

**ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2007



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Audit Highlights

Annual Financial Report
Sevier County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2007.

Results

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

Our audit resulted in seven 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

- ◆ Deficiencies existed in purchasing controls.
-

OFFICE OF COUNTY MAYOR AND SHERIFF

- ◆ Perishable food commodities purchased for the county jail were not bid.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Discrepancies were noted in the maintenance of time sheets for a School Department employee.
-

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.
-

OFFICE OF SHERIFF

- ◆ Time cards maintained for Sheriff Department employees were not always signed by employees and supervisors.
-

OTHER FINDING

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

INTRODUCTORY SECTION

Sevier County Officials

June 30, 2007

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
Rita Ellison, Circuit Court Clerk
Connie Holt, General Sessions Court Clerk
Carolyn McMahan, Clerk and Master
Sherry Robertson-Huskey, Register
Ronald Seals, Sheriff

Board of County Commissioners

Larry Waters, Chairman	
Ronnie Allen	David Norton
Fred Atchley	Ray Ogle
Ben Clabo	Frank Parton
Gary Cole	Harold Pitner
Jimbo Conner	Tony Proffitt
Bryan Delius	Carroll Rauhuff
Judy Godfrey	James Temple, Sr.
Mike Hillard	Max Watson
Warren Hurst	Kenneth Whaley
Jim Keener	Ronnie Whaley
Phil King	Kent Woods
Charles McGaha	

Board of Education

Mike Oakley, Chairman	Stanley Moore
Becky Barnes	Charles Temple
John McClure	

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
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

April 25, 2008

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, 2007, 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 .6 percent of the assets and .8 percent of revenues of the aggregate discretely presented component units); and the Sevier County Public Building Authority (which represent 50.9 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, 2007, 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 April 25, 2008, 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 and pension information on pages 95 through 101 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. 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 black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/sb

SEVIER COUNTY GOVERNMENT
Management's Discussion and Analysis
For the Year Ended June 30, 2007

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, 2007. 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 2006-2007

In total, net assets of the primary government increased by approximately \$4.2 million. All net assets of the primary government are related to governmental activities.

General revenues of the primary government accounted for \$40.4 million in revenue or 68 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$18.9 million or 32 percent of total revenues of \$59.3 million.

Total assets of governmental activities in the primary government were \$175.1 million as taxes receivable ended at \$26.8 million, cash ended at \$38.7 million, and capital assets, net of accumulated depreciation, ended at \$106.7 million.

Sevier County had \$55.1 million in expenses related to governmental activities. Only \$18.9 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$22.6 million) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$32.4 million in revenues and \$29 million in expenditures. The Highway/Public Works Fund had \$7.6 million in revenues and \$7.7 million in expenditures. The General Debt Service Fund had \$13.1 million in revenues and \$9.4 million in expenditures. The General Capital Projects Fund had \$.7 million in revenues and \$7.5 million in expenditures. Fund balance for the General Fund increased by \$.9 million to \$6.9 million. Fund balance for the Highway/Public Works Fund decreased by \$.1 million to \$4.6 million. Fund balance for the General Debt Service Fund increased by \$4.3 million to \$25.3 million; while fund balance for the General Capital Projects Fund decreased by \$6.8 million to \$1.3 million.

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.

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; agriculture 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 major categories: governmental, proprietary, and fiduciary.

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 provide 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 Nonmajor 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 \$59.3 million at the close of the most recent fiscal year.

At June 30, 2007, \$77.5 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 cannot be used to liquidate these liabilities.

The following is a summary of Sevier County's net assets for 2007. A comparison of the prior year is provided.

Sevier County Government Net Assets as of June 30

	<u>2007</u>	<u>2006</u>
Current and Other Assets	\$ 68,373,464	\$ 67,228,563
Capital Assets	106,686,279	105,148,726
Total Assets	<u>\$ 175,059,743</u>	<u>\$ 172,377,289</u>
Long-term Liabilities Outstanding	\$ 88,567,775	\$ 92,157,724
Other Liabilities	27,166,979	24,093,304
Total Liabilities	<u>\$ 115,734,754</u>	<u>\$ 116,251,028</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 77,542,218	\$ 81,606,227
Restricted	30,399,241	26,345,809
Unrestricted	<u>(48,616,470)</u>	<u>(51,825,775)</u>
Total Net Assets	<u>\$ 59,324,989</u>	<u>\$ 56,126,261</u>

The following table shows the increase (decrease) in net assets for the fiscal year 2007 and a comparative analysis of government-wide data to the prior year.

Sevier County Government Changes in Net Assets as of June 30

	<u>2007</u>	<u>2006</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 11,341,320	\$ 10,692,886
Operating Grants and Contributions	3,168,467	3,616,765
Capital Grants and Contributions	4,434,856	7,798,119
General Revenues:		
Property Taxes	22,632,104	21,996,716
Sales Taxes	3,857,092	3,549,585
Other Taxes	2,897,301	2,554,807
Grants and Contributions Unrestricted	7,590,511	6,691,036
Unrestricted Investment Income	2,969,646	2,227,231
Miscellaneous	148,588	127,304
Insurance Recovery	21,995	0
Gain on Sale/Disposal of Capital Assets	248,144	127,160
Total Revenues	<u>\$ 59,310,024</u>	<u>\$ 59,381,609</u>
Expenses:		
General Government	\$ 4,987,393	\$ 4,775,867
Finance	2,717,340	2,469,847
Administration of Justice	2,773,927	2,383,690
Public Safety	11,207,455	10,086,003
Public Health and Welfare	8,097,855	9,328,238
Social, Cultural, and Recreational Services	1,287,688	2,609,260
Agriculture and Natural Resources	392,842	350,541
Other Operations	1,622,080	136,273
Highways	12,809,964	11,638,833
Education	4,673,337	804,603
Interest	4,203,929	3,707,352
Other Debt Service	351,736	340,884
Total Expenses	<u>\$ 55,125,546</u>	<u>\$ 48,631,391</u>
Increase in Net Assets	\$ 4,184,478	\$ 10,750,218
Net Assets, July 1, 2004/July 1, 2003	<u>12,737,855</u>	<u>1,987,637</u>
Net Assets , June 30, 2005/June 30, 2004	<u>\$ 16,922,333</u>	<u>\$ 12,737,855</u>
Increase/(Decrease) in Net Assets	\$ 4,184,478	\$ 10,750,218
Net Assets - Beginning Balance	56,126,261	45,376,043
Restatement of Long-term Debt	<u>(985,750)</u>	<u>0</u>
Net Assets - Ending Balance	<u>\$ 59,324,989</u>	<u>\$ 56,126,261</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 \$38.6 million. Approximately \$35.1 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 \$6.9 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 24 percent of total General Fund expenditures.

The fund balance of the county's General Fund increased by \$.9 million during the current fiscal year.

The fund balance of the Highway/Public Works Fund ended at \$4.6 million, a decrease of \$.1 million.

The General Debt Service Fund again finished very strong at June 30, 2007, with a net increase of \$4.3 million of fund balance to end at \$25.3 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 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, 2007, totals \$77.5 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 assets activity of the 2007 fiscal year.

Long-term Debt – At the end of the 2007 fiscal year, Sevier County had total long-term debt obligations outstanding of \$89 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 \$58.3 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 3.5 percent at June 30, 2007, down 1.4 percentage points from June 30, 2006. This compares favorably to the state’s average unemployment rate of 4.1 percent and is one percent below the national average of 4.5 percent. Inflationary trends in the region compare favorably to national indices. These factors were considered in preparing the county budget for the 2008 fiscal year. At the end of the 2007 fiscal year, unreserved fund balance in the General Fund increased to \$6.9 million. The county has budgeted to use \$.5 million of this fund balance for spending on fiscal year 2008. It is intended that this use of available fund balance and a 20-cent tax increase will allow the county to balance the budget for the 2008 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, 2007

	Primary Government Governmental Activities	Component Units		
		Sevier County School Department	Emergency Communica- tions District	Public Building Authority
<u>ASSETS</u>				
Cash	\$ 1,019,006	\$ 10,974	\$ 855,396	\$ 12,480
Equity in Pooled Cash and Investments	37,650,123	18,200,594	0	0
Investments	0	0	0	1,548,357
Accounts Receivable	1,052,424	10,598	85,165	0
Due from Other Governments	1,507,352	6,638,266	0	0
Property Taxes Receivable	26,800,136	28,058,453	0	0
Allowance for Uncollectible Property Taxes	(528,091)	(521,938)	0	0
Prepaid Items	0	0	4,521	0
Restricted Assets:				
Other Restricted Assets	0	0	0	127,229,822
Deferred Charges - Debt Issuance Costs	872,514	0	0	0
Capital Assets				
Assets Not Depreciated:				
Land	4,761,863	6,019,534	0	1,181,941
Construction in Progress	3,098,038	2,601,684	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	10,887,090	57,255,038	488,917	0
Other Capital Assets	5,190,871	4,804,598	158,878	0
Infrastructure	82,748,417	850,483	0	0
Total Assets	\$ 175,059,743	\$ 123,928,284	\$ 1,592,877	\$ 129,972,600
<u>LIABILITIES</u>				
Accounts Payable	\$ 715,373	\$ 181,932	\$ 3,294	\$ 276
Accrued Payroll	79,838	34,441	0	0
Accrued Interest Payable	374,950	0	0	8,455
Payroll Deductions Payable	5,246	0	0	0
Contracts Payable	223,337	5,400	0	0
Retainage Payable	62,994	66,686	0	0
Due to Litigants, Heirs, and Others	4,712	0	0	0
Current Liabilities Payable from				
Restricted Assets:				
Conduit Debt	0	0	0	127,229,822
Deferred Revenue - Current Property Taxes	25,289,238	26,637,998	0	0
Other Current Liabilities	680	2,848,472	8,167	72,383
Noncurrent Liabilities:				
Due Within One Year	5,423,425	331,039	0	130,000
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	83,554,961	701,761	0	280,000
Total Liabilities	\$ 115,734,754	\$ 30,807,729	\$ 11,461	\$ 127,720,936

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units		
		Sevier County School Department	Emergency Communica- tions District	Public Building Authority
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 77,542,218	\$ 70,498,537	\$ 0	\$ 771,941
Invested in Capital Assets	0	0	647,795	0
Restricted for:				
Courthouse and Jail Maintenance	115,231	0	0	0
Law Library	38,253	0	0	0
Drug Control	11,431	0	0	0
District Attorney General	9,244	0	0	0
Short-term Capital Assets	179,528	0	0	0
Highway	4,992,471	0	0	0
Debt Service	25,053,083	0	0	0
Capital Projects	0	4,349,883	0	0
Federal Assistance Programs	0	1,383,560	0	0
Unrestricted	(48,616,470)	16,888,575	933,621	1,479,723
Total Net Assets	<u>\$ 59,324,989</u>	<u>\$ 93,120,555</u>	<u>\$ 1,581,416</u>	<u>\$ 2,251,664</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, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units			
					Total Governmental Activities	Sevier County School Department	Emergency Communications District	Public Building Authority	
Primary Government:									
Governmental Activities:									
General Government	\$ 4,987,393	\$ 2,032,201	\$ 20,090	\$ 259,250	\$ (2,675,852)	\$ 0	\$ 0	\$ 0	\$ 0
Finance	2,717,340	2,944,911	44,513	0	272,084	0	0	0	0
Administration of Justice	2,773,927	1,439,350	0	0	(1,334,577)	0	0	0	0
Public Safety	11,207,455	1,088,574	255,606	0	(9,863,275)	0	0	0	0
Public Health and Welfare	8,097,855	2,939,081	456,476	0	(4,702,298)	0	0	0	0
Social, Cultural, and Recreational Services	1,287,688	51,925	55,601	55,974	(1,124,188)	0	0	0	0
Agriculture and Natural Resources	392,842	1,187	0	0	(391,655)	0	0	0	0
Other Operations	1,622,080	492	0	452,120	(1,169,468)	0	0	0	0
Highways	12,809,964	90,540	2,336,181	3,667,512	(6,715,731)	0	0	0	0
Education	4,673,337	753,059	0	0	(3,920,278)	0	0	0	0
Interest on Long-term Debt	4,203,929	0	0	0	(4,203,929)	0	0	0	0
Debt Service	351,736	0	0	0	(351,736)	0	0	0	0
Total Primary Government	\$ 55,125,546	\$ 11,341,320	\$ 3,168,467	\$ 4,434,856	\$ (36,180,903)	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:									
Sevier County School Department	\$ 111,327,345	\$ 2,732,714	\$ 9,539,112	\$ 4,229,104	\$ 0	\$ (94,826,415)	\$ 0	\$ 0	\$ 0
Emergency Communications District	642,521	903,631	0	37,733	0	0	298,843	0	0
Public Building Authority	56,280	123,000	0	0	0	0	0	66,720	0
Total Component Units	\$ 112,026,146	\$ 3,759,345	\$ 9,539,112	\$ 4,266,837	\$ 0	\$ (94,826,415)	\$ 298,843	\$ 66,720	\$ 0

(Continued)

Exhibit B

Sevier County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units		
					Government Total Governmental Activities	Sevier County School Department	Emergency Communica-tions District	Public Building Authority
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 12,932,380	\$ 20,662,217	\$ 0	\$ 0	0
Property Taxes Levied for Special Purposes				644,768	0	0	0	0
Property Taxes Levied for Highway				4,849,367	0	0	0	0
Property Taxes Levied for Debt				4,205,589	0	0	0	0
Local Option Sales Taxes				3,857,092	34,659,888	0	0	0
Other Local Taxes				2,897,301	10,964	0	0	0
Grants and Contributions Not Restricted to Specific Programs				7,590,511	39,596,347	0	0	0
Unrestricted Investment Income				2,969,646	45,145	14,720	67,251	
Miscellaneous				148,588	573,613	0	0	0
Insurance Recovery				21,995	0	0	0	0
Gain on Disposal of Capital Assets				248,144	41,525	0	0	0
Total General Revenues				\$ 40,365,381	\$ 95,589,699	\$ 14,720	\$ 67,251	
Change in Net Assets				\$ 4,184,478	\$ 763,284	\$ 313,563	\$ 133,971	
Net Assets, July 1, 2006				56,126,261	92,357,271	1,267,853	2,117,693	
Restatement of Long-term Debt				(985,750)	0	0	0	
Net Assets, June 30, 2007				\$ 59,324,989	\$ 93,120,555	\$ 1,581,416	\$ 2,251,664	

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, 2007

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 375	\$ 0	\$ 0	\$ 0	\$ 20,660	\$ 21,035
Equity in Pooled Cash and Investments	6,207,057	4,636,354	24,926,486	1,385,291	494,935	37,650,123
Accounts Receivable	305,544	17,453	319,013	0	2,327	644,337
Due from Other Governments	1,097,360	409,992	0	0	0	1,507,352
Due from Other Funds	32,560	8,044	0	0	0	40,604
Property Taxes Receivable	15,704,010	5,718,522	4,660,593	0	717,011	26,800,136
Allowance for Uncollectible Property Taxes	(306,053)	(112,894)	(94,591)	0	(14,553)	(528,091)
Total Assets	\$ 23,040,853	\$ 10,677,471	\$ 29,811,501	\$ 1,385,291	\$ 1,220,380	\$ 66,135,496
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 168,155	\$ 10,124	\$ 0	\$ 0	\$ 25,603	\$ 203,882
Accrued Payroll	0	79,838	0	0	0	79,838
Payroll Deductions Payable	5,246	0	0	0	0	5,246
Contracts Payable	0	200,000	0	23,337	0	223,337
Retainage Payable	0	0	0	62,994	0	62,994
Due to Other Funds	140,000	0	0	11,900	20,660	172,560
Due to Litigants, Heirs, and Others	4,712	0	0	0	0	4,712
Other Current Liabilities	680	0	0	0	0	680
Deferred Revenue - Current Property Taxes	14,836,353	5,395,038	4,383,468	0	674,379	25,289,238
Deferred Revenue - Delinquent Property Taxes	483,197	181,199	157,040	0	24,160	845,596
Other Deferred Revenues	455,440	213,368	0	0	0	668,808
Total Liabilities	\$ 16,093,783	\$ 6,079,567	\$ 4,540,508	\$ 98,231	\$ 744,802	\$ 27,556,891
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 50,665	\$ 0	\$ 3,507,273	\$ 0	\$ 3,557,938
Unreserved, Reported In:						
General Fund	6,947,070	0	0	0	0	6,947,070
Special Revenue Funds	0	4,547,239	0	0	461,606	5,008,845
Debt Service Funds	0	0	25,270,993	0	0	25,270,993
Capital Projects Funds (Deficit)	0	0	0	(2,220,213)	13,972	(2,206,241)
Total Fund Balances	\$ 6,947,070	\$ 4,597,904	\$ 25,270,993	\$ 1,287,060	\$ 475,578	\$ 38,578,605
Total Liabilities and Fund Balances	\$ 23,040,853	\$ 10,677,471	\$ 29,811,501	\$ 1,385,291	\$ 1,220,380	\$ 66,135,496

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, 2007

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)		\$ 38,578,605
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 4,761,863	
Add: construction in progress	3,098,038	
Add: infrastructure net of accumulated depreciation	82,748,417	
Add: buildings and improvements net of accumulated depreciation	10,887,090	
Add: other capital assets net of accumulated depreciation	<u>5,190,871</u>	106,686,279
(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.		1,026,523
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (357,375)	
Less: other loans payable	(65,112,968)	
Less: bonds payable	(23,525,000)	
Add: deferred amount on refunding	427,568	
Add: deferred charges - debt issuance costs	872,514	
Less: accrued interest on bonds, notes, and other loans	(374,950)	
Less: other deferred revenue - premium on debt	<u>(410,611)</u>	(88,480,822)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,514,404</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ 59,324,989</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, 2007

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 20,103,032	\$ 4,980,510	\$ 4,313,476	\$ 0	\$ 689,447	\$ 30,086,465
Licenses and Permits	234,287	0	0	0	0	234,287
Fines, Forfeitures, and Penalties	278,265	0	0	0	18,508	296,773
Charges for Current Services	2,887,406	0	0	0	231,881	3,119,287
Other Local Revenues	446,714	84,124	2,963,194	275,338	69,189	3,838,559
Fees Received from County Officials	5,619,611	0	0	0	0	5,619,611
State of Tennessee	2,357,424	2,452,992	0	92,120	257,500	5,160,036
Federal Government	86,312	0	0	350,000	0	436,312
Other Governments and Citizens Groups	380,838	70,728	5,786,553	0	0	6,238,119
Total Revenues	\$ 32,393,889	\$ 7,588,354	\$ 13,063,223	\$ 717,458	\$ 1,266,525	\$ 55,029,449
<u>Expenditures</u>						
Current:						
General Government	\$ 3,539,101	\$ 0	\$ 0	\$ 0	\$ 502,146	\$ 4,041,247
Finance	2,001,636	0	0	0	92,680	2,094,316
Administration of Justice	1,979,638	0	0	0	38,711	2,018,349
Public Safety	8,544,106	0	0	0	199,048	8,743,154
Public Health and Welfare	4,164,574	0	0	0	2,407,207	6,571,781
Social, Cultural, and Recreational Services	956,904	0	0	0	55,934	1,012,838
Agriculture and Natural Resources	321,288	0	0	0	0	321,288
Other Operations	7,181,908	0	0	0	29,010	7,210,918
Highways	135,126	7,697,349	0	0	0	7,832,475
Debt Service:						
Principal on Debt	0	0	4,832,410	0	0	4,832,410
Interest on Debt	0	0	4,079,751	0	0	4,079,751
Other Debt Service	0	0	440,129	0	0	440,129
Capital Projects	176,738	0	0	7,487,002	52,912	7,716,652
Total Expenditures	\$ 29,001,019	\$ 7,697,349	\$ 9,352,290	\$ 7,487,002	\$ 3,377,648	\$ 56,915,308
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 3,392,870	\$ (108,995)	\$ 3,710,933	\$ (6,769,544)	\$ (2,111,123)	\$ (1,885,859)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 175,625	\$ 0	\$ 0	\$ 175,625
Insurance Recovery	21,995	0	0	0	0	21,995
Transfers In	0	0	393,465	0	2,536,332	2,929,797
Transfers Out	(2,536,332)	0	0	0	(393,465)	(2,929,797)
Total Other Financing Sources (Uses)	<u>\$ (2,514,337)</u>	<u>\$ 0</u>	<u>\$ 569,090</u>	<u>\$ 0</u>	<u>\$ 2,142,867</u>	<u>\$ 197,620</u>
Net Change in Fund Balances	\$ 878,533	\$ (108,995)	\$ 4,280,023	\$ (6,769,544)	\$ 31,744	\$ (1,688,239)
Fund Balance, July 1, 2006	<u>6,068,537</u>	<u>4,706,899</u>	<u>20,990,970</u>	<u>8,056,604</u>	<u>443,834</u>	<u>40,266,844</u>
Fund Balance, June 30, 2007	<u>\$ 6,947,070</u>	<u>\$ 4,597,904</u>	<u>\$ 25,270,993</u>	<u>\$ 1,287,060</u>	<u>\$ 475,578</u>	<u>\$ 38,578,605</u>

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, 2007

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)		\$ (1,688,239)
(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	\$ 5,676,359	
Less: current year depreciation expense	<u>(7,556,320)</u>	(1,879,961)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 3,514,005	
Less: proceeds from disposal of capital assets	(334,938)	
Add: gain on disposal of capital assets	248,144	
Less: loss on disposal of capital assets	<u>(9,697)</u>	3,417,514
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30 2007	\$ 1,514,404	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(1,587,895)</u>	(73,491)
(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	\$ (175,625)	
Add: change in premium on debt issuances	47,197	
Add: change in deferred debt issuance costs	122,282	
Add: principal payments on bonds	3,170,000	
Add: principal payments on notes	115,000	
Add: principal payments on other loans	1,547,410	
Less: change in deferred amount on refunding debt	<u>(81,086)</u>	4,745,178
(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		(124,178)

(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>\$ (212,345)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 4,184,478</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, 2007

	<u>Governmental Activities - Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 997,971
Accounts Receivable	111,503
Due from Other Funds	428,540
Total Assets	<u>\$ 1,538,014</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 511,491
Total Liabilities	<u>\$ 511,491</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 1,026,523</u>
Total Net Assets	<u>\$ 1,026,523</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, 2007

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 4,937,961
Other Employee Benefit Charges/Contributions	<u>116,604</u>
Total Operating Revenues	<u>\$ 5,054,565</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 169,515
Life Insurance	39,241
Excess Risk Insurance	627,229
Medical Claims	<u>4,433,928</u>
Total Operating Expenses	<u>\$ 5,269,913</u>
Operating Income (Loss)	<u>\$ (215,348)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 3,003</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 3,003</u>
Change in Net Assets	\$ (212,345)
Net Assets, July 1, 2006	<u>1,238,868</u>
Net Assets, June 30, 2007	<u><u>\$ 1,026,523</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, 2007

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 4,715,278
Receipts for Patient Charges	116,604
Payments to Insurers	(666,470)
Payments for Claims	(4,420,973)
Payments for Administrative Costs	(169,515)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (425,076)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 3,003
Net Cash Provided By (Used In) Investing Activities	<u>\$ 3,003</u>
Increase (Decrease) in Cash	\$ (422,073)
Cash, July 1, 2006	<u>1,420,044</u>
Cash, June 30, 2007	<u><u>\$ 997,971</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (215,348)
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	(208,958)
Increase (Decrease) in Accounts Payable	<u>(770)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (425,076)</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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,008,775
Equity in Pooled Cash and Investments	166,328
Investments	18,872
Due from Other Governments	5,827,373
Cash Shortage	<u>26,882</u>
Total Assets	<u><u>\$ 10,048,230</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 461
Due to Other Taxing Units	5,814,482
Due to Litigants, Heirs, and Others	4,056,734
Due to Joint Ventures	<u>176,553</u>
Total Liabilities	<u><u>\$ 10,048,230</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, 2007

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. 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 School Department are included in this report as listed in the table of contents. Complete financial statements of the Sevier County Emergency Communications District and the Sevier County Public Building Authority 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.

