fines, Forfeitures, and Penalties	321,387	0	321,387	353,500	353,500	(32,113)
Charges for Current Services	2,664,036	0	2,664,036	2,812,400	2,812,400	(148,364)
Other Local Revenues	524,144	0	524,144	324,500	544,600	(20,456)
Fees Received from County Officials	5,269,661	0	5,269,661	4,760,000	4,760,000	509,661
State of Tennessee	2,026,614	0	2,026,614	1,762,700	1,888,200	138,414
Federal Government	624,226	0	624,226	325,000	672,000	(47,774)
Other Governments and Citizens Groups	101,647	0	101,647	30,000	30,000	71,647
Total Revenues	\$ 30,722,942	\$ 0	\$ 30,722,942	\$ 28,345,100	\$ 29,689,400	\$ 1,033,542
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 187,092	\$ 0	\$ 187,092	\$ 199,000	\$ 199,000	\$ 11,908
Beer Board	4,705	0	4,705	7,050	7,050	2,345
Other Boards and Committees	399,307	0	399,307	357,499	399,307	0
County Mayor/Executive	383,146	0	383,146	390,770	391,020	7,874
Election Commission	362,270	0	362,270	410,006	410,006	47,736
Register of Deeds	364,561	0	364,561	356,609	370,609	6,048
Planning	172,819	0	172,819	195,258	195,258	22,439
County Buildings	939,695	(459)	939,236	911,199	941,699	2,463
Other General Administration	297,515	0	297,515	290,421	301,421	3,906
Preservation of Records	121,804	0	121,804	130,462	130,712	8,908
<u>Finance</u>						
Property Assessor's Office	735,707	0	735,707	748,483	747,983	12,276
Reappraisal Program	70,302	0	70,302	76,510	76,510	6,208
County Trustee's Office	295,950	0	295,950	293,921	297,921	1,971

(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)	Less: Encumbrances 7/1/2005	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	\$ 707,903	\$ 0	\$ 707,903	\$ 680,363	\$ 708,863	\$ 960
Data Processing	61,125	0	61,125	61,689	61,689	564
<u>Administration of Justice</u>						
Circuit Court	549,669	0	549,669	572,911	572,161	22,492
General Sessions Court	433,349	0	433,349	445,072	445,072	11,723
General Sessions Judge	297,145	0	297,145	297,463	297,463	318
Chancery Court	267,218	0	267,218	273,269	273,019	5,801
Juvenile Court	78,929	0	78,929	85,418	86,968	8,039
Judicial Commissioners	127,462	0	127,462	132,331	138,581	11,119
Other Administration of Justice	45,706	0	45,706	45,706	45,706	0
<u>Public Safety</u>						
Sheriff's Department	3,870,391	0	3,870,391	3,583,827	3,913,827	43,436
Drug Enforcement	150,064	0	150,064	171,798	151,946	1,882
Jail	2,409,535	0	2,409,535	2,213,028	2,415,712	6,177
Juvenile Services	227,971	0	227,971	243,904	243,154	15,183
Fire Prevention and Control	693,666	0	693,666	680,000	710,666	17,000
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	172,330	0	172,330	75,066	176,816	4,486
County Coroner/Medical Examiner	69,650	0	69,650	66,140	70,000	350
Other Public Safety	418,991	0	418,991	484,879	484,879	65,888
<u>Public Health and Welfare</u>						
Local Health Center	84,552	0	84,552	103,800	103,800	19,248
Rabies and Animal Control	55,000	0	55,000	45,000	55,000	0
Ambulance/Emergency Medical Services	2,833,061	0	2,833,061	2,870,478	2,868,228	35,167
Maternal and Child Health Services	335,493	0	335,493	332,508	339,758	4,265

(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)	Less: Encumbrances 7/1/2005	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	\$ 80,000	\$ 0	\$ 80,000	\$ 93,808	\$ 93,808	\$ 13,808
Regional Mental Health Center	0	0	0	10,000	10,000	10,000
Appropriation to State	64,276	0	64,276	82,490	82,490	18,214
Other Local Welfare Services	100,997	0	100,997	100,000	103,000	2,003
Other Public Health and Welfare	280,232	0	280,232	297,521	296,771	16,539
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	156,287	0	156,287	162,703	162,703	6,416
Libraries	628,238	0	628,238	616,901	632,651	4,413
Parks and Fair Boards	81,100	0	81,100	17,000	81,100	0
<u>Agriculture & Natural Resources</u>						
Agriculture Extension Service	164,601	0	164,601	165,511	165,761	1,160
Forest Service	1,000	0	1,000	1,000	1,000	0
Soil Conservation	24,594	0	24,594	24,650	24,650	56
Storm Water Management	82,328	0	82,328	112,782	113,532	31,204
<u>Other Operations</u>						
Tourism	102,134	0	102,134	110,000	110,000	7,866
Airport	7,800	0	7,800	8,300	8,300	500
Veterans' Services	77,567	0	77,567	82,855	82,855	5,288
Contributions to Other Agencies	84,500	0	84,500	87,700	87,700	3,200
Employee Benefits	5,294,247	0	5,294,247	5,217,000	5,377,000	82,753
Miscellaneous	1,002,667	0	1,002,667	1,005,000	1,005,750	3,083
<u>Highways</u>						
Litter and Trash Collection	91,779	0	91,779	107,180	107,180	15,401
Other Charges	22,287	0	22,287	27,000	27,000	4,713
<u>Capital Projects</u>						
Other General Government Projects	491,158	0	491,158	144,066	499,066	7,908
Total Expenditures	\$ 27,154,875	\$ (459)	\$ 27,154,416	\$ 26,398,305	\$ 27,797,121	\$ 642,705

(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)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,568,067	\$ 459	\$ 3,568,526	\$ 1,946,795	\$ 1,892,279	\$ 1,676,247
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (2,446,795)	\$ 0	\$ (2,446,795)	\$ (2,446,795)	\$ (2,446,795)	\$ 0
Total Other Financing Sources (Uses)	\$ (2,446,795)	\$ 0	\$ (2,446,795)	\$ (2,446,795)	\$ (2,446,795)	\$ 0
Net Change in Fund Balance	\$ 1,121,272	\$ 459	\$ 1,121,731	\$ (500,000)	\$ (554,516)	\$ 1,676,247
Fund Balance, July 1, 2005	4,947,265	(459)	4,946,806	4,183,670	4,183,670	763,136
Fund Balance, June 30, 2006	\$ 6,068,537	\$ 0	\$ 6,068,537	\$ 3,683,670	\$ 3,629,154	\$ 2,439,383

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,895,266	\$ 0	\$ 0	\$ 4,895,266	\$ 4,499,042	\$ 4,499,042	\$ 396,224
Other Local Revenues	88,349	0	0	88,349	38,000	38,000	50,349
State of Tennessee	2,906,008	0	0	2,906,008	2,978,116	2,978,116	(72,108)
Federal Government	50,000	0	0	50,000	0	0	50,000
Other Governments and Citizens Groups	153,251	0	0	153,251	10,000	10,000	143,251
Total Revenues	\$ 8,092,874	\$ 0	\$ 0	\$ 8,092,874	\$ 7,525,158	\$ 7,525,158	\$ 567,716
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 183,163	\$ 0	\$ 0	\$ 183,163	\$ 202,500	\$ 202,500	\$ 19,337
Highway and Bridge Maintenance	3,474,163	(4,594)	11,160	3,480,729	3,701,620	3,802,620	321,891
Operation and Maintenance of Equipment	800,822	(2,764)	590	798,648	812,000	892,600	93,952
Quarry Operations	322,431	0	180	322,611	325,000	365,100	42,489
Other Charges	240,690	0	0	240,690	244,150	244,150	3,460
Employee Benefits	854,203	0	0	854,203	945,000	945,000	90,797
Capital Outlay	1,224,271	(237,258)	7,674	994,687	1,294,888	1,445,888	451,201
Total Expenditures	\$ 7,099,743	\$ (244,616)	\$ 19,604	\$ 6,874,731	\$ 7,525,158	\$ 7,897,858	\$ 1,023,127
Excess (Deficiency) of Revenues Over Expenditures	\$ 993,131	\$ 244,616	\$ (19,604)	\$ 1,218,143	\$ 0	\$ (372,700)	\$ 1,590,843
Net Change in Fund Balance	\$ 993,131	\$ 244,616	\$ (19,604)	\$ 1,218,143	\$ 0	\$ (372,700)	\$ 1,590,843
Fund Balance, July 1, 2005	3,713,768	(244,616)	0	3,469,152	2,030,586	2,030,586	1,438,566
Fund Balance, June 30, 2006	\$ 4,706,899	\$ 0	\$ (19,604)	\$ 4,687,295	\$ 2,030,586	\$ 1,657,886	\$ 3,029,409

SEVIER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

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 Sevier 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 Sevier County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**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.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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, 2006

	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	163,885	35,964	75,063	39,728	5,780
Accounts Receivable	0	0	733	0	0
Due from Other Funds	0	0	0	106,930	0
Property Taxes Receivable	0	0	0	667,994	0
Allowance for Uncollectible Property Taxes	0	0	0	(12,456)	0
Total Assets	<u>\$ 163,885</u>	<u>\$ 35,964</u>	<u>\$ 75,796</u>	<u>\$ 802,196</u>	<u>\$ 5,780</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 451	\$ 347	\$ 6,520	\$ 0	\$ 0
Due to Other Funds	0	0	0	0	0
Deferred Revenue - Current Property Taxes	0	0	0	633,028	0
Deferred Revenue - Delinquent Property Taxes	0	0	0	17,672	0
Total Liabilities	<u>\$ 451</u>	<u>\$ 347</u>	<u>\$ 6,520</u>	<u>\$ 650,700</u>	<u>\$ 0</u>
<u>Fund Balances</u>					
Unreserved	\$ 163,434	\$ 35,617	\$ 69,276	\$ 151,496	\$ 5,780
Total Fund Balances	<u>\$ 163,434</u>	<u>\$ 35,617</u>	<u>\$ 69,276</u>	<u>\$ 151,496</u>	<u>\$ 5,780</u>
Total Liabilities and Fund Balances	<u>\$ 163,885</u>	<u>\$ 35,964</u>	<u>\$ 75,796</u>	<u>\$ 802,196</u>	<u>\$ 5,780</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	\$ 26,283	\$ 26,283	\$ 0	\$ 26,283
Equity in Pooled Cash and Investments	12,545	0	332,965	5,686	338,651
Accounts Receivable	0	0	733	0	733
Due from Other Funds	0	0	106,930	0	106,930
Property Taxes Receivable	0	0	667,994	0	667,994
Allowance for Uncollectible Property Taxes	0	0	(12,456)	0	(12,456)
Total Assets	\$ 12,545	\$ 26,283	\$ 1,122,449	\$ 5,686	\$ 1,128,135
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 7,318	\$ 0	\$ 7,318
Due to Other Funds	0	26,283	26,283	0	26,283
Deferred Revenue - Current Property Taxes	0	0	633,028	0	633,028
Deferred Revenue - Delinquent Property Taxes	0	0	17,672	0	17,672
Total Liabilities	\$ 0	\$ 26,283	\$ 684,301	\$ 0	\$ 684,301
<u>Fund Balances</u>					
Unreserved	\$ 12,545	\$ 0	\$ 438,148	\$ 5,686	\$ 443,834
Total Fund Balances	\$ 12,545	\$ 0	\$ 438,148	\$ 5,686	\$ 443,834
Total Liabilities and Fund Balances	\$ 12,545	\$ 26,283	\$ 1,122,449	\$ 5,686	\$ 1,128,135

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, 2006

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Revenues</u>					
Local Taxes	\$ 22,124	\$ 9,054	\$ 0	\$ 516,458	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	13,769
Charges for Current Services	128,084	0	17,000	0	0
Other Local Revenues	0	0	0	0	0
Total Revenues	<u>\$ 150,208</u>	<u>\$ 9,054</u>	<u>\$ 17,000</u>	<u>\$ 516,458</u>	<u>\$ 13,769</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 134,080	\$ 0	\$ 0	\$ 38,920	\$ 0
Finance	0	0	0	55,366	0
Administration of Justice	0	7,165	0	5,615	0
Public Safety	0	0	0	203,157	43,097
Public Health and Welfare	0	0	2,250,210	230,188	0
Social, Cultural, and Recreational Services	0	0	0	22,486	0
Other Operations	1,518	0	0	10,079	0
Capital Projects	56,727	0	0	0	0
Total Expenditures	<u>\$ 192,325</u>	<u>\$ 7,165</u>	<u>\$ 2,250,210</u>	<u>\$ 565,811</u>	<u>\$ 43,097</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (42,117)</u>	<u>\$ 1,889</u>	<u>\$ (2,233,210)</u>	<u>\$ (49,353)</u>	<u>\$ (29,328)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 2,446,795	\$ 0	\$ 0
Transfers Out	0	0	(241,522)	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,205,273</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (42,117)	\$ 1,889	\$ (27,937)	\$ (49,353)	\$ (29,328)
Fund Balance, July 1, 2005	205,551	33,728	97,213	200,849	35,108
Fund Balance, June 30, 2006	<u>\$ 163,434</u>	<u>\$ 35,617</u>	<u>\$ 69,276</u>	<u>\$ 151,496</u>	<u>\$ 5,780</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	\$ 547,636	\$ 0	\$ 547,636
Fines, Forfeitures, and Penalties	10,585	0	24,354	0	24,354
Charges for Current Services	0	60,992	206,076	0	206,076
Other Local Revenues	150	0	150	187,000	187,150
Total Revenues	\$ 10,735	\$ 60,992	\$ 778,216	\$ 187,000	\$ 965,216
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 451	\$ 173,451	\$ 0	\$ 173,451
Finance	0	50,927	106,293	0	106,293
Administration of Justice	23,901	9,614	46,295	0	46,295
Public Safety	0	0	246,254	0	246,254
Public Health and Welfare	0	0	2,480,398	0	2,480,398
Social, Cultural, and Recreational Services	0	0	22,486	0	22,486
Other Operations	0	0	11,597	203,893	215,490
Capital Projects	0	0	56,727	0	56,727
Total Expenditures	\$ 23,901	\$ 60,992	\$ 3,143,501	\$ 203,893	\$ 3,347,394
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,166)	\$ 0	\$ (2,365,285)	\$ (16,893)	\$ (2,382,178)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 2,446,795	\$ 0	\$ 2,446,795
Transfers Out	0	0	(241,522)	0	(241,522)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 2,205,273	\$ 0	\$ 2,205,273
Net Change in Fund Balances	\$ (13,166)	\$ 0	\$ (160,012)	\$ (16,893)	\$ (176,905)
Fund Balance, July 1, 2005	25,711	0	598,160	22,579	620,739
Fund Balance, June 30, 2006	\$ 12,545	\$ 0	\$ 438,148	\$ 5,686	\$ 443,834

