



**ANNUAL FINANCIAL REPORT
SEVIER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



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

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Audit Highlights

Annual Financial Report
Sevier County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2010.

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, recommendations, and management's response are included in the Single Audit section of this report.

Findings and Best Practices

The following are summaries of the audit findings and best practices:

OFFICE OF COUNTY CLERK

- ◆ A cash shortage of \$94,645.50 existed in the office at August 31, 2010.
 - ◆ Fees and commissions totaling \$120,620 were expended without proper authorization.
 - ◆ The accounting records did not adequately reflect the financial activity of the office.
 - ◆ The office was delinquent in reporting and paying fees and revenue to the county.
-

OFFICE OF COUNTY MAYOR

- ◆ The Other Special Revenue Fund was not budgeted.
 - ◆ Duties were not segregated adequately in the Payroll Department.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Promissory notes were not issued in accordance with state statutes.
-

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sevier County.

- Sevier County should adopt a central system of accounting, budgeting, and purchasing.
- Sevier County should establish an Audit Committee.

INTRODUCTORY SECTION

Sevier County Officials

June 30, 2010

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 and Juvenile Courts Clerk
Carolyn McMahan, Clerk and Master
Sherry Robertson-Huskey, Register
Ronald Seals, Sheriff

Board of County Commissioners

Larry Waters, County Mayor, Chairman
Ronnie Allen
Fred Atchley
Gene Byrd
Ben Clabo
Gary Cole
Jimbo Conner
Bryan Delius
Judy Godfrey
Mike Hillard
Warren Hurst
Jim Keener
Phil King
Charles McGaha

David Norton
Bill Oakes
Ray Ogle
Frank Parton
Harold Pitner
Tony Proffitt
Carroll Rauhuff
James Temple, Sr.
Max Watson
Kenneth Whaley
Ronnie Whaley
Kent Woods

Board of Education

Charles Temple, Chairman
Becky Barnes
John McClure

Stanley Moore
Mike Oakley

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 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

October 12, 2010

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, 2010, 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 Sevier County Emergency Communications District, which represent 1.6 percent and .8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the Sevier County Public Building Authority, which represent six percent and .1 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Sevier County Emergency Communications District and the Sevier County Public Building Authority, is based on the reports of 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, 2010, 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 October 12, 2010, on our consideration of Sevier County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

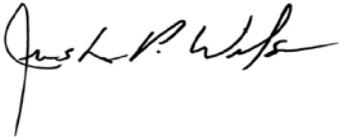
As described in Note V.B., Sevier County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 20 and budgetary comparison, pension, and other postemployment benefits information on pages 98 through 106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

SEVIER COUNTY GOVERNMENT
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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, 2010. 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 2009-2010

In total, net assets of the primary government increased by approximately \$10.2 million. All net assets of the primary government are related to governmental activities.

General revenues of the primary government accounted for \$43.4 million in revenue or 63 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$25.8 million or 37 percent of total revenues of \$69.3 million.

Total assets of governmental activities in the primary government were \$224.5 million as taxes receivable ended at \$29.9 million, cash ended at \$55.3 million, and capital assets, net of accumulated depreciation, ended at \$130.4 million.

Sevier County had \$59 million in expenses related to governmental activities. Only \$25.8 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$27.3 million) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$38.4 million in revenues and \$34.5 million in expenditures. The Highway/Public Works Fund had \$9 million in revenues and \$7.7 million in expenditures. The General Debt Service Fund had \$10.8 million in revenues and \$10.7 million in expenditures. The General Capital Projects Fund had \$5.5 thousand in revenues and \$15.9 million in expenditures. Fund balance for the General Fund increased by \$1.7 million to \$13.2 million. Fund balance for the Highway/Public Works Fund increased by \$1.3 million to \$7.7 million. Fund balance for the General Debt Service Fund increased by \$1.3 million to \$31.3 million; while fund balance for the General Capital Projects Fund decreased by \$.4 million to \$1.9 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, Highway/Public Works, General Debt Service, and General Capital Projects funds.

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 nine 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 Insurance - Health, Employee Insurance - Dental and Vision, and Workers' Compensation funds account for the activities related to the health, dental, and vision insurance provided to 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 \$79.6 million at the close of the most recent fiscal year.

At June 30, 2010, \$94 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 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 capital assets cannot be used to liquidate these liabilities.

The following is a summary of Sevier County's net assets for 2010. A comparison of the prior year is provided.

Sevier County Government Net Assets as of June 30

	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 94,114,674	\$ 85,883,302
Capital Assets	130,401,033	117,789,004
Total Assets	<u>\$ 224,515,707</u>	<u>\$ 203,672,306</u>
Long-term Liabilities Outstanding	\$ 112,348,014	\$ 106,235,781
Other Liabilities	32,612,932	28,041,128
Total Liabilities	<u>\$ 144,960,946</u>	<u>\$ 134,276,909</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 93,953,538	\$ 84,189,587
Restricted	40,167,596	37,319,805
Unrestricted	<u>(54,566,373)</u>	<u>(52,113,995)</u>
Total Net Assets	<u>\$ 79,554,761</u>	<u>\$ 69,395,397</u>

The following table shows the increase in net assets for the fiscal year 2010 and a comparative analysis of government-wide data to the prior year.

Sevier County Government Changes in Net Assets as of June 30

	<u>2010</u>	<u>2009</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 13,527,623	\$ 13,079,188
Operating Grants and Contributions	3,041,614	2,980,563
Capital Grants and Contributions	9,260,629	2,046,129
General Revenues:		
Property Taxes	27,300,725	26,428,463
Sales Taxes	3,528,483	3,628,182
Other Taxes	4,892,958	4,687,505
Grants and Contributions Unrestricted	6,118,900	5,609,987
Unrestricted Investment Income	1,556,093	2,459,872
Miscellaneous	43,130	57,421
Total Revenues	<u>\$ 69,270,155</u>	<u>\$ 60,977,310</u>
Expenses:		
General Government	\$ 6,114,775	\$ 5,873,487
Finance	3,174,914	3,151,255
Administration of Justice	3,074,915	2,940,060
Public Safety	13,115,589	12,718,739
Public Health and Welfare	8,854,117	9,739,994
Social, Cultural, and Recreational Services	1,590,316	1,420,535
Agriculture and Natural Resources	427,030	419,460
Other Operations	5,277,042	2,494,998
Highways	10,834,313	10,404,584
Education	2,119,792	7,207,441
Interest	3,735,784	3,652,785
Other Debt Service	657,304	380,240
Total Expenses	<u>\$ 58,975,891</u>	<u>\$ 60,403,578</u>
Increase (Decrease) in Net Assets	\$ 10,294,264	\$ 573,732
Net Assets - Beginning Balance	69,395,397	68,821,665
Prior-period Adjustment	<u>(134,900)</u>	<u>0</u>
Net Assets - Ending Balance	<u>\$ 79,554,761</u>	<u>\$ 69,395,397</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 \$54.8 million. Approximately \$51.9 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 \$13.2 million, of which \$13 million was 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 38 percent of total General Fund expenditures.

The fund balance of the county's General Fund increased by \$1.7 million during the current fiscal year.

The fund balance of the Highway/Public Works Fund ended at \$7.7 million, an increase of \$1.3 million.

The General Debt Service Fund again finished very strong at June 30, 2010, with a net increase of \$1.3 million of fund balance to end at \$31.3 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 Insurance – Health; Employee Insurance - Dental and Vision; and Workers' Compensation funds. 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 American Recovery and Reinvestment Act and Homeland Security Grant 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, 2010, totals \$94 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 2010 fiscal year.

Long-term Debt – At the end of the 2010 fiscal year, Sevier County had total long-term debt obligations outstanding of \$111.9 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 \$72.9 million relates to debt issued for the benefit of the School Department and other entities. The county maintains an Aa2 rating for Moody’s for general obligation debt. Interest and fiscal charges totaled seven percent of the total expenses for governmental activities.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate for the county was nine percent at June 30, 2010, down seven tenths of a percent from June 30, 2009. This compares favorably to the state’s average unemployment rate of ten percent and is five tenths of a percent below the national average of 9.5 percent. Inflationary trends in the region compare favorably to national indices. These factors were considered in preparing the county’s budget for the 2011 fiscal year. At the end of the 2010 fiscal year, unreserved fund balance in the General Fund increased to \$13.2 million. The county has budgeted \$.10 million of this fund balance to spend on fiscal year 2011. The county intends to balance the budget for the 2011 fiscal year by using this available fund balance and by holding spending at the 2010 rate.

Requests for Information

This financial report is designed to provide a general overview of 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 102E, Sevierville, TN 37862.

BASIC FINANCIAL STATEMENTS

Sevier County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government Governmental Activities	Component Units		
		Sevier County School Department	Emergency Communica- tions District	Public Building Authority
<u>ASSETS</u>				
Cash	\$ 1,960,347	\$ 7,972	\$ 325,893	\$ 11,486
Equity in Pooled Cash and Investments	53,378,806	20,781,072	0	0
Investments	0	0	844,423	1,866,630
Deferred Outflow - Interest Rate Swap	4,510,000	0	0	0
Accounts Receivable	3,399,564	213,518	83,090	0
Allowance for Uncollectibles	(1,005,651)	0	0	0
Due from Other Governments	1,906,507	7,091,745	0	0
Property Taxes Receivable	29,869,600	31,462,647	0	0
Allowance for Uncollectible Property Taxes	(1,626,849)	(1,713,614)	0	0
Prepaid Items	0	0	33,840	0
Accrued Interest Receivable	0	0	1,468	0
Other Restricted Assets	0	0	0	6,378,378
Deferred Charges - Debt Issuance Costs	1,722,350	0	0	0
Capital Assets				
Assets Not Depreciated:				
Land	4,754,794	7,959,778	0	1,181,941
Construction in Progress	16,412,820	345,050	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	20,466,125	74,099,030	453,802	0
Other Capital Assets	5,046,006	3,571,554	814,708	0
Infrastructure	83,721,288	938,177	0	0
Total Assets	<u>\$ 224,515,707</u>	<u>\$ 144,756,929</u>	<u>\$ 2,557,224</u>	<u>\$ 9,438,435</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,026,864	\$ 86,733	\$ 4,083	\$ 276
Accrued Payroll	80,193	109,755	0	0
Accrued Interest Payable	258,319	0	0	0
Contracts Payable	343,507	0	0	0
Retainage Payable	54,720	0	0	0
Derivative - Interest Rate Swap	4,510,000	0	0	0
Payable from Restricted Assets - Conduit Debt	0	0	0	6,378,378
Deferred Revenue - Current Property Taxes	26,339,256	27,744,018	0	0
Other Notes Payable	0	1,281,000	0	0
Other Current Liabilities	73	3,282,431	8,538	519,958
Noncurrent Liabilities:				
Due Within One Year	5,510,000	130,099	0	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	106,838,014	7,235,914	0	0
Total Liabilities	<u>\$ 144,960,946</u>	<u>\$ 39,869,950</u>	<u>\$ 12,621</u>	<u>\$ 6,898,612</u>

(Continued)

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

	Primary 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	\$ 93,953,538	\$ 86,317,188	\$ 0	\$ 0
Invested in Capital Assets	0	0	1,267,891	1,181,941
Restricted for:				
Courthouse and Jail Maintenance	33,426	0	0	0
Law Library	47,867	0	0	0
Drug Control	12,047	0	0	0
District Attorney General	26,726	0	0	0
Drug Court	125,327	0	0	0
Short-term Capital Assets	432,698	0	0	0
Highways	8,214,488	0	0	0
Debt Service	31,275,017	0	0	0
Capital Projects	0	1,328,588	0	0
Federal Assistance Programs	0	803,514	0	0
Unrestricted	<u>(54,566,373)</u>	<u>16,437,689</u>	<u>1,276,712</u>	<u>1,357,882</u>
Total Net Assets	<u>\$ 79,554,761</u>	<u>\$ 104,886,979</u>	<u>\$ 2,544,603</u>	<u>\$ 2,539,823</u>

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

Sevier County, Tennessee
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Charges in Net Assets							
	Program Revenues			Primary Government		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Sevier County School Department	Emergency Communications District	Public Building Authority
Primary Government:								
Governmental Activities:								
General Government	\$ 6,114,775	\$ 1,653,340	\$ 28,696	\$ 400,000	\$ (4,032,739)	\$ 0	\$ 0	\$ 0
Finance	3,174,914	3,427,815	38,919	0	291,820	0	0	0
Administration of Justice	3,074,915	1,893,067	100,536	0	(1,081,312)	0	0	0
Public Safety	13,115,589	1,481,065	144,343	390,446	(11,099,735)	0	0	0
Public Health and Welfare	8,854,117	3,491,940	415,465	863,282	(4,083,430)	0	0	0
Social, Cultural, and Recreational Services	1,590,316	20,085	67,579	4,218,895	2,716,243	0	0	0
Agriculture and Natural Resources	427,030	0	0	0	(427,030)	0	0	0
Other Operations	5,277,042	10,320	0	0	(5,266,722)	0	0	0
Highways	10,834,313	383,192	2,246,076	3,388,006	(4,817,039)	0	0	0
Education	2,119,792	1,166,799	0	0	(952,993)	0	0	0
Interest on Long-term Debt	3,735,784	0	0	0	(3,735,784)	0	0	0
Debt Service	657,304	0	0	0	(657,304)	0	0	0
Total Primary Government	\$ 58,975,891	\$ 13,527,623	\$ 3,041,614	\$ 9,260,629	\$ (33,146,025)	\$ 0	\$ 0	\$ 0
Component Units:								
Sevier County School Department	\$ 126,987,711	\$ 2,479,047	\$ 11,777,354	\$ 1,564,362	\$ 0	\$ (111,166,948)	\$ 0	\$ 0
Emergency Communications District	760,213	963,722	10,000	0	0	0	213,509	0
Public Building Authority	62,025	53,053	0	0	0	0	0	(8,972)
Total Component Units	\$ 127,809,949	\$ 3,495,822	\$ 11,787,354	\$ 1,564,362	\$ 0	\$ (111,166,948)	\$ 213,509	\$ (8,972)

(Continued)

Sevier County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Sevier County	
					School Department	Emergency Communications District
	Governmental Activities	Public Building Authority				
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes	\$ 16,006,955	\$ 28,663,646	\$ 0	\$ 0	\$ 0	0
Property Taxes Levied for Special Purposes	729,254	0	0	0	0	0
Property Taxes Levied for Highways	5,824,194	0	0	0	0	0
Property Taxes Levied for Debt Service	4,740,322	0	0	0	0	0
Local Option Sales Taxes	3,528,483	37,519,136	0	0	0	0
Other Local Taxes	440,648	358,966	0	0	0	0
Hotel/Motel Tax	2,050,568	2,034,747	0	0	0	0
Business Tax	2,045,633	0	0	0	0	0
Wholesale Beer Tax	356,109	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs	6,118,900	41,635,560	0	0	0	0
Unrestricted Investment Income	1,556,093	5,609	16,817	38,500	0	0
Miscellaneous	43,130	64,431	2,963	0	0	0
Total General Revenues	\$ 43,440,289	\$ 110,282,095	\$ 19,780	\$ 38,500		
Change in Net Assets	\$ 10,294,264	\$ (884,853)	\$ 233,289	\$ 29,528		
Net Assets, July 1, 2009	69,395,397	105,341,750	2,311,314	2,510,295		
Prior-period Adjustment	(134,900)	430,082	0	0		
Net Assets, June 30, 2010	\$ 79,554,761	\$ 104,886,979	\$ 2,544,603	\$ 2,539,823		

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

Sevier County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
Cash	\$ 375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 375
Equity in Pooled Cash and Investments	11,682,418	7,613,806	31,139,245	2,217,058	726,279	53,378,806	53,378,806
Accounts Receivable	3,227,495	5,000	58,914	100,478	3,029	3,394,916	3,394,916
Allowance for Uncollectibles	(1,005,651)	0	0	0	0	(1,005,651)	(1,005,651)
Due from Other Governments	1,461,263	370,973	5,238	47,759	21,274	1,906,507	1,906,507
Due from Other Funds	0	0	0	0	70,000	70,000	70,000
Property Taxes Receivable	17,523,499	6,372,181	5,177,397	0	796,523	29,869,600	29,869,600
Allowance for Uncollectible Property Taxes	(954,418)	(347,061)	(281,987)	0	(43,383)	(1,626,849)	(1,626,849)
Total Assets	\$ 31,934,981	\$ 14,014,899	\$ 36,098,807	\$ 2,365,295	\$ 1,573,722	\$ 85,987,704	\$ 85,987,704

LIABILITIES AND FUND BALANCES

Liabilities	\$ 197,223	\$ 101,177	\$ 0	\$ 101,340	\$ 128,320	\$ 528,060
Accounts Payable	0	80,193	0	0	0	80,193
Accrued Payroll	0	0	0	343,507	0	343,507
Contracts Payable	0	0	0	54,720	0	54,720
Retainage Payable	170,000	0	0	0	0	170,000
Due to Other Funds	73	0	0	0	0	73
Other Current Liabilities	15,452,364	5,619,041	4,565,471	0	702,380	26,339,256
Deferred Revenue - Current Property Taxes	869,449	316,163	256,882	0	39,521	1,482,015
Deferred Revenue - Delinquent Property Taxes	2,014,363	184,763	0	0	0	2,199,126
Other Deferred Revenues	\$ 18,703,472	\$ 6,301,337	\$ 4,822,353	\$ 499,567	\$ 870,221	\$ 31,196,950
Total Liabilities						

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$ 233,737	\$ 309,100	\$ 0	\$ 2,288,019	\$ 60,729	\$ 2,891,585		
12,997,772	0	0	0	0	12,997,772		
0	7,404,462	0	0	636,895	8,041,357		
0	0	31,276,454	0	0	31,276,454		
0	0	0	(422,291)	5,877	(416,414)		
<u>\$ 13,231,509</u>	<u>\$ 7,713,562</u>	<u>\$ 31,276,454</u>	<u>\$ 1,865,728</u>	<u>\$ 703,501</u>	<u>\$ 54,790,754</u>		
\$ 31,934,981	\$ 14,014,899	\$ 36,098,807	\$ 2,365,295	\$ 1,573,722	\$ 85,987,704		

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances</u>
Reserved for Encumbrances
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Funds
Capital Projects Funds (Deficit)
Total Fund Balances
Total Liabilities and Fund Balances

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

Sevier County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

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)		\$ 54,790,754
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 4,754,794	
Add: construction in progress	16,412,820	
Add: infrastructure net of accumulated depreciation	83,721,288	
Add: buildings and improvements net of accumulated depreciation	20,466,125	
Add: other capital assets net of accumulated depreciation	<u>5,046,006</u>	130,401,033
(2) Internal service funds are used by management to charge the cost of workers' compensation, employee health, dental, and vision benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,565,816
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (79,655,505)	
Less: bonds payable	(32,275,000)	
Less: other postemployment benefits liability	(575,121)	
Add: deferred amount on refunding	768,383	
Add: deferred charges - debt issuance costs	1,722,350	
Less: accrued interest on bonds, notes, and other loans	(258,319)	
Less: other deferred revenue - premium on debt	<u>(610,771)</u>	(110,883,983)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,681,141</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ 79,554,761</u>

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

Sevier County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other			
					Governmental Funds	Governmental Funds		
Revenues								
Local Taxes	\$ 24,904,328	\$ 6,014,524	\$ 4,879,890	\$ 0	\$ 0	\$ 789,057	\$ 36,587,799	
Licenses and Permits	358,544	0	0	0	0	0	358,544	
Fines, Forfeitures, and Penalties	326,019	0	0	0	0	180,117	506,136	
Charges for Current Services	3,312,200	0	0	0	0	333,843	3,646,043	
Other Local Revenues	282,019	61,652	1,532,469	4,189,598	0	35,717	6,101,455	
Fees Received from County Officials	5,671,737	0	0	0	0	0	5,671,737	
State of Tennessee	2,632,608	2,548,453	0	430,498	0	0	5,611,559	
Federal Government	504,438	0	0	400,000	0	126,961	1,031,399	
Other Governments and Citizens Groups	391,786	369,480	4,422,537	432,784	0	0	5,616,587	
Total Revenues	\$ 38,383,679	\$ 8,994,109	\$ 10,834,896	\$ 5,452,880	\$ 1,465,695	\$ 1,465,695	\$ 65,131,259	
Expenditures								
Current:								
General Government	\$ 4,133,662	\$ 0	\$ 0	\$ 0	\$ 0	\$ 196,292	\$ 4,329,954	
Finance	2,271,309	0	0	0	0	195,880	2,467,189	
Administration of Justice	2,247,959	0	0	0	0	93,181	2,341,140	
Public Safety	10,056,635	0	0	0	0	210,909	10,267,544	
Public Health and Welfare	4,538,894	0	0	0	0	2,563,972	7,102,866	
Social, Cultural, and Recreational Services	1,157,754	0	0	0	0	29,689	1,187,443	
Agriculture and Natural Resources	348,551	0	0	0	0	0	348,551	
Other Operations	9,362,163	0	0	0	0	139,288	9,501,451	
Highways	196,602	7,654,340	0	0	0	0	7,850,942	
Debt Service:								
Principal on Debt	0	0	5,340,000	0	0	0	5,340,000	
Interest on Debt	0	0	3,900,839	0	0	0	3,900,839	
Other Debt Service	0	0	274,882	0	0	0	274,882	
Capital Projects	235,669	0	0	15,880,058	0	12,173	16,127,900	
Capital Projects - Donated	0	0	1,200,000	0	0	0	1,200,000	
Total Expenditures	\$ 34,549,198	\$ 7,654,340	\$ 10,715,721	\$ 15,880,058	\$ 3,441,384	\$ 3,441,384	\$ 72,240,701	