Sevier County issues all debt for the discretely presented Sevier County School Department. Net debt issues (\$4,000,000) were contributed by the county to the School Department during the year ended June 30, 2007.

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.

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 assets held in a custodial capacity for the judicial district drug task force. 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 the General Debt Service Fund. Sevier County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with

maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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. The Other Current Liabilities reflected in the discretely presented General Purpose School Fund represent the remaining balance in the School Department's teachers' insurance clearing account.

Retainage payable in the General Capital Projects Fund and the discretely presented Education 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 appropriate governmental 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for all long-term obligations are recognized to the extent that the liabilities have matured (come due for payment) each period.

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, 2007, Sevier County had \$58,338,845 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 Long-term Debt

Long-term debt was restated (\$985,750) from the prior year because the portion of a debt issue belonging to Sevier County was inadvertently omitted for the year ended June 30, 2006.

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-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net 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-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net 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 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, Beer Board, Other Boards and Committees, County Mayor, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficit

The General Capital Projects Fund had a deficit of \$2,220,213 in the unreserved fund balance account as of June 30, 2007. This deficit resulted from the recognition of the unperformed portion of construction contracts totaling \$3,507,273 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of other loans.

C. Prior Year Cash Shortages

Prior year cash shortages of \$10,239 and \$16,643 still existed in the Offices of County Clerk and General Sessions Court Clerk, respectively on June 30, 2007. In a prior 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, \$3,150 was received to reduce this shortage to \$10,239. A former employee of the General Sessions Court Clerk's Office has been 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.

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, 2007, 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	\$ 18,872

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, 2007, Sevier County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 3,374,571	\$ 1,419,486	\$ (32,194)	\$ 4,761,863
Construction in Progress	2,754,913	1,396,566	(1,053,441)	3,098,038
Total Capital Assets Not Depreciated	\$ 6,129,484	\$ 2,816,052	\$ (1,085,635)	\$ 7,859,901

Governmental Activities (Cont.):

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 14,911,230	\$ 0	\$ 0	\$ 14,911,230
Roads and Bridges	122,628,327	6,323,380	0	128,951,707
Other Capital Assets	10,354,145	1,104,373	(252,922)	11,205,596
Total Capital Assets				
Depreciated	\$ 147,893,702	\$ 7,427,753	\$ (252,922)	\$ 155,068,533
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,728,941	\$ 295,199	\$ 0	\$ 4,024,140
Roads and Bridges	39,885,535	6,317,755	0	46,203,290
Other Capital Assets	5,259,984	943,366	(188,625)	6,014,725
Total Accumulated				
Depreciation	\$ 48,874,460	\$ 7,556,320	\$ (188,625)	\$ 56,242,155
Total Capital Assets				
Depreciated, Net	\$ 99,019,242	\$ (128,567)	\$ (64,297)	\$ 98,826,378
Governmental Activities				
Capital Assets, Net	\$ 105,148,726	\$ 2,687,485	\$ (1,149,932)	\$ 106,686,279

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

Governmental Activities:

General Government	\$ 248,414
Finance	2,740
Administration of Justice	25,308
Public Safety	493,224
Public Health and Welfare	197,266
Social, Cultural, and Recreational Services	48,025
Other Operations	132,424
Highways/Public Works	6,408,919
Total Depreciation Expense - Governmental Activities	\$ 7,556,320

Discretely Presented Sevier County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 5,767,730	\$ 251,804	\$ 0	\$ 6,019,534
Construction in Progress	1,500,622	1,101,062	0	2,601,684
Total Capital Assets Not Depreciated	\$ 7,268,352	\$ 1,352,866	\$ 0	\$ 8,621,218
Capital Assets Depreciated:				
Buildings and Improvements	\$ 90,357,039	\$ 0	\$ 0	\$ 90,357,039
Infrastructure	4,363,543	57,145	0	4,420,688
Other Capital Assets	11,850,050	1,443,050	(469,397)	12,823,703
Total Capital Assets Depreciated	\$ 106,570,632	\$ 1,500,195	\$ (469,397)	\$ 107,601,430
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 30,867,348	\$ 2,234,653	\$ 0	\$ 33,102,001
Infrastructure	3,280,669	289,536	0	3,570,205
Other Capital Assets	7,479,123	997,804	(457,822)	8,019,105
Total Accumulated Depreciation	\$ 41,627,140	\$ 3,521,993	\$ (457,822)	\$ 44,691,311
Total Capital Assets Depreciated, Net	\$ 64,943,492	\$ (2,021,798)	\$ (11,575)	\$ 62,910,119
Governmental Activities Capital Assets, Net	\$ 72,211,844	\$ (668,932)	\$ (11,575)	\$ 71,531,337

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

Governmental Activities:

Instruction	\$ 2,062,549
Support Services	1,099,294
Operation of Non-Instructional Services	<u>360,150</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,521,993</u>

C. Construction Commitments

At June 30, 2007, the General Capital Projects Fund had uncompleted construction contracts of approximately \$3,507,273 for a detention center facility. Funding for these future expenditures is expected to be received from other loans.

Additionally, the Education Capital Projects Fund had uncompleted construction contracts of approximately \$2,081,670, for various renovations and construction projects. Funding for these future expenditures is expected to be received from other loans.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 20,660
General	General Capital Projects	11,900
Highway/Public Works	Nonmajor governmental	8,044
Internal Service	General	428,540

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.

The receivable in the Highway/Public Works Fund (\$8,044) was in transit from the Solid Waste/Sanitation Fund at June 30, 2007. Additionally, the receivables in the Employee Insurance – Health Fund (\$224,640) and the Workers’ Compensation Fund (\$63,900) were in transit from the General Fund at June 30, 2007.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 2,536,332
Nonmajor governmental fund	393,465	0
Total	<u>\$ 393,465</u>	<u>\$ 2,536,332</u>

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 to secure lease payments and the performance of all other obligations. The lease payments are made from the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds
2008	\$ 353,683
2009	353,683
2010	353,683
Total Minimum Lease Payments	\$ 1,061,049
Amount Representing Interest	(51,998)
Present Value of Minimum Lease Payments	<u>\$ 1,009,051</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, 2007, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds - Refunding	2 to 4.5 %	\$ 33,565,000	\$ 23,525,000
Capital Outlay Notes	4.5 to 6	1,032,375	357,375
Other Loans - Variable Rate	Variable	58,119,190	31,922,968
Other Loans - Synthetic Fixed Rate by Swap	Variable	34,435,000	33,190,000

Sevier County has entered into various loan agreements with the Sevier County Public Building Authority (PBA). These loan agreements provided for the PBA to make \$92,554,190 available for loan to Sevier County on an as-needed basis to finance various capital projects for the county and the discretely presented Sevier County School Department. As of June 30, 2007, Sevier County had borrowed \$72,396,788 of the various loan agreements. The balance of \$20,157,402 remains available for future draws under the loan agreements. In addition to interest, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. The following table summarizes the loan agreements outstanding at June 30, 2007, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-07	Interest Type	Interest Rate as of 6-30-07	Other Fees on Variable Rate Debt
Series A-2	\$ 4,700,000	\$ 1,325,000	Variable	3.76%	.65%
Series F-1	9,000,000	6,860,000	Variable	3.76	.55
Series A-1 - Water Board	450,000	245,000	(1) Variable	3.76	.54
Series III- E-3 - Sevier Solid Waste, Inc.	985,750	985,750	(2) Variable	3.76	.63
Series IV- A-2	14,435,000	14,085,000	Synthetic Fixed by Swap	4.83	.53
Series IV- E-4	4,000,000	3,105,000	Synthetic Fixed by Swap	4.3	.51
Series IV- H-3	3,000,000	3,000,000	Synthetic Fixed by Swap	4.85	.43
Series V- A-1	14,500,000	14,500,000	Variable	3.75	.51
Series V- A-1	13,000,000	13,000,000	(3) Synthetic Fixed by Swap	4.23	.51

Description (Cont.)	Original Amount of Loan Agreement	Outstanding Principal 6-30-07	Interest Type	Interest Rate as of 6-30-07	Other Fees on Variable Rate Debt
Series VI- E-1 - Sevier Solid Waste, Inc.	\$ 2,483,440	\$ 2,164,620	(4) Variable	3.81%	.43%
Series VI-G-1	11,000,000	5,666,973	(5) Variable	3.81	.43
Series VI-I-1	15,000,000	<u>175,625</u>	(6) Variable	3.75	.45
		<u>\$ 65,112,968</u>			

- (1) Total of issue is \$7,500,000 of which Sevier County is liable for six percent.
- (2) Total of issue is \$2,500,000 of which Sevier County is liable for 39.43 percent.
- (3) \$13 million of the PBA Loan Series V-A-1 was swapped to a synthetic fixed rate by execution of a swap agreement during a prior year.
- (4) Total of issue is \$7,400,000 of which Sevier County is liable for 33.56 percent.
- (5) Total available at June 30, 2007, for future draws under this loan agreement is \$5,333,027.
- (6) Total available at June 30, 2007, for future draws under this loan agreement is \$14,824,375.

In addition to the debt issued during the year, the county has also authorized issuance of an additional \$19,000,000 in loan agreements that have not been issued as of the date of this report.

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2007, 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 outstanding principal totaling \$65,112,968.

Estimated interest payments and estimated other fees are included for the loan agreements. The Series A-2, Series F-1, Series A-1-Water Board, Series III-E-3, \$14.5 million of the Series V-A-1, Series VI-E-1, Series VI-G-1, and Series VI-I-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, 2007.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
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	2,450,000	613,643	0	0
2013-2016	11,640,000	1,317,298	0	0
Total	\$ 23,525,000	\$ 5,205,164	\$ 357,375	\$ 22,489

Year Ending June 30	Other Loan (\$4,700,000) (original amount)			
	Principal	Interest	Other Fees	Total
2008	\$ 420,000	\$ 49,820	\$ 8,540	\$ 478,360
2009	440,000	34,028	5,833	479,861
2010	465,000	17,484	2,997	485,481
Total	\$ 1,325,000	\$ 101,332	\$ 17,370	\$ 1,443,702

Year Ending June 30	Other Loan (\$9,000,000) (original amount)			
	Principal	Interest	Other Fees	Total
2008	\$ 740,000	\$ 257,936	\$ 37,396	\$ 1,035,332
2009	480,000	230,112	33,362	743,474
2010	560,000	212,064	30,745	802,809
2011	700,000	191,008	27,693	918,701
2012	750,000	164,688	23,877	938,565
2013-2016	3,630,000	347,800	50,425	4,028,225
Total	\$ 6,860,000	\$ 1,403,608	\$ 203,498	\$ 8,467,106

Year Ending June 30	Other Loan (\$450,000) (original amount)			
	Principal	Interest	Other Fees	Total
2008	\$ 25,000	\$ 9,212	\$ 1,331	\$ 35,543
2009	25,000	8,272	1,195	34,467
2010	30,000	7,332	1,059	38,391
2011	30,000	6,204	896	37,100
2012	30,000	5,076	733	35,809
2013-2015	105,000	7,896	1,140	114,036
Total	\$ 245,000	\$ 43,992	\$ 6,354	\$ 295,346

Year Ending June 30	Other Loan (\$985,750) (original amount)			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 37,064	\$ 6,246	\$ 43,310
2009	0	37,064	6,246	43,310
2010	0	37,064	6,246	43,310
2011	0	37,064	6,246	43,310
2012	0	37,064	6,246	43,310
2013-2017	398,243	165,083	27,819	591,145
2018-2020	587,507	44,850	7,557	639,914
Total	\$ 985,750	\$ 395,253	\$ 66,606	\$ 1,447,609

Year Ending June 30	Other Loan (\$14,435,000) (original amount)			Total
	Principal	Interest	Other Fees	
2008	\$ 100,000	\$ 680,278	\$ 75,156	\$ 855,434
2009	270,000	675,448	74,622	1,020,070
2010	430,000	662,408	73,182	1,165,590
2011	430,000	641,639	70,887	1,142,526
2012	440,000	620,871	68,593	1,129,464
2013-2017	4,665,000	2,673,536	295,369	7,633,905
2018-2022	6,755,000	974,654	107,679	7,837,333
2023-2025	995,000	97,804	10,805	1,103,609
Total	\$ 14,085,000	\$ 7,026,638	\$ 776,293	\$ 21,887,931

Year Ending June 30	Other Loan (\$4,000,000) (original amount)			Total
	Principal	Interest	Other Fees	
2008	\$ 175,000	\$ 133,453	\$ 15,680	\$ 324,133
2009	180,000	125,931	14,796	320,727
2010	190,000	118,195	13,887	322,082
2011	200,000	110,029	12,928	322,957
2012	210,000	101,433	11,918	323,351
2013-2017	1,235,000	361,677	42,494	1,639,171
2018-2020	915,000	79,943	9,393	1,004,336
Total	\$ 3,105,000	\$ 1,030,661	\$ 121,096	\$ 4,256,757

Year Ending June 30	Other Loan (\$3,000,000) (original amount)			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 145,494	\$ 12,804	\$ 158,298
2009	0	145,494	12,804	158,298
2010	0	145,494	12,804	158,298
2011	0	145,494	12,804	158,298
2012	0	145,494	12,804	158,298
2013-2017	0	727,470	64,020	791,490
2018-2022	1,095,000	701,766	61,758	1,858,524
2023-2025	1,905,000	188,172	16,561	2,109,733
Total	\$ 3,000,000	\$ 2,344,878	\$ 206,359	\$ 5,551,237

Year Ending June 30	Other Loan (\$27,500,000) (1) (original amount)			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 543,750	\$ 74,453	\$ 618,203
2009	950,000	543,750	74,453	1,568,203
2010	1,000,000	508,125	69,575	1,577,700
2011	1,100,000	470,625	64,440	1,635,065
2012	1,150,000	429,375	58,792	1,638,167
2013-2017	6,900,000	1,445,625	197,943	8,543,568
2018-2019	3,400,000	193,125	26,444	3,619,569
Total	\$ 14,500,000	\$ 4,134,375	\$ 566,100	\$ 19,200,475

(1) \$13,000,000 of the \$27,500,000 loan was swapped to a synthetic fixed rate by execution of a swap agreement in a prior year.

Year Ending June 30	Other Loan (Swap agreement)			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 549,770	\$ 66,751	\$ 616,521
2009	0	549,770	66,751	616,521
2010	0	549,770	66,751	616,521
2011	0	549,770	66,751	616,521
2012	0	549,770	66,751	616,521
2013-2017	0	2,748,850	333,755	3,082,605
2018-2022	5,900,000	2,509,912	304,744	8,714,656
2023-2025	7,100,000	611,090	74,196	7,785,286
Total	\$ 13,000,000	\$ 8,618,702	\$ 1,046,450	\$ 22,665,152

Year Ending June 30	Other Loan (\$2,483,440) (original amount)			Total
	Principal	Interest	Other Fees	
2008	\$ 167,800	\$ 82,472	\$ 9,250	\$ 259,522
2009	176,190	76,079	8,533	260,802
2010	184,580	69,366	7,780	261,726
2011	192,970	62,334	6,992	262,296
2012	201,360	54,981	6,167	262,508
2013-2017	864,170	166,223	18,645	1,049,038
2018-2020	377,550	29,408	3,298	410,256
Total	\$ 2,164,620	\$ 540,863	\$ 60,665	\$ 2,766,148

Year Ending June 30	Other Loan (\$11,000,000) (original amount)			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 215,912	\$ 47,196	\$ 263,108
2009	0	215,912	47,196	263,108
2010	0	215,912	47,196	263,108
2011	0	215,912	47,196	263,108
2012	0	215,912	47,196	263,108
2013-2017	2,575,000	938,589	205,166	3,718,755
2018-2021	3,091,973	301,669	65,943	3,459,585
Total	\$ 5,666,973	\$ 2,319,818	\$ 507,089	\$ 8,493,880

Year Ending June 30	Other Loan (\$15,000,000) (original amount)			Total
	Principal	Interest	Other Fees	
2008	\$ 175,625	\$ 7,009	\$ 67,824	\$ 250,458
Total	\$ 175,625	\$ 7,009	\$ 67,824	\$ 250,458

There is \$25,270,993 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$331, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,250, 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 \$5,786,553 to the primary government's General Debt Service Fund to be applied to the retirement of that debt.

Swap Agreements

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, 2007, 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>-3.36</u>
Net interest rate swap payments		1.02
Variable-rate bond coupon payments		<u>3.81</u>
Synthetic interest rate on bonds		<u>4.83 %</u>

Fair value. As of June 30, 2007, the swap had a negative fair value of \$736,442. 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, 2007, 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, 2007. 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, 2007, 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 Payment	Total
	Principal	Interest		
2008	\$ 100,000	\$ 536,639	\$ 143,639	\$ 780,278
2009	270,000	532,829	142,619	945,448
2010	430,000	522,542	139,866	1,092,408
2011	430,000	506,159	135,480	1,071,639
2012	440,000	489,776	131,095	1,060,871
2013-2017	4,665,000	2,109,026	564,510	7,338,536
2018-2022	6,755,000	768,858	205,796	7,729,654
2023-2025	995,000	77,153	20,651	1,092,804
Total	\$ 14,085,000	\$ 5,542,982	\$ 1,483,656	\$ 21,111,638

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, 2007, 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>-3.75</u>
Net interest rate swap payments		0.49
Variable-rate bond coupon payments		<u>3.81</u>
Synthetic interest rate on bonds		<u><u>4.30 %</u></u>

Fair value. As of June 30, 2007, the swap had a negative fair value of \$70,660. 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, 2007, 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, 2007. 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, 2007, 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	
2008	\$ 175,000	\$ 118,301	\$ 15,152	308,453
2009	180,000	111,633	14,298	305,931
2010	190,000	104,775	13,420	308,195
2011	200,000	97,536	12,493	310,029
2012	210,000	89,916	11,517	311,433
2013-2017	1,235,000	320,612	41,065	1,596,677
2018-2020	915,000	70,866	9,077	994,943
Total	\$ 3,105,000	\$ 913,639	\$ 117,022	4,135,661

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, 2007, 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>-3.36</u>
Net interest rate swap payments		1.04
Variable-rate bond coupon payments		<u>3.81</u>
		<u><u>4.85 %</u></u>

Fair value. As of June 30, 2007, the swap had a negative fair value of \$218,550. 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, 2007, 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, 2007. 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, 2007, 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		
2008	\$ 0	\$ 114,300	\$ 31,194	\$	145,494
2009	0	114,300	31,194		145,494
2010	0	114,300	31,194		145,494
2011	0	114,300	31,194		145,494
2012	0	114,300	31,194		145,494
2013-2017	0	571,500	155,970		727,470
2018-2022	1,095,000	551,307	150,459		1,796,766
2023-2025	1,905,000	147,828	40,344		2,093,172
Total	\$ 3,000,000	\$ 1,842,135	\$ 502,743	\$	5,344,878

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, 2007, 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>-3.55</u>
Net interest rate swap payments		0.42
Variable-rate bond coupon payments		<u>3.81</u>
Synthetic interest rate on bonds		<u><u>4.23 %</u></u>

Fair value. As of June 30, 2007, the swap had a positive fair value of \$9,488. 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, 2007, 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, 2007. 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, 2007, 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	
2008	\$ 0	\$ 495,300	\$ 54,470	\$ 549,770
2009	0	495,300	54,470	549,770
2010	0	495,300	54,470	549,770
2011	0	495,300	54,470	549,770
2012	0	495,300	54,470	549,770
2013-2017	0	2,476,500	272,350	2,748,850
2018-2022	5,900,000	2,261,235	248,677	8,409,912
2023-2025	7,100,000	550,545	60,546	7,711,091
Total	\$ 13,000,000	\$ 7,764,780	\$ 853,923	\$ 21,618,703

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2006	\$ 26,695,000	\$ 472,375	\$ 66,484,753
Additions	0	0	175,625
Deductions	(3,170,000)	(115,000)	(1,547,410)
Balance, June 30, 2007	<u>\$ 23,525,000</u>	<u>\$ 357,375</u>	<u>\$ 65,112,968</u>
Balance Due Within One Year	<u>\$ 3,305,000</u>	<u>\$ 315,000</u>	<u>\$ 1,803,425</u>

The balance at July 1, 2006, for Other Loans has been increased by \$985,750 from the amount shown in the prior year report. This was due to the portion of a debt issue belonging to Sevier County being inadvertently omitted for the year ended June 30, 2006 (the Series III-E-3 – Sevier Solid Waste, Inc., loan agreement).