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 22,124	\$ 20,000	\$ 20,000	\$ 2,124
Charges for Current Services	128,084	130,000	130,000	(1,916)
Total Revenues	<u>\$ 150,208</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 208</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 134,080	\$ 109,000	\$ 142,000	\$ 7,920
<u>Other Operations</u>				
Miscellaneous	1,518	2,000	2,000	482
<u>Capital Projects</u>				
Other General Government Projects	56,727	155,000	122,000	65,273
Total Expenditures	<u>\$ 192,325</u>	<u>\$ 266,000</u>	<u>\$ 266,000</u>	<u>\$ 73,675</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (42,117)</u>	<u>\$ (116,000)</u>	<u>\$ (116,000)</u>	<u>\$ 73,883</u>
Net Change in Fund Balance	\$ (42,117)	\$ (116,000)	\$ (116,000)	\$ 73,883
Fund Balance, July 1, 2005	<u>205,551</u>	<u>179,067</u>	<u>179,067</u>	<u>26,484</u>
Fund Balance, June 30, 2006	<u><u>\$ 163,434</u></u>	<u><u>\$ 63,067</u></u>	<u><u>\$ 63,067</u></u>	<u><u>\$ 100,367</u></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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,054	\$ 8,000	\$ 8,000	\$ 1,054
Total Revenues	\$ 9,054	\$ 8,000	\$ 8,000	\$ 1,054
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 7,165	\$ 8,000	\$ 8,000	\$ 835
Total Expenditures	\$ 7,165	\$ 8,000	\$ 8,000	\$ 835
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,889	\$ 0	\$ 0	\$ 1,889
Net Change in Fund Balance	\$ 1,889	\$ 0	\$ 0	\$ 1,889
Fund Balance, July 1, 2005	33,728	32,940	32,940	788
Fund Balance, June 30, 2006	\$ 35,617	\$ 32,940	\$ 32,940	\$ 2,677

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, 2006

	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	\$ 2,250,210	\$ 2,463,795	\$ 2,252,273	\$ 2,063
Total Expenditures	\$ 2,250,210	\$ 2,463,795	\$ 2,252,273	\$ 2,063
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,233,210)	\$ (2,446,795)	\$ (2,235,273)	\$ 2,063
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,446,795	\$ 2,446,795	\$ 2,446,795	\$ 0
Transfers Out	(241,522)	0	(241,522)	0
Total Other Financing Sources (Uses)	\$ 2,205,273	\$ 2,446,795	\$ 2,205,273	\$ 0
Net Change in Fund Balance	\$ (27,937)	\$ 0	\$ (30,000)	\$ 2,063
Fund Balance, July 1, 2005	97,213	130,995	130,995	(33,782)
Fund Balance, June 30, 2006	\$ 69,276	\$ 130,995	\$ 100,995	\$ (31,719)

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 516,458	\$ 0	\$ 516,458	\$ 500,000	\$ 500,000	\$ 16,458
Total Revenues	\$ 516,458	\$ 0	\$ 516,458	\$ 500,000	\$ 500,000	\$ 16,458
<u>Expenditures</u>						
<u>General Government</u>						
County Mayor/Executive	\$ 3,595	\$ (3,595)	\$ 0	\$ 0	\$ 0	\$ 0
Election Commission	16,609	0	16,609	100,000	100,000	83,391
Register of Deeds	4,358	0	4,358	4,800	4,800	442
Other General Administration	14,358	0	14,358	15,500	15,500	1,142
<u>Finance</u>						
Property Assessor's Office	49,691	0	49,691	50,000	50,000	309
County Trustee's Office	5,675	0	5,675	5,675	5,675	0
<u>Administration of Justice</u>						
General Sessions Court	5,615	0	5,615	8,800	8,800	3,185
<u>Public Safety</u>						
Sheriff's Department	199,735	0	199,735	200,000	200,000	265
Juvenile Services	3,422	0	3,422	4,000	4,000	578
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	155,188	0	155,188	155,200	155,200	12
Sanitation Management	75,000	0	75,000	75,000	75,000	0
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	2,500	0	2,500	5,700	5,700	3,200
Libraries	19,986	0	19,986	20,000	20,000	14
<u>Other Operations</u>						
Other Charges	10,079	0	10,079	12,000	12,000	1,921
Total Expenditures	\$ 565,811	\$ (3,595)	\$ 562,216	\$ 656,675	\$ 656,675	\$ 94,459

(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)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (49,353)	\$ 3,595	\$ (45,758)	\$ (156,675)	\$ (156,675)	\$ 110,917
Net Change in Fund Balance	\$ (49,353)	\$ 3,595	\$ (45,758)	\$ (156,675)	\$ (156,675)	\$ 110,917
Fund Balance, July 1, 2005	200,849	(3,595)	197,254	177,708	177,708	19,546
Fund Balance, June 30, 2006	\$ 151,496	\$ 0	\$ 151,496	\$ 21,033	\$ 21,033	\$ 130,463

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 13,769	\$ 8,000	\$ 13,000	\$ 769
Total Revenues	\$ 13,769	\$ 8,000	\$ 13,000	\$ 769
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 43,097	\$ 20,100	\$ 43,850	\$ 753
Total Expenditures	\$ 43,097	\$ 20,100	\$ 43,850	\$ 753
Excess (Deficiency) of Revenues Over Expenditures	\$ (29,328)	\$ (12,100)	\$ (30,850)	\$ 1,522
Net Change in Fund Balance	\$ (29,328)	\$ (12,100)	\$ (30,850)	\$ 1,522
Fund Balance, July 1, 2005	35,108	35,108	35,108	0
Fund Balance, June 30, 2006	\$ 5,780	\$ 23,008	\$ 4,258	\$ 1,522

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,131,724	\$ 3,708,500	\$ 3,708,500	\$ 423,224
Other Local Revenues	2,220,072	900,000	900,000	1,320,072
Other Governments and Citizens Groups	5,306,155	5,489,965	5,489,965	(183,810)
Total Revenues	<u>\$ 11,657,951</u>	<u>\$ 10,098,465</u>	<u>\$ 10,098,465</u>	<u>\$ 1,559,486</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 4,564,410	\$ 4,564,410	\$ 4,564,410	\$ 0
<u>Interest on Debt</u>				
General Government	3,745,454	4,227,017	4,197,902	452,448
<u>Other Debt Service</u>				
General Government	252,881	249,475	252,881	0
Total Expenditures	<u>\$ 8,562,745</u>	<u>\$ 9,040,902</u>	<u>\$ 9,015,193</u>	<u>\$ 452,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,095,206</u>	<u>\$ 1,057,563</u>	<u>\$ 1,083,272</u>	<u>\$ 2,011,934</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 241,522	\$ 0	\$ 250,000	\$ (8,478)
Total Other Financing Sources (Uses)	<u>\$ 241,522</u>	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ (8,478)</u>
Net Change in Fund Balance	\$ 3,336,728	\$ 1,057,563	\$ 1,333,272	\$ 2,003,456
Fund Balance, July 1, 2005	<u>17,654,242</u>	<u>17,194,489</u>	<u>17,194,489</u>	<u>459,753</u>
Fund Balance, June 30, 2006	<u>\$ 20,990,970</u>	<u>\$ 18,252,052</u>	<u>\$ 18,527,761</u>	<u>\$ 2,463,209</u>

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, 2006

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 1,123,994	\$ 50,525	\$ 245,525	\$ 1,420,044
Accounts Receivable	56,085	0	0	56,085
Due from Other Funds	175,000	0	100,000	275,000
Total Assets	<u>\$ 1,355,079</u>	<u>\$ 50,525</u>	<u>\$ 345,525</u>	<u>\$ 1,751,129</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 357,000	\$ 2,861	\$ 152,400	\$ 512,261
Total Liabilities	<u>\$ 357,000</u>	<u>\$ 2,861</u>	<u>\$ 152,400</u>	<u>\$ 512,261</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 998,079</u>	<u>\$ 47,664</u>	<u>\$ 193,125</u>	<u>\$ 1,238,868</u>
Total Net Assets	<u>\$ 998,079</u>	<u>\$ 47,664</u>	<u>\$ 193,125</u>	<u>\$ 1,238,868</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, 2006

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 4,329,014	\$ 73,712	\$ 383,543	\$ 4,786,269
Other Employee Benefit Charges/Contributions	75,021	8,663	0	83,684
Total Operating Revenues	<u>\$ 4,404,035</u>	<u>\$ 82,375</u>	<u>\$ 383,543</u>	<u>\$ 4,869,953</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 170,368	\$ 6,508	\$ 55,718	\$ 232,594
Life Insurance	25,862	0	0	25,862
Excess Risk Insurance	645,359	0	0	645,359
Medical Claims	3,020,413	64,158	518,890	3,603,461
Total Operating Expenses	<u>\$ 3,862,002</u>	<u>\$ 70,666</u>	<u>\$ 574,608</u>	<u>\$ 4,507,276</u>
Operating Income (Loss)	<u>\$ 542,033</u>	<u>\$ 11,709</u>	<u>\$ (191,065)</u>	<u>\$ 362,677</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 0	\$ 263	\$ 1,043	\$ 1,306
Total Nonoperating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 263</u>	<u>\$ 1,043</u>	<u>\$ 1,306</u>
Change in Net Assets	\$ 542,033	\$ 11,972	\$ (190,022)	\$ 363,983
Net Assets, July 1, 2005	456,046	35,692	383,147	874,885
Net Assets, June 30, 2006	<u>\$ 998,079</u>	<u>\$ 47,664</u>	<u>\$ 193,125</u>	<u>\$ 1,238,868</u>

Exhibit I-3

Sevier County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compen- sation	Total
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 4,457,614	\$ 73,712	\$ 393,538	\$ 4,924,864
Receipts for Patient Charges	75,021	8,663	0	83,684
Payments to Insurers	(671,221)	0	0	(671,221)
Payments for Claims	(2,948,361)	(64,802)	(407,013)	(3,420,176)
Payments for Administrative Costs	(170,368)	(6,508)	(55,718)	(232,594)
Net Cash Provided By (Used In) Operating Activities	\$ 742,685	\$ 11,065	\$ (69,193)	\$ 684,557
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 0	\$ 263	\$ 1,043	\$ 1,306
Net Cash Provided By (Used In) Investing Activities	\$ 0	\$ 263	\$ 1,043	\$ 1,306
Increase (Decrease) in Cash	\$ 742,685	\$ 11,328	\$ (68,150)	\$ 685,863
Cash, July 1, 2005	381,309	39,197	313,675	734,181
Cash, June 30, 2006	\$ 1,123,994	\$ 50,525	\$ 245,525	\$ 1,420,044
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>				
Operating Income (Loss)	\$ 542,033	\$ 11,709	\$ (191,065)	\$ 362,677
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	115,152	0	11,989	127,141
Increase (Decrease) in Other Current Liabilities	85,500	(644)	109,883	194,739
Net Cash Provided By (Used In) Operating Activities	\$ 742,685	\$ 11,065	\$ (69,193)	\$ 684,557

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or 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, 2006

	Agency Funds			Total
	Cities - Sales Tax	Joint Venture	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 96,536	\$ 0	\$ 96,536
Cash	0	0	4,630,474	4,630,474
Investments	0	0	17,665	17,665
Accounts Receivable	0	0	1,401	1,401
Due from Other Governments	5,491,193	0	0	5,491,193
Cash Shortage	0	0	30,032	30,032
Total Assets	<u>\$ 5,491,193</u>	<u>\$ 96,536</u>	<u>\$ 4,679,572</u>	<u>\$ 10,267,301</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 5,491,193	\$ 0	\$ 0	\$ 5,491,193
Due to Litigants, Heirs, and Others	0	0	4,679,572	4,679,572
Due to Joint Ventures	0	96,536	0	96,536
Total Liabilities	<u>\$ 5,491,193</u>	<u>\$ 96,536</u>	<u>\$ 4,679,572</u>	<u>\$ 10,267,301</u>

Exhibit J-2

Sevier County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 29,599,202	\$ 29,599,202	\$ 0
Due from Other Governments	5,026,327	5,491,193	5,026,327	5,491,193
Total Assets	\$ 5,026,327	\$ 35,090,395	\$ 34,625,529	\$ 5,491,193
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,026,327	\$ 35,090,395	\$ 34,625,529	\$ 5,491,193
Total Liabilities	\$ 5,026,327	\$ 35,090,395	\$ 34,625,529	\$ 5,491,193
<u>Joint Venture - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 59,178	\$ 244,899	\$ 207,541	\$ 96,536
Total Assets	\$ 59,178	\$ 244,899	\$ 207,541	\$ 96,536
<u>Liabilities</u>				
Due to Joint Venture	\$ 59,178	\$ 244,899	\$ 207,541	\$ 96,536
Total Liabilities	\$ 59,178	\$ 244,899	\$ 207,541	\$ 96,536
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 9,490,894	\$ 44,383,618	\$ 49,244,038	\$ 4,630,474
Investments	17,315	350	0	17,665
Accounts Receivable	8,521	1,401	8,521	1,401
Cash Shortage	33,332	0	3,300	30,032
Total Assets	\$ 9,550,062	\$ 44,385,369	\$ 49,255,859	\$ 4,679,572
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 9,550,062	\$ 44,385,369	\$ 49,255,859	\$ 4,679,572
Total Liabilities	\$ 9,550,062	\$ 44,385,369	\$ 49,255,859	\$ 4,679,572
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 59,178	\$ 29,844,101	\$ 29,806,743	\$ 96,536
Cash	9,490,894	44,383,618	49,244,038	4,630,474
Investments	17,315	350	0	17,665
Accounts Receivable	8,521	1,401	8,521	1,401
Due from Other Governments	5,026,327	5,491,193	5,026,327	5,491,193
Cash Shortage	33,332	0	3,300	30,032
Total Assets	\$ 14,635,567	\$ 79,720,663	\$ 84,088,929	\$ 10,267,301

(Continued)

Exhibit J-2

Sevier County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 9,550,062	\$ 44,385,369	\$ 49,255,859	\$ 4,679,572
Due to Joint Venture	59,178	244,899	207,541	96,536
Due to Other Taxing Units	5,026,327	35,090,395	34,625,529	5,491,193
Total Liabilities	<u>\$ 14,635,567</u>	<u>\$ 79,720,663</u>	<u>\$ 84,088,929</u>	<u>\$ 10,267,301</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, 2006