(Continued)

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 Governmental Funds	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,834,481	\$ 1,339,769	\$ 119,175	\$ (10,427,178)	\$ (1,975,689)	\$	\$ (7,109,442)
Other Financing Sources (Uses)							
Other Loans Issued	\$ 0	\$ 0	\$ 1,200,000	\$ 10,000,000	\$ 0	\$ 0	\$ 11,200,000
Insurance Recovery	55,270	0	0	0	13,950	69,220	69,220
Transfers In	0	0	0	0	2,192,000	2,192,000	2,192,000
Transfers Out	(2,192,000)	0	0	0	0	0	(2,192,000)
Total Other Financing Sources (Uses)	\$ (2,136,730)	\$ 0	\$ 1,200,000	\$ 10,000,000	\$ 2,205,950	\$ 11,269,220	
Net Change in Fund Balances	\$ 1,697,751	\$ 1,339,769	\$ 1,319,175	\$ (427,178)	\$ 230,261	\$ 4,159,778	
Fund Balance, July 1, 2009	11,533,758	6,373,793	29,957,279	2,292,906	473,240	50,630,976	
Fund Balance, June 30, 2010	\$ 13,231,509	\$ 7,713,562	\$ 31,276,454	\$ 1,865,728	\$ 703,501	\$ 54,790,754	

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

Sevier County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2010

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)		\$ 4,159,778
(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	\$ 18,505,478	
Less: current year depreciation expense	<u>(8,863,257)</u>	9,642,221
(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	\$ 3,034,750	
Less: book value of assets disposed	<u>(64,942)</u>	2,969,808
(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, 2010	\$ 3,681,141	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(3,712,122)</u>	(30,981)
(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	\$ (11,200,000)	
Add: change in premium on debt issuances	253,948	
Less: change in deferred debt issuance costs	(382,422)	
Add: principal payments on bonds	2,470,000	
Add: principal payments on other loans	2,870,000	
Less: change in deferred amount on refunding debt	<u>(120,060)</u>	(6,108,534)

(Continued)

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

(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	\$	31,167
Change in other postemployment benefits liability		<u>(251,221)</u>
	\$	(220,054)
(6) Internal service funds are used by management to charge the cost of workers' compensation, employee health, dental, and vision 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>(117,974)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 10,294,264</u>

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

Sevier County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2010

Governmental
 Activities -
 Internal
Service Funds

ASSETS

Current Assets:

Cash	\$ 1,959,972
Accounts Receivable	4,648
Due from Other Funds	<u>100,000</u>
Total Assets	<u>\$ 2,064,620</u>

LIABILITIES

Current Liabilities:

Accounts Payable	<u>\$ 498,804</u>
Total Liabilities	<u>\$ 498,804</u>

NET ASSETS

Unrestricted	<u>\$ 1,565,816</u>
Total Net Assets	<u>\$ 1,565,816</u>

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

Sevier County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 5,987,759
Other Employee Benefit Charges/Contributions	190,096
Patient Charges	1,007
Total Operating Revenues	<u>\$ 6,178,862</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 151,796
Employee and Dependent Insurance	99,958
Excess Risk Insurance	724,136
Medical Claims	5,344,335
Total Operating Expenses	<u>\$ 6,320,225</u>
Operating Income (Loss)	<u>\$ (141,363)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 23,389
Total Nonoperating Revenues (Expenses)	<u>\$ 23,389</u>
Change in Net Assets	\$ (117,974)
Net Assets, July 1, 2009	<u>1,683,790</u>
Net Assets, June 30, 2010	<u><u>\$ 1,565,816</u></u>

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

Sevier County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 6,011,828
Receipts for Patient Charges	191,103
Payments to Insurers	(824,094)
Payments for Claims	(5,394,648)
Payments for Administrative Costs	(151,796)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (167,607)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 23,389</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 23,389</u>
Increase (Decrease) in Cash	\$ (144,218)
Cash, July 1, 2009	<u>2,104,190</u>
Cash, June 30, 2010	<u><u>\$ 1,959,972</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (141,363)
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	24,069
Increase (Decrease) in Accounts Payable	(50,313)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (167,607)</u></u>

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

Sevier County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,818,703
Equity in Pooled Cash and Investments	387,303
Accounts Receivable	800
Due from Other Governments	5,290,460
Cash Shortage	<u>11,921</u>
Total Assets	<u><u>\$ 9,509,187</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,290,460
Due to Litigants, Heirs, and Others	3,831,424
Due to Joint Ventures	<u>387,303</u>
Total Liabilities	<u><u>\$ 9,509,187</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, 2010

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.

Excluded Fund – The financial statements do not include financial information of the Sevier County Fair and Fairgrounds Fund, a nonmajor governmental fund, which was not available from other auditors in time for inclusion in this report. The effects of this omission are not considered to be material to the financial statements of this report.

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 to purchase 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 final principal and interest requirements on the note.

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 totaling \$1,200,000 were contributed by the county to the School Department during the year ended June 30, 2010.

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 type.

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, Employee Insurance - Dental and Vision, and Workers' Compensation funds, are used to account for the county's self-insured health, dental and vision, 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 and vision 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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented 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 ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.98 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 account reflected in the discretely presented School Department's General Purpose School Fund represents the remaining balance in the teachers' insurance clearing account. Other Notes Payable account in the discretely presented School Department's General Purpose School and Education Capital Project funds represents amounts payable on two land purchase financing agreements.

Retainage payable in the General Capital Projects Fund and in 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 other long-term obligations, including other postemployment benefits, 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, 2010, Sevier County had \$72,946,751 in outstanding debt for capital purposes for the discretely presented Sevier County School Department. The debt is a liability of Sevier County, but the capital assets acquired are reported in the financial statements of the School Department. 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.

7. Prior-period Adjustments

The Other Postemployment Benefits liability was restated for both the primary government and the School Department due to the omission of the liability for the Medicare Supplement Plan in prior years. The liability for the primary government was increased by \$134,900, and the liability for the School Department was increased by \$284,350.

Capital assets for the discretely presented School Department were restated from the prior year because an auditorium building was added at an incorrect amount. Buildings and improvements were increased by \$990,613, and the corresponding accumulated depreciation was increased by \$276,181, resulting in a net restatement of \$714,432.

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 required to be 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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 in unreserved fund balance of \$422,291 at June 30, 2010. This deficit resulted from the unperformed portion of construction contracts of \$2,288,019 being reserved as encumbrances. Funding for these future expenditures, which includes waterline projects, industrial site improvement project, and a public library is to be received from the proceeds of loan agreements. As loan proceeds are needed to pay the contract expenditures, the monies are transferred to the county and interest begins accruing. Of this \$2,288,019 in encumbrances, \$880,674 relates to construction contracts for the new Sevier County King Family Library. In addition to funds provided through loan proceeds, management also expects a significant portion of the costs for the library to be funded through a combination of public and private donations.

C. Cash Shortages – Prior and Current Years

Office of General Sessions Courts Clerk

The county's 2004-05 audit report reflected a cash shortage of \$16,643.47 in the Office of General Sessions Courts Clerk. This cash shortage resulted from the office personnel's failure to deposit or otherwise account for certain receipts and other deposit items that were not receipted. A former employee was indicted for theft involving this cash shortage and was granted pretrial diversion in June 2008. As part of this pretrial diversion agreement, the former employee agreed to pay restitution to the county of \$15,372.22. As of June 30, 2010, this person had made payments of \$3,451.50, leaving an outstanding shortage of \$11,920.72. On July 20, 2010, the former employee paid the remainder of the agreed restitution.

Office of County Clerk

Subsequent to June 30, 2010, a cash shortage of \$94,645.50 was discovered in the Office of County Clerk. County Clerk Joe Keener, II liquidated the shortage from personal funds and resigned from the office on August 30, 2010. Details of this shortage are presented in the Single Audit section of this report.

D. Fund Operating Without a Budget

The Other Special Revenue Fund was established during the year to account for transactions of the Drug Court. An annual budget had not been adopted for this fund, which is a violation of state statutes. Management was unaware of the requirement to adopt a budget for the fund and has taken steps to ensure that the fund is budgeted in the following year.

E. Promissory Notes Were Not Issued in Accordance With State Statute

The Board of Education entered into two promissory notes during the year and two notes subsequent to year-end without proper approval. Details of this deficiency are presented 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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2010.

B. Derivative Instruments

Primary Government

At June 30, 2010, Sevier had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$3 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	\$ 3,000,000	12-17-01	6-1-25	Pay 4.4% receive 63.4% of LIBOR
\$4 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	4,000,000	12-17-01	6-1-25	Pay 4.24% receive 70% of LIBOR
\$13 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	13,000,000	12-17-01	6-1-25	Pay 3.97% receive 67% of LIBOR
\$14.365 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	14,435,000	12-17-01	6-1-25	Pay 4.38% receive 63.4% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows:

Type	Classification	Changes in Fair Value		Fair Value at June 30, 2010		6-30-10
		Amount	Classification	Amount	Amount	Notional Amount
Governmental Activities						
Cash Flow Hedges:						
Pay-fixed interest rate swaps:						
\$3 M Swap	Deferred Outflow	\$ (36,442)	Debt	\$ (604,132)	\$ 3,000,000	
\$4 M Swap	Deferred Outflow	(83,730)	Debt	(352,002)	2,560,000	
\$13 M Swap	Deferred Outflow	(182,300)	Debt	(1,707,026)	13,000,000	
\$14.365 M Swap	Deferred Outflow	(103,684)	Debt	(1,846,840)	13,285,000	
Totals		<u>\$ (406,156)</u>		<u>\$ (4,510,000)</u>	<u>\$ 31,845,000</u>	

Derivative Swap Agreement Detail

\$3 M Swap:

The Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement under its Series IV-H-3 Loan Agreement.

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. The Series IV-H-3 bonds have since been refunded with a portion of the proceeds of the Series VII-A-4 bonds and the interest rate swap is now associated with the Series VII-A-4 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.4 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$3 million and the original associated variable-rate bonds had a \$3 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-A-4 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement had an effective date of December 17, 2001, and matures on June 1, 2025. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.400 %
Variable payment from counterparty	% of LIBOR	<u>-1.708</u>
Net interest rate swap payments		2.692 %
Variable-rate bond coupon payments		<u>0.250</u>
Synthetic interest rate on bonds		<u><u>2.942</u> %</u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$604,131. 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, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, should 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, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the bond rate increase to above 63.4 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 63.4 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, 2010, 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	
	Principal	Interest	Payment	Total
2011	\$ 0	\$ 7,500	\$ 80,760	\$ 88,260
2012	0	7,500	80,760	88,260
2013	0	7,500	80,760	88,260
2014	0	7,500	80,760	88,260
2015	0	7,500	80,760	88,260
2016-2020	0	37,500	403,801	441,301
2021-2025	3,000,000	23,375	251,702	3,275,077
Total	\$ 3,000,000	\$ 98,375	\$ 1,059,303	\$ 4,157,678

\$4 M Swap:

The Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement under its Series IV-E-4 Loan Agreement.

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. The Series IV-E-4 bonds have since been refunded with a portion of the proceeds of the Series VII-A-4 bonds and the interest rate swap is now associated with the Series VII-A-4 bonds.

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 an original notional amount of \$4 million and the original associated variable-rate bonds had a \$4 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-A-4 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement had an effective date of December 17, 2001, and matures on June 1, 2020. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.240 %
Variable payment from counterparty	% of LIBOR	<u>-0.241</u>
Net interest rate swap payments		3.999 %
Variable-rate bond coupon payments		<u>0.250</u>
Synthetic interest rate on bonds		<u><u>4.249 %</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$352,002. 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, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, should 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, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the bond rate increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being 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, 2010, 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	
	Principal	Interest	Payment	Total
2011	\$ 200,000	\$ 6,400	\$ 102,372	\$ 308,772
2012	210,000	5,900	94,375	310,275
2013	220,000	5,375	85,977	311,352
2014	235,000	4,825	77,179	317,004
2015	245,000	4,238	67,782	317,020
2016-2020	1,450,000	11,250	179,951	1,641,201
Total	\$ 2,560,000	\$ 37,988	\$ 607,636	\$ 3,205,624

\$13 M Swap:

The Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement under its Series V-A-1 Loan Agreement.

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. The Series V-A-1 bonds have since been refunded with a portion of the proceeds of the Series VII-B-1 bonds and the interest rate swap is now associated with the Series VII-B-1 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.97 percent and receives a variable payment computed as 67 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$13 million and the original associated variable-rate bonds had a \$13 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-B-1 Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA) . The swap agreement had an effective date of December 17, 2001, and matures on June 1, 2025. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.970 %
Variable payment from counterparty	% of LIBOR	<u>-1.805</u>
Net interest rate swap payments		2.165 %
Variable-rate bond coupon payments		<u>1.700</u>
		<u>3.865 %</u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,707,026. 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, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, should 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, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the bond rate increase to above 67 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 67 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, 2010, 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	
	Principal	Interest	Payment	Total
2011	\$ 0	\$ 221,000	\$ 281,453	\$ 502,453
2012	0	221,000	281,453	502,453
2013	0	221,000	281,453	502,453
2014	0	221,000	281,453	502,453
2015	0	221,000	281,453	502,453
2016-2020	1,850,000	1,105,000	1,407,263	4,362,263
2021-2025	11,150,000	591,600	753,427	12,495,027
Total	\$ 13,000,000	\$ 2,801,600	\$ 3,567,955	\$ 19,369,555

\$14.435 M Swap:

The Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement under its Series IV-A-2 Loan Agreement.

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. The Series IV-A-2 bonds have since been refunded with a portion of the proceeds of the Series VII-B-1 bonds and the interest rate swap is now associated with the Series VII-B-1 bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.38 percent and receives a variable payment computed as 63.4 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had an original notional amount of \$14.435 million and the original associated variable-rate bonds had a \$14.435 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-B-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (SIFMA). The swap agreement had an effective date of December 17, 2001, and matures on June 1, 2025. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.380 %
Variable payment from counterparty	% of LIBOR	<u>-1.708</u>
Net interest rate swap payments		2.672 %
Variable-rate bond coupon payments		<u>1.700</u>
		<u><u>4.372 %</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,846,840. 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, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, should 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, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the bond rate increase to above 63.4 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the bond rate being below 63.4 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, 2010, 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	
	Principal	Interest	Payment	Total
2011	\$ 430,000	\$ 225,845	\$ 354,976	\$ 1,010,821
2012	440,000	218,535	343,486	1,002,021
2013	625,000	211,055	331,729	1,167,784
2014	665,000	200,430	315,029	1,180,459
2015	700,000	189,125	297,260	1,186,385
2016-2020	8,845,000	634,610	997,459	10,477,069
2021-2025	1,580,000	83,300	130,928	1,794,228
Total	<u>\$ 13,285,000</u>	<u>\$ 1,762,900</u>	<u>\$ 2,770,867</u>	<u>\$ 17,818,767</u>

C. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 4,702,988	\$ 51,806	\$ 0	\$ 4,754,794
Construction in Progress	4,645,847	11,936,019	(169,046)	16,412,820
Total Capital Assets Not Depreciated	<u>\$ 9,348,835</u>	<u>\$ 11,987,825</u>	<u>\$ (169,046)</u>	<u>\$ 21,167,614</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 25,990,545	\$ 814,991	\$ 0	\$ 26,805,536
Roads and Bridges	142,237,485	7,419,001	0	149,656,486
Other Capital Assets	12,216,890	1,487,457	(297,690)	13,406,657
Total Capital Assets Depreciated	<u>\$ 180,444,920</u>	<u>\$ 9,721,449</u>	<u>\$ (297,690)</u>	<u>\$ 189,868,679</u>

Governmental Activities (Cont.):

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,816,942	\$ 522,469	\$ 0	\$ 6,339,411
Roads and Bridges	58,547,476	7,387,722	0	65,935,198
Other Capital Assets	7,640,333	953,066	(232,748)	8,360,651
Total Accumulated Depreciation	<u>\$ 72,004,751</u>	<u>\$ 8,863,257</u>	<u>\$ (232,748)</u>	<u>\$ 80,635,260</u>
Total Capital Assets Depreciated, Net	<u>\$ 108,440,169</u>	<u>\$ 858,192</u>	<u>\$ (64,942)</u>	<u>\$ 109,233,419</u>
Governmental Activities Capital Assets, Net	<u>\$ 117,789,004</u>	<u>\$ 12,846,017</u>	<u>\$ (233,988)</u>	<u>\$ 130,401,033</u>

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

Governmental Activities:

General Government	\$ 267,529
Finance	23,684
Public Safety	609,317
Public Health and Welfare	223,044
Social, Cultural, and Recreational Services	54,312
Agriculture and Natural Resources	9,466
Other Operations	171,762
Highways/Public Works	<u>7,504,143</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,863,257</u>

Discretely Presented Sevier County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 6,926,034	\$ 1,033,744	\$ 0	\$ 7,959,778
Construction in Progress	9,215,638	1,859,766	(10,730,354)	345,050
Total Capital Assets Not Depreciated	\$ 16,141,672	\$ 2,893,510	\$ (10,730,354)	\$ 8,304,828
Capital Assets Depreciated:				
Buildings and Improvements	\$ 102,607,978	\$ 12,281,092	\$ 0	\$ 114,889,070
Infrastructure	4,544,169	398,835	0	4,943,004
Other Capital Assets	13,622,575	707,805	0	14,330,380
Total Capital Assets Depreciated	\$ 120,774,722	\$ 13,387,732	\$ 0	\$ 134,162,454
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 37,986,691	\$ 2,803,349	\$ 0	\$ 40,790,040
Infrastructure	3,872,346	132,481	0	4,004,827
Other Capital Assets	9,883,450	875,376	0	10,758,826
Total Accumulated Depreciation	\$ 51,742,487	\$ 3,811,206	\$ 0	\$ 55,553,693
Total Capital Assets Depreciated, Net	\$ 69,032,235	\$ 9,576,526	\$ 0	\$ 78,608,761
Governmental Activities Capital Assets, Net	\$ 85,173,907	\$ 12,470,036	\$ (10,730,354)	\$ 86,913,589

The beginning balances in Capital Assets Depreciated and Accumulated Depreciation for Buildings and Improvements have been increased by \$990,613 and \$276,181, respectively. These changes were made by the School Department due to the addition of an asset at the incorrect amount in a prior year.

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

Governmental Activities:

Instruction	\$ 2,579,345
Support Services	1,043,230
Operation of Non-Instructional Services	<u>188,631</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,811,206</u>

D. Construction Commitments

At June 30, 2010, the General Capital Projects Fund had uncompleted construction contracts of approximately \$121,357 for the ambulance service facility, \$880,674 for a new library, \$958,135 for industrial site development project, and \$327,852 for waterline projects. Funding for these future expenditures is being provided through other loans issued by the primary government and through private contributions for the library.

Additionally, the School Department's Education Capital Projects Fund had uncompleted construction contracts of \$506,034 for various renovations and construction projects. Funding for these future expenditures is being provided through other loans issued by the primary government.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental fund	General	\$ 70,000
Internal service funds	General	<u>100,000</u>
Total		<u>\$ 170,000</u>

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

Primary Government

	Transfer In Nonmajor Governmental Funds
Transfer Out	
General Fund	\$ 2,192,000

Discretely Presented Sevier County School Department

	Transfer In General Purpose School
Transfer Out	
Nonmajor governmental funds	\$ 33,364

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.

F. Capital Leases

Discretely Presented Sevier County School Department

On December 12, 2008, the School Department entered into a six-year lease-purchase agreement to finance the purchase of a geothermal plant. The terms of the agreement require total lease payments of \$708,829, plus interest on the lease agreement of 4.35 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, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 147,119
2012	147,119
2013	147,119
2014	147,119
2015	<u>61,298</u>
Total Minimum Lease Payments	\$ 649,774
Less: Amount Representing Interest	<u>(59,576)</u>
Present Value of Minimum Lease Payments	<u>\$ 590,198</u>

G. 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 and other loans have been issued to refund other general obligation bonds and loans. 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 and other loans outstanding were issued for original terms of up to 17 years for bonds and up to 23 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 and other loans included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund. The county had no outstanding capital outlay notes as of June 30, 2010.