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 88,995,343
Less: Balance Due Within One Year	(5,423,425)
Less: Deferred Amount on Refunding	(427,568)
Add: Unamortized Premium on Debt	<u>410,611</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 83,554,961</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, 2007, will be retired from the General Purpose School Fund.

Capital outlay notes and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate		Original Amount of Issue	Balance 6-30-07
Capital Outlay Note	3	%	\$ 39,806	\$ 23,749
Capital Leases	3.29		1,920,232	1,009,051

The annual requirements to amortize all notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2008	\$ 5,677	\$ 712
2009	5,847	542
2010	6,022	367
2011	6,203	186
Total	<u>\$ 23,749</u>	<u>\$ 1,807</u>

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Sevier County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Notes	Capital Leases
Balance, July 1, 2006	\$ 29,260	\$ 1,323,897
Deductions	(5,511)	(314,846)
Balance, June 30, 2007	<u>\$ 23,749</u>	<u>\$ 1,009,051</u>
Balance Due Within One Year	<u>\$ 5,677</u>	<u>\$ 325,362</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 1,032,800
Less: Balance Due Within One Year	<u>(331,039)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 701,761</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 \$50,000 for each employee and approximately \$5,154,000 for all claims in any plan year for health coverage. The county also retains the risk of loss to a limit of \$350,000 per occurrence and approximately \$2,251,783 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 \$622,392 for health coverage, \$56,936 for dental coverage, and \$347,195 for workers' compensation coverage at June 30, 2007. 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
2005-2006	\$271,500	\$3,020,413	(\$2,934,913)	\$357,000
2006-2007	357,000	4,072,780	(3,950,780)	479,000

Employee Insurance - Dental Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2005-2006	\$3,505	\$64,158	(\$64,802)	\$2,861
2006-2007	2,861	75,662	(76,032)	2,491

Workers' Compensation

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2005-2006	\$42,517	\$518,890	(\$409,007)	\$152,400
2006-2007	152,400	285,486	(407,886)	30,000

The discretely presented Sevier County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local educational agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the state of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF 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. 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 Public Building Authority (PBA) of Sevier County in an aggregate principal amount not to exceed \$36,000,000. During the year, Sevier County issued Series VI-I-1 for \$15,000,000 and had drawn down \$175,625. Subsequent to June 30, 2007, Sevier County made additional draws on this loan totaling \$6,910,000.

Subsequent to June 30, 2007, Sevier County drew down the remaining available funds on PBA loan Series VI-G-1 totaling \$5,333,027. On March 17, 2008, the Sevier County Commission approved to refund this loan in an amount not to exceed \$11,280,000, including issuance costs. The refunding debt had not been issued as of the date of this report.

C. 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.

D. Changes in Administration

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

On February 9, 2007, Sheriff Bruce Montgomery died. Thomas Cantwell served as sheriff from February 10, 2007, through March 4, 2007. Effective March 5, 2007, Ronald Seals was appointed sheriff by the Sevier County Commission.

E. 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, Cocke, Grainger, and Jefferson 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, 2007, 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 \$270,420 to the operations of the Economic Development Council for the 2006-07 year.

Complete financial statements for Sevier Solid Waste, Inc., the Sevier Water Board, Inc., 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, Inc.
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

F. Retirement Commitments

Employees

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 <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, 2007, was 10.15 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, 2007, Sevier County's annual pension cost of \$3,137,443 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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
6-30-07	\$3,137,443	100%	\$0
6-30-06	2,608,948	100	0
6-30-05	2,421,511	100	0

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 <http://www.treasury.state.tn.us>.

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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$3,094,304, \$2,590,401, and \$2,406,177, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits

In addition to the retirement commitments described above, the discretely presented Sevier County School Department provides post-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, 2007, 62 individuals are participating in the program. During the year, expenditures of \$202,581 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 22 individuals are participating in the program. During the year, expenditures of \$9,175 were recognized for participants in the program.

H. Purchasing Laws

Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA) governs purchasing procedures for the County Mayor's Office. These statutes require all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) to be made on the basis of publicly advertised competitive bids.

Office of Highway Superintendent

Chapter 133, Private Acts of 1969, and Section 54-7-113, TCA (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised 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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange 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, 2007, the budgeted expense was \$894,500. Anticipated revenues were \$894,500 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, 2007, the liability for earned vacation time accrued was \$8,167.

5. Capital Assets

Property, equipment, and buildings are stated at cost less accumulated depreciation, computed on the straight-line method over the estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Equipment	5 - 7
Automobile	5
Building	39

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, except for a nominal amount of petty cash, is deposited, at its own discretion, in checking accounts and certificates of deposit at local depository banks.

At June 30, 2007, the carrying amount of the district's deposits (cash and certificates of deposit) was \$635,954, and the bank's balance was \$219,442. 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 Bank Collateral Pool
 - c. \$405,837, June 2007
 - d. \$100,000
-
- a. Tennessee State Bank
 - b. All governmental funds collateralized by State of Tennessee Bank Collateral Pool
 - c. \$635,954, June 2007
 - d. \$100,000

The district, in accordance with Tennessee Code Annotated, Section 5-8-301, is allowed to invest idle district funds based on the maximum extent of return without loss of principal for a period of no more than two years. The district's

investments are placed in certificates of deposit through a Tennessee state chartered bank and are secured at 100 percent by the Treasurer, State of Tennessee Bank Collateral Pool.

C. Revenue and Support

1. Revenue

The district's primary source of revenue is a surcharge on Sevier County's 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, 2007, total operating revenues of \$906,303 were earned from telephone surcharges. Surcharges of \$3,194 were uncollectible at June 30, 2007. Emergency Telephone Surcharge revenue is shown net of these uncollectible amounts.

The district received surcharge revenue from BellSouth Telephone Company prior to their December 2006 acquisition by AT&T, AT&T Communications, USLEC of TN, Inc., Nuvox Communications, ITC Deltacom, Charter Fiberlink TN, LLC, Birch Telecom, and 29 other telephone service providers as well as the State of Tennessee (cell phones).

The accounts receivable balance of \$85,165 at June 30, 2007, represents net amounts of \$34,072 due from AT&T for the surcharge on Sevier County telephone services for the month of June; \$26,314 due from the State of Tennessee for cell phone revenue as well as \$24,779 in revenue from other sources.

2. Support

An undetermined amount of operating support was received during the fiscal year ended June 30, 2007, 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, 2007, all phone services in

Sevier County had been addressed and totaled 66,893. These were serviced by the answering points of various agencies or departments in the following approximate percentages:

	<u>Percentage</u>
Pigeon Forge Police Department	11.08 %
Central Dispatch	<u>88.92</u>
Total	<u><u>100.00 %</u></u>

D. Expenses

The district's expenses incurred from AT&T other than normal telephone charges for the year ended June 30, 2007, were as follows:

	<u>2007</u>
Service Fee	\$ 163,994
Administration Fee of 1% of Net Revenues	4,148
Fax Monthly Line Expenses	<u>6,532</u>
Total	<u><u>\$ 174,674</u></u>

E. Changes in Capital Assets

The following is a summary of capital assets at June 30, 2007:

	Balance 7-1-06	Additions	Balance 6-30-07
Buildings	\$ 678,324	\$ 0	\$ 678,324
Less: Accumulated Depreciation	(172,032)	(17,375)	(189,407)
Furniture and Fixtures	67,666	1,049	68,715
Less: Accumulated Depreciation	(56,420)	(5,190)	(61,610)
Equipment	893,486	47,953	941,439
Less: Accumulated Depreciation	(715,963)	(75,446)	(791,409)
Automobile	49,438	0	49,438
Less: Accumulated Depreciation	<u>(42,467)</u>	<u>(5,228)</u>	<u>(47,695)</u>
Total Net Capital Assets	<u><u>\$ 702,032</u></u>	<u><u>\$ (54,237)</u></u>	<u><u>\$ 647,795</u></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 Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the 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 <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, 2007, was 12.52 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, the Sevier County Emergency Communications District’s annual pension cost of \$23,323 to TCRS was equal to the district’s required and actual contributions.

The required contribution was determined as part of the July 1, 2005, 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 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. An actuarial evaluation 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
6-30-07	\$ 23,323	100%	\$ 0
6-30-06	18,396	100	0
6-30-05	17,215	100	0

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. The 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. The 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 2005, 2006, and 2007.

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 nonprofit 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. Net Assets

The Public Building Authority follows the provisions of GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. It requires the classification of net assets into three components – 1) invested in capital assets, net of related debt, 2) restricted for debt service, and 3) unrestricted.

5. 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.

6. 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.

7. 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.

8. Interest Capitalization

Interest costs incurred during construction are capitalized. There was no interest capitalized during the year ended June 30, 2007.

9. Operating and Nonoperating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

10. Restricted and Unrestricted Resources

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

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, 2007, is \$1,548,357. This includes all interest earned through the end of fiscal year 2007. At June 30, 2007, 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 Campbell, Haywood, Sevier, Cocke, and Knox; cities of Pigeon Forge, Smyrna, Oak Ridge, Sevierville, and Lawrenceburg; West Knox Utility District of Knox County; and the Water and Wastewater Authority of Wilson County. 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

	Balance 7-1-06	Additions	Balance 6-30-07
Non-depreciable capital assets:			
Land and improvements held for development -			
Smith-Thomas Tech Park	\$ 585,017	\$ 0	\$ 585,017
Smith-Thomas Tech Park Improvements	596,924	0	596,924
Total	<u>\$ 1,181,941</u>	<u>\$ 0</u>	<u>\$ 1,181,941</u>
Depreciable capital assets:			
Furniture and fixtures	\$ 879	\$ 0	\$ 879
Less: accumulated depreciation	827	52	879
Net Depreciable capital assets	<u>\$ 52</u>	<u>\$ 52</u>	<u>\$ 0</u>

F. 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
1-15-08	\$ 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	<u>\$ 410,000</u>	<u>\$ 37,575</u>	<u>\$ 447,575</u>

During the year, Sevier County advanced the authority \$149,075 for debt service payments due on the above capital outlay note.

G. 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, 2007, for all bond issues is \$1,293,850,000. 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, 2007, is \$127,229,822. 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.

H. Revenue and Support

Operating revenues in the fiscal year ended June 30, 2007, 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.

I. Risk Management

The Public Building Authority of Sevier County, Tennessee, did not participate in any risk management strategies as of June 30, 2007, 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 and Budget
General Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 20,103,032	\$ 19,034,000	\$ 19,874,550	\$ 228,482
Licenses and Permits	234,287	270,000	270,000	(35,713)
Fines, Forfeitures, and Penalties	278,265	362,619	362,619	(84,354)
Charges for Current Services	2,887,406	2,931,300	2,931,300	(43,894)
Other Local Revenues	446,714	445,000	460,000	(13,286)
Fees Received from County Officials	5,619,611	5,365,000	5,365,000	254,611
State of Tennessee	2,357,424	1,779,000	1,790,900	566,524
Federal Government	86,312	275,000	83,000	3,312
Other Governments and Citizens Groups	380,838	32,000	347,400	33,438
Total Revenues	\$ 32,393,889	\$ 30,493,919	\$ 31,484,769	\$ 909,120
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 195,915	\$ 200,000	\$ 200,000	\$ 4,085
Beer Board	5,592	7,000	7,000	1,408
Other Boards and Committees	468,881	473,603	485,503	16,622
County Mayor/Executive	427,249	428,416	428,416	1,167
Election Commission	477,890	478,182	478,182	292
Register of Deeds	371,195	378,280	378,280	7,085
Planning	200,460	204,051	204,051	3,591
County Buildings	954,891	954,957	954,957	66
Other General Administration	304,127	316,650	316,650	12,523
Preservation of Records	132,901	139,063	139,063	6,162
<u>Finance</u>				
Property Assessor's Office	841,277	860,806	860,806	19,529
County Trustee's Office	317,458	315,485	319,135	1,677
County Clerk's Office	779,160	724,335	779,335	175
Data Processing	63,741	65,473	65,473	1,732
<u>Administration of Justice</u>				
Circuit Court	605,790	606,135	606,135	345
General Sessions Court	455,336	458,519	459,019	3,683
General Sessions Judge	357,943	335,927	364,825	6,882
Chancery Court	279,486	284,166	284,166	4,680
Juvenile Court	83,178	86,878	86,378	3,200
Judicial Commissioners	147,969	149,761	149,761	1,792
Other Administration of Justice	49,936	49,952	49,952	16
<u>Public Safety</u>				
Sheriff's Department	3,844,697	3,844,783	3,844,783	86
Drug Enforcement	159,407	218,515	228,515	69,108
Jail	2,808,540	2,445,523	2,845,523	36,983
Juvenile Services	229,270	232,539	232,539	3,269
Fire Prevention and Control	748,000	748,000	748,000	0
Civil Defense	3,000	3,000	3,000	0

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Rescue Squad	\$ 90,000	\$ 90,000	\$ 90,000	\$ 0
Other Emergency Management	104,544	80,731	104,731	187
County Coroner/Medical Examiner	71,981	68,000	73,000	1,019
Other Public Safety	484,667	508,449	508,449	23,782
<u>Public Health and Welfare</u>				
Local Health Center	79,769	105,200	105,200	25,431
Rabies and Animal Control	70,000	70,000	70,000	0
Ambulance/Emergency Medical Services	3,033,824	3,030,256	3,070,256	36,432
Maternal and Child Health Services	346,254	368,522	368,522	22,268
Other Local Health Services	168,534	116,508	168,608	74
Regional Mental Health Center	0	10,000	10,000	10,000
Appropriation to State	66,649	82,490	82,490	15,841
Other Local Welfare Services	102,175	103,000	103,000	825
Other Public Health and Welfare	297,369	307,316	307,316	9,947
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	190,354	213,129	213,129	22,775
Libraries	706,000	696,000	706,000	0
Parks and Fair Boards	60,550	61,000	61,000	450
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	174,851	177,326	177,326	2,475
Forest Service	1,000	1,000	1,000	0
Soil Conservation	25,558	25,616	25,616	58
Storm Water Management	119,879	123,009	123,009	3,130
<u>Other Operations</u>				
Tourism	89,458	100,000	100,000	10,542
Airport	7,525	8,300	8,300	775
Veterans' Services	71,996	85,004	85,004	13,008
Contributions to Other Agencies	132,151	140,157	140,157	8,006
Employee Benefits	5,769,447	5,535,000	5,770,000	553
Miscellaneous	1,111,331	1,070,750	1,111,950	619
<u>Highways</u>				
Litter and Trash Collection	115,959	135,894	135,894	19,935
Other Charges	19,167	27,000	27,000	7,833
<u>Capital Projects</u>				
Other General Government Projects	176,738	107,931	197,931	21,193
Total Expenditures	<u>\$ 29,001,019</u>	<u>\$ 28,457,587</u>	<u>\$ 29,464,335</u>	<u>\$ 463,316</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 3,392,870</u>	<u>\$ 2,036,332</u>	<u>\$ 2,020,434</u>	<u>\$ 1,372,436</u>

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 21,995	\$ 0	\$ 5,000	\$ 16,995
Transfers Out	(2,536,332)	(2,536,332)	(2,536,332)	0
Total Other Financing Sources (Uses)	<u>\$ (2,514,337)</u>	<u>\$ (2,536,332)</u>	<u>\$ (2,531,332)</u>	<u>\$ 16,995</u>
Net Change in Fund Balance	\$ 878,533	\$ (500,000)	\$ (510,898)	\$ 1,389,431
Fund Balance, July 1, 2006	<u>6,068,537</u>	<u>4,614,967</u>	<u>4,614,967</u>	<u>1,453,570</u>
Fund Balance, June 30, 2007	<u>\$ 6,947,070</u>	<u>\$ 4,114,967</u>	<u>\$ 4,104,069</u>	<u>\$ 2,843,001</u>

Exhibit F-2

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,980,510	\$ 0	\$ 0	\$ 4,980,510	\$ 4,604,650	\$ 4,604,650	\$ 375,860
Other Local Revenues	84,124	0	0	84,124	40,000	40,000	44,124
State of Tennessee	2,452,992	0	0	2,452,992	2,954,149	2,954,149	(501,157)
Federal Government	0	0	0	0	393,507	393,507	(393,507)
Other Governments and Citizens Groups	70,728	0	0	70,728	25,000	25,000	45,728
Total Revenues	<u>\$ 7,588,354</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,588,354</u>	<u>\$ 8,017,306</u>	<u>\$ 8,017,306</u>	<u>\$ (428,952)</u>
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 215,963	\$ 0	\$ 0	\$ 215,963	\$ 217,500	\$ 242,900	\$ 26,937
Highway and Bridge Maintenance	4,451,985	(11,160)	49,995	4,490,820	3,536,861	4,852,411	361,591
Operation and Maintenance of Equipment	885,387	(590)	670	885,467	864,500	918,500	33,033
Quarry Operations	300,089	(180)	0	299,909	384,000	411,000	111,091
Other Charges	239,771	0	0	239,771	258,650	258,650	18,879
Employee Benefits	837,739	0	0	837,739	1,043,000	1,043,000	205,261
Capital Outlay	766,415	(7,674)	0	758,741	1,712,795	1,925,895	1,167,154
Total Expenditures	<u>\$ 7,697,349</u>	<u>\$ (19,604)</u>	<u>\$ 50,665</u>	<u>\$ 7,728,410</u>	<u>\$ 8,017,306</u>	<u>\$ 9,652,356</u>	<u>\$ 1,923,946</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (108,995)</u>	<u>\$ 19,604</u>	<u>\$ (50,665)</u>	<u>\$ (140,056)</u>	<u>\$ 0</u>	<u>\$ (1,635,050)</u>	<u>\$ 1,494,994</u>
Net Change in Fund Balance Fund Balance, July 1, 2006	<u>\$ (108,995)</u>	<u>\$ 19,604</u>	<u>\$ (50,665)</u>	<u>\$ (140,056)</u>	<u>\$ 0</u>	<u>\$ (1,635,050)</u>	<u>\$ 1,494,994</u>
Fund Balance, June 30, 2007	<u>\$ 4,597,904</u>	<u>\$ 0</u>	<u>\$ (50,665)</u>	<u>\$ 4,547,239</u>	<u>\$ 4,625,641</u>	<u>\$ 2,990,591</u>	<u>\$ 1,556,648</u>

Exhibit F-3

Sevier County, Tennessee
Primary Government and Discretely Presented Sevier County School Department
Schedule of Funding Progress – Pension Plan
June 30, 2007

(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
6-30-01	27,609	34,344	6,735	80.39	19,338	34.83

Exhibit F-4

Sevier County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Sevier County Emergency Communications District
June 30, 2007

(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	\$ 318	\$ 392	74	81.16 %	\$ 168	40.06 %
6-30-03	243	323	80	75.23	155	51.61
6-30-01	189	267	78	70.79	145	53.79

SEVIER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

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, Beer Board, Other Boards and Committees, County Mayor, 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 in the acquisition or construction of major capital projects.

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, 2007

	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	134,547	38,560	138,020	149,122	11,431
Accounts Receivable	0	0	0	2,327	0
Property Taxes Receivable	0	0	0	717,011	0
Allowance for Uncollectible Property Taxes	0	0	0	(14,553)	0
Total Assets	\$ 134,547	\$ 38,560	\$ 138,020	\$ 853,907	\$ 11,431
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 19,316	\$ 307	\$ 5,941	\$ 0	\$ 0
Due to Other Funds	0	0	0	0	0
Deferred Revenue - Current Property Taxes	0	0	0	674,379	0
Deferred Revenue - Delinquent Property Taxes	0	0	0	24,160	0
Total Liabilities	\$ 19,316	\$ 307	\$ 5,941	\$ 698,539	\$ 0
<u>Fund Balances</u>					
Unreserved	\$ 115,231	\$ 38,253	\$ 132,079	\$ 155,368	\$ 11,431
Total Fund Balances	\$ 115,231	\$ 38,253	\$ 132,079	\$ 155,368	\$ 11,431
Total Liabilities and Fund Balances	\$ 134,547	\$ 38,560	\$ 138,020	\$ 853,907	\$ 11,431

(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>Constitu- tional Officers - Fees</u>	<u>Total</u>	<u>Community Development/ Industrial Park</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 20,660	\$ 20,660	\$ 0	\$ 20,660
Equity in Pooled Cash and Investments	9,283	0	480,963	13,972	494,935
Accounts Receivable	0	0	2,327	0	2,327
Property Taxes Receivable	0	0	717,011	0	717,011
Allowance for Uncollectible Property Taxes	0	0	(14,553)	0	(14,553)
Total Assets	\$ 9,283	\$ 20,660	\$ 1,206,408	\$ 13,972	\$ 1,220,380
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 39	\$ 0	\$ 25,603	\$ 0	\$ 25,603
Due to Other Funds	0	20,660	20,660	0	20,660
Deferred Revenue - Current Property Taxes	0	0	674,379	0	674,379
Deferred Revenue - Delinquent Property Taxes	0	0	24,160	0	24,160
Total Liabilities	\$ 39	\$ 20,660	\$ 744,802	\$ 0	\$ 744,802
<u>Fund Balances</u>					
Unreserved	\$ 9,244	\$ 0	\$ 461,606	\$ 13,972	\$ 475,578
Total Fund Balances	\$ 9,244	\$ 0	\$ 461,606	\$ 13,972	\$ 475,578
Total Liabilities and Fund Balances	\$ 9,283	\$ 20,660	\$ 1,206,408	\$ 13,972	\$ 1,220,380