	<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	\$ 38,416	\$ 38,416
Equity in Pooled Cash and Investments	10,037,061	4,208,620	14,245,681
Accounts Receivable	0	656	656
Due from Other Governments	6,818,226	0	6,818,226
Due from Other Funds	0	3,300	3,300
Property Taxes Receivable	21,585,227	0	21,585,227
Allowance for Uncollectible Property Taxes	(439,196)	0	(439,196)
Total Assets	<u>\$ 38,001,318</u>	<u>\$ 4,250,992</u>	<u>\$ 42,252,310</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 476,006	\$ 17,082	\$ 493,088
Due to Other Funds	3,300	0	3,300
Deferred Revenue - Current Property Taxes	20,256,899	0	20,256,899
Deferred Revenue - Delinquent Property Taxes	698,016	0	698,016
Other Deferred Revenues	3,562,722	0	3,562,722
Total Liabilities	<u>\$ 24,996,943</u>	<u>\$ 17,082</u>	<u>\$ 25,014,025</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 1,431,232	\$ 470,622	\$ 1,901,854
Reserved for Title I Grants to Local Education Agencies	0	162,158	162,158
Reserved for Special Education - Grants to States	0	147,828	147,828
Other Federal Reserves	0	139,756	139,756
Unreserved, Reported In:			
General Fund	11,573,143	0	11,573,143
Special Revenue Funds	0	1,250,315	1,250,315
Capital Projects Funds	0	2,063,231	2,063,231
Total Fund Balances	<u>\$ 13,004,375</u>	<u>\$ 4,233,910</u>	<u>\$ 17,238,285</u>
Total Liabilities and Fund Balances	<u>\$ 38,001,318</u>	<u>\$ 4,250,992</u>	<u>\$ 42,252,310</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, 2006

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)		\$	17,238,285
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,767,730	
Add: construction in progress		1,500,622	
Add: buildings and improvements net of accumulated depreciation		59,489,691	
Add: infrastructure net of accumulated depreciation		1,082,874	
Add: other capital assets net of accumulated depreciation		<u>4,370,927</u>	72,211,844
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			4,260,738
(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.			
(4) 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.			
Less: notes payable	\$	(29,260)	
Less: capital leases payable		<u>(1,323,897)</u>	<u>(1,353,157)</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>92,357,710</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, 2006

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 53,404,786	\$ 0	\$ 53,404,786
Licenses and Permits	221,530	0	221,530
Charges for Current Services	200,506	2,520,147	2,720,653
Other Local Revenues	2,042,759	36,657	2,079,416
State of Tennessee	36,428,356	68,789	36,497,145
Federal Government	973,291	8,449,031	9,422,322
Total Revenues	<u>\$ 93,271,228</u>	<u>\$ 11,074,624</u>	<u>\$ 104,345,852</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 53,518,675	\$ 4,726,642	\$ 58,245,317
Support Services	28,943,307	1,555,560	30,498,867
Operation of Non-Instructional Services	1,082,205	5,341,760	6,423,965
Capital Outlay	471,108	0	471,108
Debt Service:			
Principal on Debt	310,021	0	310,021
Interest on Debt	53,051	0	53,051
Other Debt Service	5,306,155	0	5,306,155
Capital Projects	0	2,039,217	2,039,217
Total Expenditures	<u>\$ 89,684,522</u>	<u>\$ 13,663,179</u>	<u>\$ 103,347,701</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,586,706</u>	<u>\$ (2,588,555)</u>	<u>\$ 998,151</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 800,000	\$ 800,000
Transfers Out	(800,000)	0	(800,000)
Total Other Financing Sources (Uses)	<u>\$ (800,000)</u>	<u>\$ 800,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,786,706	\$ (1,788,555)	\$ 998,151
Fund Balance, July 1, 2005	10,217,669	6,022,465	16,240,134
Fund Balance, June 30, 2006	<u>\$ 13,004,375</u>	<u>\$ 4,233,910</u>	<u>\$ 17,238,285</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, 2006

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)		\$	998,151
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	3,235,839	
Less: current year depreciation expense		<u>(3,359,812)</u>	(123,973)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: proceeds from disposal of capital assets	\$	(7,945)	
Less: loss on disposal of capital assets		<u>(19,238)</u>	(27,183)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes/other deferred June 30, 2006	\$	4,260,738	
Less: deferred delinquent property taxes/other deferred June 30, 2005		<u>(4,420,657)</u>	(159,919)
(4) The issuance of long-term debt (e.g., bonds, 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.			
Add: principal payment on notes	\$	5,351	
Add: principal payment on capital leases		<u>304,670</u>	310,021
(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			<u>4,586</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>1,001,683</u>

Exhibit K-5

Sevier County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2006

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 38,416	\$ 38,416	\$ 0	\$ 38,416
Equity in Pooled Cash and Investments	574,400	1,211,243	1,785,643	2,422,977	4,208,620
Accounts Receivable	0	656	656	0	656
Due from Other Funds	3,300	0	3,300	0	3,300
Total Assets	<u>\$ 577,700</u>	<u>\$ 1,250,315</u>	<u>\$ 1,828,015</u>	<u>\$ 2,422,977</u>	<u>\$ 4,250,992</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 17,082	\$ 17,082
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,082</u>	<u>\$ 17,082</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 127,958	\$ 0	\$ 127,958	\$ 342,664	\$ 470,622
Reserved for Title I Grants to Local Education Agencies	162,158	0	162,158	0	162,158
Reserved for Special Education - Grants to States	147,828	0	147,828	0	147,828
Other Federal Reserves	139,756	0	139,756	0	139,756
Unreserved	0	1,250,315	1,250,315	2,063,231	3,313,546
Total Fund Balances	<u>\$ 577,700</u>	<u>\$ 1,250,315</u>	<u>\$ 1,828,015</u>	<u>\$ 2,405,895</u>	<u>\$ 4,233,910</u>
Total Liabilities and Fund Balances	<u>\$ 577,700</u>	<u>\$ 1,250,315</u>	<u>\$ 1,828,015</u>	<u>\$ 2,422,977</u>	<u>\$ 4,250,992</u>

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, 2006

	<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>Revenues</u>					
Charges for Current Services	\$ 0	\$ 2,520,147	\$ 2,520,147	\$ 0	\$ 2,520,147
Other Local Revenues	0	36,657	36,657	0	36,657
State of Tennessee	0	68,789	68,789	0	68,789
Federal Government	5,455,563	2,993,468	8,449,031	0	8,449,031
Total Revenues	\$ 5,455,563	\$ 5,619,061	\$ 11,074,624	\$ 0	\$ 11,074,624
<u>Expenditures</u>					
<u>Current:</u>					
Instruction	\$ 4,726,642	\$ 0	\$ 4,726,642	\$ 0	\$ 4,726,642
Support Services	1,555,560	0	1,555,560	0	1,555,560
Operation of Non-Instructional Services	0	5,341,760	5,341,760	0	5,341,760
Capital Projects	0	0	0	2,039,217	2,039,217
Total Expenditures	\$ 6,282,202	\$ 5,341,760	\$ 11,623,962	\$ 2,039,217	\$ 13,663,179
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (826,639)	\$ 277,301	\$ (549,338)	\$ (2,039,217)	\$ (2,588,555)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 800,000	\$ 800,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 800,000	\$ 800,000
Net Change in Fund Balances	\$ (826,639)	\$ 277,301	\$ (549,338)	\$ (1,239,217)	\$ (1,788,555)
Fund Balance, July 1, 2005	1,404,339	973,014	2,377,353	3,645,112	6,022,465
Fund Balance, June 30, 2006	\$ 577,700	\$ 1,250,315	\$ 1,828,015	\$ 2,405,895	\$ 4,233,910

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 53,404,786	\$ 0	\$ 0	\$ 53,404,786	\$ 50,041,092	\$ 52,665,895	\$ 738,891
Licenses and Permits	221,530	0	0	221,530	237,000	200,000	21,530
Charges for Current Services	200,506	0	0	200,506	160,000	165,000	35,506
Other Local Revenues	2,042,759	0	0	2,042,759	607,904	2,020,017	22,742
State of Tennessee	36,428,356	0	0	36,428,356	35,786,533	36,541,044	(112,688)
Federal Government	973,291	0	0	973,291	309,185	811,247	162,044
Total Revenues	\$ 93,271,228	\$ 0	\$ 0	\$ 93,271,228	\$ 87,141,714	\$ 92,403,203	\$ 868,025
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 44,060,721	\$ (771,928)	\$ 117,677	\$ 43,406,470	\$ 44,968,534	\$ 44,668,937	\$ 1,262,467
Alternative Instruction Program	597,936	0	0	597,936	476,927	608,224	10,288
Special Education Program	6,555,185	(877)	6,877	6,561,185	7,238,983	6,659,818	98,633
Vocational Education Program	2,173,718	(350)	400	2,173,768	2,160,448	2,222,956	49,188
Adult Education Program	131,115	0	225	131,340	171,708	171,708	40,368
<u>Support Services</u>							
Attendance	380,571	0	0	380,571	402,138	445,165	64,594
Health Services	701,175	(4,022)	0	697,153	585,363	727,912	30,759
Other Student Support	2,468,679	0	0	2,468,679	2,166,701	2,529,317	60,638
Regular Instruction Program	3,189,243	(18,597)	3,346	3,173,992	3,241,711	3,415,920	241,928
Special Education Program	309,573	(2,956)	3,152	309,769	351,367	338,695	28,926
Vocational Education Program	172,119	0	0	172,119	178,691	178,261	6,142
Adult Programs	91,547	0	0	91,547	94,685	94,684	3,137
Board of Education	1,616,135	0	0	1,616,135	1,679,383	1,804,817	188,682
Director of Schools	185,485	0	0	185,485	206,709	206,709	21,224
Office of the Principal	6,375,140	(66,838)	7,371	6,315,673	6,527,646	6,561,159	245,486

(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 7/1/2005	Add: Encumbrances 6/30/2006	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	\$ 760,095	\$ (3,298)	\$ 0	\$ 756,797	\$ 837,514	\$ 791,810	\$ 35,013
Operation of Plant	6,281,920	(24,683)	0	6,257,237	6,599,779	6,588,027	330,790
Maintenance of Plant	2,662,591	(5,727)	0	2,656,864	2,671,363	2,736,363	79,499
Transportation	3,749,034	(1,463)	961,436	4,709,007	3,724,529	4,904,266	195,259
<u>Operation of Non-Instructional Services</u>							
Food Service	686,603	0	0	686,603	710,444	711,944	25,341
Community Services	132,755	(117)	813	133,451	142,100	142,100	8,649
Early Childhood Education	262,847	0	4,935	267,782	0	267,782	0
<u>Capital Outlay</u>							
Regular Capital Outlay	471,108	(444,058)	325,000	352,050	1,341,246	1,525,056	1,173,006
<u>Principal on Debt</u>							
Education	310,021	0	0	310,021	5,489,965	310,021	0
<u>Interest on Debt</u>							
Education	53,051	0	0	53,051	0	53,051	0
<u>Other Debt Service</u>							
Education	5,306,155	0	0	5,306,155	0	5,306,155	0
Total Expenditures	\$ 89,684,522	\$ (1,344,914)	\$ 1,431,232	\$ 89,770,840	\$ 91,967,934	\$ 93,970,857	\$ 4,200,017
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 3,586,706	\$ 1,344,914	\$ (1,431,232)	\$ 3,500,388	\$ (4,826,220)	\$ (1,567,654)	\$ 5,068,042
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (800,000)	\$ 0	\$ 0	\$ (800,000)	\$ 0	\$ (800,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (800,000)	\$ 0	\$ 0	\$ (800,000)	\$ 0	\$ (800,000)	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ 2,786,706	\$ 1,344,914	\$ (1,431,232)	\$ 2,700,388	\$ (4,826,220)	\$ (2,367,654)	\$ 5,068,042
	10,217,669	(1,344,914)	0	8,872,755	9,314,249	9,314,249	(441,494)
Fund Balance, June 30, 2006							
	\$ 13,004,375	\$ 0	\$ (1,431,232)	\$ 11,573,143	\$ 4,488,029	\$ 6,946,595	\$ 4,626,548

Exhibit K-8

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sevier County School Department
School Federal Projects Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 5,455,563	\$ 0	\$ 5,455,563	\$ 6,416,059	\$ 6,459,247	\$ (1,003,684)
Total Revenues	\$ 5,455,563	\$ 0	\$ 5,455,563	\$ 6,416,059	\$ 6,459,247	\$ (1,003,684)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,904,496	\$ 21,590	\$ 2,926,086	\$ 2,763,064	\$ 3,918,598	\$ 992,512
Special Education Program	1,585,647	0	1,585,647	1,457,439	1,792,103	206,456
Vocational Education Program	236,499	70,499	306,998	287,582	313,621	6,623
<u>Support Services</u>						
Health Services	20,545	0	20,545	153,004	30,892	10,347
Other Student Support	975,884	0	975,884	973,422	1,024,585	48,701
Regular Instruction Program	512,383	35,869	548,252	463,298	653,473	105,221
Vocational Education Program	46,748	0	46,748	40,000	40,000	(6,748)
Transportation	0	0	0	278,250	0	0
<u>Capital Outlay</u>						
Regular Capital Outlay	0	0	0	90,314	90,314	90,314
Total Expenditures	\$ 6,282,202	\$ 127,958	\$ 6,410,160	\$ 6,506,373	\$ 7,863,586	\$ 1,453,426
Excess (Deficiency) of Revenues Over Expenditures	\$ (826,639)	\$ (127,958)	\$ (954,597)	\$ (90,314)	\$ (1,404,339)	\$ 449,742
Net Change in Fund Balance	\$ (826,639)	\$ (127,958)	\$ (954,597)	\$ (90,314)	\$ (1,404,339)	\$ 449,742
Fund Balance, July 1, 2005	1,404,339	0	1,404,339	90,314	1,404,339	0
Fund Balance, June 30, 2006	\$ 577,700	\$ (127,958)	\$ 449,742	\$ 0	\$ 0	\$ 449,742