General obligation bonds and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	3 to 4.3 %	\$ 2,700,000	\$ 2,585,000
General Obligation Bonds - Refunding	2 to 4.5	39,360,000	29,690,000
Other Loans - Fixed Rate - Refunding	3 to 5	19,775,000	16,625,000
Other Loans - Variable Rate	Variable	21,450,000	15,775,505
Other Loans - Variable Rate - Refunding	Variable	49,395,000	47,255,000

Sevier County has entered into loan agreements with the Sevier County Public Building Authority (PBA). The loan agreements provide for the PBA to make funds available for loan to Sevier County on an as-needed basis to finance various capital projects for the county and the discretely presented School Department. As of June 30, 2010, \$5,574,495 remains available for future draws under the loan agreements. In addition to interest, the county pays various other fees (trustee, letter of credit, debt remarketing, administrative, etc.) in connection with these loans. The following table summarizes the loan agreements outstanding at June 30, 2010, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rate as of 6-30-10	Other Fees on Variable Rate Debt
Series V-D-1 (Refunding)	\$ 6,150,000	\$ 5,040,000	Fixed	3 - 4%	0%
Series VII-A-4 (Refunding)(1)	6,900,000	5,560,000	Variable	.25	.90
Series VII-B-1 (Refunding)(2)	42,495,000	41,695,000	Variable	.24	1.16
Series VII-B-1	21,450,000	15,775,505 (3)	Variable	.24	1.16
Series V-F-1 (Refunding)	13,625,000	<u>11,585,000</u>	Fixed	3.5 - 5	0
Total		<u>\$ 79,655,505</u>			

(1) This issue refunded other issues for which outstanding interest rate swap agreements exist (Series IV-E-4 and Series IV-H-3).

(2) This issue refunded other issues for which outstanding interest rate swap agreements exist (Series IV-A-2 and Series V-A-1).

(3) Total available at June 30, 2010, for future draws under this loan agreement is \$5,574,495.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following table. The annual requirements for the other loans reflected in the table are estimated based on outstanding principal totaling \$79,655,505.

Estimated interest payments and estimated other fees are included for the loan agreements. The Series VII-A-4 and VII-B-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, 2010.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 2,900,000	\$ 1,258,603	\$ 4,158,603
2012	2,975,000	1,163,828	4,138,828
2013	3,285,000	1,062,490	4,347,490
2014	4,025,000	936,852	4,961,852
2015	4,165,000	781,202	4,946,202
2016-2020	7,845,000	2,212,393	10,057,393
2021-2025	7,080,000	979,931	8,059,931
Total	\$ 32,275,000	\$ 8,395,299	\$ 40,670,299

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 2,610,000	\$ 833,954	\$ 716,698	\$ 4,160,652
2012	2,695,000	770,032	708,750	4,173,782
2013	2,615,000	703,961	700,596	4,019,557
2014	2,155,000	643,322	690,206	3,488,528
2015	2,235,000	609,601	675,969	3,520,570
2016-2020	20,600,000	2,173,878	3,065,727	25,839,605
2021-2025	24,915,000	802,385	2,055,715	27,773,100
2026-2030	18,545,000	177,678	858,777	19,581,455
2031	3,285,505	7,885	38,112	3,331,502
Total	\$ 79,655,505	\$ 6,722,696	\$ 9,510,550	\$ 95,888,751

There is \$31,276,454 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$453, based on the 2000 federal census. Debt per capita, including bonds and other loans totaled \$1,573, based on the 2000 federal census.

During the year, the School Department remitted \$4,230,121 to the primary government's General Debt Service Fund to be applied to the retirement of debt issued for the benefit of the School Department.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Other Loans	Other Postemployment Benefits
Balance, July 1, 2009	\$ 34,745,000	\$ 71,325,505	\$ 323,900 (1)
Additions	0	11,200,000	378,321
Deductions	(2,470,000)	(2,870,000)	(127,100)
Balance, June 30, 2010	<u>\$ 32,275,000</u>	<u>\$ 79,655,505</u>	<u>\$ 575,121</u>
Balance Due Within One Year	<u>\$ 2,900,000</u>	<u>\$ 2,610,000</u>	<u>\$ 0</u>

(1) The balance at July 1, 2009, has been increased by \$134,900 over the amount previously reported due to the omission of the Medicare Supplement Plan in the previous actuarial study.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 112,505,626
Less: Balance Due Within One Year	(5,510,000)
Less: Deferred Amount on Refunding	(768,383)
Add: Unamortized Premium on Debt	<u>610,771</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 106,838,014</u>

Discretely Presented Sevier County School Department

Notes

Sevier County issues capital outlay notes for the School Department 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. 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, 2010, will be retired from the General Purpose School Fund.

Capital outlay notes and capital leases outstanding as of June 30, 2010, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Outlay Note	3 %	\$ 39,806	\$ 6,203
Capital Leases	4.35	708,829	590,198

The annual requirements to amortize all notes outstanding as of June 30, 2010, including interest payments, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 6,203	\$ 186	\$ 6,389
Total	\$ 6,203	\$ 186	\$ 6,389

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:	Notes	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2009	\$ 12,225	\$ 1,056,289	\$ 3,968,230 (1)
Additions	0	0	4,061,429
Deductions	(6,022)	(466,091)	(1,260,047)
Balance, June 30, 2010	\$ 6,203	\$ 590,198	\$ 6,769,612
Balance Due Within One Year	\$ 6,203	\$ 123,896	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 7,366,013
Less: Balance Due Within One Year	<u>(130,099)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,235,914</u>

(1) The balance at July 1, 2009, has been increased by \$284,350 over the amount previously reported due to the omission of the Medicare Supplement Plan in the previous actuarial study.

H. On-Behalf Payments – Discretely Presented Sevier County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sevier County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$185,304 and \$29,316, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

The county has chosen to establish three self-insurance funds for risks associated with the employees' health, dental, and vision plans for the primary government, and risks associated with workers' compensation claims for both 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 \$85,000 for each employee and approximately \$6,552,000 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 \$2,298,485 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, dental, and vision 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 \$905,397 for health coverage, \$116,961 for dental and vision coverage, and \$543,458 for workers' compensation coverage at June 30, 2010. 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
2008-2009	\$357,000	\$4,846,513	(\$4,748,513)	\$455,000
2009-2010	455,000	4,819,726	(4,844,726)	430,000

Employee Insurance - Dental and Vision Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2008-2009	\$6,345	\$53,864	(\$57,092)	\$3,117
2009-2010	3,117	61,615	(53,528)	11,204

Workers' Compensation Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2008-2009	\$43,000	\$695,759	(\$647,759)	\$91,000
2009-2010	91,000	462,994	(496,394)	57,600

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. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Sevier County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Sevier County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements

used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Sevier County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Note IV.B, Derivative Instruments describes derivative transactions of Sevier County as of and for the year ended June 30, 2010.

C. Subsequent Events

County Clerk Joe Keener, II, resigned August 30, 2010. Karen Cotter is serving as interim clerk.

Subsequent to June 30, 2010, the County Commission authorized a loan agreement with the Tennessee State School Bond Authority for an amount not to exceed \$14,661,423. This loan will be used for the construction of new schools.

D. Contingent Liabilities

Sevier County is contingently liable for the Tennessee Department of Environment and Conservation's financial assurance requirements regarding landfill closure/postclosure care costs (\$1,926,710 at June 30, 2010). The county would be obligated for this amount in the event of default on closure/postclosure care costs by Sevier Solid Waste, Inc., a joint venture discussed in Note V.E.

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

E. Joint Ventures

Sevier Solid Waste, Inc., is a non-profit organization created under the laws of the State of Tennessee 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 leased 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 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, 2010, and does not have any equity interest in this joint venture.

The Sevier County Economic Development Council is a joint venture operated by Sevier County, the cities of Sevierville, Pigeon Forge, 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 \$139,000 to the operations of the Economic Development Council for the 2009-10 year.

Complete financial statements for Sevier Solid Waste, Inc., Sevier Water Board, Inc., Fourth Judicial District Drug Task Force, and Sevier County Economic Development Council 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

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.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Sevier County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 9.43 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, Sevier County's annual pension cost of \$3,362,530 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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 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, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$3,362,530	100%	\$0
6-30-09	3,297,311	100	0
6-30-08	3,291,936	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 81.83 percent funded. The actuarial accrued liability for benefits was \$79.59 million, and the actuarial value of assets was \$65.13 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$14.47 million. The covered payroll (annual payroll of active employees covered by the plan) was \$33.04 million, and the ratio of the UAAL to the covered payroll was 43.78 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

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. Cost of living adjustments (COLA) are 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 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, 2010, 2009, and 2008, were \$3,678,415, \$3,600,887, and \$3,305,595, respectively, equal to the required contributions for each year

G. Other Postemployment Benefits (OPEB)

Primary Government

Sevier County participates in a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for medical benefits for retirees and their beneficiaries. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the County Commission. Sevier County also participates in the state-administered Medicare Supplement Plan. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. The Medicare Supplement Plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements are established and may be amended by the County Commission. The plans are self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligible employees must be age 55 with 15 years of service or any age with 30 years of service until attainment of age 65 when they become eligible for Medicare. Retirees are required to pay \$280 per month for their insurance coverage. The retiree's spouse is eligible for coverage until age 65, as long as the retiree is eligible for coverage. The county also provides a partial subsidy to post-65 retirees based on years of service in the Medicare Supplement Plan. The employee must have at least 15 years of service and a member in the state's retirement system to be eligible for the Medicare Supplement Plan. During the year ended June 30, 2010, the county contributed \$127,100 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Self-Insured Plan	Medicare Supplement Plan
ARC	\$ 241,000	\$ 137,000
Interest on the NPO	8,000	6,071
Adjustment to the ARC	(8,000)	(5,750)
Annual OPEB cost	\$ 241,000	\$ 137,321
Amount of contribution	(125,000)	(2,100)
Increase/decrease in NPO	\$ 116,000	\$ 135,221
Net OPEB obligation, 7-1-09	189,000	134,900 (1)
Net OPEB obligation, 6-30-10	<u>\$ 305,000</u>	<u>\$ 270,121</u>

(1) A prior-period adjustment is reflected on the Statement of Activities due to the omission of the Medicare Supplement Plan in the prior year.

Fiscal Year Ended*	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Self-insured	\$ 241,000	21.6%	\$ 189,000
6-30-09	Medicare Supplement	137,000	1.5	134,900
6-30-10	Self-insured	241,000	51.9	305,000
6-30-10	Medicare Supplement	137,321	1.5	270,121

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Self-Insured Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-08	7-1-09
Actuarial accrued liability (AAL)	\$ 2,123,000	\$ 1,174,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,123,000	\$ 1,174,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 18,265,000	\$ N/A
UAAL as a % of covered payroll	12%	N/A

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

Actuarial Methods and Assumptions

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

are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2008, actuarial valuation of the self-insured plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent initially, reduced by decrements to an ultimate rate of five percent. Both rates include a 2.5 percent inflation assumption. The annual healthcare cost trend rate for the Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2009.

Discretely Presented Sevier County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees and Section 8-27-207, (TCA), for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. Employers in the plans develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Pan. During the year ended

June 30, 2010, the School Department contributed \$1,248,197 for the Local Education Group Plan and \$11,850 for the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan	
ARC	\$ 3,757,000	\$ 295,000	
Interest on the NPO	165,775	12,796	
Adjustment to the ARC	(157,021)	(12,120)	
Annual OPEB cost	<u>\$ 3,765,753</u>	<u>\$ 295,676</u>	
Amount of contribution	(1,248,197)	(11,850)	
Increase/decrease in NPO	\$ 2,517,556	\$ 283,826	
Net OPEB obligation, 7-1-09	<u>3,683,880</u>	<u>284,350</u>	(1)
Net OPEB obligation, 6-30-10	<u>\$ 6,201,436</u>	<u>\$ 568,176</u>	

(1) A prior-year adjustment is reflected in the Statement of Activities due to the omission of the School Department's Medicare Supplement Plan for the state actuarial study in prior years.

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 2,668,000	33.1	% \$ 1,785,108
6-30-09	Local Education Group	2,699,145	29.7	3,683,880
6-30-09	Medicare Supplement	295,000	3.6	284,350
6-30-10	Local Education Group	3,765,753	33.2	6,201,436
6-30-10	Medicare Supplement	295,676	4	568,176

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 31,695,000	\$ 3,599,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 31,695,000	\$ 3,599,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 76,167,732	\$ N/A
UAAL as a % of covered payroll	42%	N/A

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

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Group was four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to 10 percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is

being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

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 Office of County Mayor. These statutes require all purchases exceeding \$10,000 (except for emergency purchases) to be made on the basis of publicly advertised competitive bids.

Office of Road Superintendent

Chapter 133, Private Acts of 1969, and provisions of the Uniform Road Law, Section 54-7-113, TCA, 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

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 (TCA), 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 of the district. 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.

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 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.

Budgets and Budgetary Accounting

As set forth in TCA, 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, 2010, the budgeted expense was \$929,000. Anticipated revenues were \$929,000 at original budget date. All unencumbered annual appropriations lapse at fiscal year end. A Statement of Revenue, Expenses, and Changes in Fund Net Assets, Actual Compared to Budget, is presented in the supplemental information. This statement reconciles the modified

cash basis budget to the accrual basis presentation of the financial statements.

Compensated Absences

The entity allows employees to accumulate unused sick leave of an unlimited amount, which can be credited toward retirement. Earned vacation time is generally required to be used within one year of accrual. As of June 30, 2010, the liability for earned vacation time accrued was \$8,538.

Property and Equipment

Property, equipment, and buildings are stated at cost less accumulated depreciation, computed on the straight-line method over the estimated useful lives as follows: equipment, three to ten years; automobile, five years; building, 39 years.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the district considers 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, 2010, the carrying amount of the district's certificates of deposit was \$844,423, and the bank balance was \$325,893. All deposits during the audit period were collateralized by the State of Tennessee Bank Collateral Pool or individual pledged securities for balances over the FDIC insured amount. The following is disclosed concerning cash depository accounts:

1. Name of bank
 2. Amount of security pledged as of the date of highest balance on deposit
 3. Largest cash, savings, and time deposit combined amount and month of occurrence
 4. Total amount of FDIC coverage at the time of largest combined balance
-
1. Citizens National Bank
 2. All governmental funds collateralized by State of Tennessee Bank Collateral Pool
 3. \$502,797, September 2009
 4. \$250,000

1. Tennessee State Bank
2. All governmental funds collateralized by State of Tennessee Bank Collateral Pool
3. \$114,950, September 2009
4. \$250,000

1. Smart Bank
2. Collateralized by \$50,000 FNMA CMO Pool 2010-32 pledged by Smart Bank agent.
3. \$844,428, June 2010
4. \$250,000

In accordance with TCA, Section 5-8-301, the district 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 to be secured at 100 percent by the treasurer, State of Tennessee Bank Collateral Pool.

C. Revenue and Support

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 the Sevier County Emergency Communications District 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 the district calling for 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, 2010, total operating revenues of \$707,562 were earned from telephone surcharges. Surcharges of \$5,296 were uncollectible at June 30, 2010. Emergency Telephone Surcharge revenue is shown net of these uncollectible amounts.

The district received surcharge revenue from AT&T Communications, USLEC of TN, Inc., Nuvox Communications, ITC Deltacom, Charter Fiberlink TN, LLC, Birch Telecom, and 26 other telephone service providers as well as the State of Tennessee (cell phones).

The accounts receivable balance at June 30, 2010, \$83,090, represents a net amount of \$25,498 due from AT&T for the surcharge on Sevier County telephone services for the month of June; \$30,564 due from the State of Tennessee for cell phone revenue as well as \$27,028 in revenue from other sources.

Non-Monetary Support

An undetermined amount of operating support was received during the year ended June 30, 2010, 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, 2010, all phone services in Sevier County had been addressed and totaled 70,732. These were serviced by the answering points of various agencies or departments in the following approximate percentages:

	<u>Percentage</u>
Pigeon Forge Police Department	10.68 %
Central Dispatch	<u>89.32</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, 2010, were as follows:

	<u>2010</u>
Service Fee	\$ 82,649
Administration Fee of One Percent of Net Revenues	3,235
Monthly Fax Line Expenses	<u>6,713</u>
Total	<u><u>\$ 92,597</u></u>

E. Changes in Capital Assets

The following is a summary of capital assets at June 30, 2010:

	Balance 7-1-09	Additions	Deletions	Balance 6-30-10
Buildings	\$ 697,861	\$ 0	\$ 0	\$ 697,861
Less: Accumulated Depreciation	(225,146)	(18,913)	0	(244,059)
Furniture and Fixtures	79,417	0	0	79,417
Less: Accumulated Depreciation	(68,587)	(2,615)	0	(71,202)
Equipment	1,916,469	59,131	(315,367)	1,660,233
Less: Accumulated Depreciation	(996,051)	(150,515)	292,826	(853,740)
Automobile	49,438	0	0	49,438
Less: Accumulated Depreciation	(49,438)	0	0	(49,438)
Total Net Capital Assets	\$ 1,403,963	\$ (112,912)	\$ (22,541)	\$ 1,268,510

F. Retirement Commitments

The June 2010 note on retirement commitments was not available from the Tennessee Consolidated Retirement System (TCRS) as of the date of the district's report. Following is the June 2009 note from TCRS. Updating this note is not expected to materially affect the financial statements.

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 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.

TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department,

Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

Funding Policy - 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 ended June 30, 2009, was 11.75 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, 2009, the Sevier County 911 Emergency District's annual pension cost of \$24,941 to TCRS was equal to the Sevier County 911 Emergency District's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Sevier County 911 Emergency District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 12 years. An actuarial evaluation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$ 24,941	100%	\$ 0
6-30-08	24,846	100	0
6-30-07	23,323	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 86.46 percent funded. The actuarial accrued liability for benefits was \$495 million, and the actuarial value of assets was \$428 million, resulting in a funded actuarial accrued liability (UAAL) of \$67 million. The covered

payroll (annual payroll of active employees covered by the plan) was \$186 million, and the ratio of the UAAL to cover the payroll was 36.02 percent.

The Schedule of Funding Progress present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL's for benefits.

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirements to present the Schedule of Funding Progress using the entry age actuarial cost method change was made during the year of the most recent actuarial valuation date, therefore only the most current year is presented.

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 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, employee dishonesty, automobile liability, automobile physical damage, workers' compensation, and employers' liability. 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.

Official statutory bonds for board officials and administrative employees are placed with Ohio Casualty Group.

There have been no significant reductions in policy coverages in any major categories of risk. No settlements have exceeded policy coverages in fiscal years 2008, 2009, and 2010.

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

Reporting Entity

The Public Building Authority 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, for the purposes of constructing, acquiring, repairing and renovating public facilities to improve the quality of life, and the health, safety and welfare of the citizens of the State of Tennessee and the borrowing of funds and the execution of 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 Public Building Authority 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 Public Building Authority of Sevier County, Tennessee, after provision for all current obligations and future projects of the authority.

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 (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. In addition to applicable GASB pronouncements for proprietary activities, all pronouncements issued, such as Statements and Interpretations by the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB), Opinions and Accounting Research Bulletins (ARB) 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.

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.

Net Assets

The 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 service, 2) restricted for debt service, and 3) unrestricted.

Cash and Cash Equivalents

The authority considers cash for the purpose of the Statement of Cash Flows to include demand deposits with the bank, as there were no other cash equivalents.

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.

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.

Interest Capitalization

Interest costs incurred during construction are capitalized. There was no interest capitalized during the year ended June 30, 2010.

Operating and Non-operating 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 non-operating in the financial statements.

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, checking accounts with Citizens National Bank, Sevier County Bank, and Branch Banking and Trust Bank. Cash is insured through the Federal Depository Insurance Corporation.