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, 2007

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>Revenues</u>					
Local Taxes	\$ 23,832	\$ 9,954	\$ 0	\$ 655,661	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	5,588
Charges for Current Services	129,650	0	20,000	0	0
Other Local Revenues	0	0	634	45,974	119
State of Tennessee	0	0	0	257,500	0
Total Revenues	<u>\$ 153,482</u>	<u>\$ 9,954</u>	<u>\$ 20,634</u>	<u>\$ 959,135</u>	<u>\$ 5,707</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 147,265	\$ 0	\$ 0	\$ 353,452	\$ 0
Finance	0	0	0	26,450	0
Administration of Justice	0	7,318	0	0	0
Public Safety	0	0	0	198,992	56
Public Health and Welfare	0	0	2,100,698	306,509	0
Social, Cultural, and Recreational Services	0	0	0	55,934	0
Other Operations	1,508	0	0	13,926	0
Capital Projects	52,912	0	0	0	0
Total Expenditures	<u>\$ 201,685</u>	<u>\$ 7,318</u>	<u>\$ 2,100,698</u>	<u>\$ 955,263</u>	<u>\$ 56</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (48,203)</u>	<u>\$ 2,636</u>	<u>\$ (2,080,064)</u>	<u>\$ 3,872</u>	<u>\$ 5,651</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 2,536,332	\$ 0	\$ 0
Transfers Out	0	0	(393,465)	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,142,867</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (48,203)	\$ 2,636	\$ 62,803	\$ 3,872	\$ 5,651
Fund Balance, July 1, 2006	163,434	35,617	69,276	151,496	5,780
Fund Balance, June 30, 2007	<u>\$ 115,231</u>	<u>\$ 38,253</u>	<u>\$ 132,079</u>	<u>\$ 155,368</u>	<u>\$ 11,431</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	\$ 689,447	\$ 0	\$ 689,447
Fines, Forfeitures, and Penalties	12,920	0	18,508	0	18,508
Charges for Current Services	0	82,231	231,881	0	231,881
Other Local Revenues	600	0	47,327	21,862	69,189
State of Tennessee	0	0	257,500	0	257,500
Total Revenues	\$ 13,520	\$ 82,231	\$ 1,244,663	\$ 21,862	\$ 1,266,525
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 1,429	\$ 502,146	\$ 0	\$ 502,146
Finance	0	66,230	92,680	0	92,680
Administration of Justice	16,821	14,572	38,711	0	38,711
Public Safety	0	0	199,048	0	199,048
Public Health and Welfare	0	0	2,407,207	0	2,407,207
Social, Cultural, and Recreational Services	0	0	55,934	0	55,934
Other Operations	0	0	15,434	13,576	29,010
Capital Projects	0	0	52,912	0	52,912
Total Expenditures	\$ 16,821	\$ 82,231	\$ 3,364,072	\$ 13,576	\$ 3,377,648
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,301)	\$ 0	\$ (2,119,409)	\$ 8,286	\$ (2,111,123)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 2,536,332	\$ 0	\$ 2,536,332
Transfers Out	0	0	(393,465)	0	(393,465)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 2,142,867	\$ 0	\$ 2,142,867
Net Change in Fund Balances	\$ (3,301)	\$ 0	\$ 23,458	\$ 8,286	\$ 31,744
Fund Balance, July 1, 2006	12,545	0	438,148	5,686	443,834
Fund Balance, June 30, 2007	\$ 9,244	\$ 0	\$ 461,606	\$ 13,972	\$ 475,578

Exhibit G-3

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 23,832	\$ 22,000	\$ 22,000	\$ 1,832
Charges for Current Services	129,650	133,000	133,000	(3,350)
Total Revenues	<u>\$ 153,482</u>	<u>\$ 155,000</u>	<u>\$ 155,000</u>	<u>\$ (1,518)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 147,265	\$ 118,000	\$ 148,000	\$ 735
<u>Other Operations</u>				
Miscellaneous	1,508	2,000	2,000	492
<u>Capital Projects</u>				
Other General Government Projects	52,912	105,000	75,000	22,088
Total Expenditures	<u>\$ 201,685</u>	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 23,315</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (48,203)</u>	<u>\$ (70,000)</u>	<u>\$ (70,000)</u>	<u>\$ 21,797</u>
Net Change in Fund Balance	\$ (48,203)	\$ (70,000)	\$ (70,000)	\$ 21,797
Fund Balance, July 1, 2006	<u>163,434</u>	<u>149,346</u>	<u>149,346</u>	<u>14,088</u>
Fund Balance, June 30, 2007	<u>\$ 115,231</u>	<u>\$ 79,346</u>	<u>\$ 79,346</u>	<u>\$ 35,885</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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,954	\$ 9,000	\$ 9,000	\$ 954
Total Revenues	\$ 9,954	\$ 9,000	\$ 9,000	\$ 954
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 7,318	\$ 8,000	\$ 8,000	\$ 682
Total Expenditures	\$ 7,318	\$ 8,000	\$ 8,000	\$ 682
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,636	\$ 1,000	\$ 1,000	\$ 1,636
Net Change in Fund Balance	\$ 2,636	\$ 1,000	\$ 1,000	\$ 1,636
Fund Balance, July 1, 2006	35,617	34,855	34,855	762
Fund Balance, June 30, 2007	\$ 38,253	\$ 35,855	\$ 35,855	\$ 2,398

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 20,000	\$ 20,000	\$ 20,000	\$ 0
Other Local Revenues	634	0	0	634
Total Revenues	<u>\$ 20,634</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 634</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 2,100,698	\$ 2,539,598	\$ 2,139,598	\$ 38,900
Total Expenditures	<u>\$ 2,100,698</u>	<u>\$ 2,539,598</u>	<u>\$ 2,139,598</u>	<u>\$ 38,900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,080,064)</u>	<u>\$ (2,519,598)</u>	<u>\$ (2,119,598)</u>	<u>\$ 39,534</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,536,332	\$ 2,536,332	\$ 2,536,332	\$ 0
Transfers Out	(393,465)	0	(400,000)	6,535
Total Other Financing Sources (Uses)	<u>\$ 2,142,867</u>	<u>\$ 2,536,332</u>	<u>\$ 2,136,332</u>	<u>\$ 6,535</u>
Net Change in Fund Balance	\$ 62,803	\$ 16,734	\$ 16,734	\$ 46,069
Fund Balance, July 1, 2006	<u>69,276</u>	<u>69,209</u>	<u>69,209</u>	<u>67</u>
Fund Balance, June 30, 2007	<u>\$ 132,079</u>	<u>\$ 85,943</u>	<u>\$ 85,943</u>	<u>\$ 46,136</u>

Exhibit G-6

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Special Purpose Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 655,661	\$ 625,000	\$ 625,000	\$ 30,661
Other Local Revenues	45,974	0	45,974	0
State of Tennessee	257,500	0	212,505	44,995
Total Revenues	<u>\$ 959,135</u>	<u>\$ 625,000</u>	<u>\$ 883,479</u>	<u>\$ 75,656</u>
<u>Expenditures</u>				
<u>General Government</u>				
Election Commission	\$ 342,505	\$ 132,000	\$ 342,505	\$ 0
Register of Deeds	2,092	2,500	2,500	408
Other General Administration	8,855	9,100	9,100	245
<u>Finance</u>				
Property Assessor's Office	26,450	30,000	30,000	3,550
County Trustee's Office	0	1,000	1,000	1,000
<u>Public Safety</u>				
Sheriff's Department	198,992	245,000	245,000	46,008
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	152,909	155,200	155,200	2,291
Sanitation Management	153,600	156,000	156,000	2,400
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	45,974	0	45,974	0
Libraries	9,960	10,000	10,000	40
<u>Other Operations</u>				
Other Charges	13,926	12,000	14,000	74
Total Expenditures	<u>\$ 955,263</u>	<u>\$ 752,800</u>	<u>\$ 1,011,279</u>	<u>\$ 56,016</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,872</u>	<u>\$ (127,800)</u>	<u>\$ (127,800)</u>	<u>\$ 131,672</u>
Net Change in Fund Balance	\$ 3,872	(127,800)	(127,800)	131,672
Fund Balance, July 1, 2006	<u>151,496</u>	<u>148,401</u>	<u>148,401</u>	<u>3,095</u>
Fund Balance, June 30, 2007	<u>\$ 155,368</u>	<u>\$ 20,601</u>	<u>\$ 20,601</u>	<u>\$ 134,767</u>

Exhibit G-7

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 5,588	\$ 10,000	\$ 10,000	\$ (4,412)
Other Local Revenues	119	0	0	119
Total Revenues	<u>\$ 5,707</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (4,293)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 56	\$ 5,000	\$ 5,000	\$ 4,944
Total Expenditures	<u>\$ 56</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 4,944</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,651</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 651</u>
Net Change in Fund Balance	\$ 5,651	\$ 5,000	\$ 5,000	\$ 651
Fund Balance, July 1, 2006	<u>5,780</u>	<u>5,779</u>	<u>5,779</u>	<u>1</u>
Fund Balance, June 30, 2007	<u><u>\$ 11,431</u></u>	<u><u>\$ 10,779</u></u>	<u><u>\$ 10,779</u></u>	<u><u>\$ 652</u></u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term 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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,313,476	\$ 4,001,000	\$ 4,001,000	\$ 312,476
Other Local Revenues	2,963,194	1,200,000	1,200,000	1,763,194
Other Governments and Citizens Groups	5,786,553	5,835,135	5,835,135	(48,582)
Total Revenues	<u>\$ 13,063,223</u>	<u>\$ 11,036,135</u>	<u>\$ 11,036,135</u>	<u>\$ 2,027,088</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 4,832,410	\$ 4,580,000	\$ 4,832,410	\$ 0
<u>Interest on Debt</u>				
General Government	4,079,751	4,275,792	4,417,953	338,202
<u>Other Debt Service</u>				
General Government	440,129	259,075	440,129	0
Total Expenditures	<u>\$ 9,352,290</u>	<u>\$ 9,114,867</u>	<u>\$ 9,690,492</u>	<u>\$ 338,202</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,710,933</u>	<u>\$ 1,921,268</u>	<u>\$ 1,345,643</u>	<u>\$ 2,365,290</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 175,625	\$ 0	\$ 175,625	\$ 0
Transfers In	393,465	0	400,000	(6,535)
Total Other Financing Sources (Uses)	<u>\$ 569,090</u>	<u>\$ 0</u>	<u>\$ 575,625</u>	<u>\$ (6,535)</u>
Net Change in Fund Balance	\$ 4,280,023	\$ 1,921,268	\$ 1,921,268	\$ 2,358,755
Fund Balance, July 1, 2006	<u>20,990,970</u>	<u>20,704,616</u>	<u>20,704,616</u>	<u>286,354</u>
Fund Balance, June 30, 2007	<u>\$ 25,270,993</u>	<u>\$ 22,625,884</u>	<u>\$ 22,625,884</u>	<u>\$ 2,645,109</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, 2007

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 694,392	\$ 59,427	\$ 244,152	\$ 997,971
Accounts Receivable	42,360	0	69,143	111,503
Due from Other Funds	364,640	0	63,900	428,540
Total Assets	\$ 1,101,392	\$ 59,427	\$ 377,195	\$ 1,538,014
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 479,000	\$ 2,491	\$ 30,000	\$ 511,491
Total Liabilities	\$ 479,000	\$ 2,491	\$ 30,000	\$ 511,491
<u>NET ASSETS</u>				
Unrestricted	\$ 622,392	\$ 56,936	\$ 347,195	\$ 1,026,523
Total Net Assets	\$ 622,392	\$ 56,936	\$ 347,195	\$ 1,026,523

Exhibit I-2

Sevier County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 4,357,076	\$ 90,863	\$ 490,022	\$ 4,937,961
Other Employee Benefit Charges/Contributions	113,948	2,656	0	116,604
Total Operating Revenues	<u>\$ 4,471,024</u>	<u>\$ 93,519</u>	<u>\$ 490,022</u>	<u>\$ 5,054,565</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 108,706	\$ 8,932	\$ 51,877	\$ 169,515
Life Insurance	39,241	0	0	39,241
Excess Risk Insurance	627,229	0	0	627,229
Medical Claims	4,072,780	75,662	285,486	4,433,928
Total Operating Expenses	<u>\$ 4,847,956</u>	<u>\$ 84,594</u>	<u>\$ 337,363</u>	<u>\$ 5,269,913</u>
Operating Income (Loss)	<u>\$ (376,932)</u>	<u>\$ 8,925</u>	<u>\$ 152,659</u>	<u>\$ (215,348)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 1,245	\$ 347	\$ 1,411	\$ 3,003
Total Nonoperating Revenues (Expenses)	<u>\$ 1,245</u>	<u>\$ 347</u>	<u>\$ 1,411</u>	<u>\$ 3,003</u>
Change in Net Assets	\$ (375,687)	\$ 9,272	\$ 154,070	\$ (212,345)
Net Assets, July 1, 2006	<u>998,079</u>	<u>47,664</u>	<u>193,125</u>	<u>1,238,868</u>
Net Assets, June 30, 2007	<u>\$ 622,392</u>	<u>\$ 56,936</u>	<u>\$ 347,195</u>	<u>\$ 1,026,523</u>

Exhibit I-3

Sevier County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Internal Service Funds			Total
	Employee Insurance - Health	Employee Insurance - Dental	Workers' Compen- sation	
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 4,167,436	\$ 90,863	\$ 456,979	\$ 4,715,278
Receipts for Patient Charges	113,948	2,656	0	116,604
Payments to Insurers	(666,470)	0	0	(666,470)
Payments for Claims	(3,937,055)	(76,032)	(407,886)	(4,420,973)
Payments for Administrative Costs	(108,706)	(8,932)	(51,877)	(169,515)
Net Cash Provided By (Used In) Operating Activities	\$ (430,847)	\$ 8,555	\$ (2,784)	\$ (425,076)
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 1,245	\$ 347	\$ 1,411	\$ 3,003
Net Cash Provided By (Used In) Investing Activities	\$ 1,245	\$ 347	\$ 1,411	\$ 3,003
Increase (Decrease) in Cash	\$ (429,602)	\$ 8,902	\$ (1,373)	\$ (422,073)
Cash, July 1, 2006	1,123,994	50,525	245,525	1,420,044
Cash, June 30, 2007	\$ 694,392	\$ 59,427	\$ 244,152	\$ 997,971
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (376,932)	\$ 8,925	\$ 152,659	\$ (215,348)
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	(175,915)	0	(33,043)	(208,958)
Increase (Decrease) in Accounts Payable	122,000	(370)	(122,400)	(770)
Net Cash Provided By (Used In) Operating Activities	\$ (430,847)	\$ 8,555	\$ (2,784)	\$ (425,076)

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.

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.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments. This fund was presented as the Joint Venture Fund in the prior year.

Exhibit J-1

Sevier County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 4,008,775	\$ 0	\$ 4,008,775
Equity in Pooled Cash and Investments	0	0	166,328	166,328
Investments	0	18,872	0	18,872
Due from Other Governments	5,814,482	2,205	10,686	5,827,373
Cash Shortage	0	26,882	0	26,882
Total Assets	<u>\$ 5,814,482</u>	<u>\$ 4,056,734</u>	<u>\$ 177,014</u>	<u>\$ 10,048,230</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 461	\$ 461
Due to Other Taxing Units	5,814,482	0	0	5,814,482
Due to Litigants, Heirs, and Others	0	4,056,734	0	4,056,734
Due to Joint Ventures	0	0	176,553	176,553
Total Liabilities	<u>\$ 5,814,482</u>	<u>\$ 4,056,734</u>	<u>\$ 177,014</u>	<u>\$ 10,048,230</u>

Exhibit J-2

Sevier County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 31,226,894	\$ 31,226,894	\$ 0
Due from Other Governments	5,491,193	5,814,482	5,491,193	5,814,482
Total Assets	\$ 5,491,193	\$ 37,041,376	\$ 36,718,087	\$ 5,814,482
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,491,193	\$ 37,041,376	\$ 36,718,087	\$ 5,814,482
Total Liabilities	\$ 5,491,193	\$ 37,041,376	\$ 36,718,087	\$ 5,814,482
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,630,474	\$ 29,986,668	\$ 30,608,367	\$ 4,008,775
Investments	17,665	1,207	0	18,872
Accounts Receivable	1,401	0	1,401	0
Due From Other Governments	0	2,205	0	2,205
Cash Shortage	30,032	0	3,150	26,882
Total Assets	\$ 4,679,572	\$ 29,990,080	\$ 30,612,918	\$ 4,056,734
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,679,572	\$ 29,990,080	\$ 30,612,918	\$ 4,056,734
Total Liabilities	\$ 4,679,572	\$ 29,990,080	\$ 30,612,918	\$ 4,056,734
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 96,536	\$ 302,701	\$ 232,909	\$ 166,328
Due from Other Governments	0	10,686	0	10,686
Total Assets	\$ 96,536	\$ 313,387	\$ 232,909	\$ 177,014
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 461	\$ 0	\$ 461
Due to Joint Ventures	96,536	312,926	232,909	176,553
Total Liabilities	\$ 96,536	\$ 313,387	\$ 232,909	\$ 177,014

(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>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 4,630,474	\$ 29,986,668	\$ 30,608,367	\$ 4,008,775
Equity in Pooled Cash and Investments	96,536	31,529,595	31,459,803	166,328
Investments	17,665	1,207	0	18,872
Accounts Receivable	1,401	0	1,401	0
Due from Other Governments	5,491,193	5,827,373	5,491,193	5,827,373
Cash Shortage	30,032	0	3,150	26,882
Total Assets	<u>\$ 10,267,301</u>	<u>\$ 67,344,843</u>	<u>\$ 67,563,914</u>	<u>\$ 10,048,230</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 461	\$ 0	\$ 461
Due to Other Taxing Units	5,491,193	37,041,376	36,718,087	5,814,482
Due to Litigants, Heirs, and Others	4,679,572	29,990,080	30,612,918	4,056,734
Due to Joint Ventures	96,536	312,926	232,909	176,553
Total Liabilities	<u>\$ 10,267,301</u>	<u>\$ 67,344,843</u>	<u>\$ 67,563,914</u>	<u>\$ 10,048,230</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
Statement of Activities
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:					
Instruction	\$ 64,493,273	\$ 192,341	\$ 5,085,277	\$ 4,229,104	\$ (54,986,551)
Support Services	33,517,344	25,349	297,922	0	(33,194,073)
Operation of Non-Instructional Services	7,490,899	2,515,024	4,155,913	0	(819,962)
Interest on Long-term Debt	39,276	0	0	0	(39,276)
Other Debt Service	5,786,553	0	0	0	(5,786,553)
Total Governmental Activities	\$ 111,327,345	\$ 2,732,714	\$ 9,539,112	\$ 4,229,104	\$ (94,826,415)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 20,662,217
Local Option Sales Taxes					34,659,888
Other Local Taxes					10,964
Grants and Contributions Not Restricted to Specific Programs					39,596,347
Unrestricted Investment Income					45,145
Miscellaneous					573,613
Gain on Disposal of Capital Assets					41,525
Total General Revenues					\$ 95,589,699
Change in Net Assets					\$ 763,284
Net Assets, July 1, 2006					92,357,271
Net Assets, June 30, 2007					\$ 93,120,555

Exhibit K-2

Sevier County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2007

	<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	\$ 10,974	\$ 10,974
Equity in Pooled Cash and Investments	12,325,110	5,875,484	18,200,594
Accounts Receivable	10,598	0	10,598
Due from Other Governments	6,626,666	11,600	6,638,266
Property Taxes Receivable	28,058,453	0	28,058,453
Allowance for Uncollectible Property Taxes	(521,938)	0	(521,938)
Total Assets	<u>\$ 46,498,889</u>	<u>\$ 5,898,058</u>	<u>\$ 52,396,947</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 123,844	\$ 58,088	\$ 181,932
Accrued Payroll	0	34,441	34,441
Contracts Payable	0	5,400	5,400
Retainage Payable	0	66,686	66,686
Other Current Liabilities	2,848,472	0	2,848,472
Deferred Revenue - Current Property Taxes	26,637,998	0	26,637,998
Deferred Revenue - Delinquent Property Taxes	773,115	0	773,115
Other Deferred Revenues	3,613,503	0	3,613,503
Total Liabilities	<u>\$ 33,996,932</u>	<u>\$ 164,615</u>	<u>\$ 34,161,547</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 1,138,365	\$ 2,129,602	\$ 3,267,967
Reserved for Title I Grants to Local Education Agencies	0	200,095	200,095
Reserved for Special Education - Grants to States	0	30,728	30,728
Other Federal Reserves	0	67,043	67,043
Unreserved, Reported In:			
General Fund	11,363,592	0	11,363,592
Special Revenue Funds	0	1,037,762	1,037,762
Capital Projects Funds	0	2,268,213	2,268,213
Total Fund Balances	<u>\$ 12,501,957</u>	<u>\$ 5,733,443</u>	<u>\$ 18,235,400</u>
Total Liabilities and Fund Balances	<u>\$ 46,498,889</u>	<u>\$ 5,898,058</u>	<u>\$ 52,396,947</u>

Exhibit K-3

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, 2007

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-2)		\$ 18,235,400
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 6,019,534	
Add: construction in progress	2,601,684	
Add: buildings and improvements net of accumulated depreciation	57,255,038	
Add: infrastructure net of accumulated depreciation	850,483	
Add: other capital assets net of accumulated depreciation	<u>4,804,598</u>	71,531,337
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (23,749)	
Less: leases payable	<u>(1,009,051)</u>	(1,032,800)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>4,386,618</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 93,120,555</u>

Exhibit K-4

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, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 55,816,284	\$ 0	\$ 55,816,284
Licenses and Permits	207,493	0	207,493
Charges for Current Services	217,690	2,515,024	2,732,714
Other Local Revenues	687,145	45,974	733,119
State of Tennessee	38,458,183	72,186	38,530,369
Federal Government	471,781	9,472,989	9,944,770
Other Governments and Citizens Groups	0	4,000,000	4,000,000
Total Revenues	<u>\$ 95,858,576</u>	<u>\$ 16,106,173</u>	<u>\$ 111,964,749</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 56,118,244	\$ 5,252,390	\$ 61,370,634
Support Services	32,418,417	1,352,684	33,771,101
Operation of Non-Instructional Services	1,188,346	5,945,554	7,133,900
Capital Outlay	489,362	0	489,362
Debt Service:			
Principal on Debt	320,357	0	320,357
Interest on Debt	39,715	0	39,715
Other Debt Service	5,786,553	0	5,786,553
Capital Projects	0	2,056,012	2,056,012
Total Expenditures	<u>\$ 96,360,994</u>	<u>\$ 14,606,640</u>	<u>\$ 110,967,634</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (502,418)</u>	<u>\$ 1,499,533</u>	<u>\$ 997,115</u>
Net Change in Fund Balances	\$ (502,418)	\$ 1,499,533	\$ 997,115
Fund Balance, July 1, 2006	13,004,375	4,233,910	17,238,285
Fund Balance, June 30, 2007	<u>\$ 12,501,957</u>	<u>\$ 5,733,443</u>	<u>\$ 18,235,400</u>