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 2,520,147	\$ 2,219,000	\$ 2,465,284	\$ 54,863
Other Local Revenues	36,657	15,000	33,000	3,657
State of Tennessee	68,789	65,277	68,789	0
Federal Government	2,993,468	2,393,000	2,850,058	143,410
Total Revenues	<u>\$ 5,619,061</u>	<u>\$ 4,692,277</u>	<u>\$ 5,417,131</u>	<u>\$ 201,930</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 5,341,760	\$ 5,136,182	\$ 5,567,862	\$ 226,102
Total Expenditures	<u>\$ 5,341,760</u>	<u>\$ 5,136,182</u>	<u>\$ 5,567,862</u>	<u>\$ 226,102</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 277,301</u>	<u>\$ (443,905)</u>	<u>\$ (150,731)</u>	<u>\$ 428,032</u>
Net Change in Fund Balance	\$ 277,301	\$ (443,905)	\$ (150,731)	\$ 428,032
Fund Balance, July 1, 2005	<u>973,014</u>	<u>968,318</u>	<u>962,038</u>	<u>10,976</u>
Fund Balance, June 30, 2006	<u>\$ 1,250,315</u>	<u>\$ 524,413</u>	<u>\$ 811,307</u>	<u>\$ 439,008</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, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Paid and/or		
						Issued During Period	Matured During Period	Outstanding 6-30-06
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Land	\$ 900,000	6 %	6-1-01	6-1-08	\$ 500,000	\$ 0	\$ 100,000	\$ 400,000
Land	132,375	4.5	10-22-01	10-22-08	87,375	0	15,000	72,375
Total Notes Payable					<u>\$ 587,375</u>	<u>\$ 0</u>	<u>\$ 115,000</u>	<u>\$ 472,375</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	\$ 2,095,000	\$ 0	\$ 375,000	\$ 1,720,000
Public Building Authority, Series F-1	9,000,000	Variable	5-20-1996	5-20-11	8,150,000	0	580,000	7,570,000
Public Building Authority, Series A-1 - Water Board	(1)	Variable	6-1-1995	6-1-10	293,000	0	25,000	268,000
Public Building Authority, Series IV- A-2	14,435,000 (4)	Variable	12-1-1999	6-1-25	14,210,000	0	30,000	14,180,000
Public Building Authority, Series IV-E-4	4,000,000 (4)	Variable	10-1-00	6-1-20	3,430,000	0	160,000	3,270,000
Public Building Authority, Series IV-H-3	3,000,000 (4)	Variable	10-1-01	5-25-25	3,000,000	0	0	3,000,000
Public Building Authority, Series V-A-1	27,500,000 (5)	Variable	12-1-02	6-1-25	26,553,865	946,135	0	27,500,000
Public Building Authority, Series VI-E-1	(2)	Variable	5-1-05	6-1-20	2,483,440	0	159,410	2,324,030
Public Building Authority, Series VI-G-1	(3)	Variable	12-1-05	6-1-25	0	5,666,973	0	5,666,973
Total Other Loans Payable					<u>\$ 60,215,305</u>	<u>\$ 6,613,108</u>	<u>\$ 1,329,410</u>	<u>\$ 65,499,003</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	\$ 9,250,000	\$ 0	\$ 705,000	\$ 8,545,000
General Obligation Refunding Bonds, Series 1999B	4,425,000	3.45 to 4.15	1-5-1999	4-1-09	2,370,000	0	690,000	1,680,000
General Obligation Refunding Bonds, Series 2001	4,985,000	3	10-1-01	10-1-05	375,000	0	375,000	0

(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 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<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	\$ 17,820,000	\$ 0	\$ 1,350,000	\$ 16,470,000
Total Bonds Payable					\$ 29,815,000	\$ 0	\$ 3,120,000	\$ 26,695,000
<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	\$ 34,611	\$ 0	\$ 5,351	\$ 29,260
Total Notes Payable					\$ 34,611	\$ 0	\$ 5,351	\$ 29,260
<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	\$ 508,881	\$ 0	\$ 95,201	\$ 413,680
Lighting Retrofit	1,320,214	3.29	7-13-04	6-1-10	1,119,686	0	209,469	910,217
Total Capital Leases Payable					\$ 1,628,567	\$ 0	\$ 304,670	\$ 1,323,897

- (1) Total amount of issue is \$7,500,000 (of which Sevier County is liable for 6%).
- (2) Total amount of issue is \$7,400,000 (of which Sevier County is liable for 33.56%).
- (3) Total amount available under this Sevier County Loan Agreement is \$11,000,000, of which \$5,333,027 had not been drawn as of June 30, 2006.
- (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
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	<u>\$ 26,695,000</u>	<u>\$ 6,275,824</u>	<u>\$ 32,970,824</u>

Exhibit L-3

Sevier County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sevier County School Department
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Solid Waste/Sanitation	To provide funds for operations	\$ 2,446,795
Solid Waste/Sanitation	General Debt Service	To provide funds for debt payments	<u>241,522</u>
Total Transfers Primary Government			<u>\$ 2,688,317</u>
<u>Discretely Presented Sevier County School Department</u>			
General Purpose School	Education Capital Projects	To provide funds for various projects	<u>\$ 800,000</u>
Total Transfers Discretely Presented Sevier County School Department			<u>\$ 800,000</u>

Exhibit L-4

Sevier County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Sevier County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 106,245 (1)	\$ 50,000	National Grange Mutual Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u> , and County Commission	83,858 (1)	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	114,964 (2)	100,000	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, <u>TCA</u> , and County Commission	73,831 (1)	2,143,000	National Grange Mutual Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u> , and County Commission	73,831 (1)	10,000	Ohio Casualty Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	73,831 (1)	50,000	National Grange Mutual Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	73,831 (1)	50,000	"
General Sessions Court Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	73,831 (1)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , Chancery Court Judge, and County Commission	82,821 (3)(1)	50,000	"
Register	Section 8-24-102, <u>TCA</u> , and County Commission	73,831 (1)	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	82,810 (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 \$8,990.
(4) Includes law enforcement training supplements of \$600 and \$996 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, 2006

	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	\$ 11,729,637	\$ 0	\$ 0	\$ 0	\$ 469,175	\$ 0
Trustee's Collections - Prior Year	456,853	0	0	0	18,277	0
Circuit/Clerk & Master Collections - Prior Years	255,375	0	0	0	11,103	0
Interest and Penalty	92,216	0	0	0	3,691	0
Payments in-Lieu-of Taxes - T.V.A.	2,700	0	0	0	108	0
Payments in-Lieu-of Taxes - Local Utilities	137,998	0	0	0	5,520	0
Payments in-Lieu-of Taxes - Other	56,095	0	0	0	2,244	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	3,461,159	0	0	0	0	0
Litigation Tax - General	289,318	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	9,054	0	0	0
Business Tax	1,865,697	0	0	0	0	0
Other County Local Option Taxes	0	22,124	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	158,497	0	0	0	6,340	0
Wholesale Beer Tax	347,088	0	0	0	0	0
Interstate Telecommunications Tax	21,526	0	0	0	0	0
Total Local Taxes	\$ 18,874,159	\$ 22,124	\$ 9,054	\$ 0	\$ 516,458	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 299,568	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Building Permits	17,500	0	0	0	0	0
Total Licenses and Permits	\$ 317,068	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 12,744	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	13,039	0	0	0	0	0
Drug Control Fines	1,943	0	0	0	0	0
Jail Fees	17,980	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>Circuit Court (Cont.)</u>						
District Attorney General Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - Circuit Court	2,227	0	0	0	0	0
Courtroom Security Fee	16	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	76,574	0	0	0	0	0
Fines for Littering	200	0	0	0	0	0
Officers Costs	34,912	0	0	0	0	0
Game and Fish Fines	626	0	0	0	0	0
Drug Control Fines	9,013	0	0	0	0	0
Drug Court Fees	10,898	0	0	0	0	0
Jail Fees	90,341	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0
DUI Treatment Fines	20,374	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,881	0	0	0	0	0
Courtroom Security Fee	140	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	2,428	0	0	0	0	0
Officers Costs	6,141	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	9,379	0	0	0	0	0
Data Entry Fee - Chancery Court	498	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	33	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	13,769
Total Fines, Forfeitures, and Penalties	\$ 321,387	\$ 0	\$ 0	\$ 0	\$ 0	13,769
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 2,150,422	\$ 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>General Service Charges (Cont.)</u>						
Work Release Charges for Board	\$ 16,782	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Health Department Collections	358,636	0	0	0	0	0
Other General Service Charges	350	0	0	17,000	0	0
<u>Fees</u>						
Copy Fees	42,348	0	0	0	0	0
Library Fees	27,913	0	0	0	0	0
Telephone Commissions	29,505	0	0	0	0	0
Vending Machine Collections	22,783	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	0	128,084	0	0	0	0
Data Processing Fee - Sheriff	10,577	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	4,720	0	0	0	0	0
Total Charges for Current Services	\$ 2,664,036	\$ 128,084	\$ 0	\$ 17,000	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 5,853	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	216,606	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Miscellaneous Refunds	39,323	0	0	0	0	0
Expenditure Credits	0	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	28,600	0	0	0	0	0
Sale of Property	0	0	0	0	0	0
Damages Recovered from Individuals	600	0	0	0	0	0
Contributions & Gifts	212,000	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	21,162	0	0	0	0	0
Total Other Local Revenues	\$ 524,144	\$ 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</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 1,010,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	303,213	0	0	0	0	0
General Sessions Court Clerk	396,468	0	0	0	0	0
Clerk and Master	192,406	0	0	0	0	0
Juvenile Court Clerk	30,118	0	0	0	0	0
Register	1,584,167	0	0	0	0	0
Sheriff	27,910	0	0	0	0	0
Trustee	1,724,941	0	0	0	0	0
Total Fees Received from County Officials	\$ 5,269,661	\$ 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	49,934	0	0	0	0	0
State Reappraisal Grant	43,073	0	0	0	0	0
Solid Waste Grants	40,809	0	0	0	0	0
Other General Government Grants	1,154	0	0	0	0	0
<u>Public Safety Grants</u>						
Other Public Safety Grants	15,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	420,415	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	53,264	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	244,037	0	0	0	0	0
Beer Tax	17,212	0	0	0	0	0
Alcoholic Beverage Tax	79,254	0	0	0	0	0
State Revenue Sharing - T.V.A.	332,522	0	0	0	0	0
Contracted Prisoner Boarding	693,790	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	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>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Registrar's Salary Supplement	20,475	0	0	0	0	0
Other State Grants	6,500	0	0	0	0	0
Other State Revenues	175	0	0	0	0	0
Total State of Tennessee	\$ 2,026,614	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 23,905	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	0	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Public Safety Partnership and Community Policing - COPS	440,475	0	0	0	0	0
Other Direct Federal Revenue	159,846	0	0	0	0	0
Total Federal Government	\$ 624,226	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 46,498	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	0	0	0
Contributions	55,149	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 101,647	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 30,722,942	\$ 150,208	\$ 9,054	\$ 17,000	\$ 516,458	\$ 13,769

(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>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 4,407,688	\$ 3,753,471	\$ 0	\$ 0	\$ 20,359,971
Trustee's Collections - Prior Year	0	0	223,160	146,194	0	0	844,484
Circuit/Clerk & Master Collections - Prior Years	0	0	94,378	88,827	0	0	449,683
Interest and Penalty	0	0	35,030	29,540	0	0	160,477
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	52,439	44,159	0	0	240,116
Payments in-Lieu-of Taxes - Other	0	0	21,316	17,950	0	0	97,605
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	3,461,159
Litigation Tax - General	0	0	0	0	0	0	289,318
Litigation Tax - Special Purpose	0	0	0	0	0	0	9,054
Business Tax	0	0	0	0	0	0	1,865,697
Other County Local Option Taxes	0	0	0	0	0	0	22,124
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	60,229	50,719	0	0	275,785
Wholesale Beer Tax	0	0	0	0	0	0	347,088
Interstate Telecommunications Tax	0	0	0	0	0	0	21,526
Total Local Taxes	\$ 0	\$ 0	\$ 4,895,266	\$ 4,131,724	\$ 0	\$ 0	\$ 28,448,785
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 299,568
<u>Permits</u>							
Building Permits	0	0	0	0	0	0	17,500
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 317,068
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,744
Officers Costs	0	0	0	0	0	0	13,039
Drug Control Fines	0	0	0	0	0	0	1,943
Jail Fees	0	0	0	0	0	0	17,980

(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>Circuit Court (Cont.)</u>							
District Attorney General Fees	\$ 504	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	504
Data Entry Fee - Circuit Court	0	0	0	0	0	0	2,227
Courtroom Security Fee	0	0	0	0	0	0	16
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	76,574
Fines for Littering	0	0	0	0	0	0	200
Officers Costs	0	0	0	0	0	0	34,912
Game and Fish Fines	0	0	0	0	0	0	626
Drug Control Fines	0	0	0	0	0	0	9,013
Drug Court Fees	0	0	0	0	0	0	10,898
Jail Fees	0	0	0	0	0	0	90,341
District Attorney General Fees	19	0	0	0	0	0	19
DUI Treatment Fines	0	0	0	0	0	0	20,374
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	11,881
Courtroom Security Fee	0	0	0	0	0	0	140
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	2,428
Officers Costs	0	0	0	0	0	0	6,141
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	9,379
Data Entry Fee - Chancery Court	0	0	0	0	0	0	498
<u>Other Courts - In-county</u>							
Drug Court Fees	0	0	0	0	0	0	33
<u>Courts in Other District Counties</u>							
District Attorney General Fees	10,062	0	0	0	0	0	10,062
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	13,769
Total Fines, Forfeitures, and Penalties	\$ 10,585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	345,741
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,150,422

(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	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>							
<u>General Service Charges (Cont.)</u>							
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	16,782
Health Department Collections	0	0	0	0	0	0	358,636
Other General Service Charges	0	0	0	0	0	0	17,350
<u>Fees</u>							
Copy Fees	0	0	0	0	0	0	42,348
Library Fees	0	0	0	0	0	0	27,913
Telephone Commissions	0	0	0	0	0	0	29,505
Vending Machine Collections	0	0	0	0	0	0	22,783
Constitutional Officers' Fees and Commissions	0	60,992	0	0	0	0	60,992
Data Processing Fee - Register	0	0	0	0	0	0	128,084
Data Processing Fee - Sheriff	0	0	0	0	0	0	10,577
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	4,720
Total Charges for Current Services	\$ 0	\$ 60,992	\$ 0	\$ 0	\$ 0	\$ 0	2,870,112
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	2,220,072	\$ 0	\$ 0	2,225,925
Lease/Rentals	0	0	0	0	0	0	216,606
Sale of Materials and Supplies	0	0	6,328	0	0	0	6,328
Miscellaneous Refunds	150	0	30,185	0	0	0	69,658
Expenditure Credits	0	0	0	0	26,829	0	26,829
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	42,956	0	0	0	71,556
Sale of Property	0	0	0	0	0	187,000	187,000
Damages Recovered from Individuals	0	0	8,880	0	0	0	9,480
Contributions & Gifts	0	0	0	0	139,790	0	351,790
<u>Other Local Revenues</u>	0	0	0	0	0	0	21,162
Total Other Local Revenues	\$ 150	\$ 0	\$ 88,349	\$ 2,220,072	\$ 166,619	\$ 187,000	3,186,334