C. Investments

The Public Building Authority (PBA) of Sevier County, Tennessee, authorized by its Board of Directors, has invested its idle monies into two accounts with Morgan Keegan & Company of Knoxville, Tennessee. All interest income generated by these investments is added to the principal amounts on a monthly basis. Total carrying value, which also equals market value, at June 30, 2010, is \$1,866,630. This includes all interest earned through the end of fiscal year 2010. At June 30, 2010, the accounts were invested in Federal Farm Credit Bank Notes, Federal Home Loan Bank Discount Notes, and cash positions with Morgan Keegan. All securities are held by Morgan Keegan in the Public Building Authority of Sevier County, Tennessee's name and are protected by insurance coverage of up to \$2,500,000 (\$250,000 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: Sevier 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 7-1-09	Additions	Balance 6-30-10
Non-depreciable capital assets:			
Land and improvements held for development -			
Smith-Thomas Technology Park	\$ 585,017	\$ 0	\$ 585,017
Smith-Thomas Technology Park Improvements	596,924	0	596,924
	<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	(879)	0	(879)
Net depreciable capital assets	<u>\$ 0</u>	<u>\$ 0</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's final installment matured on January 15, 2010, with interest paid at the rate of 4.5 percent per annum as follows:

Redemption Date	Principal Amount to be Redeemed	Interest	Total
1-15-10	\$ 145,000	\$ 6,525	\$ 151,525
Total	<u>\$ 145,000</u>	<u>\$ 6,525</u>	<u>\$ 151,525</u>

During the year, Sevier County advanced the authority \$151,525 for the final debt service payment 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 the 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, 2010, for all bond issues is \$774,260,000. 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, 2010, is \$6,378,378. 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, 2010, 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, 2010, 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**

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 24,904,328	\$ 0	\$ 24,904,328	\$ 24,228,000	\$ 24,359,000	\$ 545,328
Licenses and Permits	358,544	0	358,544	375,000	375,000	(16,456)
Fines, Forfeitures, and Penalties	326,019	0	326,019	367,000	367,000	(40,981)
Charges for Current Services	3,312,200	0	3,312,200	3,395,000	3,395,000	(82,800)
Other Local Revenues	282,019	0	282,019	410,035	301,135	(19,116)
Fees Received from County Officials	5,671,737	0	5,671,737	5,672,000	5,672,000	(263)
State of Tennessee	2,632,608	0	2,632,608	2,409,435	2,347,684	284,924
Federal Government	504,438	0	504,438	284,000	513,360	(8,922)
Other Governments and Citizens Groups	391,786	0	391,786	40,000	371,331	20,455
Total Revenues	\$ 38,383,679	\$ 0	\$ 38,383,679	\$ 37,180,470	\$ 37,701,510	\$ 682,169
<u>Expenditures</u>						
General Government						
County Commission	\$ 254,149	\$ 0	\$ 254,149	\$ 211,500	\$ 254,500	\$ 351
Beer Board	6,070	0	6,070	13,800	13,876	7,806
Other Boards and Committees	510,733	744	511,477	526,211	529,853	18,376
County Mayor/Executive	492,198	1,086	493,284	496,892	496,892	3,608
Election Commission	443,972	0	443,972	485,184	485,184	41,212
Register of Deeds	370,587	0	370,587	407,580	407,580	36,993
Development	58,061	1,113	59,174	59,500	59,500	326
Planning	255,614	902	256,516	275,000	275,000	18,484
Building	137,894	0	137,894	155,149	155,149	17,255
County Buildings	1,125,284	1,026	1,126,310	1,233,660	1,233,660	107,350
Other General Administration	330,754	0	330,754	334,093	334,093	3,339
Preservation of Records	148,346	0	148,346	149,308	149,308	962

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Property Assessor's Office	\$ 924,105	\$ 4,373	\$ 928,478	\$ 951,822	\$ 956,522	\$ 28,044
Reappraisal Program	37,794	0	37,794	63,000	63,000	25,206
County Trustee's Office	401,471	0	401,471	461,922	463,436	61,965
County Clerk's Office	800,093	0	800,093	818,318	818,318	18,225
Data Processing	107,846	0	107,846	111,331	111,331	3,485
<u>Administration of Justice</u>						
Circuit Court	637,933	950	638,883	652,003	652,003	13,120
General Sessions Court	484,493	0	484,493	490,782	490,782	6,289
General Sessions Judge	392,602	0	392,602	397,155	397,155	4,553
Drug Court	0	0	0	0	35,000	35,000
Chancery Court	277,476	0	277,476	292,129	292,129	14,653
Juvenile Court	97,902	0	97,902	97,982	97,982	80
District Attorney General	52,441	0	52,441	0	52,687	246
Judicial Commissioners	214,190	0	214,190	217,535	217,535	3,345
Other Administration of Justice	88,531	0	88,531	52,687	85,725	(2,806)
Victims Assistance Programs	2,391	0	2,391	41,760	4,200	1,809
<u>Public Safety</u>						
Sheriff's Department	4,271,248	30,062	4,301,310	4,326,299	4,341,199	39,889
Drug Enforcement	21,666	0	21,666	284,116	45,976	24,310
Jail	3,588,413	3,928	3,542,341	3,840,696	3,853,196	310,855
Juvenile Services	243,171	0	243,171	258,174	258,174	15,003
Fire Prevention and Control	798,000	0	798,000	798,000	798,000	0
Civil Defense	4,000	0	4,000	4,000	4,000	0
Rescue Squad	90,000	0	90,000	90,000	90,000	0

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Safety (Cont.)</u>						
Other Emergency Management	\$ 447,332	\$ 2,670	\$ 450,002	\$ 96,252	\$ 458,252	\$ 8,250
County Coroner/Medical Examiner	111,077	0	111,077	87,200	117,200	6,123
Other Public Safety	531,728	63	531,791	547,815	550,015	18,224
<u>Public Health and Welfare</u>						
Local Health Center	79,169	2,754	81,923	101,429	101,429	19,506
Rabies and Animal Control	85,000	0	85,000	85,000	85,000	0
Ambulance/Emergency Medical Services	3,296,765	6,929	3,303,694	3,313,600	3,313,600	9,906
Maternal and Child Health Services	400,633	0	400,633	532,202	532,202	131,569
Other Local Health Services	267,807	0	267,807	212,260	268,260	453
Appropriation to State	61,262	0	61,262	61,261	61,261	(1)
Other Local Welfare Services	103,676	0	103,676	107,000	107,000	3,324
Other Public Health and Welfare	244,582	0	244,582	312,731	312,731	68,149
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	252,172	788	252,960	242,477	257,627	4,667
Libraries	838,432	9,432	847,864	827,331	861,491	13,627
Parks and Fair Boards	67,150	0	67,150	87,000	87,000	19,850
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	199,798	0	199,798	199,063	201,063	1,265
Forest Service	1,000	0	1,000	1,000	1,000	0
Soil Conservation	27,852	0	27,852	27,852	27,852	0
Storm Water Management	119,901	51	119,952	133,645	133,645	13,693
<u>Other Operations</u>						
Tourism	1,219,590	0	1,219,590	875,000	1,219,900	310
Airport	0	0	0	500	500	500

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Other Operations (Cont.)</u>						
Veterans' Services	\$ 87,621	\$ 84	\$ 87,705	\$ 86,092	\$ 88,092	\$ 387
Contributions to Other Agencies	171,732	0	171,732	173,925	173,925	2,193
Employee Benefits	6,441,382	0	6,441,382	6,511,222	6,466,967	25,585
ARRA Grant No. 1	52,974	0	52,974	0	52,974	0
ARRA Grant No. 2	43,993	0	43,993	0	44,025	32
ARRA Grant No. 5	12,434	166,577	179,011	0	179,037	26
Miscellaneous	1,332,437	205	1,332,642	1,338,531	1,341,820	9,178
<u>Highways</u>						
Litter and Trash Collection	177,036	0	177,036	178,960	178,960	1,924
Other Charges	19,566	0	19,566	26,000	26,000	6,434
<u>Capital Projects</u>						
Other General Government Projects	235,669	0	235,669	845,534	845,534	609,865
Total Expenditures	\$ 34,549,198	\$ 233,737	\$ 34,782,935	\$ 35,608,470	\$ 36,617,307	\$ 1,834,372
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 3,834,481	\$ (233,737)	\$ 3,600,744	\$ 1,572,000	\$ 1,084,203	\$ 2,516,541
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 55,270	0	\$ 55,270	0	0	\$ 55,270
Transfers Out	(2,192,000)	0	(2,192,000)	(2,222,000)	(2,222,000)	30,000
Total Other Financing Sources (Uses)	\$ (2,136,730)	0	\$ (2,136,730)	\$ (2,222,000)	\$ (2,222,000)	\$ 85,270
Net Change in Fund Balance	\$ 1,697,751	\$ (233,737)	\$ 1,464,014	\$ (650,000)	\$ (1,137,797)	\$ 2,601,811
Fund Balance, July 1, 2009	11,533,758	0	11,533,758	10,072,807	10,072,807	1,460,951
Fund Balance, June 30, 2010	\$ 13,231,509	\$ (233,737)	\$ 12,997,772	\$ 9,422,807	\$ 8,935,010	\$ 4,062,762

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, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 6,014,524	\$ 0	\$ 6,014,524	\$ 5,636,000	\$ 5,636,000	\$ 378,524
Other Local Revenues	61,652	0	61,652	52,000	52,000	9,652
State of Tennessee	2,548,453	0	2,548,453	2,722,293	3,062,293	(513,840)
Other Governments and Citizens Groups	369,480	0	369,480	50,000	50,000	319,480
Total Revenues	\$ 8,994,109	\$ 0	\$ 8,994,109	\$ 8,460,293	\$ 8,800,293	\$ 193,816
Expenditures						
Highways						
Administration	\$ 224,695	\$ 0	\$ 224,695	\$ 224,014	\$ 230,014	\$ 5,319
Highway and Bridge Maintenance	5,083,835	77,275	5,161,110	5,006,394	5,506,394	345,284
Operation and Maintenance of Equipment	814,903	0	814,903	1,152,310	1,152,310	337,407
Quarry Operations	203,536	0	203,536	320,467	320,467	116,931
Other Charges	282,208	0	282,208	287,000	292,000	9,792
Employee Benefits	903,644	0	903,644	874,108	974,108	70,464
Capital Outlay	141,519	231,825	373,344	596,000	863,000	489,656
Total Expenditures	\$ 7,654,340	\$ 309,100	\$ 7,963,440	\$ 8,460,293	\$ 9,338,293	\$ 1,374,853
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,339,769	\$ (309,100)	\$ 1,030,669	\$ 0	\$ (538,000)	\$ 1,568,669
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 1,339,769	\$ (309,100)	\$ 1,030,669	\$ 0	\$ (538,000)	\$ 1,568,669
	6,373,793	0	6,373,793	6,373,793	6,373,793	0
Fund Balance, June 30, 2010	\$ 7,713,562	\$ (309,100)	\$ 7,404,462	\$ 6,373,793	\$ 5,835,793	\$ 1,568,669

Sevier County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sevier County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan 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)
7-1-09	\$ 65,129	\$ 79,595	\$ 14,466	81.83 %	\$ 33,043	43.78 %
7-1-07	56,091	66,849	10,758	83.91	29,475	36.50

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method went into affect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Sevier County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Sevier County Emergency Communications District
June 30, 2010

(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)
7-1-07	\$ 428	\$ 495	\$ 67	86.46 %	\$ 186	36.02 %

Sevier County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sevier County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Self-Insured	7-1-08	\$ 0	\$ 2,123	\$ 2,123	0 %	\$ 20,345	10.43 %
Medicare Supplement	7-1-09	0	1,174	1,174	0	0	0
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	22,844	22,844	0	66,834	34.18
"	7-1-09	0	31,695	31,695	0	76,168	41.61
Medicare Supplement	7-1-09	0	3,599	3,599	0	0	0

* Data only available for two actuarial valuations.

SEVIER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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 County Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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.

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for revenues received for the operation of the county's Drug Court.

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.

Sevier County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Waste / Sanitation	Special Purpose	Drug Control
\$ 34,217 \$	47,867 \$	97,575 \$	397,111 \$	12,047	0
1,530	0	539	960	0	0
0	0	0	806	0	0
0	0	70,000	0	0	0
0	0	0	796,523	0	0
0	0	0	(43,383)	0	0
\$ 35,747 \$	47,867 \$	168,114 \$	1,152,017 \$	12,047	0

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	2,321 \$	0 \$	109,060 \$	16,939 \$	0
Deferred Revenue - Current Property Taxes	0	0	0	702,380	0
Deferred Revenue - Delinquent Property Taxes	0	0	0	39,521	0
Total Liabilities	2,321 \$	0 \$	109,060 \$	758,840 \$	0
<u>Fund Balances</u>					
Reserved for Encumbrances	1,064 \$	0 \$	1,158 \$	57,657 \$	0
Unreserved	32,362	47,867	57,896	335,520	12,047
Total Fund Balances	33,426 \$	47,867 \$	59,054 \$	393,177 \$	12,047
Total Liabilities and Fund Balances	35,747 \$	47,867 \$	168,114 \$	1,152,017 \$	12,047

(Continued)

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

	Special Revenue Funds (Cont.)			Capital Projects Fund	Total Nonmajor Governmental Funds
	District Attorney General	Other Special Revenue	Total		
\$ 26,032 \$	105,553 \$	720,402 \$	5,877 \$	726,279	
0	0	3,029	0	3,029	
694	19,774	21,274	0	21,274	
0	0	70,000	0	70,000	
0	0	796,523	0	796,523	
0	0	(43,383)	0	(43,383)	
\$ 26,726 \$	125,327 \$	1,567,845 \$	5,877 \$	1,573,722	

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>				
Accounts Payable	0 \$	0 \$	128,320 \$	0 \$
Deferred Revenue - Current Property Taxes	0	0	702,380	0
Deferred Revenue - Delinquent Property Taxes	0	0	39,521	0
Total Liabilities	0 \$	0 \$	870,221 \$	0 \$
<u>Fund Balances</u>				
Reserved for Encumbrances	850 \$	0 \$	60,729 \$	0 \$
Unreserved	25,876	125,327	636,895	5,877
Total Fund Balances	26,726 \$	125,327 \$	697,624 \$	5,877 \$
Total Liabilities and Fund Balances	26,726 \$	125,327 \$	1,567,845 \$	5,877 \$

Sevier County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Waste / Sanitation	Special Purpose	Drug Control	
Revenues						
Local Taxes	\$ 25,715	\$ 12,616	\$ 0	\$ 750,726	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	0	0	16,402
Charges for Current Services	108,354	0	21,875	0	0	0
Other Local Revenues	0	0	11,085	14,000	48	48
Federal Government	0	0	0	70,400	0	0
Total Revenues	\$ 134,069	\$ 12,616	\$ 32,960	\$ 835,126	\$ 16,450	
Expenditures						
Current:						
General Government	\$ 187,492	\$ 0	\$ 0	\$ 8,800	\$ 0	0
Finance	0	0	0	50,000	0	0
Administration of Justice	0	8,227	0	0	0	0
Public Safety	0	0	0	198,858	12,051	0
Public Health and Welfare	0	0	2,202,680	361,292	0	0
Social, Cultural, and Recreational Services	0	0	0	29,689	0	0
Other Operations	1,371	0	0	71,201	0	0
Capital Projects	12,173	0	0	0	0	0
Total Expenditures	\$ 201,036	\$ 8,227	\$ 2,202,680	\$ 719,840	\$ 12,051	
Excess (Deficiency) of Revenues Over Expenditures	\$ (66,967)	\$ 4,389	\$ (2,169,720)	\$ 115,286	\$ 4,399	
Other Financing Sources (Uses)						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 13,950	\$ 0	0
Transfers In	0	0	2,192,000	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 2,192,000	\$ 13,950	\$ 0	
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ (66,967)	\$ 4,389	\$ 22,280	\$ 129,236	\$ 4,399	7,648
Fund Balance, June 30, 2010	\$ 33,426	\$ 47,867	\$ 59,054	\$ 393,177	\$ 12,047	

(Continued)

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	Other Special Revenue	Constituti- onal Officers - Fees	Total	Community Development/ Industrial Park		
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 789,057	\$ 0	\$ 0	\$ 789,057
Fines, Forfeitures, and Penalties	31,187	132,528	0	180,117	0	0	180,117
Charges for Current Services	0	0	203,614	333,843	0	0	333,843
Other Local Revenues	500	84	0	25,717	10,000	0	35,717
Federal Government	0	56,561	0	126,961	0	0	126,961
Total Revenues	\$ 31,687	\$ 189,173	\$ 203,614	\$ 1,455,695	\$ 10,000	\$ 0	\$ 1,465,695
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 196,292	\$ 0	\$ 0	\$ 196,292
Finance	0	0	145,880	195,880	0	0	195,880
Administration of Justice	25,709	1,511	57,734	93,181	0	0	93,181
Public Safety	0	0	0	210,909	0	0	210,909
Public Health and Welfare	0	0	0	2,563,972	0	0	2,563,972
Social, Cultural, and Recreational Services	0	0	0	29,689	0	0	29,689
Other Operations	0	62,335	0	134,907	4,381	0	139,288
Capital Projects	0	0	0	12,173	0	0	12,173
Total Expenditures	\$ 25,709	\$ 63,846	\$ 203,614	\$ 3,437,003	\$ 4,381	\$ 0	\$ 3,441,384
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,978	\$ 125,327	\$ 0	\$ (1,981,308)	\$ 5,619	\$ 0	\$ (1,975,689)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 13,950	\$ 0	\$ 0	\$ 13,950
Transfers In	0	0	0	2,192,000	0	0	2,192,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 2,205,950	\$ 0	\$ 0	\$ 2,205,950
Net Change in Fund Balances	\$ 5,978	\$ 125,327	\$ 0	\$ 224,642	\$ 5,619	\$ 0	\$ 230,261
Fund Balance, July 1, 2009	20,748	0	0	472,982	258	0	473,240
Fund Balance, June 30, 2010	\$ 26,726	\$ 125,327	\$ 0	\$ 697,624	\$ 5,877	\$ 0	\$ 703,501

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 25,715	\$ 0	\$ 25,715	\$ 24,000	\$ 24,000	\$ 1,715
Charges for Current Services	108,354	0	108,354	135,000	135,000	(26,646)
Total Revenues	\$ 134,069	\$ 0	\$ 134,069	\$ 159,000	\$ 159,000	\$ (24,931)
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 187,492	\$ 1,064	\$ 188,556	\$ 192,800	\$ 192,800	\$ 4,244
<u>Other Operations</u>						
Miscellaneous	1,371	0	1,371	2,000	2,000	629
<u>Capital Projects</u>						
Other General Government Projects	12,173	0	12,173	14,200	14,200	2,027
Total Expenditures	\$ 201,036	\$ 1,064	\$ 202,100	\$ 209,000	\$ 209,000	\$ 6,900
Excess (Deficiency) of Revenues Over Expenditures	\$ (66,967)	\$ (1,064)	\$ (68,031)	\$ (50,000)	\$ (50,000)	\$ (18,031)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (66,967)	\$ (1,064)	\$ (68,031)	\$ (50,000)	\$ (50,000)	\$ (18,031)
	100,393	0	100,393	89,339	89,339	11,054
Fund Balance, June 30, 2010	\$ 33,426	\$ (1,064)	\$ 32,362	\$ 39,339	\$ 39,339	\$ (6,977)

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 12,616	\$ 10,000	\$ 10,000	\$ 2,616
Total Revenues	\$ 12,616	\$ 10,000	\$ 10,000	\$ 2,616
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 8,227	\$ 10,000	\$ 10,000	\$ 1,773
Total Expenditures	\$ 8,227	\$ 10,000	\$ 10,000	\$ 1,773
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,389	\$ 0	\$ 0	\$ 4,389
Net Change in Fund Balance	\$ 4,389	\$ 0	\$ 0	\$ 4,389
Fund Balance, July 1, 2009	43,478	42,943	42,943	535
Fund Balance, June 30, 2010	\$ 47,867	\$ 42,943	\$ 42,943	\$ 4,924

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 21,875	\$ 0	\$ 21,875	\$ 21,875	\$ 21,875	\$ 0
Other Local Revenues	11,085	0	11,085	15,000	15,000	(3,915)
Total Revenues	\$ 32,960	\$ 0	\$ 32,960	\$ 36,875	\$ 36,875	\$ (3,915)
<u>Expenditures</u>						
Public Health and Welfare	\$ 2,202,680	\$ 1,158	\$ 2,203,838	\$ 2,283,875	\$ 2,283,875	\$ 80,037
Sanitation Management	\$ 2,202,680	\$ 1,158	\$ 2,203,838	\$ 2,283,875	\$ 2,283,875	\$ 80,037
Total Expenditures	\$ (2,169,720)	\$ (1,158)	\$ (2,170,878)	\$ (2,247,000)	\$ (2,247,000)	\$ 76,122
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 2,192,000	\$ 0	\$ 2,192,000	\$ 2,222,000	\$ 2,222,000	\$ (30,000)
Total Other Financing Sources (Uses)	\$ 2,192,000	\$ 0	\$ 2,192,000	\$ 2,222,000	\$ 2,222,000	\$ (30,000)
Net Change in Fund Balance	\$ 22,280	\$ (1,158)	\$ 21,122	\$ (25,000)	\$ (25,000)	\$ 46,122
Fund Balance, July 1, 2009	36,774	0	36,774	56,779	56,779	(20,005)
Fund Balance, June 30, 2010	\$ 59,054	\$ (1,158)	\$ 57,896	\$ 31,779	\$ 31,779	\$ 26,117

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Special Purpose Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 750,726	\$ 0	\$ 750,726	\$ 719,500	\$ 719,500	\$ 31,226
Other Local Revenues	14,000	0	14,000	0	14,000	0
Federal Government	70,400	0	70,400	0	69,999	401
<u>Total Revenues</u>	<u>\$ 835,126</u>	<u>\$ 0</u>	<u>\$ 835,126</u>	<u>\$ 719,500</u>	<u>\$ 803,499</u>	<u>\$ 31,627</u>
<u>Expenditures</u>						
<u>General Government</u>						
Other General Administration	\$ 8,800	\$ 0	\$ 8,800	\$ 8,800	\$ 8,800	\$ 0
Finance						
Property Assessor's Office	50,000	0	50,000	50,000	50,000	0
<u>Public Safety</u>						
Sheriff's Department	195,673	0	195,673	200,000	196,874	1,201
Juvenile Services	3,185	0	3,185	5,000	5,000	1,815
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	217,846	0	217,846	205,000	219,000	1,154
Sanitation Management	143,446	57,657	201,103	205,000	205,000	3,897
<u>Social, Cultural, and Recreational Services</u>						
Libraries	29,689	0	29,689	29,700	29,700	11
<u>Other Operations</u>						
Other Charges	14,575	0	14,575	16,000	16,000	1,425
ARRA Grant No. 6	56,626	0	56,626	0	56,626	0
<u>Total Expenditures</u>	<u>\$ 719,840</u>	<u>\$ 57,657</u>	<u>\$ 777,497</u>	<u>\$ 719,500</u>	<u>\$ 787,000</u>	<u>\$ 9,503</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>\$ 115,286</u>	<u>\$ (57,657)</u>	<u>\$ 57,629</u>	<u>\$ 0</u>	<u>\$ 16,499</u>	<u>\$ 41,130</u>

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 13,950	\$ 0	\$ 13,950	\$ 0	\$ 0	\$ 13,950
Total Other Financing Sources (Uses)	\$ 13,950	\$ 0	\$ 13,950	\$ 0	\$ 0	\$ 13,950
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 129,236	\$ (57,657)	\$ 71,579	\$ 0	\$ 16,499	\$ 55,080
	263,941	0	263,941	276,317	276,317	(12,376)
Fund Balance, June 30, 2010	\$ 393,177	\$ (57,657)	\$ 335,520	\$ 276,317	\$ 292,816	\$ 42,704

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 16,402	\$ 10,100	\$ 12,100	\$ 4,302
Other Local Revenues	48	0	0	48
Total Revenues	<u>\$ 16,450</u>	<u>\$ 10,100</u>	<u>\$ 12,100</u>	<u>\$ 4,350</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 12,051	\$ 10,100	\$ 12,100	\$ 49
Total Expenditures	<u>\$ 12,051</u>	<u>\$ 10,100</u>	<u>\$ 12,100</u>	<u>\$ 49</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,399</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,399</u>
Net Change in Fund Balance	\$ 4,399	\$ 0	\$ 0	\$ 4,399
Fund Balance, July 1, 2009	<u>7,648</u>	<u>7,185</u>	<u>7,185</u>	<u>463</u>
Fund Balance, June 30, 2010	<u><u>\$ 12,047</u></u>	<u><u>\$ 7,185</u></u>	<u><u>\$ 7,185</u></u>	<u><u>\$ 4,862</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.