Exhibit K-5

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, 2007

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-4)		\$ 997,115
(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	\$ 2,853,061	
Less: current year depreciation expense	<u>(3,521,993)</u>	(668,932)
(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	\$ (53,100)	
Add: gain on disposal of capital assets	<u>41,525</u>	(11,575)
(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, 2007	\$ 4,386,618	
Less: deferred delinquent property taxes/other deferred June 30, 2006	<u>(4,260,738)</u>	125,880
(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 payments on notes	\$ 5,511	
Add: principal payments on leases	<u>314,846</u>	320,357
(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>439</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 763,284</u>

Exhibit K-6

Sevier County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Total</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 10,974	\$ 10,974	\$ 0	\$ 10,974
Equity in Pooled Cash and Investments	383,088	1,036,733	1,419,821	4,455,663	5,875,484
Due from Other Governments	11,600	0	11,600	0	11,600
Total Assets	\$ 394,688	\$ 1,047,707	\$ 1,442,395	\$ 4,455,663	\$ 5,898,058
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 24,394	\$ 0	\$ 24,394	\$ 33,694	\$ 58,088
Accrued Payroll	34,441	0	34,441	0	34,441
Contracts Payable	0	0	0	5,400	5,400
Retainage Payable	0	0	0	66,686	66,686
Total Liabilities	\$ 58,835	\$ 0	\$ 58,835	\$ 105,780	\$ 164,615
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 37,987	\$ 9,945	\$ 47,932	\$ 2,081,670	\$ 2,129,602
Reserved for Title I Grants to Local Education Agencies	200,095	0	200,095	0	200,095
Reserved for Special Education - Grants to States	30,728	0	30,728	0	30,728
Other Federal Reserves	67,043	0	67,043	0	67,043
Unreserved	0	1,037,762	1,037,762	2,268,213	3,305,975
Total Fund Balances	\$ 335,853	\$ 1,047,707	\$ 1,383,560	\$ 4,349,883	\$ 5,733,443
Total Liabilities and Fund Balances	\$ 394,688	\$ 1,047,707	\$ 1,442,395	\$ 4,455,663	\$ 5,898,058

Exhibit K-7

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, 2007

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 2,515,024	\$ 2,515,024	\$ 0	\$ 2,515,024
Other Local Revenues	0	45,974	45,974	0	45,974
State of Tennessee	0	72,186	72,186	0	72,186
Federal Government	6,363,227	3,109,762	9,472,989	0	9,472,989
Other Governments and Citizens Groups	0	0	0	4,000,000	4,000,000
Total Revenues	\$ 6,363,227	\$ 5,742,946	\$ 12,106,173	\$ 4,000,000	\$ 16,106,173
<u>Expenditures</u>					
Current:					
Instruction	\$ 5,252,390	\$ 0	\$ 5,252,390	\$ 0	\$ 5,252,390
Support Services	1,352,684	0	1,352,684	0	1,352,684
Operation of Non-Instructional Services	0	5,945,554	5,945,554	0	5,945,554
Capital Projects	0	0	0	2,056,012	2,056,012
Total Expenditures	\$ 6,605,074	\$ 5,945,554	\$ 12,550,628	\$ 2,056,012	\$ 14,606,640
Excess (Deficiency) of Revenues Over Expenditures	\$ (241,847)	\$ (202,608)	\$ (444,455)	\$ 1,943,988	\$ 1,499,533
Net Change in Fund Balances	\$ (241,847)	\$ (202,608)	\$ (444,455)	\$ 1,943,988	\$ 1,499,533
Fund Balance, July 1, 2006	577,700	1,250,315	1,828,015	2,405,895	4,233,910
Fund Balance, June 30, 2007	\$ 335,853	\$ 1,047,707	\$ 1,383,560	\$ 4,349,883	\$ 5,733,443

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
 General Purpose School Fund
 For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 55,816,284	\$ 0	\$ 0	\$ 55,816,284	\$ 54,934,918	\$ 55,458,153	\$ 358,131
Licenses and Permits	207,493	0	0	207,493	200,000	200,000	7,493
Charges for Current Services	217,690	0	0	217,690	165,000	211,903	5,787
Other Local Revenues	687,145	0	0	687,145	553,671	634,424	52,721
State of Tennessee	38,458,183	0	0	38,458,183	38,046,663	38,888,044	(429,861)
Federal Government	471,781	0	0	471,781	325,920	493,070	(21,289)
Total Revenues	\$ 95,858,576	\$ 0	\$ 0	\$ 95,858,576	\$ 94,226,172	\$ 95,885,594	\$ (27,018)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 46,243,292	\$ (117,677)	\$ 748,968	\$ 46,874,583	\$ 48,509,149	\$ 47,909,888	\$ 1,035,305
Alternative Instruction Program	691,895	0	0	691,895	642,482	698,498	6,603
Special Education Program	6,700,444	(6,877)	0	6,693,567	7,214,505	7,114,205	420,638
Vocational Education Program	2,328,949	(400)	0	2,328,549	2,345,964	2,377,315	48,766
Adult Education Program	153,664	(225)	198	153,637	159,523	159,522	5,885
<u>Support Services</u>							
Attendance	460,145	0	0	460,145	428,251	478,059	17,914
Health Services	783,134	0	0	783,134	833,316	825,416	42,282
Other Student Support	2,752,352	0	0	2,752,352	2,622,282	2,820,260	67,908
Regular Instruction Program	3,651,319	(3,346)	366	3,648,339	3,702,494	3,808,329	159,990
Special Education Program	410,745	(3,152)	0	407,593	331,248	421,968	14,375
Vocational Education Program	182,532	0	0	182,532	187,585	188,334	5,802
Adult Programs	95,652	0	0	95,652	98,972	98,972	3,320
Board of Education	1,837,026	0	0	1,837,026	1,876,567	1,997,667	160,641
Director of Schools	199,322	0	0	199,322	213,340	213,340	14,018
Office of the Principal	6,701,702	(7,371)	0	6,694,331	6,934,364	6,934,364	240,033

(Continued)

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
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 774,489	\$ 0	\$ 19,687	\$ 794,176	\$ 877,113	\$ 877,113	\$ 82,937
Operation of Plant	6,678,027	0	0	6,678,027	7,379,507	7,144,936	466,909
Maintenance of Plant	2,852,814	0	0	2,852,814	2,855,582	2,940,225	87,411
Transportation	5,039,158	(961,436)	0	4,077,722	4,602,117	4,654,804	577,082
<u>Operation of Non-Instructional Services</u>							
Food Service	779,595	0	0	779,595	740,422	788,422	8,827
Community Services	131,753	(813)	493	131,433	142,100	142,100	10,667
Early Childhood Education	276,998	(4,935)	1,531	273,594	267,141	273,594	0
<u>Capital Outlay</u>							
Regular Capital Outlay	489,362	(325,000)	367,122	531,484	2,203,952	2,203,952	1,672,468
<u>Principal on Debt</u>							
Education	320,357	0	0	320,357	3,475,000	320,357	0
<u>Interest on Debt</u>							
Education	39,715	0	0	39,715	2,360,135	39,715	0
<u>Other Debt Service</u>							
Education	5,786,553	0	0	5,786,553	0	5,786,554	1
Total Expenditures	\$ 96,360,994	\$ (1,431,232)	\$ 1,138,365	\$ 96,068,127	\$ 101,003,111	\$ 101,217,909	\$ 5,149,782
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (502,418)	\$ 1,431,232	\$ (1,138,365)	\$ (209,551)	\$ (6,776,939)	\$ (5,332,315)	\$ 5,122,764
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2006	\$ 13,004,375	(1,431,232)	0	11,573,143	11,322,677	11,322,677	250,466
Fund Balance, June 30, 2007	\$ 12,501,957	\$ 0	\$ (1,138,365)	\$ 11,363,592	\$ 4,545,738	\$ 5,990,362	\$ 5,373,230

Exhibit K-9

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 6,363,227	\$ 0	\$ 0	\$ 6,363,227	\$ 6,274,250	\$ 7,188,359	\$ (825,132)
Total Revenues	\$ 6,363,227	\$ 0	\$ 0	\$ 6,363,227	\$ 6,274,250	\$ 7,188,359	\$ (825,132)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,809,966	\$ (21,590)	\$ 0	\$ 2,788,376	\$ 2,684,041	\$ 3,634,526	\$ 846,150
Special Education Program	2,227,594	0	0	2,227,594	1,881,137	2,227,594	0
Vocational Education Program	214,830	(70,499)	37,987	182,318	189,818	262,295	79,977
<u>Support Services</u>							
Health Services	21,860	0	0	21,860	21,778	21,887	27
Other Student Support	859,633	0	0	859,633	968,315	870,739	11,106
Regular Instruction Program	434,106	(35,869)	0	398,237	489,160	615,405	217,168
Vocational Education Program	37,085	0	0	37,085	40,000	40,000	2,915
<u>Capital Outlay</u>							
Regular Capital Outlay	0	0	0	0	90,314	90,314	90,314
Total Expenditures	\$ 6,605,074	\$ (127,958)	\$ 37,987	\$ 6,515,103	\$ 6,364,563	\$ 7,762,760	\$ 1,247,657
Excess (Deficiency) of Revenues Over Expenditures	\$ (241,847)	\$ 127,958	\$ (37,987)	\$ (151,876)	\$ (90,313)	\$ (574,401)	\$ 422,525
Net Change in Fund Balance	\$ (241,847)	\$ 127,958	\$ (37,987)	\$ (151,876)	\$ (90,313)	\$ (574,401)	\$ 422,525
Fund Balance, July 1, 2006	577,700	(127,958)	0	449,742	90,313	574,401	(124,659)
Fund Balance, June 30, 2007	\$ 335,853	\$ 0	\$ (37,987)	\$ 297,866	\$ 0	\$ 0	\$ 297,866

Exhibit K-10

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sevier County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 2,515,024	\$ 0	\$ 2,515,024	\$ 2,540,236	\$ 2,475,236	\$ 39,788
Other Local Revenues	45,974	0	45,974	33,000	43,000	2,974
State of Tennessee	72,186	0	72,186	70,000	72,186	0
Federal Government	3,109,762	0	3,109,762	2,850,058	2,965,000	144,762
Total Revenues	<u>\$ 5,742,946</u>	<u>\$ 0</u>	<u>\$ 5,742,946</u>	<u>\$ 5,493,294</u>	<u>\$ 5,555,422</u>	<u>\$ 187,524</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 5,945,554	\$ 9,945	\$ 5,955,499	\$ 5,839,829	\$ 6,065,535	\$ 110,036
Total Expenditures	<u>\$ 5,945,554</u>	<u>\$ 9,945</u>	<u>\$ 5,955,499</u>	<u>\$ 5,839,829</u>	<u>\$ 6,065,535</u>	<u>\$ 110,036</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (202,608)	\$ (9,945)	\$ (212,553)	\$ (346,535)	\$ (510,113)	\$ 297,560
Net Change in Fund Balance	\$ (202,608)	\$ (9,945)	\$ (212,553)	\$ (346,535)	\$ (510,113)	\$ 297,560
Fund Balance, July 1, 2006	1,250,315	0	1,250,315	1,250,315	1,250,315	0
Fund Balance, June 30, 2007	<u>\$ 1,047,707</u>	<u>\$ (9,945)</u>	<u>\$ 1,037,762</u>	<u>\$ 903,780</u>	<u>\$ 740,202</u>	<u>\$ 297,560</u>

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sevier County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Sevier County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Paid and/or		
						Issued During Period	Matured During Period	Outstanding 6-30-07
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Land	\$ 900,000	6 %	6-1-01	6-1-08	\$ 400,000	\$ 0	\$ 100,000	\$ 300,000
Land	132,375	4.5	10-22-01	10-22-08	72,375	0	15,000	57,375
Total Payable through General Debt Service Fund					<u>\$ 472,375</u>	<u>\$ 0</u>	<u>\$ 115,000</u>	<u>\$ 357,375</u>
Total Notes Payable					<u>\$ 472,375</u>	<u>\$ 0</u>	<u>\$ 115,000</u>	<u>\$ 357,375</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	\$ 1,720,000	\$ 0	\$ 395,000	\$ 1,325,000
Public Building Authority, Series F-1	9,000,000	Variable	5-20-1996	5-20-16	7,570,000	0	710,000	6,860,000
Public Building Authority, Series A-1 - Water Board	(1)	Variable	6-1-1995	6-1-15	268,000	0	23,000	245,000
Public Building Authority, Series III-E-3	(2) (6)	Variable	5-27-99	6-1-20	985,750	0	0	985,750
Public Building Authority, Series IV- A-2	14,435,000	(7) Variable	12-1-1999	6-1-25	14,180,000	0	95,000	14,085,000
Public Building Authority, Series IV-E-4	4,000,000	(7) Variable	10-1-00	6-1-20	3,270,000	0	165,000	3,105,000
Public Building Authority, Series IV-H-3	3,000,000	(7) 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	(8) Variable	12-1-02	6-1-25	27,500,000	0	0	27,500,000
Public Building Authority, Series VI-E-1	(3)	Variable	5-1-05	6-1-20	2,324,030	0	159,410	2,164,620
Public Building Authority, Series VI-G-1	(4)	Variable	12-1-05	6-1-21	5,666,973	0	0	5,666,973
Public Building Authority, Series VI-I-1	(5)	Variable	2-27-07	6-1-08	0	175,625	0	175,625
Total Payable through General Debt Service Fund					<u>\$ 66,484,753</u>	<u>\$ 175,625</u>	<u>\$ 1,547,410</u>	<u>\$ 65,112,968</u>
Total Other Loans Payable					<u>\$ 66,484,753</u>	<u>\$ 175,625</u>	<u>\$ 1,547,410</u>	<u>\$ 65,112,968</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	\$ 8,545,000	\$ 0	\$ 840,000	\$ 7,705,000
General Obligation Refunding Bonds, Series 1999B	4,425,000	3.45 to 4.15	1-5-1999	4-1-09	1,680,000	0	720,000	960,000

(Continued)

Exhibit L-1

Sevier County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
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 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<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	\$ 16,470,000	\$ 0	\$ 1,610,000	\$ 14,860,000
Total Payable through General Debt Service Fund					<u>\$ 26,695,000</u>	<u>\$ 0</u>	<u>\$ 3,170,000</u>	<u>\$ 23,525,000</u>
Total Bonds Payable					<u>\$ 26,695,000</u>	<u>\$ 0</u>	<u>\$ 3,170,000</u>	<u>\$ 23,525,000</u>
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Energy Efficiency Loan Program	39,806	3	11-7-03	12-15-10	\$ 29,260	\$ 0	\$ 5,511	\$ 23,749
Total Payable through General Purpose School Fund					<u>\$ 29,260</u>	<u>\$ 0</u>	<u>\$ 5,511</u>	<u>\$ 23,749</u>
Total Notes Payable					<u>\$ 29,260</u>	<u>\$ 0</u>	<u>\$ 5,511</u>	<u>\$ 23,749</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Geothermal Boyds Creek	600,018	3.29	7-13-04	6-1-10	\$ 413,680	\$ 0	\$ 98,380	\$ 315,300
Lighting Retrofit	1,320,214	3.29	7-13-04	6-1-10	910,217	0	216,466	693,751
Total Payable through General Purpose School Fund					<u>\$ 1,323,897</u>	<u>\$ 0</u>	<u>\$ 314,846</u>	<u>\$ 1,009,051</u>
Total Capital Leases Payable					<u>\$ 1,323,897</u>	<u>\$ 0</u>	<u>\$ 314,846</u>	<u>\$ 1,009,051</u>

- (1) Total amount of issue is \$7,500,000 (of which Sevier County is liable for 6%).
- (2) Total amount of issue is \$2,500,000 (of which Sevier County is liable for 39.43%).
- (3) Total amount of issue is \$7,400,000 (of which Sevier County is liable for 33.56%).
- (4) Total amount approved was \$11,000,000, of which \$5,333,027 remains available for draws as of June 30, 2007.
- (5) Total amount approved was \$15,000,000, of which \$14,824,375 remains available for draws as of June 30, 2007.
- (6) In prior year, this issue was inadvertently omitted from the Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds.
- (7) These issues were swapped from variable to a synthetic fixed rate by execution of swap agreements.
- (8) 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
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>\$ 23,525,000</u>	<u>\$ 5,205,164</u>	<u>\$ 28,730,164</u>

Exhibit L-3

Sevier County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	Operations	\$ 2,536,332
Solid Waste/Sanitation	General Debt Service	Debt payments	<u>393,465</u>
Total Transfers			<u>\$ 2,929,797</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, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 110,494	\$ 50,000	The Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	87,181	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	117,773	(1) 100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	76,785	3,690,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	76,785	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	76,785	50,000	"
Circuit Court Clerk:				
Janette Layman-Ballard (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	12,798	50,000	"
Rita Ellison (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	63,987	50,000	"
General Sessions Court Clerk	Section 8-24-102, <u>TCA</u>	76,785	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	91,357	(2) 50,000	"
Register	Section 8-24-102, <u>TCA</u>	76,785	25,000	"
Sheriff:				
Bruce Montgomery (7-1-06 through 2-9-07)	Section 8-24-102, <u>TCA</u>	54,036	(3) 25,000	"
Thomas Cantwell (2-10-07 through 3-4-07)	Section 8-24-102, <u>TCA</u>	6,665		
Ronald Seals (3-5-07 through 6-30-07)	Section 8-24-102, <u>TCA</u>	28,039	25,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty			150,000	Local Government Insurance Pool

(1) Includes chief executive officer training supplement of \$1,000.

(2) Includes special commissioner fees of \$14,572.

(3) Includes law enforcement training supplements of \$600.

Exhibit L-5

Sevier County, Tennessee
 Schedule of Detailed Revenues -
All Governmental Fund Types
 For the Year Ended June 30, 2007

	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	\$ 12,197,462	\$ 0	\$ 0	\$ 0	\$ 605,026	\$ 0
Trustee's Collections - Prior Year	470,215	0	0	0	23,648	0
Circuit/Clerk & Master Collections - Prior Years	131,055	0	0	0	5,683	0
Interest and Penalty	92,234	0	0	0	3,923	0
Payments in-Lieu-of Taxes - T.V.A.	2,700	0	0	0	108	0
Payments in-Lieu-of Taxes - Local Utilities	154,742	0	0	0	7,720	0
Payments in-Lieu-of Taxes - Other	56,140	0	0	0	2,781	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	3,965,661	0	0	0	0	0
Litigation Tax - General	311,997	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	9,954	0	0	0
Business Tax	2,166,262	0	0	0	0	0
Other County Local Option Taxes	0	23,832	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	169,308	0	0	0	6,772	0
Wholesale Beer Tax	367,757	0	0	0	0	0
Interstate Telecommunications Tax	17,499	0	0	0	0	0
Total Local Taxes	\$ 20,103,032	\$ 23,832	\$ 9,954	\$ 0	\$ 655,661	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 172,162	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Building Permits	37,825	0	0	0	0	0
Other Permits	24,300	0	0	0	0	0
Total Licenses and Permits	\$ 234,287	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 16,537	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	12,192	0	0	0	0	0
Drug Control Fines	4,318	0	0	0	0	570

(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>						
Drug Court Fees	\$ 776	\$ 0	\$ 0	\$ 0	\$ 0	0
Jail Fees	12,604	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0
Data Entry Fee - Circuit Court	2,284	0	0	0	0	0
Courtroom Security Fee	88	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	56,719	0	0	0	0	0
Fines for Littering	700	0	0	0	0	0
Officers Costs	36,318	0	0	0	0	0
Game and Fish Fines	2,446	0	0	0	0	0
Drug Control Fines	6,761	0	0	0	0	0
Drug Court Fees	8,021	0	0	0	0	0
Jail Fees	64,237	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0
DUI Treatment Fines	20,184	0	0	0	0	0
Data Entry Fee - General Sessions Court	13,236	0	0	0	0	0
Courtroom Security Fee	366	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,401	0	0	0	0	0
Officers Costs	6,623	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	8,170	0	0	0	0	0
Data Entry Fee - Chancery Court	2,084	0	0	0	0	0
Courtroom Security Fee	20	0	0	0	0	0
<u>Courts in Other District Counties</u>						
District Attorney General Fees	0	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Fines	180	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	5,018
Total Fines, Forfeitures, and Penalties	\$ 278,265	\$ 0	\$ 0	\$ 0	\$ 0	5,588

(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</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 2,385,934	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board	15,720	0	0	0	0	0
Health Department Collections	310,952	0	0	0	0	0
Other General Service Charges	5,464	0	0	20,000	0	0
<u>Fees</u>						
Copy Fees	46,335	0	0	0	0	0
Library Fees	44,928	0	0	0	0	0
Telephone Commissions	25,791	0	0	0	0	0
Vending Machine Collections	25,090	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	0	129,650	0	0	0	0
Data Processing Fee - Sheriff	11,542	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	15,650	0	0	0	0	0
Total Charges for Current Services	\$ 2,887,406	\$ 129,650	\$ 0	\$ 20,000	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 3,330	\$ 0	\$ 0	\$ 0	\$ 0	119
Lease/Rentals	199,541	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	272	0	0
Sale of Recycled Materials	0	0	0	362	0	0
Miscellaneous Refunds	25,660	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	23,300	0	0	0	0	0
Sale of Property	0	0	0	0	0	0
Damages Recovered from Individuals	6,257	0	0	0	0	0
Contributions and Gifts	160,800	0	0	0	45,974	0
<u>Other Local Revenues</u>						
Other Local Revenues	27,826	0	0	0	0	0
Total Other Local Revenues	\$ 446,714	\$ 0	\$ 0	\$ 634	\$ 45,974	\$ 119