(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</u>								
<u>Fees-In-Lieu of Salary</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,010,438
Circuit Court Clerk	0	0	0	0	0	0	0	303,213
General Sessions Court Clerk	0	0	0	0	0	0	0	396,468
Clerk and Master	0	0	0	0	0	0	0	192,406
Juvenile Court Clerk	0	0	0	0	0	0	0	30,118
Register	0	0	0	0	0	0	0	1,584,167
Sheriff	0	0	0	0	0	0	0	27,910
Trustee	0	0	0	0	0	0	0	1,724,941
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,269,661
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Aging Programs	0	0	0	0	0	0	0	49,934
State Reappraisal Grant	0	0	0	0	0	0	0	43,073
Solid Waste Grants	0	0	0	0	0	0	0	40,809
Other General Government Grants	0	0	0	0	0	0	0	1,154
<u>Public Safety Grants</u>								
Other Public Safety Grants	0	0	0	0	0	0	0	15,000
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	0	0	0	0	0	0	0	420,415
<u>Public Works Grants</u>								
Bridge Program	0	0	146,707	0	0	0	0	146,707
State Aid Program	0	0	488,518	0	0	0	0	488,518
Litter Program	0	0	0	0	0	0	0	53,264
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	0	244,037
Beer Tax	0	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	0	0	79,254
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	332,522
Contracted Prisoner Boarding	0	0	0	0	0	0	0	693,790
Gasoline and Motor Fuel Tax	0	0	2,213,532	0	0	0	0	2,213,532

(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>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Petroleum Special Tax	\$ 0	\$ 0	\$ 57,251	\$ 0	\$ 0	\$ 0	\$ 57,251	
Registrar's Salary Supplement	0	0	0	0	0	0	20,475	
Other State Grants	0	0	0	0	27,409	0	33,909	
Other State Revenues	0	0	0	0	0	0	175	
Total State of Tennessee	\$ 0	\$ 0	\$ 2,906,008	\$ 0	\$ 27,409	\$ 0	\$ 4,960,031	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,905	
Other Federal through State	0	0	50,000	0	0	0	50,000	
<u>Direct Federal Revenue</u>								
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	0	440,475	
Other Direct Federal Revenue	0	0	0	0	0	0	159,846	
Total Federal Government	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 674,226	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,498	
Paving and Maintenance	0	0	153,251	0	0	0	153,251	
Contributions	0	0	0	5,306,155	0	0	5,361,304	
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 153,251	\$ 5,306,155	\$ 0	\$ 0	\$ 5,561,053	
Total	\$ 10,735	\$ 60,992	\$ 8,092,874	\$ 11,657,951	\$ 194,028	\$ 187,000	\$ 51,633,011	

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, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 18,326,642	\$ 0	\$ 0	\$ 18,326,642
Trustee's Collections - Prior Year	927,833	0	0	927,833
Circuit/Clerk & Master Collections - Prior Years	355,305	0	0	355,305
Interest and Penalty	145,463	0	0	145,463
Payments in-Lieu-of Taxes - T.V.A.	4,265	0	0	4,265
Payments in-Lieu-of Taxes - Local Utilities	218,036	0	0	218,036
Payments in-Lieu-of Taxes - Other	33,847	0	0	33,847
<u>County Local Option Taxes</u>				
Local Option Sales Tax	33,130,642	0	0	33,130,642
<u>Statutory Local Taxes</u>				
Bank Excise Tax	250,426	0	0	250,426
Interstate Telecommunications Tax	12,327	0	0	12,327
Total Local Taxes	\$ 53,404,786	\$ 0	\$ 0	\$ 53,404,786
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 221,530	\$ 0	\$ 0	\$ 221,530
Total Licenses and Permits	\$ 221,530	\$ 0	\$ 0	\$ 221,530
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Adult Education	\$ 4,633	\$ 0	\$ 0	\$ 4,633
Lunch Payments - Children	0	0	1,287,441	1,287,441
Lunch Payments - Adults	0	0	202,572	202,572
Income from Breakfast	0	0	488,492	488,492
A la carte Sales	0	0	541,642	541,642
School Based Health Services - FFS	2,967	0	0	2,967
Receipts from Individual Schools	192,578	0	0	192,578
<u>Other Charges for Services</u>				
Other Charges for Services	328	0	0	328
Total Charges for Current Services	\$ 200,506	\$ 0	\$ 2,520,147	\$ 2,720,653
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 36,109	\$ 36,109
Lease/Rentals	3,030	0	0	3,030
Miscellaneous Refunds	94,742	0	548	95,290
<u>Nonrecurring Items</u>				
Sale of Equipment	7,945	0	0	7,945
Damages Recovered from Individuals	9,833	0	0	9,833
Contributions & Gifts	1,449,638	0	0	1,449,638
<u>Other Local Revenues</u>				
Other Local Revenues	477,571	0	0	477,571
Total Other Local Revenues	\$ 2,042,759	\$ 0	\$ 36,657	\$ 2,079,416
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 34,341,601	\$ 0	\$ 0	\$ 34,341,601

(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	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Early Childhood Education	\$ 267,782	\$ 0	\$ 0	\$ 267,782
School Food Service	0	0	68,789	68,789
Driver Education	41,611	0	0	41,611
Career Ladder Program	839,761	0	0	839,761
Career Ladder - Extended Contract	274,383	0	0	274,383
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	405,378	0	0	405,378
Other State Grants	257,840	0	0	257,840
Total State of Tennessee	\$ 36,428,356	\$ 0	\$ 68,789	\$ 36,497,145
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,224,528	\$ 2,224,528
Breakfast	0	0	763,424	763,424
USDA - Other	0	0	5,516	5,516
Adult Education State Grant Program	108,555	0	0	108,555
Vocational Education - Basic Grants to States	0	329,582	0	329,582
Title I Grants to Local Education Agencies	0	1,775,443	0	1,775,443
Innovative Education Program Strategies	0	58,424	0	58,424
Special Education - Grants to States	59,269	2,579,024	0	2,638,293
Special Education Preschool Grants	0	91,449	0	91,449
Eisenhower Professional Development State Grants	0	513,332	0	513,332
Other Federal through State	793,495	108,309	0	901,804
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	11,972	0	0	11,972
Total Federal Government	\$ 973,291	\$ 5,455,563	\$ 2,993,468	\$ 9,422,322
Total	\$ 93,271,228	\$ 5,455,563	\$ 5,619,061	\$ 104,345,852

Exhibit L-7

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	114,820	
Audit Services		28,822	
Dues and Memberships		15,189	
Legal Services		16,293	
Travel		11,968	
Total County Commission	\$		187,092

Beer Board

Board and Committee Members Fees	\$	4,560	
Advertising		100	
Travel		45	
Total Beer Board			4,705

Other Boards and Committees

County Official/Administrative Officer	\$	40,594	
Assistant(s)		87,184	
Dispatchers/Radio Operators		258,741	
Longevity Pay		2,500	
In-Service Training		1,417	
Communication		2,116	
Dues and Memberships		30	
Office Supplies		3,454	
Other Supplies and Materials		3,271	
Total Other Boards and Committees			399,307

County Mayor/Executive

County Official/Administrative Officer	\$	106,245	
Assistant(s)		70,476	
Accountants/Bookkeepers		34,510	
Secretary(ies)		35,244	
Clerical Personnel		95,603	
Longevity Pay		9,000	
Communication		6,402	
Maintenance & Repair Services - Office Equipment		1,194	
Postal Charges		4,389	
Travel		4,600	
Other Contracted Services		270	
Office Supplies		15,213	
Total County Mayor/Executive			383,146

(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	\$	54,660	
Assistant(s)		54,975	
Supervisor/Director		41,073	
Deputy(ies)		58,190	
Clerical Personnel		22,732	
Longevity Pay		4,000	
Other Salaries & Wages		6,532	
Election Commission		13,124	
Election Workers		23,585	
Advertising		10,801	
Communication		10,826	
Dues and Memberships		2,414	
Maintenance & Repair Services - Office Equipment		8,852	
Postal Charges		7,123	
Travel		6,125	
Other Contracted Services		15,614	
Office Supplies		21,644	
Total Election Commission			\$ 362,270

Register of Deeds

County Official/Administrative Officer	\$	73,831	
Deputy(ies)		38,124	
Clerical Personnel		170,276	
Longevity Pay		5,500	
Other Salaries & Wages		17,065	
Communication		1,474	
Dues and Memberships		706	
Maintenance & Repair Services - Office Equipment		5,083	
Postal Charges		3,071	
Travel		848	
Other Contracted Services		16,833	
Office Supplies		24,961	
Other Supplies and Materials		6,789	
Total Register of Deeds			364,561

Planning

County Official/Administrative Officer	\$	48,719
Supervisor/Director		20,026
Secretary(ies)		24,937
Longevity Pay		2,500

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Other Salaries & Wages	\$	26,807	
Board and Committee Members Fees		12,300	
Advertising		77	
Communication		2,303	
Contracts with Government Agencies		14,053	
Dues and Memberships		395	
Postal Charges		455	
Travel		10,897	
Office Supplies		9,350	
Total Planning			\$ 172,819

County Buildings

Supervisor/Director	\$	80,271	
Custodial Personnel		236,161	
Longevity Pay		10,000	
Communication		51,458	
Maintenance & Repair Services - Buildings		27,527	
Pest Control		2,447	
Travel		1,250	
Electricity		267,640	
Natural Gas		164,016	
Water and Sewer		94,472	
Other Supplies and Materials		4,453	
Total County Buildings			939,695

Other General Administration

Mechanic(s)	\$	154,210	
Longevity Pay		2,750	
Communication		1,779	
Maintenance & Repair Services - Vehicles		83,087	
Lubricants		13,790	
Tires and Tubes		34,961	
Other Supplies and Materials		6,938	
Total Other General Administration			297,515

Preservation of Records

County Official/Administrative Officer	\$	34,121	
Assistant(s)		49,637	
Longevity Pay		1,250	
Communication		1,103	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Maintenance & Repair Services - Office Equipment	\$	1,097	
Travel		338	
Other Contracted Services		29,999	
Office Supplies		566	
Other Supplies and Materials		3,693	
Total Preservation of Records	\$		121,804

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	73,831	
Deputy(ies)		96,720	
Clerical Personnel		160,083	
Longevity Pay		8,750	
Other Salaries & Wages		197,817	
Board and Committee Members Fees		7,580	
Advertising		248	
Audit Services		74,576	
Communication		2,717	
Dues and Memberships		1,703	
Maintenance & Repair Services - Office Equipment		10,356	
Postal Charges		12,838	
Rentals		3,925	
Travel		5,348	
Other Contracted Services		16,137	
Office Supplies		63,078	
Total Property Assessor's Office			735,707

Reappraisal Program

Other Salaries & Wages	\$	33,621	
Communication		2,941	
Postal Charges		15,000	
Rentals		9,800	
Other Contracted Services		4,465	
Office Supplies		2,664	
Utilities		1,811	
Total Reappraisal Program			70,302

County Trustee's Office

County Official/Administrative Officer	\$	73,831	
Deputy(ies)		38,124	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Clerical Personnel	\$	132,695	
Longevity Pay		3,500	
Communication		1,327	
Dues and Memberships		856	
Maintenance & Repair Services - Office Equipment		1,478	
Postal Charges		21,524	
Travel		674	
Other Contracted Services		7,446	
Office Supplies		14,495	
Total County Trustee's Office			\$ 295,950

County Clerk's Office

County Official/Administrative Officer	\$	73,831	
Deputy(ies)		40,312	
Clerical Personnel		181,281	
Longevity Pay		10,750	
Other Salaries & Wages		283,674	
Communication		16,796	
Dues and Memberships		884	
Maintenance & Repair Services - Office Equipment		3,742	
Postal Charges		21,161	
Travel		6,935	
Other Contracted Services		26,654	
Office Supplies		41,790	
Utilities		93	
Total County Clerk's Office			707,903

Data Processing

County Official/Administrative Officer	\$	42,089	
Longevity Pay		250	
Communication		1,052	
Postal Charges		10	
Travel		366	
Data Processing Supplies		16,338	
Office Supplies		42	
In Service/Staff Development		978	
Total Data Processing			61,125

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	73,831	
Deputy(ies)		30,232	
Clerical Personnel		338,434	
Longevity Pay		10,000	
Other Salaries & Wages		3,192	
Jury and Witness Fees		46,153	
Communication		1,319	
Contracts with Other Public Agencies		63	
Dues and Memberships		893	
Maintenance & Repair Services - Office Equipment		6,034	
Postal Charges		5,860	
Travel		870	
Other Contracted Services		3,436	
Office Supplies		29,352	
Total Circuit Court			\$ 549,669

General Sessions Court

County Official/Administrative Officer	\$	73,831	
Deputy(ies)		38,886	
Accountants/Bookkeepers		26,097	
Clerical Personnel		194,655	
Longevity Pay		5,250	
Other Salaries & Wages		55,043	
Communication		2,022	
Contracts with Other Public Agencies		5,907	
Dues and Memberships		671	
Maintenance & Repair Services - Office Equipment		7,060	
Postal Charges		4,121	
Travel		1,579	
Other Contracted Services		5,006	
Office Supplies		13,221	
Total General Sessions Court			433,349

General Sessions Judge

Judge(s)	\$	206,306
Secretary(ies)		28,097
Longevity Pay		2,000
Other Salaries & Wages		37,361
Communication		3,496
Dues and Memberships		2,400

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Postal Charges	\$	6	
Travel		5,120	
Other Contracted Services		7,897	
Office Supplies		4,462	
Total General Sessions Judge			\$ 297,145

Chancery Court

County Official/Administrative Officer	\$	73,831	
Deputy(ies)		38,886	
Clerical Personnel		99,290	
Longevity Pay		6,250	
Other Salaries & Wages		28,898	
Communication		1,006	
Dues and Memberships		566	
Maintenance & Repair Services - Office Equipment		5,025	
Postal Charges		4,958	
Office Supplies		8,508	
Total Chancery Court			267,218

Juvenile Court

Deputy(ies)	\$	35,336	
Clerical Personnel		35,793	
Longevity Pay		500	
Maintenance & Repair Services - Office Equipment		221	
Postal Charges		616	
Other Contracted Services		2,514	
Office Supplies		3,949	
Total Juvenile Court			78,929

Judicial Commissioners

County Official/Administrative Officer	\$	95,199	
Supervisor/Director		24,994	
Longevity Pay		2,000	
Communication		313	
Office Supplies		4,956	
Total Judicial Commissioners			127,462

Other Administration of Justice

Assistant(s)	\$	44,689	
Communication		78	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Travel	\$ 939	
Total Other Administration of Justice		\$ 45,706