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,879,890	\$ 4,673,000	\$ 4,673,000	\$ 206,890
Other Local Revenues	1,532,469	2,200,000	2,286,690	(754,221)
Other Governments and Citizens Groups	4,422,537	4,475,275	4,475,275	(52,738)
Total Revenues	<u>\$ 10,834,896</u>	<u>\$ 11,348,275</u>	<u>\$ 11,434,965</u>	<u>\$ (600,069)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 5,340,000	\$ 5,485,000	\$ 5,340,000	\$ 0
<u>Interest on Debt</u>				
General Government	3,900,839	5,763,401	5,843,566	1,942,727
<u>Other Debt Service</u>				
General Government	274,882	139,874	291,399	16,517
<u>Capital Projects - Donated</u>				
Capital Projects Donated to School Department	1,200,000	0	1,200,000	0
Total Expenditures	<u>\$ 10,715,721</u>	<u>\$ 11,388,275</u>	<u>\$ 12,674,965</u>	<u>\$ 1,959,244</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 119,175</u>	<u>\$ (40,000)</u>	<u>\$ (1,240,000)</u>	<u>\$ 1,359,175</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 1,200,000	0	\$ 1,200,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 1,200,000</u>	<u>\$ 0</u>	<u>\$ 1,200,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,319,175	\$ (40,000)	\$ (40,000)	\$ 1,359,175
Fund Balance, July 1, 2009	29,957,279	29,489,806	29,489,806	467,473
Fund Balance, June 30, 2010	<u>\$ 31,276,454</u>	<u>\$ 29,449,806</u>	<u>\$ 29,449,806</u>	<u>\$ 1,826,648</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 funds and employee payroll deductions are placed in this fund for the payment of medical claims of county employees.

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

Sevier County, Tennessee
 Combining Statement of Net Assets
 Proprietary Funds
 June 30, 2010

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 1,230,749	\$ 128,165	\$ 601,058	\$ 1,959,972
Accounts Receivable	4,648	0	0	4,648
Due from Other Funds	100,000	0	0	100,000
Total Assets	<u>\$ 1,335,397</u>	<u>\$ 128,165</u>	<u>\$ 601,058</u>	<u>\$ 2,064,620</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 430,000	\$ 11,204	\$ 57,600	\$ 498,804
Total Liabilities	<u>\$ 430,000</u>	<u>\$ 11,204</u>	<u>\$ 57,600</u>	<u>\$ 498,804</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 905,397</u>	<u>\$ 116,961</u>	<u>\$ 543,458</u>	<u>\$ 1,565,816</u>
Total Net Assets	<u>\$ 905,397</u>	<u>\$ 116,961</u>	<u>\$ 543,458</u>	<u>\$ 1,565,816</u>

Sevier County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 5,248,361	\$ 169,398	\$ 570,000	\$ 5,987,759
Other Employee Benefit Charges/Contributions	190,096	0	0	190,096
Patient Charges	0	1,007	0	1,007
Total Operating Revenues	<u>\$ 5,438,457</u>	<u>\$ 170,405</u>	<u>\$ 570,000</u>	<u>\$ 6,178,862</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 151,796	\$ 0	\$ 0	\$ 151,796
Employee and Dependent Insurance	0	99,958	0	99,958
Excess Risk Insurance	724,136	0	0	724,136
Medical Claims	4,819,726	61,615	462,994	5,344,335
Total Operating Expenses	<u>\$ 5,695,658</u>	<u>\$ 161,573</u>	<u>\$ 462,994</u>	<u>\$ 6,320,225</u>
Operating Income (Loss)	<u>\$ (257,201)</u>	<u>\$ 8,832</u>	<u>\$ 107,006</u>	<u>\$ (141,363)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 21,224	\$ 1,231	\$ 934	\$ 23,389
Total Nonoperating Revenues (Expenses)	<u>\$ 21,224</u>	<u>\$ 1,231</u>	<u>\$ 934</u>	<u>\$ 23,389</u>
Change in Net Assets	\$ (235,977)	\$ 10,063	\$ 107,940	\$ (117,974)
Net Assets, July 1, 2009	1,141,374	106,898	435,518	1,683,790
Net Assets, June 30, 2010	<u>\$ 905,397</u>	<u>\$ 116,961</u>	<u>\$ 543,458</u>	<u>\$ 1,565,816</u>

Sevier County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Internal Service Funds</u>			
	Employee			Total
	Employee Insurance - Health	Insurance - Dental and Vision	Workers' Compen- sation	
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 5,246,849	\$ 169,754	\$ 595,225	\$ 6,011,828
Receipts for Patient Charges	190,096	1,007	0	191,103
Payments to Insurers	(724,136)	(99,958)	0	(824,094)
Payments for Claims	(4,844,726)	(53,528)	(496,394)	(5,394,648)
Payments for Administrative Costs	(151,796)	0	0	(151,796)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (283,713)</u>	<u>\$ 17,275</u>	<u>\$ 98,831</u>	<u>\$ (167,607)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 21,224	\$ 1,231	\$ 934	\$ 23,389
Net Cash Provided By (Used In) Investing Activities	<u>\$ 21,224</u>	<u>\$ 1,231</u>	<u>\$ 934</u>	<u>\$ 23,389</u>
Increase (Decrease) in Cash	\$ (262,489)	\$ 18,506	\$ 99,765	\$ (144,218)
Cash, July 1, 2009	1,493,238	109,659	501,293	2,104,190
Cash, June 30, 2010	<u>\$ 1,230,749</u>	<u>\$ 128,165</u>	<u>\$ 601,058</u>	<u>\$ 1,959,972</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (257,201)	\$ 8,832	\$ 107,006	\$ (141,363)
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	(1,512)	356	25,225	24,069
Increase (Decrease) in Accounts Payable	(25,000)	8,087	(33,400)	(50,313)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (283,713)</u>	<u>\$ 17,275</u>	<u>\$ 98,831</u>	<u>\$ (167,607)</u>

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 and general sessions courts 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.

Sevier County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 3,818,703	\$ 0	\$ 3,818,703
Equity in Pooled Cash and Investments	0	0	387,303	387,303
Accounts Receivable	0	800	0	800
Due from Other Governments	5,290,460	0	0	5,290,460
Cash Shortage	0	11,921	0	11,921
Total Assets	<u>\$ 5,290,460</u>	<u>\$ 3,831,424</u>	<u>\$ 387,303</u>	<u>\$ 9,509,187</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 5,290,460	\$ 0	\$ 0	\$ 5,290,460
Due to Litigants, Heirs, and Others	0	3,831,424	0	3,831,424
Due to Joint Ventures	0	0	387,303	387,303
Total Liabilities	<u>\$ 5,290,460</u>	<u>\$ 3,831,424</u>	<u>\$ 387,303</u>	<u>\$ 9,509,187</u>

Sevier County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 30,106,315	\$ 30,106,315	\$ 0
Due from Other Governments	5,456,788	5,290,460	5,456,788	5,290,460
Total Assets	<u>\$ 5,456,788</u>	<u>\$ 35,396,775</u>	<u>\$ 35,563,103</u>	<u>\$ 5,290,460</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,456,788	\$ 35,396,775	\$ 35,563,103	\$ 5,290,460
Total Liabilities	<u>\$ 5,456,788</u>	<u>\$ 35,396,775</u>	<u>\$ 35,563,103</u>	<u>\$ 5,290,460</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,680,830	\$ 22,205,840	\$ 23,067,967	\$ 3,818,703
Investments	20,143	0	20,143	0
Accounts Receivable	11,957	800	11,957	800
Cash Shortage	14,916	0	2,995	11,921
Total Assets	<u>\$ 4,727,846</u>	<u>\$ 22,206,640</u>	<u>\$ 23,103,062</u>	<u>\$ 3,831,424</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 4,727,846	\$ 22,206,640	\$ 23,103,062	\$ 3,831,424
Total Liabilities	<u>\$ 4,727,846</u>	<u>\$ 22,206,640</u>	<u>\$ 23,103,062</u>	<u>\$ 3,831,424</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 327,891	\$ 361,891	\$ 302,479	\$ 387,303
Total Assets	<u>\$ 327,891</u>	<u>\$ 361,891</u>	<u>\$ 302,479</u>	<u>\$ 387,303</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 327,891	\$ 361,891	\$ 302,479	\$ 387,303
Total Liabilities	<u>\$ 327,891</u>	<u>\$ 361,891</u>	<u>\$ 302,479</u>	<u>\$ 387,303</u>

(Continued)

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	\$ 4,680,830	\$ 22,205,840	\$ 23,067,967	\$ 3,818,703
Equity in Pooled Cash and Investments	327,891	30,468,206	30,408,794	387,303
Investments	20,143	0	20,143	0
Accounts Receivable	11,957	800	11,957	800
Due from Other Governments	5,456,788	5,290,460	5,456,788	5,290,460
Cash Shortage	14,916	0	2,995	11,921
Total Assets	<u>\$ 10,512,525</u>	<u>\$ 57,965,306</u>	<u>\$ 58,968,644</u>	<u>\$ 9,509,187</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,456,788	\$ 35,396,775	\$ 35,563,103	\$ 5,290,460
Due to Litigants, Heirs, and Others	4,727,846	22,206,640	23,103,062	3,831,424
Due to Joint Ventures	327,891	361,891	302,479	387,303
Total Liabilities	<u>\$ 10,512,525</u>	<u>\$ 57,965,306</u>	<u>\$ 58,968,644</u>	<u>\$ 9,509,187</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.

Sevier County, Tennessee
Statement of Activities
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 76,522,192	\$ 197,815	\$ 6,684,187	\$ 1,564,362	\$ (68,075,828)
Support Services	38,251,258	32,459	452,535	0	(37,766,264)
Operation of Non-Instructional Services	7,949,063	2,248,773	4,640,632	0	(1,059,658)
Interest on Long-term Debt	35,077	0	0	0	(35,077)
Other Debt Service	4,230,121	0	0	0	(4,230,121)
Total Governmental Activities	\$ 126,987,711	\$ 2,479,047	\$ 11,777,354	\$ 1,564,362	\$ (111,166,948)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 28,663,646
Local Option Sales Taxes					37,519,136
Other Local Taxes					358,966
Hotel/Motel Tax					2,034,747
Grants and Contributions Not Restricted to Specific Programs					41,635,560
Unrestricted Investment Income					5,609
Miscellaneous					64,431
Total General Revenues					\$ 110,282,095
Change in Net Assets					\$ (884,853)
Net Assets, July 1, 2009					105,341,750
Prior-period Adjustment					430,082
Net Assets, June 30, 2010					\$ 104,886,979

Sevier County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2010

	<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	\$ 7,972	\$ 7,972
Equity in Pooled Cash and Investments	17,980,645	2,800,427	20,781,072
Accounts Receivable	207,560	5,958	213,518
Due from Other Governments	7,091,745	0	7,091,745
Property Taxes Receivable	31,462,647	0	31,462,647
Allowance for Uncollectible Property Taxes	(1,713,614)	0	(1,713,614)
Total Assets	\$ 55,028,983	\$ 2,814,357	\$ 57,843,340
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 37,594	\$ 49,139	\$ 86,733
Accrued Payroll	109,755	0	109,755
Other Notes Payable	556,000	725,000	1,281,000
Other Current Liabilities	3,282,431	0	3,282,431
Deferred Revenue - Current Property Taxes	27,744,018	0	27,744,018
Deferred Revenue - Delinquent Property Taxes	1,561,056	0	1,561,056
Other Deferred Revenues	3,448,336	0	3,448,336
Total Liabilities	\$ 36,739,190	\$ 774,139	\$ 37,513,329
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 1,849,414	\$ 520,404	\$ 2,369,818
Reserved for Career Ladder - Extended Contract	91,884	0	91,884
Reserved for Title I Grants to Local Education Agencies	0	6,068	6,068
Reserved for Special Education - Grants to States	0	16,131	16,131
Other Federal Reserves	0	91,462	91,462
Unreserved, Reported In:			
General Fund	16,348,495	0	16,348,495
Special Revenue Funds	0	583,599	583,599
Capital Projects Funds	0	822,554	822,554
Total Fund Balances	\$ 18,289,793	\$ 2,040,218	\$ 20,330,011
Total Liabilities and Fund Balances	\$ 55,028,983	\$ 2,814,357	\$ 57,843,340

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, 2010

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)		\$ 20,330,011
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 7,959,778	
Add: construction in progress	345,050	
Add: buildings and improvements net of accumulated depreciation	74,099,030	
Add: infrastructure net of accumulated depreciation	938,177	
Add: other capital assets net of accumulated depreciation	<u>3,571,554</u>	86,913,589
(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	\$ (6,203)	
Less: leases payable	(590,198)	
Less: other postemployment benefits liability	<u>(6,769,612)</u>	(7,366,013)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>5,009,392</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 104,886,979</u></u>

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, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 69,314,613	\$ 0	\$ 69,314,613
Licenses and Permits	149,073	0	149,073
Charges for Current Services	227,074	2,073,532	2,300,606
Other Local Revenues	615,085	46,678	661,763
State of Tennessee	39,426,186	68,204	39,494,390
Federal Government	272,873	12,760,504	13,033,377
Other Governments and Citizens Groups	170,756	1,200,000	1,370,756
Total Revenues	<u>\$ 110,175,660</u>	<u>\$ 16,148,918</u>	<u>\$ 126,324,578</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 63,613,038	\$ 7,415,335	\$ 71,028,373
Support Services	34,934,750	1,433,587	36,368,337
Operation of Non-Instructional Services	1,526,697	6,191,161	7,717,858
Capital Outlay	2,737,864	0	2,737,864
Debt Service:			
Principal on Debt	472,113	0	472,113
Interest on Debt	35,077	0	35,077
Other Debt Service	4,230,121	0	4,230,121
Capital Projects	0	3,825,551	3,825,551
Total Expenditures	<u>\$ 107,549,660</u>	<u>\$ 18,865,634</u>	<u>\$ 126,415,294</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,626,000</u>	<u>\$ (2,716,716)</u>	<u>\$ (90,716)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 17,170	\$ 0	\$ 17,170
Transfers In	33,364	0	33,364
Transfers Out	0	(33,364)	(33,364)
Total Other Financing Sources (Uses)	<u>\$ 50,534</u>	<u>\$ (33,364)</u>	<u>\$ 17,170</u>
Net Change in Fund Balances	\$ 2,676,534	\$ (2,750,080)	\$ (73,546)
Fund Balance, July 1, 2009	15,613,259	4,790,298	20,403,557
Fund Balance, June 30, 2010	<u>\$ 18,289,793</u>	<u>\$ 2,040,218</u>	<u>\$ 20,330,011</u>

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, 2010

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)		\$	(73,546)
(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	\$	5,550,888	
Less: current-year depreciation expense		<u>(3,811,206)</u>	1,739,682
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	5,009,392	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(5,231,112)</u>	(221,720)
(3) 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	\$	6,022	
Add: principal payments on leases		<u>466,091</u>	472,113
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			<u>(2,801,382)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (884,853)</u>

Sevier County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Sevier County School Department
 June 30, 2010

	Special Revenue Funds			Capital Projects		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Fund Education Capital Projects		

\$	0	7,972	\$ 7,972	\$ 0	\$ 7,972
	171,212	575,627	746,839	2,053,588	2,800,427
	5,958	0	5,958	0	5,958
\$	177,170	583,599	\$ 760,769	\$ 2,053,588	\$ 2,814,357

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	
Accounts Payable	
Other Notes Payable	
Total Liabilities	

Fund Balances

Reserved for Encumbrances	
Reserved for Title I Grants to Local Education Agencies	
Reserved for Special Education - Grants to States	
Other Federal Reserves	
Unreserved	
Total Fund Balances	

Total Liabilities and Fund Balances

\$	49,139	\$ 0	\$ 49,139	\$ 0	\$ 49,139
	0	0	0	725,000	725,000
	49,139	0	49,139	725,000	774,139
\$	14,370	0	\$ 14,370	\$ 506,034	\$ 520,404
	6,068	0	6,068	0	6,068
	16,131	0	16,131	0	16,131
	91,462	0	91,462	0	91,462
	0	583,599	583,599	822,554	1,406,153
\$	128,031	583,599	\$ 711,630	\$ 1,328,588	\$ 2,040,218
\$	177,170	583,599	\$ 760,769	\$ 2,053,588	\$ 2,814,357

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, 2010

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 2,073,532	\$ 2,073,532	\$ 0	\$ 2,073,532
Other Local Revenues	0	6,678	6,678	40,000	46,678
State of Tennessee	0	68,204	68,204	0	68,204
Federal Government	8,736,613	4,023,891	12,760,504	0	12,760,504
Other Governments and Citizens Groups	0	0	0	1,200,000	1,200,000
Total Revenues	<u>\$ 8,736,613</u>	<u>\$ 6,172,305</u>	<u>\$ 14,908,918</u>	<u>\$ 1,240,000</u>	<u>\$ 16,148,918</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 7,415,335	\$ 0	\$ 7,415,335	\$ 0	\$ 7,415,335
Support Services	1,433,587	0	1,433,587	0	1,433,587
Operation of Non-Instructional Services	0	6,191,161	6,191,161	0	6,191,161
Capital Projects	0	0	0	3,825,551	3,825,551
Total Expenditures	<u>\$ 8,848,922</u>	<u>\$ 6,191,161</u>	<u>\$ 15,040,083</u>	<u>\$ 3,825,551</u>	<u>\$ 18,865,634</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (112,309)</u>	<u>\$ (18,856)</u>	<u>\$ (131,165)</u>	<u>\$ (2,585,551)</u>	<u>\$ (2,716,716)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (33,364)	\$ 0	\$ (33,364)	\$ 0	\$ (33,364)
Total Other Financing Sources (Uses)	<u>\$ (33,364)</u>	<u>\$ 0</u>	<u>\$ (33,364)</u>	<u>\$ 0</u>	<u>\$ (33,364)</u>
Net Change in Fund Balances	\$ (145,673)	\$ (18,856)	\$ (164,529)	\$ (2,585,551)	\$ (2,750,080)
Fund Balance, July 1, 2009	<u>273,704</u>	<u>602,455</u>	<u>876,159</u>	<u>3,914,139</u>	<u>4,790,298</u>
Fund Balance, June 30, 2010	<u>\$ 128,031</u>	<u>\$ 583,599</u>	<u>\$ 711,630</u>	<u>\$ 1,328,588</u>	<u>\$ 2,040,218</u>