(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	\$ 1,056,557	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	395,317	0	0	0	0	0
General Sessions Court Clerk	491,152	0	0	0	0	0
Clerk and Master	193,188	0	0	0	0	0
Juvenile Court Clerk	33,764	0	0	0	0	0
Register	1,603,087	0	0	0	0	0
Sheriff	34,746	0	0	0	0	0
Trustee	1,811,800	0	0	0	0	0
Total Fees Received from County Officials	\$ 5,619,611	\$ 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	55,601	0	0	0	0	0
State Reappraisal Grant	44,513	0	0	0	0	0
Solid Waste Grants	76,375	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	36,828	0	0	0	0	0
Other Public Safety Grants	4,950	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	380,101	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	26,249	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	316,900	0	0	0	0	0
Beer Tax	18,753	0	0	0	0	0
Alcoholic Beverage Tax	86,925	0	0	0	0	0
Mixed Drink Tax	2,644	0	0	0	0	0
State Revenue Sharing - T.V.A.	382,072	0	0	0	0	0
Contracted Prisoner Boarding	908,323	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>						
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	8,190	0	0	0	0	0
Other State Grants	0	0	0	0	257,500	0
Total State of Tennessee	\$ 2,357,424	\$ 0	\$ 0	\$ 0	\$ 257,500	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 1,750	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	39,557	0	0	0	0	0
Other Federal through State	11,900	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Public Safety Partnership and Community Policing - COPS	19,105	0	0	0	0	0
Other Direct Federal Revenue	14,000	0	0	0	0	0
Total Federal Government	\$ 86,312	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 18,838	\$ 0	\$ 0	\$ 0	\$ 0	0
Paving and Maintenance	0	0	0	0	0	0
Contributions	222,000	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	140,000	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 380,838	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 32,393,889	\$ 153,482	\$ 9,954	\$ 20,634	\$ 959,135	\$ 5,707

(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	\$ 4,574,049	\$ 3,925,472	\$ 0	\$ 0	\$ 21,302,009
Trustee's Collections - Prior Year	0	0	178,682	189,171	0	0	861,716
Circuit/Clerk & Master Collections - Prior Years	0	0	48,381	45,637	0	0	230,756
Interest and Penalty	0	0	34,933	29,639	0	0	160,729
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	58,037	50,283	0	0	270,782
Payments in-Lieu-of Taxes - Other	0	0	21,065	18,232	0	0	98,218
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	3,965,661
Litigation Tax - General	0	0	0	0	0	0	311,997
Litigation Tax - Special Purpose	0	0	0	0	0	0	9,954
Business Tax	0	0	0	0	0	0	2,166,262
Other County Local Option Taxes	0	0	0	0	0	0	23,832
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	64,337	54,178	0	0	294,595
Wholesale Beer Tax	0	0	0	0	0	0	367,757
Interstate Telecommunications Tax	0	0	0	0	0	0	17,499
Total Local Taxes	\$ 0	\$ 0	\$ 4,980,510	\$ 4,313,476	\$ 0	\$ 0	\$ 30,086,465
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 172,162
<u>Permits</u>							
Building Permits	0	0	0	0	0	0	37,825
Other Permits	0	0	0	0	0	0	24,300
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 234,287
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,537
Officers Costs	0	0	0	0	0	0	12,192
Drug Control Fines	0	0	0	0	0	0	4,888

(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>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Court Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	776
Jail Fees	0	0	0	0	0	0	12,604
District Attorney General Fees	830	0	0	0	0	0	830
Data Entry Fee - Circuit Court	0	0	0	0	0	0	2,284
Courtroom Security Fee	0	0	0	0	0	0	88
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	56,719
Fines for Littering	0	0	0	0	0	0	700
Officers Costs	0	0	0	0	0	0	36,318
Game and Fish Fines	0	0	0	0	0	0	2,446
Drug Control Fines	0	0	0	0	0	0	6,761
Drug Court Fees	0	0	0	0	0	0	8,021
Jail Fees	0	0	0	0	0	0	64,237
District Attorney General Fees	1,296	0	0	0	0	0	1,296
DUI Treatment Fines	0	0	0	0	0	0	20,184
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	13,236
Courtroom Security Fee	0	0	0	0	0	0	366
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	3,401
Officers Costs	0	0	0	0	0	0	6,623
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	8,170
Data Entry Fee - Chancery Court	0	0	0	0	0	0	2,084
Courtroom Security Fee	0	0	0	0	0	0	20
<u>Courts in Other District Counties</u>							
District Attorney General Fees	8,572	0	0	0	0	0	8,572
<u>Judicial District Drug Program</u>							
Fines	2,222	0	0	0	0	0	2,402
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	5,018
Total Fines, Forfeitures, and Penalties	\$ 12,920	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	296,773

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park		
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,385,934
Work Release Charges for Board	0	0	0	0	0	0	0	15,720
Health Department Collections	0	0	0	0	0	0	0	310,952
Other General Service Charges	0	0	0	0	0	0	0	25,464
<u>Fees</u>								
Copy Fees	0	0	0	0	0	0	0	46,335
Library Fees	0	0	0	0	0	0	0	44,928
Telephone Commissions	0	0	0	0	0	0	0	25,791
Vending Machine Collections	0	0	0	0	0	0	0	25,090
Constitutional Officers' Fees and Commissions	0	67,659	0	0	0	0	0	67,659
Special Commissioner Fees/Special Master Fees	0	14,572	0	0	0	0	0	14,572
Data Processing Fee - Register	0	0	0	0	0	0	0	129,650
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	11,542
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	15,650
Total Charges for Current Services	\$ 0	\$ 82,231	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,119,287
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 0	\$ 2,963,194	\$ 0	\$ 0	\$ 0	2,966,643
Lease/Rentals	0	0	0	0	0	0	0	199,541
Sale of Materials and Supplies	0	0	3,635	0	0	0	0	3,907
Sale of Recycled Materials	0	0	0	0	0	0	0	362
Miscellaneous Refunds	600	0	1,850	0	0	0	0	28,110
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	69,222	0	0	0	0	92,522
Sale of Property	0	0	0	0	265,338	15,000	0	280,338
Damages Recovered from Individuals	0	0	9,417	0	0	6,862	0	22,536
Contributions and Gifts	0	0	0	0	10,000	0	0	216,774
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	0	27,826
Total Other Local Revenues	\$ 600	\$ 0	\$ 84,124	\$ 2,963,194	\$ 275,338	\$ 21,862	\$ 0	3,838,559

(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	\$ 1,056,557	
Circuit Court Clerk	0	0	0	0	0	0	395,317	
General Sessions Court Clerk	0	0	0	0	0	0	491,152	
Clerk and Master	0	0	0	0	0	0	193,188	
Juvenile Court Clerk	0	0	0	0	0	0	33,764	
Register	0	0	0	0	0	0	1,603,087	
Sheriff	0	0	0	0	0	0	34,746	
Trustee	0	0	0	0	0	0	1,811,800	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,619,611	
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000	
Aging Programs	0	0	0	0	0	0	55,601	
State Reappraisal Grant	0	0	0	0	0	0	44,513	
Solid Waste Grants	0	0	0	0	0	0	76,375	
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	36,828	
Other Public Safety Grants	0	0	0	0	0	0	4,950	
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	0	0	0	0	0	0	380,101	
<u>Public Works Grants</u>								
State Aid Program	0	0	153,507	0	0	0	153,507	
Litter Program	0	0	0	0	0	0	26,249	
Tennessee Industrial Infrastructure Program	0	0	0	0	92,120	0	92,120	
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	316,900	
Beer Tax	0	0	0	0	0	0	18,753	
Alcoholic Beverage Tax	0	0	0	0	0	0	86,925	
Mixed Drink Tax	0	0	0	0	0	0	2,644	
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	382,072	
Contracted Prisoner Boarding	0	0	0	0	0	0	908,323	

(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			
	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park		Total
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 2,242,234	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,242,234
Petroleum Special Tax	0	0	57,251	0	0	0	0	57,251
Registrar's Salary Supplement	0	0	0	0	0	0	0	8,190
Other State Grants	0	0	0	0	0	0	0	257,500
Total State of Tennessee	\$ 0	\$ 0	\$ 2,452,992	\$ 0	\$ 92,120	\$ 0	\$ 0	\$ 5,160,036
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,750
Homeland Security Grants	0	0	0	0	0	0	0	39,557
Other Federal through State	0	0	0	0	350,000	0	0	361,900
<u>Direct Federal Revenue</u>								
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	0	0	19,105
Other Direct Federal Revenue	0	0	0	0	0	0	0	14,000
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 350,000	\$ 0	\$ 0	\$ 436,312
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,838
Paving and Maintenance	0	0	70,728	0	0	0	0	70,728
Contributions	0	0	0	5,786,553	0	0	0	6,008,553
<u>Citizens Groups</u>								
Donations	0	0	0	0	0	0	0	140,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 70,728	\$ 5,786,553	\$ 0	\$ 0	\$ 0	\$ 6,238,119
Total	\$ 13,520	\$ 82,231	\$ 7,588,354	\$ 13,063,223	\$ 717,458	\$ 21,862	\$ 0	\$ 55,029,449

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, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 19,515,837	\$ 0	\$ 0	\$ 0	\$ 19,515,837
Trustee's Collections - Prior Year	742,941	0	0	0	742,941
Circuit/Clerk & Master Collections - Prior Years	182,139	0	0	0	182,139
Interest and Penalty	146,201	0	0	0	146,201
Payments in-Lieu-of Taxes - T.V.A.	4,265	0	0	0	4,265
Payments in-Lieu-of Taxes - Local Utilities	247,553	0	0	0	247,553
Payments in-Lieu-of Taxes - Other	89,771	0	0	0	89,771
<u>County Local Option Taxes</u>					
Local Option Sales Tax	34,609,107	0	0	0	34,609,107
<u>Statutory Local Taxes</u>					
Bank Excise Tax	267,506	0	0	0	267,506
Interstate Telecommunications Tax	10,964	0	0	0	10,964
Total Local Taxes	\$ 55,816,284	\$ 0	\$ 0	\$ 0	\$ 55,816,284
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 207,493	\$ 0	\$ 0	\$ 0	\$ 207,493
Total Licenses and Permits	\$ 207,493	\$ 0	\$ 0	\$ 0	\$ 207,493
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Adult Education	\$ 12,748	\$ 0	\$ 0	\$ 0	\$ 12,748
Lunch Payments - Children	0	0	1,324,287	0	1,324,287
Lunch Payments - Adults	0	0	184,683	0	184,683
Income from Breakfast	0	0	614,264	0	614,264
A la carte Sales	0	0	388,870	0	388,870
Receipts from Individual Schools	204,160	0	2,920	0	207,080
<u>Other Charges for Services</u>					
Other Charges for Services	782	0	0	0	782
Total Charges for Current Services	\$ 217,690	\$ 0	\$ 2,515,024	\$ 0	\$ 2,732,714
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 45,145	\$ 0	\$ 45,145
Lease/Rentals	3,225	0	0	0	3,225
Sale of Materials and Supplies	501	0	0	0	501
Miscellaneous Refunds	115,887	0	829	0	116,716
<u>Nonrecurring Items</u>					
Sale of Equipment	56,500	0	0	0	56,500
Damages Recovered from Individuals	6,438	0	0	0	6,438
Contributions and Gifts	10,537	0	0	0	10,537
<u>Other Local Revenues</u>					
Other Local Revenues	494,057	0	0	0	494,057
Total Other Local Revenues	\$ 687,145	\$ 0	\$ 45,974	\$ 0	\$ 733,119

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 35,898,517	\$ 0	\$ 0	\$ 0	\$ 35,898,517
Early Childhood Education	273,594	0	0	0	273,594
School Food Service	0	0	72,186	0	72,186
Driver Education	45,388	0	0	0	45,388
Other State Education Funds	452,048	0	0	0	452,048
Career Ladder Program	814,374	0	0	0	814,374
Career Ladder - Extended Contract	274,270	0	0	0	274,270
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	413,911	0	0	0	413,911
Other State Grants	56,977	0	0	0	56,977
Other State Revenues	229,104	0	0	0	229,104
Total State of Tennessee	\$ 38,458,183	\$ 0	\$ 72,186	\$ 0	\$ 38,530,369
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,327,343	\$ 0	\$ 2,327,343
Breakfast	0	0	775,749	0	775,749
USDA - Other	0	0	6,670	0	6,670
Adult Education State Grant Program	117,490	0	0	0	117,490
Vocational Education - Basic Grants to States	0	231,818	0	0	231,818
Title I Grants to Local Education Agencies	0	2,413,746	0	0	2,413,746
Innovative Education Program Strategies	0	43,048	0	0	43,048
Special Education - Grants to States	58,622	2,815,638	0	0	2,874,260
Special Education Preschool Grants	0	90,280	0	0	90,280
Eisenhower Professional Development State Grants	0	675,189	0	0	675,189
Job Training Partnership Act	50,396	0	0	0	50,396
Other Federal through State	236,825	93,508	0	0	330,333
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	8,448	0	0	0	8,448
Total Federal Government	\$ 471,781	\$ 6,363,227	\$ 3,109,762	\$ 0	\$ 9,944,770
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 4,000,000	\$ 4,000,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 4,000,000	\$ 4,000,000
Total	\$ 95,858,576	\$ 6,363,227	\$ 5,742,946	\$ 4,000,000	\$ 111,964,749

Exhibit L-7

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	123,608	
Audit Services		16,213	
Dues and Memberships		15,840	
Legal Services		22,480	
Travel		16,115	
Other Contracted Services		969	
Office Supplies		690	
Total County Commission			\$ 195,915

Beer Board

Board and Committee Members Fees	\$	4,550	
Advertising		70	
Legal Services		937	
Travel		35	
Total Beer Board			5,592

Other Boards and Committees

County Official/Administrative Officer	\$	42,218	
Assistant(s)		96,919	
Dispatchers/Radio Operators		311,848	
Longevity Pay		3,000	
In-Service Training		4,855	
Communication		1,988	
Office Supplies		3,824	
Other Supplies and Materials		4,229	
Total Other Boards and Committees			468,881

County Mayor/Executive

County Official/Administrative Officer	\$	110,494	
Assistant(s)		96,928	
Accountants/Bookkeepers		36,654	
Secretary(ies)		36,654	
Clerical Personnel		101,251	
Longevity Pay		9,250	
Communication		6,435	
Maintenance and Repair Services - Office Equipment		2,556	
Postal Charges		4,293	
Travel		6,299	
Office Supplies		16,435	
Total County Mayor/Executive			427,249

(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	\$	29,422	
Assistant(s)		56,601	
Supervisor/Director		46,342	
Deputy(ies)		66,347	
Clerical Personnel		32,518	
Longevity Pay		4,500	
Other Salaries and Wages		29,834	
Election Commission		13,648	
Election Workers		52,308	
Advertising		34,593	
Communication		12,736	
Dues and Memberships		3,470	
Maintenance and Repair Services - Office Equipment		19,534	
Postal Charges		7,105	
Travel		8,811	
Other Contracted Services		21,225	
Office Supplies		38,896	
Total Election Commission			\$ 477,890

Register of Deeds

County Official/Administrative Officer	\$	76,785	
Deputy(ies)		39,648	
Clerical Personnel		196,925	
Longevity Pay		5,750	
Communication		1,475	
Dues and Memberships		1,242	
Maintenance and Repair Services - Office Equipment		4,498	
Postal Charges		2,824	
Travel		1,492	
Other Contracted Services		17,933	
Office Supplies		21,573	
Other Supplies and Materials		1,050	
Total Register of Deeds			371,195

Planning

County Official/Administrative Officer	\$	26,892
Supervisor/Director		55,091
Secretary(ies)		27,724
Longevity Pay		2,500
Other Salaries and Wages		28,632

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Board and Committee Members Fees	\$	14,400	
Advertising		8,352	
Communication		3,029	
Contracts with Government Agencies		14,302	
Dues and Memberships		530	
Legal Services		360	
Postal Charges		189	
Travel		8,005	
Office Supplies		10,454	
Total Planning			\$ 200,460

County Buildings

Supervisor/Director	\$	83,482	
Custodial Personnel		237,072	
Longevity Pay		8,500	
Communication		54,654	
Maintenance and Repair Services - Buildings		14,516	
Pest Control		2,263	
Travel		1,729	
Electricity		297,570	
Natural Gas		157,409	
Water and Sewer		90,954	
Other Supplies and Materials		6,742	
Total County Buildings			954,891

Other General Administration

Mechanic(s)	\$	147,109	
Longevity Pay		2,500	
Communication		1,445	
Maintenance and Repair Services - Vehicles		89,587	
Travel		41	
Lubricants		15,428	
Tires and Tubes		39,445	
Other Supplies and Materials		8,572	
Total Other General Administration			304,127

Preservation of Records

County Official/Administrative Officer	\$	35,486
Assistant(s)		49,925
Longevity Pay		750

(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.)

Communication	\$	1,928	
Maintenance and Repair Services - Office Equipment		644	
Other Contracted Services		38,542	
Office Supplies		3,169	
Other Supplies and Materials		<u>2,457</u>	
Total Preservation of Records	\$		132,901

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	76,785	
Deputy(ies)		100,589	
Clerical Personnel		184,103	
Longevity Pay		10,000	
Other Salaries and Wages		224,421	
Board and Committee Members Fees		10,840	
Advertising		225	
Audit Services		79,085	
Communication		4,906	
Dues and Memberships		1,614	
Maintenance and Repair Services - Office Equipment		21,783	
Postal Charges		16,324	
Rentals		12,875	
Travel		8,780	
Other Contracted Services		58,213	
Office Supplies		28,830	
Utilities		<u>1,904</u>	
Total Property Assessor's Office			841,277

County Trustee's Office

County Official/Administrative Officer	\$	76,785	
Deputy(ies)		39,648	
Clerical Personnel		139,174	
Longevity Pay		4,000	
Communication		1,220	
Dues and Memberships		892	
Maintenance and Repair Services - Office Equipment		2,191	
Postal Charges		26,131	
Travel		1,801	
Other Contracted Services		11,444	
Office Supplies		<u>14,172</u>	
Total County Trustee's Office			317,458

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	76,785	
Deputy(ies)		45,117	
Clerical Personnel		197,037	
Longevity Pay		11,750	
Other Salaries and Wages		325,312	
Communication		13,204	
Dues and Memberships		767	
Maintenance and Repair Services - Office Equipment		1,089	
Postal Charges		18,804	
Travel		9,707	
Other Contracted Services		17,970	
Office Supplies		61,586	
Utilities		32	
Total County Clerk's Office			\$ 779,160

Data Processing

County Official/Administrative Officer	\$	43,772	
Longevity Pay		250	
Communication		1,265	
Data Processing Services		225	
Travel		1,305	
Data Processing Supplies		11,743	
Office Supplies		186	
In Service/Staff Development		4,995	
Total Data Processing			63,741

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	76,785	
Deputy(ies)		29,547	
Accountants/Bookkeepers		67	
Clerical Personnel		356,096	
Longevity Pay		8,000	
Other Salaries and Wages		1,737	
Jury and Witness Fees		87,428	
Communication		138	
Contracts with Other Public Agencies		208	
Dues and Memberships		2,167	
Maintenance and Repair Services - Office Equipment		5,748	
Postal Charges		7,092	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Travel	\$	749	
Other Contracted Services		8,835	
Office Supplies		21,193	
Total Circuit Court			\$ 605,790

General Sessions Court

County Official/Administrative Officer	\$	76,785	
Deputy(ies)		40,442	
Accountants/Bookkeepers		27,141	
Clerical Personnel		204,638	
Longevity Pay		5,500	
Other Salaries and Wages		54,700	
Communication		2,909	
Contracts with Other Public Agencies		3,311	
Dues and Memberships		1,807	
Maintenance and Repair Services - Office Equipment		6,905	
Postal Charges		4,792	
Travel		918	
Other Contracted Services		7,540	
Office Supplies		17,948	
Total General Sessions Court			455,336

General Sessions Judge

Judge(s)	\$	256,719	
Secretary(ies)		29,221	
Longevity Pay		2,250	
Other Salaries and Wages		38,856	
Communication		4,381	
Dues and Memberships		3,472	
Postal Charges		329	
Travel		3,011	
Other Contracted Services		15,958	
Office Supplies		3,746	
Total General Sessions Judge			357,943

Chancery Court

County Official/Administrative Officer	\$	76,785
Deputy(ies)		40,442
Clerical Personnel		103,328
Longevity Pay		6,250

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Other Salaries and Wages	\$	30,054	
Communication		998	
Dues and Memberships		687	
Maintenance and Repair Services - Office Equipment		4,998	
Postal Charges		5,096	
Office Supplies		10,848	
Total Chancery Court			\$ 279,486

Juvenile Court

Deputy(ies)	\$	34,145	
Clerical Personnel		36,082	
Longevity Pay		750	
Postal Charges		1,771	
Other Contracted Services		2,784	
Office Supplies		7,646	
Total Juvenile Court			83,178

Judicial Commissioners

County Official/Administrative Officer	\$	132,539	
Supervisor/Director		6,116	
Longevity Pay		1,750	
Communication		1,089	
Dues and Memberships		365	
Office Supplies		6,110	
Total Judicial Commissioners			147,969

Other Administration of Justice

Assistant(s)	\$	48,652	
Communication		119	
Travel		1,165	
Total Other Administration of Justice			49,936

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	88,740	
Assistant(s)		65,503	
Deputy(ies)		1,847,800	
Investigator(s)		297,064	
Lieutenant(s)		97,897	
Sergeant(s)		231,945	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Accountants/Bookkeepers	\$	34,668	
Dispatchers/Radio Operators		225,228	
Guards		109,415	
Secretary(ies)		101,890	
Longevity Pay		45,750	
Other Salaries and Wages		19,109	
In-Service Training		60,691	
Other Fringe Benefits		52,163	
Communication		9,011	
Contracts with Other Public Agencies		10,344	
Data Processing Services		28,947	
Dues and Memberships		2,250	
Licenses		359	
Maintenance and Repair Services - Equipment		85,614	
Maintenance and Repair Services - Office Equipment		3,651	
Travel		16,407	
Gasoline		297,379	
Other Supplies and Materials		82,366	
Motor Vehicles		30,506	
Total Sheriff's Department			\$ 3,844,697

Drug Enforcement

Secretary(ies)	\$	6,113	
Longevity Pay		3,250	
Other Salaries and Wages		136,655	
Other Supplies and Materials		13,389	
Total Drug Enforcement			159,407

Jail

Assistant(s)	\$	36,493	
Supervisor/Director		28,213	
Medical Personnel		96,466	
Guards		1,104,587	
Cafeteria Personnel		53,659	
Longevity Pay		14,250	
Other Salaries and Wages		8,741	
In-Service Training		8,245	
Other Fringe Benefits		17,185	
Communication		19,016	
Data Processing Services		1,755	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance and Repair Services - Buildings	\$	45,184	
Maintenance and Repair Services - Equipment		4,180	
Maintenance and Repair Services - Office Equipment		4,879	
Medical and Dental Services		835,284	
Postal Charges		10,758	
Rentals		8,840	
Transportation - Other than Students		12,290	
Food Supplies		243,392	
Office Supplies		42,786	
Other Supplies and Materials		147,273	
Motor Vehicles		65,064	
Total Jail			\$ 2,808,540

Juvenile Services

Supervisor/Director	\$	46,386	
Youth Service Officer(s)		103,957	
Secretary(ies)		25,084	
Longevity Pay		3,500	
Other Salaries and Wages		27,956	
Communication		3,598	
Dues and Memberships		915	
Postal Charges		1,554	
Travel		1,529	
Other Contracted Services		4,813	
Office Supplies		9,978	
Total Juvenile Services			229,270

Fire Prevention and Control

Contributions	\$	748,000	
Total Fire Prevention and Control			748,000

Civil Defense

Contributions	\$	3,000	
Total Civil Defense			3,000

Rescue Squad

Contributions	\$	90,000	
Total Rescue Squad			90,000

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Supervisor/Director	\$	37,030	
Longevity Pay		1,000	
Other Salaries and Wages		27,984	
Communication		6,523	
Dues and Memberships		153	
Travel		3,487	
Other Contracted Services		240	
Office Supplies		6,669	
Other Supplies and Materials		3,458	
Other Capital Outlay		18,000	
Total Other Emergency Management			\$ 104,544

County Coroner/Medical Examiner

Other Salaries and Wages	\$	1,394	
Other Contracted Services		70,250	
Office Supplies		337	
Total County Coroner/Medical Examiner			71,981

Other Public Safety

County Official/Administrative Officer	\$	42,234	
Sergeant(s)		66,645	
Medical Personnel		10,453	
Guards		246,108	
Secretary(ies)		22,792	
Educational Assistants		9,984	
Longevity Pay		3,000	
Other Salaries and Wages		21,539	
In-Service Training		7,047	
Other Fringe Benefits		5,535	
Communication		4,504	
Data Processing Services		4,100	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		3,060	
Maintenance and Repair Services - Equipment		3,650	
Maintenance and Repair Services - Office Equipment		1,172	
Medical and Dental Services		16,694	
Postal Charges		385	
Rentals		2,397	
Travel		1,578	
Gasoline		372	

(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.)