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 82,210	
Assistant(s)	50,779	
Deputy(ies)	1,746,348	
Investigator(s)	289,053	
Lieutenant(s)	94,145	
Sergeant(s)	237,818	
Accountants/Bookkeepers	33,337	
Dispatchers/Radio Operators	232,258	
Guards	102,817	
Secretary(ies)	97,246	
Longevity Pay	44,250	
Other Salaries & Wages	24,762	
In-Service Training	57,396	
Other Fringe Benefits	47,815	
Communication	14,563	
Contracts with Other Public Agencies	5,305	
Data Processing Services	19,669	
Dues and Memberships	2,284	
Licenses	234	
Maintenance & Repair Services - Equipment	41,629	
Maintenance & Repair Services - Office Equipment	4,956	
Travel	12,485	
Gasoline	274,106	
Other Supplies and Materials	72,451	
Communication Equipment	197,600	
Motor Vehicles	10,475	
Other Equipment	74,400	
Total Sheriff's Department		3,870,391

Drug Enforcement

Secretary(ies)	\$ 861	
Longevity Pay	2,500	
Other Salaries & Wages	133,208	
Other Supplies and Materials	13,495	
Total Drug Enforcement		150,064

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$	52,164	
Supervisor/Director		27,131	
Medical Personnel		92,429	
Guards		1,074,035	
Cafeteria Personnel		49,603	
Longevity Pay		13,500	
In-Service Training		9,721	
Other Fringe Benefits		12,484	
Communication		10,493	
Data Processing Services		22,413	
Maintenance & Repair Services - Buildings		37,186	
Maintenance & Repair Services - Equipment		5,634	
Maintenance & Repair Services - Office Equipment		11,058	
Medical and Dental Services		578,219	
Postal Charges		6,488	
Rentals		11,000	
Transportation - Other than Students		13,514	
Food Supplies		233,925	
Office Supplies		28,599	
Other Supplies and Materials		119,939	
Total Jail			\$ 2,409,535

Juvenile Services

Supervisor/Director	\$	44,602	
Youth Service Officer(s)		99,959	
Secretary(ies)		15,813	
Longevity Pay		3,250	
Other Salaries & Wages		26,549	
Communication		2,893	
Contributions		17,500	
Dues and Memberships		1,290	
Maintenance & Repair Services - Office Equipment		142	
Postal Charges		1,588	
Travel		3,003	
Other Contracted Services		3,295	
Office Supplies		8,087	
Total Juvenile Services			227,971

Fire Prevention and Control

Contributions	\$	693,666	
Total Fire Prevention and Control			693,666

(Continued)

Exhibit L-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Civil Defense</u>		
Contributions	\$ 3,000	
Total Civil Defense		\$ 3,000
 <u>Rescue Squad</u>		
Contributions	\$ 90,000	
Total Rescue Squad		90,000
 <u>Other Emergency Management</u>		
Supervisor/Director	\$ 35,606	
Longevity Pay	750	
Other Salaries & Wages	26,620	
Communication	7,652	
Travel	2,785	
Other Contracted Services	1,329	
Office Supplies	3,782	
Other Supplies and Materials	988	
Other Equipment	27,095	
Other Capital Outlay	65,723	
Total Other Emergency Management		172,330
 <u>County Coroner/Medical Examiner</u>		
Other Contracted Services	\$ 69,650	
Total County Coroner/Medical Examiner		69,650
 <u>Other Public Safety</u>		
County Official/Administrative Officer	\$ 40,610	
Sergeant(s)	23,550	
Medical Personnel	10,380	
Guards	241,842	
Secretary(ies)	21,915	
Educational Assistants	8,298	
Longevity Pay	3,000	
Other Salaries & Wages	15,756	
In-Service Training	7,366	
Other Fringe Benefits	5,195	
Communication	3,485	
Data Processing Services	2,400	
Dues and Memberships	300	
Maintenance & Repair Services - Buildings	1,519	
Maintenance & Repair Services - Equipment	2,362	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Maintenance & Repair Services - Office Equipment	\$	1,405	
Medical and Dental Services		10,301	
Postal Charges		198	
Rentals		2,097	
Travel		1,743	
Other Contracted Services		3,627	
Gasoline		710	
Office Supplies		5,768	
Other Supplies and Materials		5,164	
Total Other Public Safety			\$ 418,991

Public Health and Welfare

Local Health Center

Communication	\$	18,292	
Maintenance & Repair Services - Buildings		300	
Maintenance & Repair Services - Office Equipment		13,109	
Medical and Dental Services		12,017	
Postal Charges		3,982	
Utilities		15,713	
Other Supplies and Materials		21,139	
Total Local Health Center			84,552

Rabies and Animal Control

Contributions	\$	55,000	
Total Rabies and Animal Control			55,000

Ambulance/Emergency Medical Services

Medical Personnel	\$	2,129,376	
Longevity Pay		28,250	
Employee and Dependent Insurance		264,418	
Communication		14,429	
Contributions		94,000	
Licenses		1,384	
Maintenance & Repair Services - Equipment		4,803	
Maintenance & Repair Services - Office Equipment		5,067	
Maintenance & Repair Services - Vehicles		7,538	
Postal Charges		6,961	
Travel		1,449	
Tuition		12,997	
Other Contracted Services		1,000	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Custodial Supplies	\$	3,913	
Drugs and Medical Supplies		80,397	
Gasoline		62,665	
Office Supplies		6,545	
Uniforms		21,167	
Utilities		25,036	
Other Supplies and Materials		19,966	
Refunds		41,700	
Total Ambulance/Emergency Medical Services			\$ 2,833,061

Maternal and Child Health Services

Medical Personnel	\$	55,680	
Clerical Personnel		271,764	
Longevity Pay		3,250	
Transportation - Other than Students		4,799	
Total Maternal and Child Health Services			335,493

Other Local Health Services

Contributions	\$	80,000	
Total Other Local Health Services			80,000

Appropriation to State

Communication	\$	6,139	
Contributions		820	
Maintenance & Repair Services - Buildings		318	
Maintenance & Repair Services - Office Equipment		1,043	
Rentals		22,500	
Other Contracted Services		1,737	
Office Supplies		7,147	
Utilities		2,437	
Water and Sewer		36	
Other Supplies and Materials		19,966	
Other Equipment		2,133	
Total Appropriation to State			64,276

Other Local Welfare Services

Contracts with Other Public Agencies	\$	98,882	
Pauper Burials		2,115	
Total Other Local Welfare Services			100,997

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Supervisor/Director	\$	62,172	
Secretary(ies)		26,038	
Longevity Pay		2,750	
Other Salaries & Wages		110,491	
Communication		10,141	
Dues and Memberships		695	
Maintenance & Repair Services - Office Equipment		2,125	
Postal Charges		995	
Rentals		19,822	
Travel		30,613	
Other Contracted Services		1,700	
Office Supplies		8,771	
Utilities		1,044	
Refunds		2,875	
Total Other Public Health and Welfare			\$ 280,232

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	35,314	
Assistant(s)		21,947	
Supervisor/Director		24,508	
Secretary(ies)		22,565	
Longevity Pay		500	
Advertising		323	
Communication		6,777	
Maintenance & Repair Services - Buildings		2,943	
Travel		2,491	
Other Contracted Services		25,728	
Office Supplies		4,290	
Other Supplies and Materials		6,128	
Other Charges		2,773	
Total Senior Citizens Assistance			156,287

Libraries

County Official/Administrative Officer	\$	52,954
Assistant(s)		324,539
Supervisor/Director		59,473
Accountants/Bookkeepers		26,382
Longevity Pay		4,750
Communication		3,451

(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 (Cont.)

Dues and Memberships	\$	1,558	
Maintenance & Repair Services - Equipment		9,994	
Maintenance & Repair Services - Office Equipment		2,828	
Postal Charges		1,015	
Printing, Stationery, and Forms		3,632	
Rentals		19,725	
Travel		5,874	
Tuition		2,563	
Maintenance and Repair Services - Records		469	
Other Contracted Services		16,777	
Data Processing Supplies		6,433	
Duplicating Supplies		1,179	
Electricity		18,190	
Equipment and Machinery Parts		331	
Instructional Supplies and Materials		1,453	
Library Books/Media		18,168	
Office Supplies		29,732	
Periodicals		5,339	
Utilities		8,771	
Water and Sewer		2,396	
Other Supplies and Materials		262	
Total Libraries			\$ 628,238

Parks and Fair Boards

Contributions	\$	17,000	
Other Supplies and Materials		14,100	
Building Improvements		50,000	
Total Parks and Fair Boards			81,100

Agriculture & Natural Resources

Agriculture Extension Service

Assistant(s)	\$	43,918	
Longevity Pay		750	
Other Salaries & Wages		92,237	
Board and Committee Members Fees		157	
Social Security		15,983	
Communication		1,543	
Contributions		2,000	
Postal Charges		780	
Travel		4,970	

(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.)

Other Supplies and Materials	\$ 2,263	
Total Agriculture Extension Service		\$ 164,601

Forest Service

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

Soil Conservation

Clerical Personnel	\$ 24,094	
Longevity Pay	500	
Total Soil Conservation		24,594

Storm Water Management

County Official/Administrative Officer	\$ 35,313	
Secretary(ies)	15,933	
Longevity Pay	750	
Other Salaries & Wages	10,944	
Communication	2,960	
Postal Charges	343	
Travel	6,652	
Office Supplies	9,308	
Refunds	125	
Total Storm Water Management		82,328

Other Operations

Tourism

Contributions	\$ 102,134	
Total Tourism		102,134

Airport

Utilities	\$ 7,800	
Total Airport		7,800

Veterans' Services

Supervisor/Director	\$ 33,358	
Secretary(ies)	32,381	
Longevity Pay	1,750	
Communication	319	
Contributions	6,100	
Postal Charges	475	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Travel	\$	516	
Other Contracted Services		1,684	
Office Supplies		876	
Other Supplies and Materials		108	
Total Veterans' Services	\$		77,567

Contributions to Other Agencies

Contributions	\$	84,500	
Total Contributions to Other Agencies			84,500

Employee Benefits

Social Security	\$	823,928	
State Retirement		1,123,786	
Employee and Dependent Insurance		2,883,524	
Unemployment Compensation		20,469	
Employer Medicare		193,174	
Workers' Compensation Insurance		249,366	
Total Employee Benefits			5,294,247

Miscellaneous

Other Fringe Benefits	\$	3,846	
Communication		1,328	
Contributions		141,350	
Legal Notices, Recording, and Court Costs		10,977	
Maintenance & Repair Services - Office Equipment		3,967	
Postal Charges		516	
Other Contracted Services		22,982	
Other Supplies and Materials		20,890	
Building and Contents Insurance		30,442	
Liability Insurance		349,293	
Refunds		1,183	
Trustee's Commission		354,581	
Vehicle and Equipment Insurance		43,984	
Other Charges		17,328	
Total Miscellaneous			1,002,667

Highways

Litter and Trash Collection

Deputy(ies)	\$	28,472	
Custodial Personnel		41,507	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Longevity Pay	\$	1,250	
Other Contracted Services		10,000	
Other Supplies and Materials		5,050	
Motor Vehicles		5,500	
Total Litter and Trash Collection	\$		91,779

Other Charges

Other Contracted Services	\$	22,287	
Total Other Charges			22,287

Capital Projects

Other General Government Projects

Contracts with Government Agencies	\$	40,496	
Contracts with Private Agencies		8,539	
Remittance of Revenue Collected		28,925	
Other Supplies and Materials		405,780	
Other Charges		7,418	
Total Other General Government Projects			491,158

Total General Fund \$ 27,154,875

Courthouse & Jail Maintenance Fund

General Government

County Buildings

Communication	\$	1,715	
Maintenance & Repair Services - Buildings		97,887	
Other Supplies and Materials		34,478	
Total County Buildings	\$		134,080

Other Operations

Miscellaneous

Trustee's Commission	\$	1,518	
Total Miscellaneous			1,518

Capital Projects

Other General Government Projects

Other Supplies and Materials	\$	56,727	
Total Other General Government Projects			56,727

Total Courthouse & Jail Maintenance Fund 192,325

(Continued)

Exhibit L-7

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

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	7,074	
Trustee's Commission		91	
Total Other Administration of Justice		<u>7,165</u>	\$ <u>7,165</u>

Total Law Library Fund \$ 7,165

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	45,493	
Laborers		631,067	
Longevity Pay		16,000	
Social Security		40,607	
State Retirement		55,592	
Employee and Dependent Insurance		173,664	
Employer Medicare		9,496	
Communication		4,682	
Contracts with Government Agencies		1,023,417	
Maintenance & Repair Services - Buildings		3,165	
Maintenance & Repair Services - Vehicles		25,826	
Rentals		21,370	
Travel		8,489	
Other Contracted Services		8,096	
Electricity		9,344	
Gasoline		79,049	
Natural Gas		7,785	
Tires and Tubes		16,476	
Utilities		800	
Water and Sewer		840	
Other Supplies and Materials		68,882	
Communication Equipment		70	
Total Sanitation Management		<u>2,250,210</u>	\$ <u>2,250,210</u>

Total Solid Waste/Sanitation Fund 2,250,210

Special Purpose Fund

General Government

County Mayor/Executive

Other Equipment	\$	3,595	
Total County Mayor/Executive		<u>3,595</u>	\$ <u>3,595</u>

(Continued)

Exhibit L-7

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

<u>Special Purpose Fund (Cont.)</u>		
<u>General Government (Cont.)</u>		
<u>Election Commission</u>		
Other Capital Outlay	\$ 16,609	
Total Election Commission		\$ 16,609
<u>Register of Deeds</u>		
Other Capital Outlay	\$ 4,358	
Total Register of Deeds		4,358
<u>Other General Administration</u>		
Maintenance Equipment	\$ 14,358	
Total Other General Administration		14,358
<u>Finance</u>		
<u>Property Assessor's Office</u>		
Other Equipment	\$ 49,691	
Total Property Assessor's Office		49,691
<u>County Trustee's Office</u>		
Office Equipment	\$ 5,675	
Total County Trustee's Office		5,675
<u>Administration of Justice</u>		
<u>General Sessions Court</u>		
Office Equipment	\$ 5,615	
Total General Sessions Court		5,615
<u>Public Safety</u>		
<u>Sheriff's Department</u>		
Motor Vehicles	\$ 199,735	
Total Sheriff's Department		199,735
<u>Juvenile Services</u>		
Office Equipment	\$ 3,422	
Total Juvenile Services		3,422
<u>Public Health and Welfare</u>		
<u>Ambulance/Emergency Medical Services</u>		
Motor Vehicles	\$ 155,188	
Total Ambulance/Emergency Medical Services		155,188

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management

Solid Waste Equipment	\$ 75,000	
Total Sanitation Management		\$ 75,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Other Capital Outlay	\$ 2,500	
Total Senior Citizens Assistance		2,500