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 69,314,613	\$ 0	\$ 0	\$ 69,314,613	\$ 63,380,500	\$ 68,672,157	\$ 642,456
Licenses and Permits	149,073	0	0	149,073	175,000	150,000	(927)
Charges for Current Services	227,074	0	0	227,074	210,000	214,336	12,738
Other Local Revenues	615,085	0	0	615,085	543,450	614,736	349
State of Tennessee	39,426,186	0	0	39,426,186	38,611,916	39,171,902	254,284
Federal Government	272,873	0	0	272,873	404,931	304,363	(31,490)
Other Governments and Citizens Groups	170,756	0	0	170,756	0	151,637	19,119
Total Revenues	\$ 110,175,660	\$ 0	\$ 0	\$ 110,175,660	\$ 103,325,797	\$ 109,279,131	\$ 896,529
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 52,537,707	\$ (1,063,906)	\$ 970,356	\$ 52,444,157	\$ 53,704,284	\$ 53,344,564	\$ 900,407
Alternative Instruction Program	928,615	0	0	928,615	887,728	932,467	3,852
Special Education Program	7,365,177	(11,497)	100	7,353,780	7,524,953	7,471,190	117,410
Vocational Education Program	2,655,811	0	0	2,655,811	2,645,030	2,692,194	36,383
Adult Education Program	125,728	0	950	126,678	162,431	162,574	35,896
<u>Support Services</u>							
Attendance	481,212	0	0	481,212	513,002	511,202	29,990
Health Services	1,416,747	0	22,186	1,438,933	1,513,133	1,504,426	65,493
Other Student Support	2,843,882	(287)	0	2,843,595	2,906,234	2,884,259	40,664
Regular Instruction Program	3,911,078	(107,056)	1,280	3,805,302	3,927,926	3,975,802	170,500
Special Education Program	432,362	0	0	432,362	457,547	447,007	14,645
Vocational Education Program	148,974	0	0	148,974	154,787	155,061	6,087
Adult Programs	103,518	0	0	103,518	108,620	108,620	5,102

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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 214,620	\$ 0	\$ 0	\$ 214,620	\$ 0	\$ 214,620	\$ 0
Board of Education	2,297,948	0	0	2,297,948	2,324,932	2,447,272	149,324
Director of Schools	211,099	0	0	211,099	228,460	230,246	19,147
Office of the Principal	7,682,199	(15,769)	0	7,666,430	7,867,802	7,897,347	230,917
Fiscal Services	856,991	(258)	195	856,928	1,010,915	924,390	67,462
Operation of Plant	7,437,710	(206,429)	181,495	7,412,776	8,477,856	7,744,415	331,639
Maintenance of Plant	2,923,727	0	0	2,923,727	3,143,288	3,097,184	173,457
Transportation	3,972,683	(3,411)	0	3,969,272	4,508,412	4,448,415	479,143
<u>Operation of Non-Instructional Services</u>							
Food Service	851,181	0	0	851,181	900,699	910,937	59,756
Community Services	223,832	0	0	223,832	252,519	305,023	81,191
Early Childhood Education	451,684	0	0	451,684	366,147	453,018	1,334
<u>Capital Outlay</u>							
Regular Capital Outlay	2,737,864	(1,207,147)	672,852	2,203,569	2,240,687	8,594,295	6,390,726
<u>Principal on Debt</u>							
Education	472,113	0	0	472,113	2,580,000	472,113	0
Interest on Debt							
Education	35,077	0	0	35,077	1,895,275	35,077	0
<u>Other Debt Service</u>							
Education	4,230,121	0	0	4,230,121	0	4,230,121	0
Total Expenditures	\$ 107,549,660	\$ (2,615,760)	\$ 1,849,414	\$ 106,783,314	\$ 110,302,667	\$ 116,193,839	\$ 9,410,525
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,626,000	\$ 2,615,760	\$ (1,849,414)	\$ 3,392,346	\$ (6,976,870)	\$ (6,914,708)	\$ 10,307,054

(Continued)

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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 312,900	\$ (312,900)
Insurance Recovery	17,170	0	0	17,170	0	17,170	0
Transfers In	33,364	0	0	33,364	0	0	33,364
Total Other Financing Sources (Uses)	\$ 50,534	\$ 0	\$ 0	\$ 50,534	\$ 0	\$ 330,070	\$ (279,536)
Net Change in Fund Balance	\$ 2,676,534	\$ 2,615,760	\$ (1,849,414)	\$ 3,442,880	\$ (6,976,870)	\$ (6,584,638)	\$ 10,027,518
Fund Balance, July 1, 2009	15,613,259	(2,615,760)	0	12,997,499	12,492,003	12,492,003	505,496
Fund Balance, June 30, 2010	\$ 18,289,793	\$ 0	\$ (1,849,414)	\$ 16,440,379	\$ 5,515,133	\$ 5,907,365	\$ 10,533,014

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 8,736,613	\$ 0	\$ 0	\$ 8,736,613	\$ 11,718,313	\$ 12,350,123	\$ (3,613,510)
Total Revenues	\$ 8,736,613	\$ 0	\$ 0	\$ 8,736,613	\$ 11,718,313	\$ 12,350,123	\$ (3,613,510)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,727,065	\$ (20,291)	\$ 977	\$ 3,707,751	\$ 3,778,864	\$ 4,487,045	\$ 779,294
Special Education Program	3,520,703	0	0	3,520,703	4,066,944	5,149,193	1,628,490
Vocational Education Program	167,567	(20,760)	0	146,807	145,803	167,568	20,761
<u>Support Services</u>							
Health Services	18,317	0	0	18,317	19,438	22,438	4,121
Other Student Support	491,320	(6,928)	13,393	497,785	2,332,615	1,269,568	771,783
Regular Instruction Program	366,964	(21,752)	0	345,212	394,578	464,445	119,233
Special Education Program	98,634	0	0	98,634	117,921	117,921	19,287
Vocational Education Program	53,456	0	0	53,456	50,000	53,456	0
Transportation	404,896	0	0	404,896	778,515	768,515	363,619
<u>Capital Outlay</u>							
Regular Capital Outlay	0	0	0	0	90,314	90,314	90,314
Total Expenditures	\$ 8,848,922	\$ (69,731)	\$ 14,370	\$ 8,793,561	\$ 11,774,992	\$ 12,590,463	\$ 3,796,902
Excess (Deficiency) of Revenues Over Expenditures	\$ (112,309)	\$ 69,731	\$ (14,370)	\$ (56,948)	\$ (56,679)	\$ (240,340)	\$ 183,392
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (33,364)	\$ 0	\$ 0	\$ (33,364)	\$ (33,635)	\$ (33,364)	\$ 0
Total Other Financing Sources (Uses)	\$ (33,364)	\$ 0	\$ 0	\$ (33,364)	\$ (33,635)	\$ (33,364)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (145,673)	\$ 69,731	\$ (14,370)	\$ (90,312)	\$ (90,314)	\$ (273,704)	\$ 183,392
Fund Balance, July 1, 2009	273,704	(69,731)	0	203,973	273,704	273,704	(69,731)
Fund Balance, June 30, 2010	\$ 128,031	\$ 0	\$ (14,370)	\$ 113,661	\$ 183,390	\$ 0	\$ 113,661

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sevier County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 2,073,532	\$ 2,510,000	\$ 2,080,000	\$ (6,468)
Other Local Revenues	6,678	10,000	8,000	(1,322)
State of Tennessee	68,204	69,210	68,204	0
Federal Government	4,023,891	3,650,000	4,061,462	(37,571)
Total Revenues	<u>\$ 6,172,305</u>	<u>\$ 6,239,210</u>	<u>\$ 6,217,666</u>	<u>\$ (45,361)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 6,191,161	\$ 6,659,485	\$ 6,538,447	\$ 347,286
Total Expenditures	<u>\$ 6,191,161</u>	<u>\$ 6,659,485</u>	<u>\$ 6,538,447</u>	<u>\$ 347,286</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,856)</u>	<u>\$ (420,275)</u>	<u>\$ (320,781)</u>	<u>\$ 301,925</u>
Net Change in Fund Balance	\$ (18,856)	\$ (420,275)	\$ (320,781)	\$ 301,925
Fund Balance, July 1, 2009	602,455	420,275	420,275	182,180
Fund Balance, June 30, 2010	<u>\$ 583,599</u>	<u>\$ 0</u>	<u>\$ 99,494</u>	<u>\$ 484,105</u>

MISCELLANEOUS SCHEDULES

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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured	
							During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT								
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Public Building Authority, Series V-D-1 (Refunding)	\$ 6,150,000	3 to 4 %	08-27-08	6-1-16	\$ 5,640,000	0 \$	600,000	\$ 5,040,000
Public Building Authority, Series VII-A-4 (Refunding)	6,900,000 (1)	Variable	08-28-08	6-1-25	6,245,000	0	685,000	5,560,000
Public Building Authority, Series VII-B-1 (Refunding Portion)	42,495,000 (1)	Variable	11-20-08	6-1-31	42,225,000	0	530,000	41,695,000
Public Building Authority, Series VII-B-1	(2)	Variable	11-20-08	6-1-31	4,575,505	11,200,000	0	15,775,505
Public Building Authority, Series V-F-1 (Refunding)	13,625,000	3.5 to 5	11-25-08	6-1-25	12,640,000	0	1,055,000	11,585,000
Total Payable through General Debt Service Fund					\$ 71,325,505	\$ 11,200,000	\$ 2,870,000	\$ 79,655,505
Total Other Loans Payable					\$ 71,325,505	\$ 11,200,000	\$ 2,870,000	\$ 79,655,505
BONDS PAYABLE								
Payable through General Debt Service Fund								
School Refunding Bonds, Series 2002	19,415,000	2 to 4.5	10-30-02	4-1-16	\$ 12,100,000	0 \$	1,245,000	\$ 10,855,000
General Obligation Refunding Bonds, Series 2008	11,135,000	3 to 4.5	5-1-08	6-1-25	11,135,000	0	35,000	11,100,000
General Obligation Bonds, Series 2009	2,700,000	3 to 4.3	4-2-09	6-1-25	2,700,000	0	115,000	2,585,000
General Obligation Refunding Bonds, Series 2009 (Water Board and Solid Waste)	2,535,000	3 to 4.3	4-2-09	6-1-25	2,535,000	0	345,000	2,190,000
General Obligation Refunding Bonds, Series 2009B	6,275,000	3	6-25-09	4-1-16	6,275,000	0	730,000	5,545,000
Total Payable through General Debt Service Fund					\$ 34,745,000	\$ 0	\$ 2,470,000	\$ 32,275,000
Total Bonds Payable					\$ 34,745,000	\$ 0	\$ 2,470,000	\$ 32,275,000

(Continued)

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 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund								
Energy Efficiency Loan Program	\$ 39,806	3 %	11-7-03	12-15-10	\$ 12,225	\$ 0	\$ 6,022	\$ 6,203
Total Payable through General Purpose School Fund					\$ 12,225	\$ 0	\$ 6,022	\$ 6,203
Total Notes Payable					\$ 12,225	\$ 0	\$ 6,022	\$ 6,203
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Purpose School Fund								
Geothermal Boyds Creek	600,018	3.29	7-13-04	6-1-10	\$ 108,572	\$ 0	\$ 108,572	\$ 0
Lighting Retrofit	1,320,214	3.29	7-13-04	6-1-10	238,888	0	238,888	0
Geothermal Catlettsburg	708,829	4.35	12-12-08	12-1-14	708,829	0	118,631	590,198
Total Payable through General Purpose School Fund					\$ 1,056,289	\$ 0	\$ 466,091	\$ 590,198
Total Capital Leases Payable					\$ 1,056,289	\$ 0	\$ 466,091	\$ 590,198

- (1) The loan agreements refunded by these issues were swapped from variable to a synthetic fixed rate by execution of swap agreements.
(2) Total amount approved was \$21,450,000, of which \$5,574,495 remains available for draws as of June 30, 2010.

Sevier County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Sevier County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2011	\$ 2,610,000	\$ 833,954	\$ 716,698	\$ 4,160,652
2012	2,695,000	770,032	708,750	4,173,782
2013	2,615,000	703,961	700,596	4,019,557
2014	2,155,000	643,321	690,206	3,488,527
2015	2,235,000	609,601	675,969	3,520,570
2016	2,370,000	574,546	661,236	3,605,782
2017	4,470,000	534,804	644,918	5,649,722
2018	4,665,000	450,165	616,575	5,731,740
2019	3,975,000	341,360	586,995	4,903,355
2020	5,120,000	273,003	556,004	5,949,007
2021	4,405,000	243,643	502,084	5,150,727
2022	4,590,000	203,252	460,020	5,253,272
2023	4,870,000	161,478	415,727	5,447,205
2024	5,830,000	119,980	368,045	6,318,025
2025	5,220,000	74,032	309,840	5,603,872
2026	3,315,000	52,394	253,233	3,620,627
2027	3,515,000	44,437	214,780	3,774,217
2028	3,705,000	36,001	174,006	3,915,007
2029	3,905,000	27,109	131,027	4,063,136
2030	4,105,000	17737	85,729	4,208,466
2031	3,285,505	7,885	38,112	3,331,502
Total	\$ 79,655,505	\$ 6,722,695	\$ 9,510,550	\$ 95,888,750

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 2,900,000	\$ 1,258,603	\$ 4,158,603
2012	2,975,000	1,163,828	4,138,828
2013	3,285,000	1,062,490	4,347,490
2014	4,025,000	936,853	4,961,853
2015	4,165,000	781,203	4,946,203
2016	4,150,000	619,702	4,769,702
2017	880,000	455,078	1,335,078
2018	910,000	417,557	1,327,557
2019	940,000	378,477	1,318,477
2020	965,000	341,577	1,306,577
2021	1,245,000	303,347	1,548,347
2022	1,280,000	252,241	1,532,241
2023	1,330,000	198,881	1,528,881
2024	1,375,000	142,671	1,517,671
2025	1,850,000	82,790	1,932,790
Total	\$ 32,275,000	\$ 8,395,298	\$ 40,670,298

(Continued)

Sevier County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Sevier County School Department (Cont.)

DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note		Total
	Principal	Interest	
2011	\$ 6,203	\$ 186	\$ 6,389
Total	\$ 6,203	\$ 186	\$ 6,389

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 123,896	\$ 23,223	\$ 147,119
2012	129,394	17,725	147,119
2013	135,136	11,982	147,118
2014	141,134	5,985	147,119
2015	60,638	661	61,299
Total	\$ 590,198	\$ 59,576	\$ 649,774

Sevier County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sevier County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	<u>\$ 2,192,000</u>
Total Transfers Primary Government			<u>\$ 2,192,000</u>
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 33,364</u>
Total Transfers Discretely Presented Sevier County School Department			<u>\$ 33,364</u>

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, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 121,261 (4)	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	94,434	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	128,715 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	83,621 (6)	3,690,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	85,122 (7)	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	84,622 (8)	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	86,372 (5, 9)	50,000	"
General Sessions Court Clerk	Section 8-24-102, <u>TCA</u>	85,122 (10)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	83,050 (2, 11)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	83,121 (12)	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	94,825 (3, 4)	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) Does not include special commissioner fees of \$14,734.
- (3) Includes law enforcement training supplement of \$600 and workhouse supplement of \$1,120. Does not include clothing allowance of \$500.
- (4) Includes longevity pay of \$1,750.
- (5) Does not include special commissioner fees of \$43,000.
- (6) Includes current-year supplemental pay of \$1,250 less a correction of prior-year salary payments of \$679.
- (7) Includes current-year supplemental pay of \$1,250 plus a correction of prior-year salary payments of \$822.
- (8) Includes current-year supplemental pay of \$1,250 plus a correction of prior-year salary payments of \$322.
- (9) Includes current-year supplemental pay of \$1,250 plus a correction of prior-year salary payments of \$2,072.
- (10) Includes current-year supplemental pay of \$1,250 plus a correction of prior-year salary payments of \$822.
- (11) The current-year supplemental pay of \$1,250 was eliminated to correct a portion of prior-years salary overpayments of \$2,179. The remaining \$929 in overpayments will be corrected in the 2010-2011 year.
- (12) Includes current-year supplemental pay of \$1,250 less a correction of prior-year salary payments of \$1,179.

Sevier County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2010

	Special Revenue Funds							District
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Attorney General	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 14,751,218	\$ 0	\$ 0	\$ 0	\$ 670,496	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	734,523	0	0	0	33,259	0	0	0
Circuit/Clerk & Master Collections - Prior Years	398,159	0	0	0	19,907	0	0	0
Interest and Penalty	152,381	0	0	0	6,924	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	20,291	0	0	0	922	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	188,823	0	0	0	8,584	0	0	0
Payments in-Lieu-of Taxes - Other	94,425	0	0	0	4,226	0	0	0
<u>County Local Option Taxes</u>								
Local Option Sales Tax	3,568,666	0	0	0	0	0	0	0
Hotel/Motel Tax	2,050,568	0	0	0	0	0	0	0
Litigation Tax - General	396,120	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	12,616	0	0	0	0	0
Business Tax	2,045,633	0	0	0	0	0	0	0
Other County Local Option Taxes	0	25,715	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	140,973	0	0	0	6,408	0	0	0
Wholesale Beer Tax	356,109	0	0	0	0	0	0	0
Interstate Telecommunications Tax	6,439	0	0	0	0	0	0	0
Total Local Taxes	\$ 24,904,328	\$ 25,715	\$ 12,616	\$ 0	\$ 750,726	\$ 0	\$ 0	0
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 241,796	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>								
Building Permits	25,400	0	0	0	0	0	0	0
Other Permits	91,348	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 358,544	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds							District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control		
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 30,995	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	11,473	0	0	0	0	0	0	0
Drug Control Fines	12,102	0	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0	0	0
Jail Fees	24,066	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0	4,126
DUI Treatment Fines	3,523	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	2,418	0	0	0	0	0	0	0
Courtroom Security Fee	133	0	0	0	0	0	0	0
Victims Assistance Assessments	7,253	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	61,172	0	0	0	0	0	0	0
Fines for Littering	52	0	0	0	0	0	0	0
Officers Costs	37,622	0	0	0	0	0	0	0
Game and Fish Fines	267	0	0	0	0	0	0	0
Drug Control Fines	7,238	0	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0	0	0
Jail Fees	74,021	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0	15,459
DUI Treatment Fines	19,879	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	15,422	0	0	0	0	0	0	0
Courtroom Security Fee	266	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	2,304	0	0	0	0	0	0	0
Officers Costs	3,350	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	6,692	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	5,771	0	0	0	0	0	0	0
<u>Other Courts - In-county</u>								
Drug Court Fees	0	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	0	0	11,602
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	16,402	0
Total Fines, Forfeitures, and Penalties	\$ 326,019	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,402	\$ 31,187
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	3,025,397	0	0	0	0	0	0
Work Release Charges for Board	23,885	0	0	0	0	0	0
Health Department Collections	127,572	0	0	0	0	0	0
Other General Service Charges	1,555	0	0	21,875	0	0	0
<u>Fees</u>							
Copy Fees	31,240	0	0	0	0	0	0
Library Fees	20,085	0	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0	0
Telephone Commissions	14,265	0	0	0	0	0	0
Vending Machine Collections	39,951	0	0	0	0	0	0
Tourism Fees	6,200	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0
Data Processing Fee - Register	0	108,354	0	0	0	0	0
Data Processing Fee - Sheriff	12,252	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	7,380	0	0	0	0	0	0
Data Processing Fee - County Clerk	2,368	0	0	0	0	0	0
Total Charges for Current Services	\$ 3,312,200	\$ 108,354	\$ 0	\$ 21,875	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	187	0	0	0	0	48	0
Lease/Rentals	124,855	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds							District
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	Attorney General	
<u>Other Local Revenues (Cont.)</u>								
<u>Recurring Items (Cont.)</u>								
Sale of Materials and Supplies	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Sale of Maps	4,120	0	0	0	0	0	0	0
Sale of Recycled Materials	606	0	0	11,085	0	0	0	0
Miscellaneous Refunds	84,750	0	0	0	0	0	0	0
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	14,000	0	0	0
Damages Recovered from Individuals	1,955	0	0	0	0	0	0	0
Contributions and Gifts	31,300	0	0	0	0	0	0	500
<u>Other Local Revenues</u>								
Other Local Revenues	34,246	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 282,019	\$ 0	\$ 0	\$ 11,085	\$ 14,000	\$ 48	\$ 500	
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 947,196	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	343,236	0	0	0	0	0	0	0
General Sessions Court Clerk	560,983	0	0	0	0	0	0	0
Clerk and Master	357,556	0	0	0	0	0	0	0
Juvenile Court Clerk	34,184	0	0	0	0	0	0	0
Register	1,058,894	0	0	0	0	0	0	0
Sheriff	34,949	0	0	0	0	0	0	0
Trustee	2,334,739	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 5,671,737	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Child Restraint Program	2,343	0	0	0	0	0	0	0
Aging Programs	13,102	0	0	0	0	0	0	0
On-Behalf Contributions for OPEB	3,289	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds							District Attorney General
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control		
<u>State of Tennessee (Cont.)</u>								
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	\$ 52,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	415,465	0	0	0	0	0	0	0
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	0	0	0
Litter Program	56,874	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	312,495	0	0	0	0	0	0	0
Beer Tax	17,778	0	0	0	0	0	0	0
Alcoholic Beverage Tax	98,406	0	0	0	0	0	0	0
Mixed Drink Tax	896	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	516,417	0	0	0	0	0	0	0
Contracted Prisoner Boarding	1,060,010	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	0
Reappraisal Program Reimbursement	38,919	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0
Other State Grants	14,900	0	0	0	0	0	0	0
Other State Revenues	8,634	0	0	0	0	0	0	0
Total State of Tennessee	\$ 2,632,608	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	0	0	0	0	0	0	0	0
Homeland Security Grants	376,287	0	0	0	0	0	0	0
Law Enforcement Grants	14,159	0	0	0	0	0	0	0
ARRA Grant No. 2	43,975	0	0	0	0	0	0	0
ARRA Grant No. 4	0	0	0	0	0	0	0	0
ARRA Grant No. 5	12,316	0	0	0	0	0	0	0
ARRA Grant No. A	0	0	0	0	56,625	0	0	0