Office Supplies	\$	4,135	
Other Supplies and Materials		7,083	
Total Other Public Safety			\$ 484,667

Public Health and Welfare

Local Health Center

Communication	\$	18,788	
Maintenance and Repair Services - Office Equipment		6,265	
Medical and Dental Services		10,461	
Postal Charges		3,969	
Utilities		16,578	
Other Supplies and Materials		23,708	
Total Local Health Center			79,769

Rabies and Animal Control

Contributions	\$	70,000	
Total Rabies and Animal Control			70,000

Ambulance/Emergency Medical Services

Medical Personnel	\$	2,252,478	
Longevity Pay		30,500	
Employee and Dependent Insurance		300,172	
Communication		14,405	
Contributions		100,000	
Licenses		1,384	
Maintenance and Repair Services - Equipment		2,338	
Maintenance and Repair Services - Office Equipment		8,459	
Maintenance and Repair Services - Vehicles		986	
Postal Charges		9,311	
Travel		1,822	
Tuition		12,602	
Other Contracted Services		6,500	
Custodial Supplies		2,269	
Drugs and Medical Supplies		91,802	
Gasoline		66,617	
Office Supplies		7,331	
Uniforms		18,792	
Utilities		24,997	
Other Supplies and Materials		29,403	
Refunds		51,656	
Total Ambulance/Emergency Medical Services			3,033,824

(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Maternal and Child Health Services

Medical Personnel	\$	57,752	
Clerical Personnel		282,260	
Longevity Pay		1,750	
Transportation - Other than Students		4,028	
Travel		464	
Total Maternal and Child Health Services			\$ 346,254

Other Local Health Services

Contracts with Other Public Agencies	\$	52,026	
Contributions		116,508	
Total Other Local Health Services			168,534

Appropriation to State

Communication	\$	3,754	
Contributions		1,006	
Maintenance and Repair Services - Office Equipment		2,384	
Rentals		41,953	
Utilities		5,840	
Water and Sewer		96	
Other Supplies and Materials		11,616	
Total Appropriation to State			66,649

Other Local Welfare Services

Contracts with Other Public Agencies	\$	75,000	
Contributions		23,575	
Pauper Burials		3,600	
Total Other Local Welfare Services			102,175

Other Public Health and Welfare

Supervisor/Director	\$	63,351	
Secretary(ies)		27,080	
Longevity Pay		2,500	
Other Salaries and Wages		122,426	
In-Service Training		3,700	
Communication		8,895	
Dues and Memberships		465	
Maintenance and Repair Services - Office Equipment		2,534	
Postal Charges		1,000	
Rentals		22,005	
Travel		32,900	

(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 (Cont.)

Office Supplies	\$	9,230	
Utilities		328	
Refunds		955	
Total Other Public Health and Welfare			\$ 297,369

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

County Official/Administrative Officer	\$	36,726	
Assistant(s)		45,567	
Supervisor/Director		26,748	
Secretary(ies)		23,467	
Longevity Pay		1,000	
Advertising		1,575	
Communication		5,948	
Maintenance and Repair Services - Buildings		1,889	
Travel		2,981	
Other Contracted Services		28,937	
Office Supplies		3,187	
Utilities		271	
Other Supplies and Materials		7,397	
In Service/Staff Development		797	
Other Charges		3,864	
Total Senior Citizens Assistance			190,354

Libraries

County Official/Administrative Officer	\$	55,072	
Assistant(s)		351,897	
Supervisor/Director		61,852	
Accountants/Bookkeepers		26,065	
Longevity Pay		4,750	
Communication		6,840	
Dues and Memberships		1,293	
Janitorial Services		946	
Maintenance and Repair Services - Equipment		19,870	
Maintenance and Repair Services - Office Equipment		2,194	
Postal Charges		1,462	
Printing, Stationery, and Forms		3,816	
Rentals		21,562	
Travel		9,402	
Tuition		4,236	

(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.)

Maintenance and Repair Services - Records	\$	133	
Other Contracted Services		29,710	
Data Processing Supplies		1,260	
Duplicating Supplies		240	
Electricity		20,416	
Equipment and Machinery Parts		6,355	
Instructional Supplies and Materials		4,301	
Library Books/Media		28,890	
Office Supplies		19,212	
Periodicals		5,419	
Utilities		6,442	
Water and Sewer		2,442	
Other Supplies and Materials		3,398	
Administration Equipment		6,525	
Total Libraries			\$ 706,000

Parks and Fair Boards

Contributions	\$	60,550	
Total Parks and Fair Boards			60,550

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	45,675	
Longevity Pay		750	
Other Salaries and Wages		99,090	
Board and Committee Members Fees		176	
Social Security		17,715	
Communication		1,667	
Contributions		2,000	
Postal Charges		1,500	
Travel		4,228	
Other Supplies and Materials		2,050	
Total Agriculture Extension Service			174,851

Forest Service

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

Soil Conservation

Clerical Personnel	\$	25,058	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Soil Conservation (Cont.)

Longevity Pay	\$ 500	
Total Soil Conservation		\$ 25,558

Storm Water Management

County Official/Administrative Officer	\$ 36,726	
Secretary(ies)	23,393	
Longevity Pay	750	
Other Salaries and Wages	30,351	
Communication	2,794	
Dues and Memberships	9,929	
Postal Charges	937	
Travel	9,356	
Office Supplies	5,643	
Total Storm Water Management		119,879

Other OperationsTourism

Contributions	\$ 89,458	
Total Tourism		89,458

Airport

Utilities	\$ 7,525	
Total Airport		7,525

Veterans' Services

Supervisor/Director	\$ 22,739	
Secretary(ies)	34,370	
Longevity Pay	1,500	
Communication	592	
Contributions	6,000	
Postal Charges	751	
Travel	697	
Other Contracted Services	2,278	
Office Supplies	2,854	
Other Supplies and Materials	215	
Total Veterans' Services		71,996

Contributions to Other Agencies

Contributions	\$ 132,151	
Total Contributions to Other Agencies		132,151

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	879,137	
State Retirement		1,348,194	
Employee and Dependent Insurance		2,995,271	
Unemployment Compensation		28,539	
Employer Medicare		206,295	
Workers' Compensation Insurance		312,011	
Total Employee Benefits			\$ 5,769,447

Miscellaneous

Other Fringe Benefits	\$	12,614	
Communication		1,762	
Contributions		150,000	
Legal Notices, Recording, and Court Costs		18,078	
Postal Charges		7,864	
Other Contracted Services		35,098	
Other Supplies and Materials		22,001	
Building and Contents Insurance		36,466	
Liability Insurance		338,214	
Premiums on Corporate Surety Bonds		41,308	
Refunds		16,183	
Trustee's Commission		377,324	
Vehicle and Equipment Insurance		43,984	
Other Charges		10,435	
Total Miscellaneous			1,111,331

Highways

Litter and Trash Collection

Deputy(ies)	\$	63,189	
Custodial Personnel		42,530	
Longevity Pay		2,600	
Other Supplies and Materials		7,640	
Total Litter and Trash Collection			115,959

Other Charges

Other Contracted Services	\$	19,167	
Total Other Charges			19,167

Capital Projects

Other General Government Projects

Contracts with Government Agencies	\$	62,068	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects (Cont.)

Contracts with Private Agencies	\$	3,139	
Remittance of Revenue Collected		6,552	
Other Contracted Services		69,527	
Other Supplies and Materials		33,327	
Other Charges		2,125	
Total Other General Government Projects			\$ 176,738

Total General Fund \$ 29,001,019

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	115,071	
Other Supplies and Materials		32,194	
Total County Buildings			\$ 147,265

Other Operations

Miscellaneous

Trustee's Commission	\$	1,508	
Total Miscellaneous			1,508

Capital Projects

Other General Government Projects

Maintenance and Repair Services - Buildings	\$	33,596	
Other Supplies and Materials		19,316	
Total Other General Government Projects			52,912

Total Courthouse and Jail Maintenance Fund 201,685

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	7,219	
Trustee's Commission		99	
Total Other Administration of Justice			\$ 7,318

Total Law Library Fund 7,318

(Continued)

Exhibit L-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	47,313	
Laborers		670,138	
Longevity Pay		16,500	
Social Security		43,136	
State Retirement		63,507	
Employee and Dependent Insurance		173,280	
Employer Medicare		10,088	
Communication		16,273	
Contracts with Government Agencies		831,960	
Maintenance and Repair Services - Buildings		1,125	
Maintenance and Repair Services - Vehicles		25,531	
Rentals		14,207	
Travel		7,630	
Other Contracted Services		8,003	
Electricity		11,766	
Gasoline		93,316	
Natural Gas		7,079	
Tires and Tubes		16,579	
Utilities		373	
Water and Sewer		291	
Other Supplies and Materials		42,603	
Total Sanitation Management			\$ 2,100,698

Total Solid Waste/Sanitation Fund \$ 2,100,698

Special Purpose Fund

General Government

Election Commission

Other Capital Outlay	\$	342,505	
Total Election Commission			\$ 342,505

Register of Deeds

Other Capital Outlay	\$	2,092	
Total Register of Deeds			2,092

Other General Administration

Maintenance Equipment	\$	8,855	
Total Other General Administration			8,855

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Finance

Property Assessor's Office

Motor Vehicles	\$ 26,450	
Total Property Assessor's Office		\$ 26,450

Public Safety

Sheriff's Department

Motor Vehicles	\$ 106,556	
Other Equipment	92,436	
Total Sheriff's Department		198,992

Public Health and Welfare

Ambulance/Emergency Medical Services

Motor Vehicles	\$ 142,608	
Other Capital Outlay	10,301	
Total Ambulance/Emergency Medical Services		152,909

Sanitation Management

Motor Vehicles	\$ 117,800	
Solid Waste Equipment	35,800	
Total Sanitation Management		153,600

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Motor Vehicles	\$ 45,974	
Total Senior Citizens Assistance		45,974

Libraries

Administration Equipment	\$ 9,960	
Total Libraries		9,960

Other Operations

Other Charges

Trustee's Commission	\$ 13,926	
Total Other Charges		13,926

Total Special Purpose Fund		\$ 955,263
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Drug Control Fund

Public Safety

Sheriff's Department

Trustee's Commission	\$ 56	
Total Sheriff's Department		\$ 56

Total Drug Control Fund		56
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(Continued)

Exhibit L-7

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

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	4,954	
Dues and Memberships		300	
Travel		2,778	
Trustee's Commission		45	
Other Charges		<u>8,344</u>	
Total District Attorney General			\$ 16,421

Other Administration of Justice

Refunds	\$	<u>400</u>	
Total Other Administration of Justice			<u>400</u>

Total District Attorney General Fund \$ 16,821

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	<u>1,429</u>	
Total Register of Deeds			\$ 1,429

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	<u>66,230</u>	
Total County Clerk's Office			66,230

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	<u>14,572</u>	
Total Chancery Court			<u>14,572</u>

Total Constitutional Officers - Fees Fund 82,231

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	87,181	
Accountants/Bookkeepers		45,427	
Secretary(ies)		35,859	
Data Processing Services		5,222	
Dues and Memberships		3,751	
Legal Services		16,188	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Legal Notices, Recording, and Court Costs	\$	433	
Maintenance and Repair Services - Office Equipment		314	
Postal Charges		933	
Printing, Stationery, and Forms		1,873	
Travel		4,733	
Office Supplies		2,829	
Other Supplies and Materials		150	
Other Charges		9,880	
Office Equipment		1,190	
Total Administration			\$ 215,963

Highway and Bridge Maintenance

Foremen	\$	296,868	
Equipment Operators		334,712	
Equipment Operators - Light		366,925	
Truck Drivers		372,567	
Laborers		211,217	
Other Contracted Services		123,899	
Asphalt		2,536,789	
Concrete		24,842	
Crushed Stone		64,259	
Fertilizer, Lime, and Seed		5,685	
General Construction Materials		9,753	
Other Road Supplies		349	
Pipe - Metal		59,540	
Road Signs		30,379	
Salt		10,312	
Small Tools		946	
Wood Products		1,056	
Other Supplies and Materials		1,481	
Other Charges		406	
Total Highway and Bridge Maintenance			4,451,985

Operation and Maintenance of Equipment

Foremen	\$	74,165
Mechanic(s)		90,475
Laborers		58,474
Nightwatchmen		37,548
Maintenance and Repair Services - Equipment		47,957
Tow-in Services		820

(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 Contracted Services	\$	1,715	
Diesel Fuel		169,969	
Electricity		10,477	
Equipment and Machinery Parts		180,540	
Garage Supplies		29,500	
Gasoline		95,987	
Lubricants		19,469	
Office Supplies		1,969	
Propane Gas		2,712	
Small Tools		4,695	
Tires and Tubes		55,791	
Other Supplies and Materials		3,059	
Other Charges		65	
Total Operation and Maintenance of Equipment			\$ 885,387

Quarry Operations

Foremen	\$	75,058	
Equipment Operators		83,253	
Laborers		32,131	
Explosive and Drilling Services		46,984	
Maintenance and Repair Services - Equipment		4,772	
Permits		3,500	
Electricity		19,436	
Equipment and Machinery Parts		11,174	
Explosives and Drilling Supplies		17,276	
Other Supplies and Materials		2,786	
Other Charges		3,719	
Total Quarry Operations			300,089

Other Charges

Communication	\$	15,373	
Boiler Insurance		134	
Liability Insurance		41,687	
Trustee's Commission		122,099	
Vehicle and Equipment Insurance		60,478	
Total Other Charges			239,771

Employee Benefits

Social Security	\$	127,338	
State Retirement		221,925	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Employee Benefits (Cont.)

Employee and Dependent Insurance	\$	413,355	
Unemployment Compensation		7,150	
Employer Medicare		29,781	
Medical and Dental Services		2,780	
Workers' Compensation Insurance		35,410	
Total Employee Benefits			\$ 837,739

Capital Outlay

Bridge Construction	\$	532,141	
Communication Equipment		100	
Highway Equipment		5,775	
Motor Vehicles		84,750	
Office Equipment		5,073	
State Aid Projects		135,379	
Other Equipment		3,197	
Total Capital Outlay			766,415

Total Highway/Public Works Fund \$ 7,697,349

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	3,170,000	
Principal on Notes		115,000	
Principal on Other Loans		1,547,410	
Total General Government			\$ 4,832,410

Interest on DebtGeneral Government

Interest on Bonds	\$	1,070,660	
Interest on Notes		27,257	
Interest on Other Loans		2,981,834	
Total General Government			4,079,751

Other Debt ServiceGeneral Government

Contributions	\$	149,075	
Fiscal Agent Charges		1,838	
Trustee's Commission		113,591	
Underwriter's Discount		66,633	

(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

General Government (Cont.)

Other Debt Issuance Charges	\$ 108,992	
Total General Government		\$ 440,129

Total General Debt Service Fund \$ 9,352,290

General Capital Projects Fund

Capital Projects

Public Safety Projects

Architects	\$ 106,456	
Engineering Services	20,240	
Legal Services	5,664	
Other Contracted Services	17,760	
Other Supplies and Materials	12,000	
Building Construction	210,975	
Land	<u>1,003,458</u>	
Total Public Safety Projects		\$ 1,376,553

Social, Cultural, and Recreation Projects

Architects	\$ 22,323	
Contracts with Private Agencies	<u>81,000</u>	
Total Social, Cultural, and Recreation Projects		103,323

Public Utility Projects

Engineering Services	\$ 118,523	
Legal Services	750	
Other Contracted Services	<u>890,729</u>	
Total Public Utility Projects		1,010,002

Other General Government Projects

Engineering Services	\$ 42,431	
Legal Services	256	
Other Contracted Services	<u>213,553</u>	
Total Other General Government Projects		256,240

Highway and Street Capital Projects

Contracts with Government Agencies	\$ 300,000	
Engineering Services	876	
Legal Services	4,550	
Legal Notices, Recording, and Court Costs	2,558	
Other Contracted Services	22,200	

(Continued)

Exhibit L-7

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Highway and Street Capital Projects (Cont.)</u>		
Land	\$ 410,700	
Total Highway and Street Capital Projects		\$ 740,884
<u>Education Capital Projects</u>		
Contributions	\$ 4,000,000	
Total Education Capital Projects		<u>4,000,000</u>
Total General Capital Projects Fund		\$ 7,487,002
<u>Community Development/Industrial Park Fund</u>		
<u>Other Operations</u>		
<u>Industrial Development</u>		
Other Supplies and Materials	\$ 13,576	
Total Industrial Development		<u>\$ 13,576</u>
Total Community Development/Industrial Park Fund		<u>13,576</u>
Total Governmental Funds - Primary Government		<u>\$ 56,915,308</u>

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, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 32,026,627	
Career Ladder Program	473,900	
Career Ladder Extended Contracts	124,300	
Educational Assistants	1,525,264	
Other Salaries and Wages	196,944	
Certified Substitute Teachers	24,400	
Non-certified Substitute Teachers	519,475	
Social Security	2,065,514	
State Retirement	2,132,487	
Life Insurance	21,326	
Medical Insurance	3,996,330	
Dental Insurance	73,788	
Employer Medicare	483,044	
Other Fringe Benefits	145,456	
Maintenance and Repair Services - Equipment	81,821	
Tuition	68,632	
Other Contracted Services	327,732	
Instructional Supplies and Materials	979,208	
Textbooks	493,585	
Fee Waivers	42,810	
Other Charges	105,666	
Regular Instruction Equipment	334,983	
Total Regular Instruction Program		\$ 46,243,292

Alternative Instruction Program

Teachers	\$ 419,540	
Career Ladder Program	7,000	
Clerical Personnel	57,993	
Educational Assistants	50,461	
Social Security	31,702	
State Retirement	37,155	
Life Insurance	390	
Medical Insurance	74,693	
Dental Insurance	1,800	
Employer Medicare	7,414	
Other Fringe Benefits	2,347	
Instructional Supplies and Materials	1,400	
Total Alternative Instruction Program		691,895

(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	\$ 4,063,097	
Career Ladder Program	52,500	
Career Ladder Extended Contracts	3,000	
Homebound Teachers	77,389	
Educational Assistants	68,989	
Speech Pathologist	764,456	
Other Salaries and Wages	284,891	
Non-certified Substitute Teachers	63,075	
Social Security	391,671	
State Retirement	460,012	
Life Insurance	5,190	
Medical Insurance	242,814	
Dental Insurance	19,634	
Employer Medicare	92,118	
Other Fringe Benefits	29,407	
Contracts with Other Public Agencies	518	
Contracts with Private Agencies	1,918	
Maintenance and Repair Services - Equipment	222	
Other Contracted Services	9,490	
Instructional Supplies and Materials	39,048	
Other Supplies and Materials	1,779	
Special Education Equipment	29,226	
Total Special Education Program		\$ 6,700,444

Vocational Education Program

Teachers	\$ 1,700,366
Career Ladder Program	30,000
Career Ladder Extended Contracts	16,700
Non-certified Substitute Teachers	26,600
Social Security	105,099
State Retirement	107,618
Life Insurance	1,040
Medical Insurance	219,915
Dental Insurance	3,825
Employer Medicare	24,580
Other Fringe Benefits	7,751
Maintenance and Repair Services - Equipment	12,866
Other Contracted Services	2,495
Instructional Supplies and Materials	63,256

(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	\$	3,885	
Fee Waivers		2,953	
Total Vocational Education Program			\$ 2,328,949

Adult Education Program

Teachers	\$	100,000	
Other Salaries and Wages		17,021	
Social Security		6,837	
State Retirement		6,177	
Life Insurance		78	
Medical Insurance		12,918	
Dental Insurance		250	
Employer Medicare		1,599	
Other Fringe Benefits		291	
Other Contracted Services		1,889	
Instructional Supplies and Materials		5,086	
Other Charges		165	
Other Equipment		1,353	
Total Adult Education Program			153,664

Support Services

Attendance

Supervisor/Director	\$	75,118	
Career Ladder Program		6,500	
Career Ladder Extended Contracts		4,000	
Social Workers		183,047	
Clerical Personnel		42,480	
Other Salaries and Wages		40,978	
Social Security		20,906	
State Retirement		21,664	
Life Insurance		156	
Medical Insurance		38,415	
Dental Insurance		875	
Employer Medicare		4,889	
Other Fringe Benefits		1,339	
Travel		1,886	
Other Contracted Services		10,482	
Other Supplies and Materials		210	
Attendance Equipment		7,200	
Total Attendance			460,145

(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	\$	593,498	
Social Security		34,902	
State Retirement		28,967	
Life Insurance		273	
Medical Insurance		59,075	
Dental Insurance		1,312	
Employer Medicare		8,163	
Other Fringe Benefits		1,912	
Maintenance and Repair Services - Equipment		43	
Travel		9,505	
Other Contracted Services		15,495	
Drugs and Medical Supplies		21,731	
Other Supplies and Materials		1,994	
In Service/Staff Development		400	
Health Equipment		5,864	
Total Health Services			\$ 783,134

Other Student Support

Career Ladder Program	\$	23,715	
Guidance Personnel		1,434,924	
Psychological Personnel		362,307	
Career Ladder Extended Contracts		7,000	
Clerical Personnel		35,466	
Social Security		158,272	
State Retirement		188,075	
Life Insurance		2,298	
Medical Insurance		403,618	
Dental Insurance		9,063	
Employer Medicare		37,016	
Other Fringe Benefits		11,915	
Evaluation and Testing		67,053	
Travel		4,697	
Other Supplies and Materials		6,933	
Total Other Student Support			2,752,352

Regular Instruction Program

Supervisor/Director	\$	555,138
Career Ladder Program		45,480
Career Ladder Extended Contracts		25,000

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Librarians	\$	1,060,418	
Materials Supervisor		75,118	
Education Media Personnel		273,929	
Instructional Computer Personnel		310,217	
Clerical Personnel		173,358	
Other Salaries and Wages		79,200	
Social Security		153,929	
State Retirement		181,080	
Life Insurance		1,550	
Medical Insurance		281,166	
Dental Insurance		6,362	
Employer Medicare		36,000	
Other Fringe Benefits		11,227	
Travel		48,410	
Other Contracted Services		16,807	
Library Books/Media		156,741	
Periodicals		4,481	
Other Supplies and Materials		24,668	
In Service/Staff Development		89,125	
Other Charges		2,570	
Other Equipment		39,345	
Total Regular Instruction Program			\$ 3,651,319

Special Education Program

Supervisor/Director	\$	151,236
Career Ladder Program		6,000
Career Ladder Extended Contracts		4,000
Clerical Personnel		91,020
Other Salaries and Wages		24,936
Social Security		15,792
State Retirement		20,697
Life Insurance		127
Medical Insurance		20,703
Dental Insurance		488
Employer Medicare		3,693
Other Fringe Benefits		1,147
Travel		49,851
Other Supplies and Materials		1,609
In Service/Staff Development		8,362

(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.)