Libraries

Administration Equipment	\$ 19,986	
Total Libraries		19,986

Other Operations

Other Charges

Trustee's Commission	\$ 10,079	
Total Other Charges		<u>10,079</u>

Total Special Purpose Fund		\$ 565,811
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Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$ 5,000	
Other Supplies and Materials	24,149	
Trustee's Commission	215	
Other Charges	1	
Motor Vehicles	13,732	
Total Sheriff's Department		<u>\$ 43,097</u>

Total Drug Control Fund		43,097
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District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$ 4,236	
Dues and Memberships	615	
Travel	3,243	
Office Supplies	2,994	
Trustee's Commission	142	
Transfers to Other Funds	6,412	

(Continued)

Exhibit L-7

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Other Charges	\$ 6,259	
Total District Attorney General		\$ 23,901

Total District Attorney General Fund \$ 23,901

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 451	
Total Register of Deeds		\$ 451

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 50,927	
Total County Clerk's Office		50,927

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 8,990	
Constitutional Officers' Operating Expenses	624	
Total Chancery Court		9,614

Total Constitutional Officers - Fees Fund 60,992

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 83,858	
Accountants/Bookkeepers	42,884	
Secretary(ies)	32,403	
Data Processing Services	4,503	
Dues and Memberships	3,629	
Legal Notices, Recording, and Court Costs	2,331	
Maintenance & Repair Services - Office Equipment	365	
Postal Charges	1,294	
Printing, Stationery, and Forms	1,329	
Travel	2,889	
Office Supplies	2,779	
Other Supplies and Materials	713	
Other Charges	4,186	
Total Administration		\$ 183,163

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	275,494	
Equipment Operators		315,839	
Equipment Operators - Light		338,473	
Truck Drivers		355,173	
Laborers		226,822	
Rentals		206	
Other Contracted Services		99,302	
Asphalt		1,686,426	
Concrete		25,362	
Crushed Stone		50,976	
Fertilizer, Lime, and Seed		10,748	
General Construction Materials		25,561	
Pipe - Metal		36,302	
Road Signs		12,258	
Salt		11,159	
Small Tools		656	
Wood Products		1,113	
Other Supplies and Materials		1,925	
Other Charges		368	
Total Highway and Bridge Maintenance			\$ 3,474,163

Operation and Maintenance of Equipment

Foremen	\$	66,171
Mechanic(s)		84,394
Laborers		54,785
Nightwatchmen		33,544
Maintenance & Repair Services - Equipment		32,769
Tow-in Services		1,095
Other Contracted Services		766
Diesel Fuel		169,203
Electricity		7,905
Equipment and Machinery Parts		174,374
Garage Supplies		25,994
Gasoline		93,761
Lubricants		8,080
Office Supplies		1,374
Propane Gas		2,958
Small Tools		3,646
Tires and Tubes		36,055
Other Supplies and Materials		3,741

(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.)

Other Charges	\$ 207	
Total Operation and Maintenance of Equipment		\$ 800,822

Quarry Operations

Foremen	\$ 71,974	
Equipment Operators	107,346	
Laborers	30,852	
Explosive and Drilling Services	28,964	
Maintenance & Repair Services - Equipment	22,651	
Permits	2,820	
Electricity	15,770	
Equipment and Machinery Parts	40,457	
Other Charges	1,597	
Total Quarry Operations		322,431

Other Charges

Communication	\$ 13,570	
Boiler Insurance	134	
Liability Insurance	41,687	
Trustee's Commission	124,821	
Vehicle and Equipment Insurance	60,478	
Total Other Charges		240,690

Employee Benefits

Social Security	\$ 125,026	
State Retirement	186,982	
Employee and Dependent Insurance	429,120	
Employer Medicare	28,552	
Medical and Dental Services	2,025	
Workers' Compensation Insurance	82,498	
Total Employee Benefits		854,203

Capital Outlay

Bridge Construction	\$ 354,263	
Communication Equipment	2,055	
Furniture and Fixtures	195	
Highway Equipment	210,971	
Motor Vehicles	197,675	
Office Equipment	2,952	
State Aid Projects	456,160	
Total Capital Outlay		1,224,271

Total Highway/Public Works Fund		\$ 7,099,743
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(Continued)

Exhibit L-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 3,120,000	
Principal on Notes	115,000	
Principal on Other Loans	<u>1,329,410</u>	
Total General Government		\$ 4,564,410

Interest on Debt

General Government

Interest on Bonds	\$ 1,171,880	
Interest on Notes	33,932	
Interest on Other Loans	<u>2,539,642</u>	
Total General Government		3,745,454

Other Debt Service

General Government

Contributions	\$ 149,475	
Fiscal Agent Charges	1,436	
Trustee's Commission	<u>101,970</u>	
Total General Government		<u>252,881</u>

Total General Debt Service Fund \$ 8,562,745

General Capital Projects Fund

Other Debt Service

General Government

Other Debt Issuance Charges	\$ <u>166,973</u>	
Total General Government		\$ 166,973

Capital Projects

Public Safety Projects

Architects	\$ 15,348	
Engineering Services	<u>1,645</u>	
Total Public Safety Projects		16,993

Social, Cultural, and Recreation Projects

Architects	\$ 39,695	
Contracts with Private Agencies	36,000	
Other Contracted Services	<u>4,000</u>	
Total Social, Cultural, and Recreation Projects		79,695

(Continued)

Exhibit L-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Utility Projects

Contracts with Private Agencies	\$ 1,568,061	
Engineering Services	215,441	
Total Public Utility Projects		\$ 1,783,502

Other General Government Projects

Contracts with Private Agencies	\$ 750	
Contributions	1,500,000	
Engineering Services	2,500	
Other Contracted Services	38,103	
Total Other General Government Projects		1,541,353

Highway & Street Capital Projects

Engineering Services	\$ 47,030	
Other Contracted Services	21,400	
Total Highway & Street Capital Projects		68,430

Total General Capital Projects Fund \$ 3,656,946

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Contributions	\$ 103,452	
Other Supplies and Materials	100,441	
Total Industrial Development		\$ 203,893

Total Community Development/Industrial Park Fund 203,893

Total Governmental Funds - Primary Government \$ 49,821,703

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, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 29,786,870	
Career Ladder Program	496,202	
Career Ladder Extended Contracts	135,000	
Educational Assistants	1,406,187	
Other Salaries & Wages	367,463	
Certified Substitute Teachers	21,478	
Non-certified Substitute Teachers	492,385	
Social Security	1,931,027	
State Retirement	1,790,128	
Life Insurance	21,068	
Medical Insurance	3,744,888	
Dental Insurance	68,836	
Employer Medicare	451,610	
Other Fringe Benefits	138,313	
Maintenance & Repair Services - Equipment	3,961	
Tuition	64,471	
Other Contracted Services	280,072	
Instructional Supplies and Materials	836,835	
Textbooks	1,496,389	
Fee Waivers	42,147	
Other Charges	121,134	
Regular Instruction Equipment	364,257	
Total Regular Instruction Program		\$ 44,060,721

Alternative Instruction Program

Teachers	\$ 367,215	
Career Ladder Program	7,000	
Clerical Personnel	48,428	
Educational Assistants	46,826	
Social Security	27,765	
State Retirement	29,288	
Life Insurance	338	
Medical Insurance	59,073	
Dental Insurance	1,500	
Employer Medicare	6,493	
Other Fringe Benefits	1,900	
Instructional Supplies and Materials	2,110	
Total Alternative Instruction Program		597,936

(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	\$	3,760,177	
Career Ladder Program		54,968	
Career Ladder Extended Contracts		5,000	
Homebound Teachers		70,546	
Educational Assistants		51,876	
Speech Pathologist		654,623	
Other Salaries & Wages		308,199	
Non-certified Substitute Teachers		51,975	
Social Security		276,732	
State Retirement		248,507	
Life Insurance		3,024	
Medical Insurance		834,212	
Dental Insurance		15,859	
Employer Medicare		64,650	
Other Fringe Benefits		20,960	
Contracts with Other Public Agencies		1,925	
Contracts with Private Agencies		3,059	
Maintenance & Repair Services - Equipment		551	
Other Contracted Services		12,068	
Instructional Supplies and Materials		71,936	
Other Supplies and Materials		737	
Special Education Equipment		43,601	
Total Special Education Program			\$ 6,555,185

Vocational Education Program

Teachers	\$	1,595,184
Career Ladder Program		29,938
Career Ladder Extended Contracts		14,000
Non-certified Substitute Teachers		27,175
Social Security		98,299
State Retirement		89,480
Life Insurance		988
Medical Insurance		203,779
Dental Insurance		3,628
Employer Medicare		22,989
Other Fringe Benefits		7,143
Maintenance & Repair Services - Equipment		15,230
Other Contracted Services		2,951
Instructional Supplies and Materials		57,295

(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.)

Other Supplies and Materials	\$	3,231	
Fee Waivers		2,408	
Total Vocational Education Program			\$ 2,173,718

Adult Education Program

Teachers	\$	83,760	
Other Salaries & Wages		15,356	
Social Security		5,810	
State Retirement		5,420	
Life Insurance		78	
Medical Insurance		12,361	
Dental Insurance		234	
Employer Medicare		1,359	
Other Fringe Benefits		277	
Instructional Supplies and Materials		5,115	
Other Charges		60	
Other Equipment		1,285	
Total Adult Education Program			131,115

Support Services

Attendance

Supervisor/Director	\$	71,050	
Career Ladder Program		6,500	
Career Ladder Extended Contracts		4,000	
Social Workers		138,558	
Clerical Personnel		37,020	
Other Salaries & Wages		34,540	
Social Security		17,613	
State Retirement		16,363	
Life Insurance		130	
Medical Insurance		31,776	
Dental Insurance		683	
Employer Medicare		4,119	
Other Fringe Benefits		1,100	
Travel		1,701	
Other Contracted Services		7,941	
Other Supplies and Materials		277	
Attendance Equipment		7,200	
Total Attendance			380,571

(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.)

Health Services

Medical Personnel	\$	511,028	
Social Security		30,017	
State Retirement		24,399	
Life Insurance		273	
Medical Insurance		53,903	
Dental Insurance		1,216	
Employer Medicare		7,020	
Other Fringe Benefits		1,826	
Maintenance & Repair Services - Equipment		50	
Travel		9,083	
Other Contracted Services		16,300	
Drugs and Medical Supplies		20,632	
Other Supplies and Materials		2,528	
In Service/Staff Development		900	
Health Equipment		22,000	
Total Health Services			\$ 701,175

Other Student Support

Career Ladder Program	\$	23,000	
Guidance Personnel		1,338,323	
Psychological Personnel		345,555	
Career Ladder Extended Contracts		6,000	
Clerical Personnel		29,645	
Attendants		4,300	
Social Security		96,812	
State Retirement		82,000	
Life Insurance		2,291	
Medical Insurance		383,842	
Dental Insurance		8,129	
Employer Medicare		22,713	
Other Fringe Benefits		7,581	
Evaluation and Testing		108,340	
Travel		3,139	
Other Supplies and Materials		7,009	
Total Other Student Support			2,468,679

Regular Instruction Program

Supervisor/Director	\$	436,181
Career Ladder Program		45,500

(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.)

Career Ladder Extended Contracts	\$	25,000	
Librarians		996,402	
Materials Supervisor		72,268	
Education Media Personnel		236,165	
Instructional Computer Personnel		262,622	
Clerical Personnel		148,749	
Other Salaries & Wages		74,400	
Social Security		136,611	
State Retirement		142,585	
Life Insurance		1,417	
Medical Insurance		230,779	
Dental Insurance		5,497	
Employer Medicare		31,952	
Other Fringe Benefits		9,733	
Travel		51,564	
Other Contracted Services		12,928	
Library Books/Media		169,198	
Periodicals		4,941	
Other Supplies and Materials		23,769	
In Service/Staff Development		56,969	
Other Charges		877	
Other Equipment		13,136	
Total Regular Instruction Program			\$ 3,189,243

Special Education Program

Supervisor/Director	\$	72,268
Career Ladder Program		3,000
Career Ladder Extended Contracts		4,000
Clerical Personnel		90,188
Other Salaries & Wages		23,799
Social Security		11,881
State Retirement		14,888
Life Insurance		114
Medical Insurance		19,314
Dental Insurance		505
Employer Medicare		2,779
Other Fringe Benefits		862
Travel		45,220
Other Supplies and Materials		1,841

(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	\$	13,154	
Other Charges		<u>5,760</u>	
Total Special Education Program			\$ 309,573

Vocational Education Program

Supervisor/Director	\$	69,310	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Secretary(ies)		58,041	
Social Security		8,162	
State Retirement		9,502	
Life Insurance		78	
Medical Insurance		8,673	
Dental Insurance		487	
Employer Medicare		1,909	
Other Fringe Benefits		557	
Travel		3,862	
In Service/Staff Development		2,176	
Other Equipment		<u>2,362</u>	
Total Vocational Education Program			172,119

Adult Programs

Supervisor/Director	\$	67,228	
Social Security		4,131	
State Retirement		3,698	
Life Insurance		26	
Medical Insurance		4,525	
Dental Insurance		243	
Employer Medicare		966	
Other Fringe Benefits		300	
Travel		282	
Other Supplies and Materials		53	
In Service/Staff Development		1,095	
Other Charges		<u>9,000</u>	
Total Adult Programs			91,547

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	\$	1,361	
State Retirement		2,260	
Life Insurance		367	
Medical Insurance		217,666	
Dental Insurance		1,512	
Unemployment Compensation		2,105	
Employer Medicare		318	
Other Fringe Benefits		1,119	
Audit Services		28,800	
Dues and Memberships		13,632	
Legal Services		44,855	
Travel		1,697	
Liability Insurance		107,243	
Trustee's Commission		834,232	
Workers' Compensation Insurance		308,500	
In Service/Staff Development		16,232	
Criminal Investigation of Applicants - TBI		48	
Other Charges		8,988	
Total Board of Education			\$ 1,616,135

Director of Schools

County Official/Administrative Officer	\$	113,964	
Career Ladder Program		1,000	
Social Security		5,673	
State Retirement		6,309	
Life Insurance		26	
Medical Insurance		11,251	
Dental Insurance		883	
Employer Medicare		1,661	
Other Fringe Benefits		510	
Communication		30,478	
Postal Charges		5,047	
Travel		7,163	
In Service/Staff Development		1,520	
Total Director of Schools			185,485

Office of the Principal

Principals	\$	1,743,093	
Career Ladder Program		90,500	

(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.)

Office of the Principal (Cont.)