(Continued)

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	District Attorney General
<u>Federal Government (Cont.)</u>							
<u>Federal Through State (Cont.)</u>							
Other Federal through State	\$ 54,477	\$ 0	\$ 0	\$ 0	\$ 13,775	\$ 0	\$ 0
Direct Federal Revenue	3,224	0	0	0	0	0	0
Other Direct Federal Revenue							
Total Federal Government	\$ 504,438	\$ 0	\$ 0	\$ 0	\$ 70,400	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 455	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	0	0	0	0
Contributions	240,000	0	0	0	0	0	0
Contracted Services	58,177	0	0	0	0	0	0
<u>Citizens Groups</u>							
Donations	60,000	0	0	0	0	0	0
Other	33,154	0	0	0	0	0	0
Other	391,786	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 38,383,679	\$ 134,069	\$ 12,616	\$ 32,960	\$ 835,126	\$ 16,450	\$ 31,687
Total							

(Continued)

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	Capital Projects	Community Development/Industrial Park				
							Development	Industrial Park			
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 0	\$ 0	\$ 5,364,053	\$ 4,358,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,144,127		
Trustee's Collections - Prior Year	0	0	284,113	216,204	0	0	0	0	1,268,099		
Circuit/Clerk & Master Collections - Prior Years	0	0	149,309	129,402	0	0	0	0	696,777		
Interest and Penalty	0	0	55,409	45,021	0	0	0	0	259,735		
Payments in-Lieu-of Taxes - T.V.A.	0	0	7,378	5,995	0	0	0	0	34,586		
Payments in-Lieu-of Taxes - Local Utilities	0	0	68,663	55,789	0	0	0	0	321,859		
Payments in-Lieu-of Taxes - Other	0	0	34,336	27,468	0	0	0	0	160,455		
<u>County Local Option Taxes</u>											
Local Option Sales Tax	0	0	0	0	0	0	0	0	3,568,666		
Hotel/Motel Tax	0	0	0	0	0	0	0	0	2,050,568		
Litigation Tax - General	0	0	0	0	0	0	0	0	396,120		
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	0	12,616		
Business Tax	0	0	0	0	0	0	0	0	2,045,633		
Other County Local Option Taxes	0	0	0	0	0	0	0	0	25,715		
<u>Statutory Local Taxes</u>											
Bank Excise Tax	0	0	51,263	41,651	0	0	0	0	240,295		
Wholesale Beer Tax	0	0	0	0	0	0	0	0	356,109		
Interstate Telecommunications Tax	0	0	0	0	0	0	0	0	6,439		
Total Local Taxes	\$ 0	\$ 0	\$ 6,014,524	\$ 4,879,890	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,587,799		
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 241,796		
<u>Permits</u>											
Building Permits	0	0	0	0	0	0	0	0	25,400		
Other Permits	0	0	0	0	0	0	0	0	91,348		
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 358,544		

(Continued)

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total	
	Constituentional Officers - Fees				Highway / Public Works	General Debt Service	General Capital Projects	Community Development/Industrial Park				
	Other Special Revenue											
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	\$	0	\$	0	\$	0	\$	0	\$	0	\$	30,995
Officers Costs		0		0		0		0		0		11,473
Drug Control Fines		0		0		0		0		0		12,102
Drug Court Fees		72,728		0		0		0		0		72,728
Jail Fees		0		0		0		0		0		24,066
District Attorney General Fees		0		0		0		0		0		4,126
DUI Treatment Fines		579		0		0		0		0		4,102
Data Entry Fee - Circuit Court		0		0		0		0		0		2,418
Courtroom Security Fee		0		0		0		0		0		133
Victims Assistance Assessments		0		0		0		0		0		7,253
<u>General Sessions Court</u>												
Fines		0		0		0		0		0		61,172
Fines for Littering		0		0		0		0		0		52
Officers Costs		0		0		0		0		0		37,622
Game and Fish Fines		0		0		0		0		0		267
Drug Control Fines		0		0		0		0		0		7,238
Drug Court Fees		53,149		0		0		0		0		53,149
Jail Fees		0		0		0		0		0		74,021
District Attorney General Fees		0		0		0		0		0		15,459
DUI Treatment Fines		3,965		0		0		0		0		23,844
Data Entry Fee - General Sessions Court		0		0		0		0		0		15,422
Courtroom Security Fee		0		0		0		0		0		266
<u>Juvenile Court</u>												
Fines		0		0		0		0		0		2,304
Officers Costs		0		0		0		0		0		3,350
<u>Chancery Court</u>												
Officers Costs		0		0		0		0		0		6,692
Data Entry Fee - Chancery Court		0		0		0		0		0		5,771
<u>Other Courts - In-county</u>												
Drug Court Fees		2,107		0		0		0		0		2,107

(Continued)

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General	Capital Projects	Community Development/ Industrial Park				
\$	0	0	0	0	0	0	0	0	0	11,602	
\$	132,528	0	0	0	0	0	0	0	0	16,402	
										506,136	
Charges for Current Services											
<u>General Service Charges</u>											
Patient Charges	0	0	0	0	0	0	0	0	0	3,025,397	
Work Release Charges for Board	0	0	0	0	0	0	0	0	0	23,885	
Health Department Collections	0	0	0	0	0	0	0	0	0	127,572	
Other General Service Charges	0	0	0	0	0	0	0	0	0	23,430	
<u>Fees</u>											
Copy Fees	0	0	0	0	0	0	0	0	0	31,240	
Library Fees	0	0	0	0	0	0	0	0	0	20,085	
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	0	50	
Telephone Commissions	0	0	0	0	0	0	0	0	0	14,265	
Vending Machine Collections	0	0	0	0	0	0	0	0	0	39,951	
Tourism Fees	0	0	0	0	0	0	0	0	0	6,200	
Constitutional Officers' Fees and Commissions	0	145,880	0	0	0	0	0	0	0	145,880	
Special Commissioner Fees/Special Master Fees	0	57,734	0	0	0	0	0	0	0	57,734	
Data Processing Fee - Register	0	0	0	0	0	0	0	0	0	108,354	
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	0	12,252	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	0	7,380	
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	0	2,368	
Total Charges for Current Services	0	203,614	0	0	0	0	0	0	0	3,646,043	
Other Local Revenues											
<u>Recurring Items</u>											
Investment Income	0	0	0	1,532,469	0	0	0	0	0	1,532,704	
Lease/Rentals	0	0	0	0	0	0	0	0	0	124,855	

(Continued)

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects	Development/Industrial	Community Park			
<u>Other Local Revenues (Cont.)</u>											
<u>Recurring Items (Cont.)</u>											
Sale of Materials and Supplies	\$ 0	\$ 0	\$ 3,646	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,646	
Sale of Maps	0	0	0	0	0	0	0	0	0	4,120	
Sale of Recycled Materials	0	0	0	0	0	0	0	0	0	11,691	
Miscellaneous Refunds	84	0	10,066	0	0	2,003	0	0	0	96,903	
<u>Nonrecurring Items</u>											
Sale of Equipment	0	0	42,876	0	0	0	0	0	0	56,876	
Damages Recovered from Individuals	0	0	5,064	0	0	0	0	0	0	7,019	
Contributions and Gifts	0	0	0	0	0	4,187,595	10,000	0	0	4,229,395	
<u>Other Local Revenues</u>											
Other Local Revenues	0	0	0	0	0	0	0	0	0	34,246	
Total Other Local Revenues	\$ 84	\$ 0	\$ 61,652	\$ 1,532,469	\$ 4,189,598	\$ 10,000	\$ 6,101,455				
<u>Fees Received from County Officials</u>											
<u>Fees in-Lieu-of Salary</u>											
County Clerk	0	0	0	0	0	0	0	0	0	947,196	
Circuit Court Clerk	0	0	0	0	0	0	0	0	0	343,236	
General Sessions Court Clerk	0	0	0	0	0	0	0	0	0	560,983	
Clerk and Master	0	0	0	0	0	0	0	0	0	357,556	
Juvenile Court Clerk	0	0	0	0	0	0	0	0	0	34,184	
Register	0	0	0	0	0	0	0	0	0	1,058,894	
Sheriff	0	0	0	0	0	0	0	0	0	34,949	
Trustee	0	0	0	0	0	0	0	0	0	2,334,739	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,671,737				
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	0	0	0	0	0	0	0	0	0	4,500	
Child Restraint Program	0	0	0	0	0	0	0	0	0	2,343	
Aging Programs	0	0	0	0	0	0	0	0	0	13,102	
On-Behalf Contributions for OPEB	0	0	0	0	0	0	0	0	0	3,289	

(Continued)

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

	Special Revenue Funds			Debt Service Fund			Capital Projects Funds			Total
	Constituentional Officers - Fees			Highway / Public Works	General Debt Service	General Capital Projects	Community Development/Industrial Park			
	Other Special Revenue									
<u>State of Tennessee (Cont.)</u>										
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	\$	0	\$	0	\$	0	\$	0	\$	52,200
Health and Welfare Grants										
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	0	415,465
<u>Public Works Grants</u>										
State Aid Program	0	0	353,256	0	0	0	0	0	0	353,256
Litter Program	0	0	0	0	0	0	0	0	0	56,874
<u>Other State Revenues</u>										
Income Tax	0	0	0	0	0	0	0	0	0	312,495
Beer Tax	0	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	98,406
Mixed Drink Tax	0	0	0	0	0	0	0	0	0	896
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	0	0	516,417
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	1,060,010
Gasoline and Motor Fuel Tax	0	0	2,138,040	0	0	0	0	0	0	2,138,040
Petroleum Special Tax	0	0	57,157	0	0	0	0	0	0	57,157
Reappraisal Program Reimbursement	0	0	0	0	0	0	0	0	0	38,919
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	430,498	0	0	445,398
Other State Revenues	0	0	0	0	0	0	0	0	0	8,634
Total State of Tennessee	\$	0	\$	2,548,453	\$	0	\$	430,498	\$	5,611,559
<u>Federal Government</u>										
<u>Federal Through State</u>										
Community Development	\$	0	\$	0	\$	0	\$	400,000	\$	400,000
Homeland Security Grants	0	0	0	0	0	0	0	0	0	376,287
Law Enforcement Grants	0	0	0	0	0	0	0	0	0	14,159
ARRA Grant No. 2	0	0	0	0	0	0	0	0	0	43,975
ARRA Grant No. 4	56,561	0	0	0	0	0	0	0	0	56,561
ARRA Grant No. 5	0	0	0	0	0	0	0	0	0	12,316
ARRA Grant No. A	0	0	0	0	0	0	0	0	0	56,625

(Continued)

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works		General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Federal Government (Cont.)</u>								
<u>Federal Through State (Cont.)</u>								
Other Federal through State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,252
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	0	0	0	0	0	0	0	3,224
Total Federal Government	\$ 56,561	\$ 0	\$ 0	\$ 0	\$ 400,000	\$ 0	\$ 0	\$ 1,031,399
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 455
Paving and Maintenance	0	0	369,480	0	0	0	0	369,480
Contributions	0	0	0	4,422,537	0	0	0	4,662,537
Contracted Services	0	0	0	0	0	0	0	58,177
<u>Citizens Groups</u>								
Donations	0	0	0	0	0	0	0	60,000
<u>Other</u>								
Other	0	0	0	0	432,784	0	0	465,938
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 369,480	\$ 4,422,537	\$ 432,784	\$ 0	\$ 0	\$ 5,616,587
<u>Total</u>	\$ 189,173	\$ 203,614	\$ 8,994,109	\$ 10,834,896	\$ 5,452,880	\$ 10,000	\$ 65,131,259	

Sevier County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 26,485,114	\$ 0	\$ 0	\$ 0	\$ 26,485,114
Trustee's Collections - Prior Year	1,313,812	0	0	0	1,313,812
Circuit/Clerk & Master Collections - Prior Years	643,794	0	0	0	643,794
Interest and Penalty	273,580	0	0	0	273,580
Payments in-Lieu-of Taxes - T.V.A.	4,598	0	0	0	4,598
Payments in-Lieu-of Taxes - Local Utilities	342,264	0	0	0	342,264
Payments in-Lieu-of Taxes - Other	169,536	0	0	0	169,536
<u>County Local Option Taxes</u>					
Local Option Sales Tax	37,688,202	0	0	0	37,688,202
Hotel/Motel Tax	2,034,747	0	0	0	2,034,747
Other County Local Option Taxes	99,992	0	0	0	99,992
<u>Statutory Local Taxes</u>					
Bank Excise Tax	253,111	0	0	0	253,111
Interstate Telecommunications Tax	5,863	0	0	0	5,863
Total Local Taxes	\$ 69,314,613	\$ 0	\$ 0	\$ 0	\$ 69,314,613
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 149,073	\$ 0	\$ 0	\$ 0	\$ 149,073
Total Licenses and Permits	\$ 149,073	\$ 0	\$ 0	\$ 0	\$ 149,073
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Adult Education	\$ 5,862	\$ 0	\$ 0	\$ 0	\$ 5,862
Lunch Payments - Children	0	0	912,968	0	912,968
Lunch Payments - Adults	0	0	155,539	0	155,539
Income from Breakfast	0	0	503,859	0	503,859
A la carte Sales	0	0	501,166	0	501,166
Receipts from Individual Schools	220,376	0	0	0	220,376
<u>Other Charges for Services</u>					
Other Charges for Services	836	0	0	0	836
Total Charges for Current Services	\$ 227,074	\$ 0	\$ 2,073,532	\$ 0	\$ 2,300,606
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 5,609	\$ 0	\$ 5,609
Lease/Rentals	4,485	0	0	0	4,485
Sale of Materials and Supplies	3,200	0	0	0	3,200
Refund of Telecommunication and Internet Fees (E-Rate)	55,980	0	0	0	55,980
Miscellaneous Refunds	47,550	0	1,069	0	48,619
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	15,812	0	0	0	15,812
Contributions and Gifts	55,948	0	0	40,000	95,948
<u>Other Local Revenues</u>					
Other Local Revenues	432,110	0	0	0	432,110
Total Other Local Revenues	\$ 615,085	\$ 0	\$ 6,678	\$ 40,000	\$ 661,763

(Continued)

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>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 241,620	\$ 0	\$ 0	\$ 0	\$ 241,620
<u>State Education Funds</u>					
Basic Education Program	33,993,101	0	0	0	33,993,101
Basic Education Program - ARRA	2,612,900	0	0	0	2,612,900
Early Childhood Education	413,541	0	0	0	413,541
School Food Service	0	0	68,204	0	68,204
Energy Efficient School Initiative	312,900	0	0	0	312,900
Driver Education	40,959	0	0	0	40,959
Other State Education Funds	143,938	0	0	0	143,938
Coordinated School Health - ARRA	100,000	0	0	0	100,000
Internet Connectivity - ARRA	50,760	0	0	0	50,760
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	34,775	0	0	0	34,775
Career Ladder Program	702,247	0	0	0	702,247
Career Ladder - Extended Contract - ARRA	141,413	0	0	0	141,413
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	559,452	0	0	0	559,452
Other State Grants	17,380	0	0	0	17,380
Safe Schools - ARRA	27,900	0	0	0	27,900
Total State of Tennessee	\$ 39,426,186	\$ 0	\$ 68,204	\$ 0	\$ 39,494,390
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,969,644	\$ 0	\$ 2,969,644
Breakfast	0	0	1,038,227	0	1,038,227
USDA - Other	0	0	4,558	0	4,558
USDA Food Service Equipment Grant - ARRA	0	0	11,462	0	11,462
Adult Education State Grant Program	132,053	0	0	0	132,053
Vocational Education - Basic Grants to States	0	200,264	0	0	200,264
Title I Grants to Local Education Agencies	0	3,316,578	0	0	3,316,578
Special Education - Grants to States	48,001	4,349,045	0	0	4,397,046
Special Education Preschool Grants	7,219	106,000	0	0	113,219
English Language Acquisition Grants	0	63,236	0	0	63,236
Safe and Drug-Free Schools - State Grants	0	43,571	0	0	43,571
Eisenhower Professional Development State Grants	0	584,888	0	0	584,888
Other Federal through State	85,600	73,031	0	0	158,631
Total Federal Government	\$ 272,873	\$ 8,736,613	\$ 4,023,891	\$ 0	\$ 13,033,377
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,200,000	\$ 1,200,000
Contracted Services	170,756	0	0	0	170,756
Total Other Governments and Citizens Groups	\$ 170,756	\$ 0	\$ 0	\$ 1,200,000	\$ 1,370,756
Total	\$ 110,175,660	\$ 8,736,613	\$ 6,172,305	\$ 1,240,000	\$ 126,324,578

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	131,460	
Advertising		394	
Audit Services		21,501	
Dues and Memberships		17,997	
Legal Services		58,109	
Travel		14,519	
Other Contracted Services		10,169	
Total County Commission			\$ 254,149

Beer Board

Board and Committee Members Fees	\$	4,175	
Unemployment Compensation		79	
Advertising		92	
Legal Services		1,724	
Total Beer Board			6,070

Other Boards and Committees

County Official/Administrative Officer	\$	45,663	
Assistant(s)		101,214	
Dispatchers/Radio Operators		338,772	
Longevity Pay		5,500	
In-Service Training		3,782	
Unemployment Compensation		3,371	
Communication		2,081	
Office Supplies		4,458	
Other Supplies and Materials		5,892	
Total Other Boards and Committees			510,733

County Mayor/Executive

County Official/Administrative Officer	\$	119,511	
Assistant(s)		72,261	
Accountants/Bookkeepers		151,944	
Secretary(ies)		29,865	
Clerical Personnel		77,694	
Longevity Pay		6,750	
Communication		8,019	
Maintenance and Repair Services - Office Equipment		3,713	
Postal Charges		4,444	
Travel		5,787	
Office Supplies		12,210	
Total County Mayor/Executive			492,198

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	64,993	
Assistant(s)		14,839	
Supervisor/Director		42,357	
Deputy(ies)		100,353	
Clerical Personnel		22,248	
Longevity Pay		3,250	
Election Commission		21,600	
Election Workers		37,175	
Advertising		34,195	
Communication		17,957	
Dues and Memberships		5,052	
Maintenance and Repair Services - Office Equipment		7,408	
Postal Charges		10,182	
Travel		7,696	
Other Contracted Services		25,356	
Office Supplies		29,311	
Total Election Commission			\$ 443,972

Register of Deeds

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		42,884	
Clerical Personnel		193,657	
Longevity Pay		7,072	
Other Salaries and Wages		999	
Communication		1,360	
Dues and Memberships		1,019	
Maintenance and Repair Services - Office Equipment		3,484	
Postal Charges		1,618	
Travel		391	
Other Contracted Services		24,597	
Office Supplies		6,456	
Other Supplies and Materials		4,000	
Total Register of Deeds			370,587

Development

County Official/Administrative Officer	\$	55,000	
Communication		927	
Legal Services		88	
Licenses		60	
Gasoline		1,123	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Office Supplies	\$	570	
Other Supplies and Materials		293	
Total Development			\$ 58,061

Planning

County Official/Administrative Officer	\$	51,182	
Assistant(s)		30,851	
Supervisor/Director		34,880	
Secretary(ies)		22,803	
Longevity Pay		3,250	
Other Salaries and Wages		23,776	
Board and Committee Members Fees		11,925	
Advertising		3,874	
Communication		7,623	
Contracts with Government Agencies		17,243	
Dues and Memberships		390	
Legal Services		5,438	
Postal Charges		70	
Rentals		20,821	
Travel		13,677	
Office Supplies		7,811	
Total Planning			255,614

Building

County Official/Administrative Officer	\$	37,560	
Assistant(s)		28,005	
Secretary(ies)		23,144	
Longevity Pay		250	
In-Service Training		1,160	
Communication		5,954	
Dues and Memberships		250	
Postal Charges		148	
Rentals		18,450	
Travel		4,432	
Office Supplies		6,721	
Utilities		2,260	
Other Supplies and Materials		6,798	
Refunds		2,762	
Total Building			137,894

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$ 90,294	
Custodial Personnel	282,602	
Longevity Pay	8,750	
Communication	43,860	
Maintenance and Repair Services - Buildings	26,770	
Pest Control	1,775	
Travel	1,443	
Electricity	425,223	
Natural Gas	159,800	
Office Supplies	237	
Water and Sewer	80,876	
Other Supplies and Materials	<u>3,654</u>	
Total County Buildings		\$ 1,125,284

Other General Administration

Mechanic(s)	\$ 164,439	
Longevity Pay	3,750	
Communication	3,876	
Maintenance and Repair Services - Vehicles	93,712	
Lubricants	15,224	
Tires and Tubes	43,766	
Other Supplies and Materials	<u>5,987</u>	
Total Other General Administration		330,754

Preservation of Records

County Official/Administrative Officer	\$ 38,382	
Assistant(s)	54,776	
Longevity Pay	1,250	
Communication	2,488	
Maintenance and Repair Services - Office Equipment	1,601	
Other Contracted Services	45,157	
Office Supplies	548	
Other Supplies and Materials	<u>4,144</u>	
Total Preservation of Records		148,346