Other Charges	\$ 11,084	
Total Special Education Program		\$ 410,745

Vocational Education Program

Supervisor/Director	\$ 72,132	
Career Ladder Program	3,000	
Career Ladder Extended Contracts	4,000	
Secretary(ies)	62,074	
Social Security	8,583	
State Retirement	11,151	
Life Insurance	78	
Medical Insurance	9,063	
Dental Insurance	500	
Employer Medicare	2,007	
Other Fringe Benefits	589	
Travel	3,496	
Other Supplies and Materials	907	
In Service/Staff Development	2,454	
Other Equipment	2,498	
Total Vocational Education Program		182,532

Adult Programs

Supervisor/Director	\$ 69,936	
Social Security	4,297	
State Retirement	4,287	
Life Insurance	26	
Medical Insurance	4,729	
Dental Insurance	250	
Employer Medicare	1,005	
Other Fringe Benefits	312	
Travel	149	
Other Supplies and Materials	245	
In Service/Staff Development	2,408	
Other Charges	8,008	
Total Adult Programs		95,652

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	\$	1,350	
State Retirement		2,510	
Life Insurance		494	
Medical Insurance		279,019	
Dental Insurance		1,738	
Unemployment Compensation		8,314	
Employer Medicare		316	
Other Fringe Benefits		1,858	
Audit Services		30,000	
Dues and Memberships		14,587	
Legal Services		40,700	
Travel		3,574	
Liability Insurance		100,707	
Trustee's Commission		868,808	
Workers' Compensation Insurance		424,200	
In Service/Staff Development		17,509	
Criminal Investigation of Applicants - TBI		200	
Other Charges		15,942	
Total Board of Education			\$ 1,837,026

Director of Schools

County Official/Administrative Officer	\$	117,773	
Social Security		5,890	
State Retirement		7,219	
Life Insurance		26	
Medical Insurance		11,758	
Dental Insurance		910	
Employer Medicare		1,702	
Other Fringe Benefits		527	
Communication		32,970	
Dues and Memberships		3,379	
Postal Charges		11,023	
Travel		4,353	
In Service/Staff Development		1,792	
Total Director of Schools			199,322

Office of the Principal

Principals	\$	1,765,293	
Career Ladder Program		78,495	

(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	\$	67,000	
Assistant Principals		1,548,110	
Clerical Personnel		1,554,572	
Other Salaries and Wages		17,600	
Social Security		300,099	
State Retirement		370,327	
Life Insurance		2,805	
Medical Insurance		530,275	
Dental Insurance		11,484	
Employer Medicare		70,186	
Other Fringe Benefits		21,287	
Communication		195,928	
Maintenance and Repair Services - Equipment		6,231	
Other Contracted Services		78,553	
In Service/Staff Development		1,699	
Administration Equipment		81,758	
Total Office of the Principal			\$ 6,701,702

Fiscal Services

Supervisor/Director	\$	81,278	
Accountants/Bookkeepers		305,801	
Purchasing Personnel		81,278	
Secretary(ies)		102,140	
Social Security		33,571	
State Retirement		48,602	
Life Insurance		328	
Medical Insurance		58,084	
Dental Insurance		1,516	
Employer Medicare		7,851	
Other Fringe Benefits		2,487	
Data Processing Services		6,935	
Travel		256	
Other Contracted Services		9,937	
Office Supplies		7,372	
In Service/Staff Development		1,584	
Other Charges		718	
Administration Equipment		24,751	
Total Fiscal Services			774,489

(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	\$	80,410	
Custodial Personnel		2,173,797	
Social Security		133,273	
State Retirement		212,335	
Life Insurance		2,517	
Medical Insurance		429,765	
Dental Insurance		5,812	
Employer Medicare		31,170	
Other Fringe Benefits		9,766	
Janitorial Services		132,392	
Rentals		1	
Other Contracted Services		43,202	
Custodial Supplies		169,729	
Electricity		2,100,457	
Fuel Oil		9,584	
Natural Gas		504,868	
Water and Sewer		313,647	
Other Supplies and Materials		7,171	
Boiler Insurance		18,664	
Building and Contents Insurance		256,853	
Plant Operation Equipment		42,614	
Total Operation of Plant			\$ 6,678,027

Maintenance of Plant

Supervisor/Director	\$	150,012
Secretary(ies)		67,260
Maintenance Personnel		1,571,415
Social Security		108,865
State Retirement		152,609
Life Insurance		1,102
Medical Insurance		188,626
Dental Insurance		2,350
Employer Medicare		25,461
Other Fringe Benefits		7,105
Communication		18,612
Laundry Service		17,402
Maintenance and Repair Services - Buildings		74,639
Maintenance and Repair Services - Equipment		74,571
Travel		2,184

(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	\$	64,325	
Equipment and Machinery Parts		10,053	
Other Supplies and Materials		218,538	
In Service/Staff Development		3,040	
Maintenance Equipment		94,645	
Total Maintenance of Plant			\$ 2,852,814

Transportation

Supervisor/Director	\$	54,556	
Mechanic(s)		323,830	
Bus Drivers		1,573,612	
Clerical Personnel		40,980	
Social Security		116,612	
State Retirement		192,252	
Life Insurance		2,657	
Medical Insurance		324,013	
Dental Insurance		5,288	
Employer Medicare		27,272	
Other Fringe Benefits		7,124	
Communication		8,999	
Contracts with Parents		896	
Laundry Service		5,245	
Travel		721	
Other Contracted Services		12,649	
Diesel Fuel		373,130	
Equipment and Machinery Parts		858	
Garage Supplies		35,007	
Gasoline		115,859	
Lubricants		11,074	
Tires and Tubes		51,742	
Vehicle Parts		271,384	
Vehicle and Equipment Insurance		177,216	
Other Charges		21,452	
Transportation Equipment		1,284,730	
Total Transportation			5,039,158

Operation of Non-Instructional Services

Food Service

State Retirement	\$	236,387	
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(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.)

Life Insurance	\$	4,040	
Medical Insurance		512,274	
Dental Insurance		8,862	
Other Fringe Benefits		11,353	
Food Supplies		6,679	
Total Food Service			\$ 779,595

Community Services

Supervisor/Director	\$	52,200	
Other Salaries and Wages		47,532	
Social Security		6,255	
State Retirement		5,299	
Life Insurance		52	
Medical Insurance		9,063	
Dental Insurance		125	
Employer Medicare		1,478	
Other Fringe Benefits		371	
Travel		3,789	
Other Contracted Services		994	
Other Supplies and Materials		4,595	
Total Community Services			131,753

Early Childhood Education

Teachers	\$	145,043	
Educational Assistants		54,790	
Non-certified Substitute Teachers		600	
Social Security		11,858	
State Retirement		13,702	
Life Insurance		208	
Medical Insurance		30,360	
Dental Insurance		650	
Employer Medicare		2,773	
Other Fringe Benefits		891	
Instructional Supplies and Materials		7,996	
In Service/Staff Development		2,000	
Other Charges		6,127	
Total Early Childhood Education			276,998

(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.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 489,362	
Total Regular Capital Outlay		\$ 489,362

Principal on Debt

Education

Principal on Notes	\$ 5,511	
Principal on Capital Leases	314,846	
Total Education		320,357

Interest on Debt

Education

Interest on Notes	\$ 878	
Interest on Capital Leases	38,837	
Total Education		39,715

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 5,786,553	
Total Education		<u>5,786,553</u>

Total General Purpose School Fund		\$ 96,360,994
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,498,879
Educational Assistants	301,176
Other Salaries and Wages	31,381
Certified Substitute Teachers	3,120
Non-certified Substitute Teachers	28,919
Social Security	111,122
Handling Charges and Administrative Costs	41
State Retirement	123,353
Life Insurance	1,573
Medical Insurance	224,095
Dental Insurance	16,138
Unemployment Compensation	6,500
Employer Medicare	25,948
Other Fringe Benefits	8,200

(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.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	54,379	
Other Charges		85	
Regular Instruction Equipment		375,057	
Total Regular Instruction Program			\$ 2,809,966

Special Education Program

Teachers	\$	10,244	
Educational Assistants		1,508,243	
Social Security		635	
Medical Insurance		708,323	
Employer Medicare		149	
Total Special Education Program			2,227,594

Vocational Education Program

Teachers	\$	8,220	
Educational Assistants		51,800	
Social Security		6,100	
State Retirement		4,075	
Life Insurance		400	
Medical Insurance		8,125	
Dental Insurance		605	
Employer Medicare		910	
Other Fringe Benefits		901	
Instructional Supplies and Materials		37,574	
Vocational Instruction Equipment		96,120	
Total Vocational Education Program			214,830

Support Services

Health Services

Medical Personnel	\$	17,213	
Social Security		1,055	
State Retirement		1,055	
Life Insurance		13	
Medical Insurance		2,200	
Employer Medicare		247	
Other Fringe Benefits		77	
Total Health Services			21,860

(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

Attendants	\$	826,145	
Other Salaries and Wages		24,709	
Social Security		1,509	
State Retirement		2,508	
Life Insurance		26	
Medical Insurance		4,256	
Employer Medicare		348	
Other Fringe Benefits		132	
Total Other Student Support			\$ 859,633

Regular Instruction Program

Supervisor/Director	\$	36,176	
Secretary(ies)		73,050	
Other Salaries and Wages		64,531	
Social Security		10,437	
State Retirement		13,588	
Life Insurance		78	
Medical Insurance		20,771	
Dental Insurance		313	
Employer Medicare		2,445	
Other Fringe Benefits		628	
Travel		2,799	
Library Books/Media		93,771	
Other Supplies and Materials		8,960	
In Service/Staff Development		91,132	
Other Charges		1,540	
Other Equipment		13,887	
Total Regular Instruction Program			434,106

Vocational Education Program

Travel	\$	5,329	
In Service/Staff Development		31,756	
Total Vocational Education Program			37,085

Total School Federal Projects Fund \$ 6,605,074

(Continued)

Exhibit L-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,084	
Clerical Personnel		139,690	
Cafeteria Personnel		2,503,754	
Social Security		157,457	
State Retirement		16,066	
Medical Insurance		18,750	
Employer Medicare		36,825	
Communication		14,660	
Maintenance and Repair Services - Equipment		56,124	
Transportation - Other than Students		17,679	
Travel		2,013	
Other Contracted Services		110,111	
Food Preparation Supplies		150,374	
Food Supplies		2,425,726	
Other Supplies and Materials		58,771	
In Service/Staff Development		12,422	
Food Service Equipment		177,048	
Total Food Service			\$ 5,945,554

Total Central Cafeteria Fund \$ 5,945,554

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	1,790,672	
Land		244,442	
Other Capital Outlay		20,898	
Total Education Capital Projects			\$ 2,056,012

Total Education Capital Projects Fund 2,056,012

Total Governmental Funds - Sevier County School Department \$ 110,967,634

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, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 31,226,894
Total Cash Receipts	<u>\$ 31,226,894</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 30,914,625
Trustee's Commission	312,269
Total Cash Disbursements	<u>\$ 31,226,894</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	<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

April 25, 2008

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, 2007, which collectively comprise Sevier County's basic financial statements and have issued our report thereon dated April 25, 2008. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Sevier County Emergency Communications District and the Sevier County Public Building Authority as described in our report on Sevier County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sevier County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sevier County's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of Sevier County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01, 07.03, 07.05, and 07.06.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Sevier County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

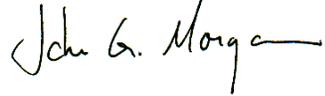
Compliance and Other Matters

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 07.02 and 07.04.

We consider item 07.07 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We 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 management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Sevier County, 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,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb



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

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

April 25, 2008

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, 2007. 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 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, 2007.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sevier County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures 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 as of and for the year ended June 30, 2007, and have issued our report thereon dated April 25, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Sevier County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards

is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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 management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Sevier County, 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,

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/sb

Sevier County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

Federal/Pass-through Agency/Program Title Grantor 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	\$ 239,668
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	775,749
National School Lunch Program	10.555	N/A	2,327,343
Summer Food Service Program for Children	10.559	N/A	6,670
Total U.S. Department of Agriculture			<u>\$ 3,349,430</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	\$ 1,750
Total U.S. Department of Housing and Urban Development			<u>\$ 1,750</u>
Bureau of Land Management, Department of the Interior:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 179,296
Total Bureau of Land Management, Department of the Interior			<u>\$ 179,296</u>
U.S. Department of Justice:			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 19,105
Total U.S. Department of Justice			<u>\$ 19,105</u>
U.S. Department of Labor:			
Passed-through Walters State Community College:			
WIA Youth Activities	17.259	N/A	\$ 50,396
Total U.S. Department of Labor			<u>\$ 50,396</u>
Environmental Protection Agency:			
Passed-through State Department of Agriculture:			
Nonpoint Source Implementation Grants	66.460	GG-06-12318-01	\$ 350,000
Total Environmental Protection Agency			<u>\$ 350,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-07-033733-00	\$ 97,922
Title I Grants to Local Educational Agencies	84.010	N/A	2,409,515
Vocational Education - Basic Grants to States	84.048	N/A	251,914
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,991,360
Special Education - Preschool Grants	84.173	N/A	90,280
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	52,541
Twenty-First Century Community Learning Centers	84.287	N/A	104,418
State Grants for Innovative Programs	84.298	N/A	150,600
Education Technology State Grants	84.318	(2)	27,872
English Language Acquisition Grants	84.365	N/A	30,326
Improving Teacher Quality State Grants	84.367	N/A	659,288
Hurricane Education Recovery	84.938	N/A	132,406
Total U.S. Department of Education			<u>\$ 6,998,442</u>

(Continued)

Sevier County, Tennessee

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

Federal/Pass-through Agency/Program Title Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 269,400
Total U.S. Election Assistance Commission			<u>\$ 269,400</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	Z-07-034254-00	\$ 19,569
Total U.S. Department of Health and Human Services			<u>\$ 19,569</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	Z-04-22529-00	\$ 18,359
State Homeland Security Program	97.073	GG-04-20814-00	21,198
Total U.S. Department of Homeland Security			<u>\$ 39,557</u>
Total Expenditures of Federal Awards			<u>\$ 11,276,945</u>
<u>State Grants</u>			
		Contract Number	
Juvenile Services Program - State Department of Children's Services	N/A	Z-07-036580-00	\$ 9,000
Family Resource Center - State Department of Education	N/A	(2)	33,300
Rehabilitation Grant - State Department of Human Services	N/A	(2)	18,677
Safe Schools - State Department of Education	N/A	(2)	61,402
Lottery for Education: Afterschool Program (LEAP) - State Department of Education	N/A	(2)	71,527
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	273,594
Driver's Education - State Department of Education	N/A	(2)	45,388
Health Department Program - State Department of Health	N/A	(2)	380,101
Litter Program - State Department of Transportation	N/A	(2)	26,249
Solid Waste Grant - State Department of Environment and Conservation	N/A	(2)	76,375
State Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	92,120
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	44,513
Total State Grants			<u>\$ 1,132,246</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.

Sevier County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

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, 2006, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	218	The office did not always issue purchase orders

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	218	Fees and commissions were not reported and paid to the county in compliance with state statute

OFFICE OF GENERAL SESSIONS COURT CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.03	219	The cash shortage from a prior year had not been liquidated

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.04	219	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, 2007

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 and the Sevier County School Department disclosed significant deficiencies 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 significant deficiencies 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 Nonpoint Source Implementation Grants (CFDA No. 66.460); the Title I Grants to Local Educational Agencies (CFDA No. 84.010); and the Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$338,308 threshold 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 07.01 **DEFICIENCIES EXISTED IN PURCHASING CONTROLS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following deficiencies were noted in the purchasing process:

- A. 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.

- B. Subsequent to June 30, 2007, officials determined that an employee of the Maintenance Department charged two purchases that appeared to be for personal use to the county's account. These two purchases were made without a purchase order and without any documentation that approved overriding the purchase order system. The invoices had been initialed as approved for payment by the maintenance supervisor and were paid by the Accounting Department. County officials questioned the employee about the two purchases, and the employee then reimbursed the county \$741. This employee no longer works for Sevier County. We have discussed this finding with the district attorney general.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases. Any purchase made without a purchase order should be properly approved prior to the purchase and adequately documented.

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 07.02 **BIDS WERE NOT SOLICITED FOR PERISHABLE FOOD COMMODITIES FOR THE COUNTY JAIL**
(Noncompliance Under Government Auditing Standards)

Perishable food commodities purchased for the county jail were not bid. Officials stated that quotes were obtained; however, no documentation was maintained of the quotes received.

Section 5-14-204, Tennessee Code Annotated, provides that the “governing bodies may exempt perishable commodities” from bid requirements. The County Commission has not formally approved the exemption of perishable commodities from bid requirements.

RECOMMENDATION

Perishable food commodities should be competitively bid unless the County Commission formally approves an exemption as required by the above-noted statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.03 **DISCREPANCIES WERE NOTED IN THE MAINTENANCE OF TIMESHEETS FOR A SCHOOL DEPARTMENT EMPLOYEE** (Internal Control – Significant Deficiency Under Government Auditing Standards)

School Department officials determined that the hours reflected on the timesheets for one School Department maintenance employee did not accurately reflect the actual hours worked. This employee had hours reported on two different timesheets maintained by the department (one for the Central Office and one for the Central Office Annex). Some hours reflected on the two separate timesheets overlapped. The employee informed us that his mother (also a School Department maintenance employee) actually completed the Central Office Annex timesheets for him, and that he was unaware of the discrepancies until he was questioned by school officials. In some instances, the timesheets were not signed by the employee and/or the appropriate supervisor.

The employee maintains that he worked the total number of hours reflected (or more), although not for the specific hours listed. The employee maintained the grounds for certain School Department buildings and stated that he worked some weekends and holidays. In addition, the director of schools and School Department supervisors take the position that based on the work accomplished, they believe he worked at least the total number of hours for which he was compensated.

School Department officials have taken steps to improve internal controls over time reporting procedures. The employee in question resigned from his position at the School Department on March 19, 2008.

RECOMMENDATION

Timesheets should reflect the actual hours worked, should be completed by the employee, and should be signed by the employee and his immediate supervisor to certify that the information is accurate.

OFFICE OF COUNTY CLERK

FINDING 07.04 **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 \$63,271 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 07.05 **THE CASH SHORTAGE FROM A PRIOR YEAR HAS NOT BEEN LIQUIDATED**

(Internal Control – Significant Deficiency 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. This amount remains uncollected as of the date of this report. A former employee of the General Sessions Court Clerk's Office had been 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.

OFFICE OF SHERIFF

**FINDING 07.06 TIMECARDS MAINTAINED FOR SHERIFF DEPARTMENT
EMPLOYEES WERE NOT ALWAYS SIGNED BY EMPLOYEES
AND SUPERVISORS**

(Internal Control – Significant Deficiency Under Government Audit Standards)

In many instances, timecards completed for Sheriff Department personnel did not include the signatures of the employee and their immediate supervisor. By signing their timecards, employees attest that the information is accurate. If the supervisor does not review and approve timecards, improper payments could result. A summary payroll report was prepared for each payroll period and was signed by the chief deputy and the sheriff. The sheriff maintains that this approval indicated that the reported hours were correct.

RECOMMENDATION

Employees should sign their timecards to attest to their accuracy, and supervisors should sign the employees' timecards as evidence of review and approval.

OTHER FINDING AND RECOMMENDATION

**FINDING 07.07 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND
PURCHASING HAD NOT BEEN ADOPTED**

(Internal Control – Control Deficiency 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, 2007

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