Career Ladder Extended Contracts	\$	70,000	
Assistant Principals		1,471,199	
Clerical Personnel		1,444,612	
Other Salaries & Wages		17,960	
Social Security		286,638	
State Retirement		315,386	
Life Insurance		2,766	
Medical Insurance		510,854	
Dental Insurance		10,568	
Employer Medicare		67,037	
Other Fringe Benefits		20,235	
Communication		177,230	
Travel		245	
Other Contracted Services		81,287	
Other Supplies and Materials		843	
Administration Equipment		64,687	
Total Office of the Principal			\$ 6,375,140

Fiscal Services

Supervisor/Director	\$	78,368	
Accountants/Bookkeepers		305,908	
Purchasing Personnel		78,368	
Secretary(ies)		97,460	
Social Security		32,765	
State Retirement		40,994	
Life Insurance		330	
Medical Insurance		56,023	
Dental Insurance		1,460	
Employer Medicare		7,663	
Other Fringe Benefits		2,364	
Data Processing Services		20,000	
Travel		41	
Other Contracted Services		10,465	
Office Supplies		13,483	
In Service/Staff Development		1,262	
Other Charges		1,886	
Administration Equipment		11,255	
Total Fiscal Services			760,095

(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	\$	78,020	
Custodial Personnel		2,035,399	
Social Security		124,590	
State Retirement		177,454	
Life Insurance		2,486	
Medical Insurance		408,143	
Dental Insurance		5,348	
Employer Medicare		29,139	
Other Fringe Benefits		9,188	
Janitorial Services		130,320	
Rentals		1	
Other Contracted Services		28,104	
Custodial Supplies		159,663	
Electricity		1,927,834	
Fuel Oil		14,627	
Natural Gas		555,193	
Water and Sewer		308,620	
Other Supplies and Materials		6,751	
Boiler Insurance		13,091	
Building and Contents Insurance		197,892	
Plant Operation Equipment		70,057	
Total Operation of Plant			\$ 6,281,920

Maintenance of Plant

Supervisor/Director	\$	144,288
Secretary(ies)		63,240
Maintenance Personnel		1,483,215
Social Security		102,085
State Retirement		132,365
Life Insurance		1,095
Medical Insurance		195,992
Dental Insurance		2,187
Employer Medicare		23,875
Other Fringe Benefits		6,680
Communication		19,798
Laundry Service		15,875
Maintenance & Repair Services - Buildings		59,938
Maintenance & Repair Services - Equipment		58,642
Travel		5,665

(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.)

Other Contracted Services	\$	45,551	
Equipment and Machinery Parts		7,103	
Other Supplies and Materials		199,904	
In Service/Staff Development		1,009	
Maintenance Equipment		94,084	
Total Maintenance of Plant			\$ 2,662,591

Transportation

Supervisor/Director	\$	51,468	
Mechanic(s)		284,763	
Bus Drivers		1,418,994	
Clerical Personnel		38,700	
Social Security		104,289	
State Retirement		153,743	
Life Insurance		2,595	
Medical Insurance		285,115	
Dental Insurance		5,136	
Employer Medicare		24,390	
Other Fringe Benefits		6,295	
Communication		9,627	
Contracts with Parents		952	
Laundry Service		4,904	
Other Contracted Services		12,569	
Diesel Fuel		420,326	
Garage Supplies		33,950	
Gasoline		108,193	
Lubricants		7,824	
Tires and Tubes		59,483	
Vehicle Parts		234,966	
Vehicle and Equipment Insurance		179,986	
Other Charges		17,204	
Transportation Equipment		283,562	
Total Transportation			3,749,034

Operation of Non-Instructional Services

Food Service

State Retirement	\$	197,888	
Life Insurance		3,892	
Medical Insurance		460,457	

(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.)

Dental Insurance	\$	7,976	
Other Fringe Benefits		10,395	
Food Supplies		5,995	
Total Food Service			\$ 686,603

Community Services

Supervisor/Director	\$	46,412	
Other Salaries & Wages		54,862	
Social Security		6,215	
State Retirement		4,492	
Life Insurance		52	
Medical Insurance		9,051	
Dental Insurance		243	
Employer Medicare		1,454	
Other Fringe Benefits		368	
Travel		3,950	
Other Contracted Services		1,144	
Other Supplies and Materials		4,512	
Total Community Services			132,755

Early Childhood Education

Teachers	\$	133,718	
Educational Assistants		53,258	
Social Security		10,791	
State Retirement		10,835	
Life Insurance		208	
Medical Insurance		35,800	
Dental Insurance		851	
Employer Medicare		2,524	
Other Fringe Benefits		839	
Instructional Supplies and Materials		14,023	
Total Early Childhood Education			262,847

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	471,108	
Total Regular Capital Outlay			471,108

(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.)

Principal on Debt

Education

Principal on Notes	\$ 5,351	
Principal on Capital Leases	304,670	
Total Education		\$ 310,021

Interest on Debt

Education

Interest on Notes	\$ 1,038	
Interest on Capital Leases	52,013	
Total Education		53,051

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 5,306,155	
Total Education		5,306,155

Total General Purpose School Fund \$ 89,684,522

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,360,237	
Educational Assistants	292,095	
Non-certified Substitute Teachers	73,541	
Social Security	99,295	
State Retirement	102,041	
Life Insurance	1,518	
Medical Insurance	243,711	
Dental Insurance	5,818	
Unemployment Compensation	6,500	
Employer Medicare	23,222	
Other Fringe Benefits	7,423	
Other Contracted Services	10,000	
Instructional Supplies and Materials	284,580	
Regular Instruction Equipment	394,515	
Total Regular Instruction Program		\$ 2,904,496

Special Education Program

Teachers	\$ 9,850	
Educational Assistants	1,262,889	

(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.)

Special Education Program (Cont.)

Social Security	\$	86,698	
State Retirement		126,909	
Life Insurance		2,184	
Medical Insurance		43,566	
Dental Insurance		2,500	
Employer Medicare		20,276	
Other Fringe Benefits		6,249	
Instructional Supplies and Materials		24,526	
Total Special Education Program			\$ 1,585,647

Vocational Education Program

Teachers	\$	16,671	
Social Security		1,034	
State Retirement		917	
Life Insurance		13	
Medical Insurance		2,175	
Dental Insurance		59	
Employer Medicare		242	
Other Fringe Benefits		75	
Instructional Supplies and Materials		25,852	
Vocational Instruction Equipment		189,461	
Total Vocational Education Program			236,499

Support Services

Health Services

Medical Personnel	\$	16,278	
Social Security		998	
State Retirement		895	
Life Insurance		13	
Medical Insurance		2,056	
Employer Medicare		233	
Other Fringe Benefits		72	
Total Health Services			20,545

Other Student Support

Attendants	\$	793,136	
Other Salaries & Wages		26,873	
Social Security		53,382	
State Retirement		78,730	

(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.)

Other Student Support (Cont.)

Life Insurance	\$	26	
Medical Insurance		4,518	
Employer Medicare		12,484	
Other Fringe Benefits		3,880	
Evaluation and Testing		2,855	
Total Other Student Support			\$ 975,884

Regular Instruction Program

Supervisor/Director	\$	34,079	
Secretary(ies)		79,260	
Other Salaries & Wages		83,452	
Social Security		11,886	
State Retirement		13,709	
Life Insurance		101	
Medical Insurance		22,528	
Dental Insurance		411	
Employer Medicare		2,777	
Other Fringe Benefits		741	
Consultants		10,200	
Travel		6,640	
Other Contracted Services		624	
Library Books/Media		115,343	
Other Supplies and Materials		19,904	
In Service/Staff Development		103,036	
Other Equipment		7,692	
Total Regular Instruction Program			512,383

Vocational Education Program

Travel	\$	4,508	
In Service/Staff Development		42,240	
Total Vocational Education Program			46,748

Total School Federal Projects Fund \$ 6,282,202

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	45,486	
Clerical Personnel		103,750	

(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 (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Cafeteria Personnel	\$ 2,292,298	
Social Security	142,771	
State Retirement	11,984	
Medical Insurance	18,750	
Employer Medicare	33,390	
Communication	13,567	
Maintenance & Repair Services - Equipment	27,514	
Transportation - Other than Students	41,976	
Travel	2,047	
Other Contracted Services	68,257	
Food Preparation Supplies	159,946	
Food Supplies	2,242,169	
Other Supplies and Materials	83,485	
In Service/Staff Development	8,107	
Food Service Equipment	46,263	
Total Food Service		\$ 5,341,760

Total Central Cafeteria Fund \$ 5,341,760

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Other Salaries & Wages	\$ 4,919	
Social Security	305	
Employer Medicare	71	
Architects	23,500	
Building Construction	2,010,422	
Total Education Capital Projects		\$ 2,039,217

Total Education Capital Projects Fund 2,039,217

Total Governmental Funds - Sevier County School Department \$ 103,347,701

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, 2006

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 29,599,202
Total Cash Receipts	<u>\$ 29,599,202</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 29,303,240
Trustee's Commission	<u>295,962</u>
Total Cash Disbursements	<u>\$ 29,599,202</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2005	<u>0</u>
 Cash Balance, June 30, 2006	<u><u>\$ 0</u></u>

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

February 14, 2007

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, 2006, which collectively comprise Sevier County's basic financial statements and have issued our report thereon dated February 14, 2007. 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 06.01, 06.03, and 06.04.

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, we believe that none of the reportable conditions described above is a material weakness.

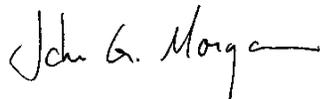
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sevier County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 06.02.

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/rc



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-0269
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 14, 2007

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, 2006. 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, 2006.

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.

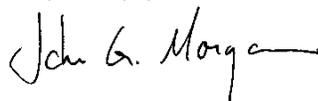
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with 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, 2006, and have issued our report thereon dated February 14, 2007. 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/rc

OTHER AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING 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, 2006, 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 and Other Matters

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, 2006, 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, 2006

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 (Noncash Assistance)	10.550	N/A	\$ 412,230
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	763,424
National School Lunch Program	10.555	N/A	2,224,528
Summer Food Service Program for Children	10.559	N/A	5,516
Total U.S. Department of Agriculture			<u>\$ 3,405,698</u>
Bureau of Land Management, Department of the Interior:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 180,219
Total Bureau of Land Management, Department of the Interior			<u>\$ 180,219</u>
U.S. Department of Justice:			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 403,188
Total U.S. Department of Justice			<u>\$ 403,188</u>
U.S. Department of Labor:			
Passed-through Walters State Community College:			
WIA Youth Activities	17.259	N/A	\$ 76,050
Total U.S. Department of Labor			<u>\$ 76,050</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 50,000
Total U.S. Department of Transportation			<u>\$ 50,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	(2)	\$ 96,001
Title I Grants to Local Educational Agencies	84.010	N/A	2,511,610
Vocational Education - Basic Grants to States	84.048	N/A	285,144
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,490,465
Special Education - Preschool Grants	84.173	N/A	91,449
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	74,735
Twenty-First Century Community Learning Centers	84.287	N/A	131,755
State Grants for Innovative Programs	84.298	N/A	117,570
Education Technology State Grants	84.318	(2)	49,858
English Language Acquisition Grants	84.365	N/A	58,643
Improving Teacher Quality State Grants	84.367	N/A	889,247
Hurricane Education Recovery	84.938	N/A	358,015
Total U.S. Department of Education			<u>\$ 7,154,492</u>

(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	(2)	\$ 12,554
Total U.S. Department of Health and Human Services			<u>\$ 12,554</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
State Domestic Preparedness Equipment Support Program	97.004	(3)	\$ 33,796
Homeland Security Grant Program	97.067	Z-05-025207-00	62,022
Emergency Management Performance Grants	97.042	Z-06-032885-00	17,921
Total U.S. Department of Homeland Security			<u>\$ 113,739</u>
Total Expenditures of Federal Awards			<u>\$ 11,395,940</u>

<u>State Grants</u>		Contract Number	
Juvenile Services Program - State Department of Children's Services	N/A	(2)	\$ 9,000
Family Resource Center - State Department of Education	N/A	(2)	33,300
Rehabilitation Grant - State Department of Human Services	N/A	(2)	15,954
Library Technology Grant - State Archives	N/A	(2)	6,500
Safe Schools - State Department of Education	N/A	(2)	64,370
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	21,423
Families First Grant - State Department of Education	N/A	(2)	5,908
Lottery for Education: Afterschool Program (LEAP) - State Department of Education	N/A	(2)	89,994
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	267,782
Health Department Program - State Department of Health	N/A	(2)	420,415
Litter Program - State Department of Transportation	N/A	(2)	53,264
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	40,809
Fingerprint Imaging Grant - State Department of Finance and Administration	N/A	(2)	15,000
State Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	27,409
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	<u>43,073</u>
Total State Grants			<u>\$ 1,114,201</u>

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

- (1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) - Information not available.
(3) - Z-04-020144-02: \$21,198; Z-04-022492-01: \$12,598

Sevier County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

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, 2005, which have not been corrected.

OFFICE OF GENERAL SESSIONS COURT CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.03	223	The office had a cash shortage of \$16,643.47 at June 30, 2005

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.05	224	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, 2006

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. None of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that 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 Child Nutrition Cluster: the School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Public Safety Partnership and Community Policing Grants (CFDA No. 16.710); the Title I Grants to Local Educational Agencies (CFDA No. 84.010); and the Hurricane Education Recovery Program (CFDA No. 84.938) were determined to be major programs.
8. A threshold of \$341,878 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 COUNTY MAYOR

**FINDING 06.01 THE OFFICE DID NOT ALWAYS ISSUE PURCHASE ORDERS
(Internal Control – Reportable Condition Under Government Auditing Standards)**

The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases.

OFFICE OF COUNTY CLERK

**FINDING 06.02 FEES AND COMMISSIONS WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTE
(Noncompliance Under Government Auditing Standards)**

Excess fees and commissions were not reported and paid to the county in compliance with Section 8-22-104 (a)(3), Tennessee Code Annotated. This statute provides for all salaries and expenses of the office to be paid by the county and for all fees and commissions earned by the office to be reported and paid to the county monthly. However, during the period examined, the clerk paid \$44,459 from the fee and commission account for software development of the office's marriage license, motor vehicle renewal, and credit card processing applications. These disbursements should have been made by the county's General Fund through the budgetary process.

RECOMMENDATION

All fees and commissions collected by the office should be paid to the county trustee monthly. Operating expenses of the office should be appropriated and paid from the county's General Fund through the budgetary process.

OFFICE OF GENERAL SESSIONS COURT CLERK

FINDING 06.03 **THE CASH SHORTAGE FROM A PRIOR YEAR HAS NOT BEEN LIQUIDATED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

We had previously reported that as of August 31, 2004, the Office of General Sessions Court Clerk had a cash shortage of \$16,643.47. This amount remains uncollected as of the date of this report. A former employee of the General Sessions Court Clerk’s Office was recently indicted on charges relating to this cash shortage and is awaiting trial.

RECOMMENDATION

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

OTHER FINDING AND RECOMMENDATION

FINDING 06.04 **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, 2006

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