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 83,050
Deputy(ies)	108,797
Clerical Personnel	200,492

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Longevity Pay	\$	14,072	
Other Salaries and Wages		253,765	
Board and Committee Members Fees		9,680	
Unemployment Compensation		4,700	
Advertising		180	
Audit Services		83,741	
Communication		6,020	
Dues and Memberships		1,748	
Maintenance and Repair Services - Office Equipment		15,333	
Postal Charges		19,801	
Rentals		13,650	
Travel		6,657	
Other Contracted Services		68,848	
Office Supplies		31,071	
Utilities		2,500	
Total Property Assessor's Office			\$ 924,105

Reappraisal Program

Other Salaries and Wages	\$	36,966	
Office Supplies		828	
Total Reappraisal Program			37,794

County Trustee's Office

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		42,884	
Clerical Personnel		197,683	
Longevity Pay		5,822	
Unemployment Compensation		2,026	
Audit Services		2,500	
Communication		1,031	
Dues and Memberships		1,069	
Maintenance and Repair Services - Office Equipment		2,355	
Postal Charges		40,062	
Travel		2,310	
Other Contracted Services		10,081	
Office Supplies		10,598	
Total County Trustee's Office			401,471

County Clerk's Office

County Official/Administrative Officer	\$	83,050	
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(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Deputy(ies)	\$	48,091	
Accountants/Bookkeepers		70,573	
Clerical Personnel		494,507	
Longevity Pay		14,822	
Communication		14,866	
Dues and Memberships		754	
Maintenance and Repair Services - Office Equipment		2,903	
Postal Charges		18,838	
Travel		2,134	
Other Contracted Services		9,319	
Office Supplies		39,616	
Utilities		620	
Total County Clerk's Office			\$ 800,093

Data Processing

County Official/Administrative Officer	\$	47,344	
Assistant(s)		33,386	
Longevity Pay		750	
Communication		5,521	
Postal Charges		7	
Travel		1,008	
Data Processing Supplies		18,699	
Office Supplies		46	
In Service/Staff Development		1,085	
Total Data Processing			107,846

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		31,566	
Accountants/Bookkeepers		28,689	
Clerical Personnel		363,467	
Longevity Pay		11,322	
Other Salaries and Wages		113	
Jury and Witness Fees		50,845	
Communication		1,748	
Contracts with Other Public Agencies		991	
Dues and Memberships		921	
Maintenance and Repair Services - Office Equipment		7,316	
Postal Charges		8,468	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Travel	\$	277	
Other Contracted Services		20,852	
Office Supplies		28,308	
Total Circuit Court			\$ 637,933

General Sessions Court

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		43,742	
Accountants/Bookkeepers		28,005	
Clerical Personnel		213,955	
Longevity Pay		9,072	
Other Salaries and Wages		54,926	
Communication		2,884	
Contracts with Other Public Agencies		2,758	
Dues and Memberships		859	
Maintenance and Repair Services - Office Equipment		7,921	
Postal Charges		6,701	
Travel		1,390	
Other Contracted Services		10,167	
Office Supplies		19,063	
Total General Sessions Court			484,493

General Sessions Judge

Judge(s)	\$	291,987	
Secretary(ies)		31,041	
Longevity Pay		3,000	
Other Salaries and Wages		42,026	
Communication		2,921	
Dues and Memberships		3,311	
Postal Charges		176	
Travel		5,413	
Other Contracted Services		6,616	
Office Supplies		6,111	
Total General Sessions Judge			392,602

Chancery Court

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		28,219	
Clerical Personnel		112,326	
Longevity Pay		5,500	

(Continued)

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	\$ 32,506	
Communication	884	
Dues and Memberships	684	
Maintenance and Repair Services - Office Equipment	5,004	
Postal Charges	1,650	
Office Supplies	7,653	
Total Chancery Court		\$ 277,476

Juvenile Court

Deputy(ies)	\$ 30,351	
Clerical Personnel	52,131	
Longevity Pay	1,000	
Postal Charges	1,465	
Other Contracted Services	3,477	
Office Supplies	9,478	
Total Juvenile Court		97,902

District Attorney General

Assistant(s)	\$ 50,787	
Dues and Memberships	400	
Travel	1,169	
Office Supplies	85	
Total District Attorney General		52,441

Judicial Commissioners

County Official/Administrative Officer	\$ 152,928	
Supervisor/Director	39,691	
Longevity Pay	2,250	
Other Salaries and Wages	95	
Communication	1,822	
Dues and Memberships	385	
Travel	1,818	
Office Supplies	13,654	
In Service/Staff Development	1,547	
Total Judicial Commissioners		214,190

Other Administration of Justice

Assistant(s)	\$ 88,031	
Longevity Pay	500	
Total Other Administration of Justice		88,531

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Victims Assistance Programs

Longevity Pay	\$	500	
Communication		874	
Office Supplies		1,017	
Total Victims Assistance Programs			\$ 2,391

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	93,075	
Assistant(s)		27,615	
Deputy(ies)		2,080,854	
Investigator(s)		301,620	
Lieutenant(s)		103,661	
Sergeant(s)		224,709	
Accountants/Bookkeepers		35,980	
Dispatchers/Radio Operators		308,474	
Guards		156,633	
Secretary(ies)		88,488	
Longevity Pay		54,250	
Other Salaries and Wages		51,102	
In-Service Training		75,198	
Other Fringe Benefits		49,305	
Communication		25,610	
Contracts with Other Public Agencies		14,860	
Data Processing Services		29,833	
Dues and Memberships		2,500	
Licenses		37	
Maintenance and Repair Services - Equipment		75,090	
Maintenance and Repair Services - Office Equipment		5,443	
Transportation - Other than Students		400	
Travel		7,209	
Gasoline		283,551	
Other Supplies and Materials		90,664	
Building Improvements		25,230	
Other Equipment		14,900	
Other Capital Outlay		44,957	
Total Sheriff's Department			4,271,248

Drug Enforcement

Other Supplies and Materials	\$	21,666	
Total Drug Enforcement			21,666

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$	57,785	
Supervisor/Director		29,414	
Guards		1,908,480	
Cafeteria Personnel		111,967	
Longevity Pay		22,250	
Other Salaries and Wages		17,173	
In-Service Training		21,453	
Unemployment Compensation		11,747	
Other Fringe Benefits		28,243	
Communication		20,523	
Contracts with Other Public Agencies		338	
Data Processing Services		4,398	
Legal Services		1,525	
Maintenance and Repair Services - Buildings		45,735	
Maintenance and Repair Services - Equipment		35,940	
Maintenance and Repair Services - Office Equipment		11,857	
Medical and Dental Services		611,967	
Postal Charges		5,105	
Rentals		7,771	
Transportation - Other than Students		10,896	
Food Supplies		321,303	
Office Supplies		30,517	
Other Supplies and Materials		222,026	
Total Jail			\$ 3,538,413

Juvenile Services

Supervisor/Director	\$	50,171	
Youth Service Officer(s)		149,372	
Secretary(ies)		21,182	
Longevity Pay		5,000	
Communication		2,077	
Dues and Memberships		300	
Maintenance and Repair Services - Office Equipment		100	
Postal Charges		1,101	
Travel		2,232	
Other Contracted Services		3,960	
Office Supplies		7,676	
Total Juvenile Services			243,171

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contributions	\$ 748,000	
Communication Equipment	<u>50,000</u>	
Total Fire Prevention and Control		\$ 798,000

Civil Defense

Contributions	\$ 4,000	
Total Civil Defense		4,000

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 23,364	
Longevity Pay	1,000	
Other Salaries and Wages	48,982	
Communication	7,220	
Dues and Memberships	50	
Postal Charges	68	
Travel	723	
Other Contracted Services	2,016	
Office Supplies	3,056	
Other Supplies and Materials	4,325	
Communication Equipment	87,500	
Law Enforcement Equipment	15,647	
Other Equipment	101,055	
Other Capital Outlay	<u>152,326</u>	
Total Other Emergency Management		447,332

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 10,130	
Legal Services	100	
Postal Charges	24	
Travel	656	
Other Contracted Services	99,520	
Office Supplies	<u>647</u>	
Total County Coroner/Medical Examiner		111,077

Other Public Safety

County Official/Administrative Officer	\$ 45,681	
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(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Sergeant(s)	\$	102,915	
Medical Personnel		11,422	
Guards		238,652	
Secretary(ies)		24,651	
Educational Assistants		10,799	
Longevity Pay		4,500	
Other Salaries and Wages		24,562	
In-Service Training		9,855	
Unemployment Compensation		2,856	
Other Fringe Benefits		3,809	
Communication		7,068	
Data Processing Services		3,690	
Maintenance and Repair Services - Buildings		2,603	
Maintenance and Repair Services - Equipment		1,987	
Maintenance and Repair Services - Office Equipment		2,832	
Medical and Dental Services		14,404	
Postal Charges		30	
Rentals		2,351	
Travel		1,245	
Other Contracted Services		2,400	
Gasoline		1,493	
Office Supplies		5,645	
Other Supplies and Materials		6,278	
Total Other Public Safety			\$ 531,728

Public Health and Welfare

Local Health Center

Communication	\$	9,061	
Maintenance and Repair Services - Office Equipment		8,674	
Medical and Dental Services		12,774	
Postal Charges		3,970	
Utilities		24,227	
Other Supplies and Materials		13,750	
Other Charges		6,713	
Total Local Health Center			79,169

Rabies and Animal Control

Contributions	\$	85,000	
Total Rabies and Animal Control			85,000

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Medical Personnel	\$ 2,510,648	
Longevity Pay	31,500	
Employee and Dependent Insurance	240,680	
Unemployment Compensation	1	
Communication	20,021	
Contributions	100,000	
Licenses	4,070	
Maintenance and Repair Services - Equipment	6,351	
Maintenance and Repair Services - Office Equipment	8,529	
Maintenance and Repair Services - Vehicles	1,651	
Postal Charges	6,432	
Travel	1,829	
Tuition	12,732	
Other Contracted Services	6,038	
Custodial Supplies	5,932	
Drugs and Medical Supplies	95,619	
Gasoline	75,559	
Office Supplies	17,157	
Uniforms	20,191	
Utilities	41,509	
Other Supplies and Materials	36,612	
Refunds	48,772	
Other Charges	4,932	
Total Ambulance/Emergency Medical Services		\$ 3,296,765

Maternal and Child Health Services

Medical Personnel	\$ 66,740	
Clerical Personnel	290,337	
Longevity Pay	4,000	
Other Salaries and Wages	2,803	
Transportation - Other than Students	3,282	
Travel	169	
Other Contracted Services	33,302	
Total Maternal and Child Health Services		400,633

Other Local Health Services

Contracts with Other Public Agencies	\$ 126,317	
Contributions	141,490	
Total Other Local Health Services		267,807

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Communication	\$	1,270	
Contributions		32,507	
Rentals		27,210	
Water and Sewer		275	
Total Appropriation to State			\$ 61,262

Other Local Welfare Services

Contracts with Other Public Agencies	\$	70,000	
Contributions		25,926	
Pauper Burials		7,750	
Total Other Local Welfare Services			103,676

Other Public Health and Welfare

Supervisor/Director	\$	49,295	
Secretary(ies)		29,290	
Longevity Pay		2,250	
Other Salaries and Wages		100,749	
In-Service Training		1,415	
Communication		8,439	
Dues and Memberships		100	
Maintenance and Repair Services - Office Equipment		15	
Rentals		22,001	
Travel		20,862	
Other Contracted Services		2,268	
Office Supplies		6,301	
Utilities		1,022	
Refunds		575	
Total Other Public Health and Welfare			244,582

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	39,723	
Assistant(s)		25,084	
Supervisor/Director		30,179	
Dispatchers/Radio Operators		17,160	
Secretary(ies)		25,382	
Cafeteria Personnel		6,784	
Maintenance Personnel		12,852	
Longevity Pay		1,000	
Unemployment Compensation		188	

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Advertising	\$	4,062	
Communication		6,733	
Legal Services		88	
Maintenance and Repair Services - Buildings		6,190	
Travel		8,050	
Other Contracted Services		35,474	
Office Supplies		2,518	
Other Supplies and Materials		14,264	
In Service/Staff Development		1,661	
Other Charges		4,880	
Motor Vehicles		9,900	
Total Senior Citizens Assistance			\$ 252,172

Libraries

County Official/Administrative Officer	\$	59,566
Assistant(s)		378,848
Supervisor/Director		99,902
Accountants/Bookkeepers		26,087
Custodial Personnel		23,586
Longevity Pay		7,750
Other Salaries and Wages		2,965
Unemployment Compensation		5,236
Communication		8,645
Dues and Memberships		2,346
Janitorial Services		9,457
Legal Services		75
Maintenance and Repair Services - Equipment		26,484
Maintenance and Repair Services - Office Equipment		2,439
Postal Charges		6,665
Printing, Stationery, and Forms		5,109
Rentals		19,880
Travel		9,304
Tuition		3,589
Maintenance and Repair Services - Records		337
Other Contracted Services		39,110
Data Processing Supplies		9,397
Duplicating Supplies		1,508
Electricity		22,773
Equipment and Machinery Parts		3,184
Instructional Supplies and Materials		3,583

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Library Books/Media	\$ 24,942	
Office Supplies	19,719	
Periodicals	6,098	
Utilities	6,593	
Water and Sewer	2,175	
Other Supplies and Materials	<u>1,080</u>	
Total Libraries		\$ 838,432

Parks and Fair Boards

Contributions	\$ 67,150	
Total Parks and Fair Boards		67,150

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$ 49,402	
Longevity Pay	1,250	
Other Salaries and Wages	112,727	
Social Security	20,007	
Communication	5,415	
Contributions	2,500	
Postal Charges	1,500	
Travel	3,158	
Other Supplies and Materials	<u>3,839</u>	
Total Agriculture Extension Service		199,798

Forest Service

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

Soil Conservation

Clerical Personnel	\$ 27,102	
Longevity Pay	<u>750</u>	
Total Soil Conservation		27,852

Storm Water Management

County Official/Administrative Officer	\$ 42,234	
Secretary(ies)	26,567	
Longevity Pay	1,250	
Other Salaries and Wages	34,470	
Communication	3,658	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Storm Water Management (Cont.)

Travel	\$ 8,123	
Office Supplies	<u>3,599</u>	
Total Storm Water Management		\$ 119,901

Other Operations

Tourism

Contracts with Private Agencies	\$ 1,124,374	
Contributions	81,250	
Travel	336	
Other Supplies and Materials	<u>13,630</u>	
Total Tourism		1,219,590

Veterans' Services

Supervisor/Director	\$ 34,722	
Secretary(ies)	35,975	
Longevity Pay	2,000	
Communication	1,375	
Contributions	6,000	
Postal Charges	419	
Travel	2,711	
Other Contracted Services	2,374	
Office Supplies	1,800	
Other Supplies and Materials	<u>245</u>	
Total Veterans' Services		87,621

Contributions to Other Agencies

Contributions	\$ <u>171,732</u>	
Total Contributions to Other Agencies		171,732

Employee Benefits

Social Security	\$ 1,015,986	
State Retirement	1,506,656	
Employee and Dependent Insurance	3,364,503	
Employer Medicare	238,894	
Workers' Compensation Insurance	<u>315,343</u>	
Total Employee Benefits		6,441,382

ARRA Grant No. 1

Assistant(s)	\$ 45,246	
Social Security	2,805	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 1 (Cont.)

State Retirement	\$	4,267	
Employer Medicare		<u>656</u>	
Total ARRA Grant No. 1			\$ 52,974

ARRA Grant No. 2

Supervisor/Director	\$	37,560	
Social Security		2,299	
State Retirement		3,589	
Employer Medicare		<u>545</u>	
Total ARRA Grant No. 2			43,993

ARRA Grant No. 5

Advertising	\$	377	
Architects		3,919	
Legal Services		562	
Postal Charges		69	
Other Contracted Services		<u>7,507</u>	
Total ARRA Grant No. 5			12,434

Miscellaneous

On-Behalf Payments to OPEB	\$	3,289	
Other Fringe Benefits		15,898	
Advertising		6,948	
Communication		372	
Contributions		179,000	
Legal Services		1,954	
Legal Notices, Recording, and Court Costs		640	
Maintenance and Repair Services - Office Equipment		8,712	
Postal Charges		7,881	
Other Contracted Services		9,581	
Other Supplies and Materials		15,272	
Building and Contents Insurance		44,392	
Liability Insurance		389,865	
Refunds		8,218	
Trustee's Commission		580,602	
Vehicle and Equipment Insurance		52,323	
Other Charges		3,495	
Communication Equipment		<u>3,995</u>	
Total Miscellaneous			1,332,437

(Continued)

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

General Fund (Cont.)

Highways

Litter and Trash Collection

Deputy(ies)	\$ 105,970	
Custodial Personnel	45,917	
Longevity Pay	3,750	
In-Service Training	600	
Communication	2,410	
Other Contracted Services	11,800	
Other Supplies and Materials	6,589	
Total Litter and Trash Collection		\$ 177,036

Other Charges

Other Contracted Services	\$ 19,439	
Right-of-Way	127	
Total Other Charges		19,566

Capital Projects

Other General Government Projects

Contracts with Private Agencies	\$ 75,407	
Engineering Services	17,688	
Other Charges	3,000	
Other Capital Outlay	139,574	
Total Other General Government Projects		<u>235,669</u>

Total General Fund \$ 34,549,198

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 132,862	
Other Supplies and Materials	22,894	
Communication Equipment	31,736	
Total County Buildings		\$ 187,492

Other Operations

Miscellaneous

Trustee's Commission	\$ 1,371	
Total Miscellaneous		1,371

Capital Projects

Other General Government Projects

Communication Equipment	\$ 12,173	
Total Other General Government Projects		<u>12,173</u>

Total Courthouse and Jail Maintenance Fund 201,036

(Continued)

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

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$ 8,107	
Trustee's Commission	120	
Total Other Administration of Justice		<u>\$ 8,227</u>

Total Law Library Fund \$ 8,227

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 51,174	
Laborers	711,524	
Longevity Pay	18,500	
Social Security	46,445	
State Retirement	64,104	
Employee and Dependent Insurance	158,400	
Employer Medicare	10,862	
Communication	6,216	
Contracts with Government Agencies	899,069	
Maintenance and Repair Services - Buildings	13,344	
Maintenance and Repair Services - Vehicles	40,664	
Rentals	24,707	
Travel	7,376	
Other Contracted Services	8,821	
Electricity	15,445	
Gasoline	71,675	
Natural Gas	3,590	
Tires and Tubes	9,618	
Uniforms	3,585	
Utilities	1,625	
Water and Sewer	350	
Other Supplies and Materials	35,474	
Trustee's Commission	112	
Total Sanitation Management		<u>\$ 2,202,680</u>

Total Solid Waste/Sanitation Fund 2,202,680

Special Purpose Fund

General Government

Other General Administration

Maintenance Equipment	\$ 8,800	
Total Other General Administration		\$ 8,800

(Continued)

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

Special Purpose Fund (Cont.)

Finance

Property Assessor's Office

Other Equipment	\$ 50,000	
Total Property Assessor's Office		\$ 50,000

Public Safety

Sheriff's Department

Motor Vehicles	\$ 182,300	
Other Capital Outlay	13,373	
Total Sheriff's Department		195,673

Juvenile Services

Office Equipment	\$ 3,185	
Total Juvenile Services		3,185

Public Health and Welfare

Ambulance/Emergency Medical Services

Motor Vehicles	\$ 203,506	
Other Equipment	14,340	
Total Ambulance/Emergency Medical Services		217,846

Sanitation Management

Solid Waste Equipment	\$ 143,446	
Total Sanitation Management		143,446

Social, Cultural, and Recreational Services

Libraries

Administration Equipment	\$ 29,689	
Total Libraries		29,689

Other Operations

Other Charges

Trustee's Commission	\$ 14,575	
Total Other Charges		14,575

ARRA Grant No. 6

Motor Vehicles	\$ 56,626	
Total ARRA Grant No. 6		56,626

Total Special Purpose Fund		\$ 719,840
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(Continued)

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

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$	12,000	
Trustee's Commission		<u>51</u>	
Total Sheriff's Department			<u>\$ 12,051</u>

Total Drug Control Fund \$ 12,051

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	5,573	
Travel		1,844	
Other Contracted Services		405	
Trustee's Commission		190	
Other Charges		<u>17,697</u>	
Total District Attorney General			<u>\$ 25,709</u>

Total District Attorney General Fund 25,709

Other Special Revenue Fund

Administration of Justice

Drug Court

Trustee's Commission	\$	1,411	
Other Charges		<u>100</u>	
Total Drug Court			<u>\$ 1,511</u>

Other Operations

ARRA Grant No. 4

Supervisor/Director	\$	36,217	
Communication		2,212	
Maintenance and Repair Services - Office Equipment		985	
Postal Charges		938	
Printing, Stationery, and Forms		4,729	
Travel		4,172	
Office Supplies		11,057	
Other Charges		<u>2,025</u>	
Total ARRA Grant No. 4			<u>62,335</u>

Total Other Special Revenue Fund 63,846

(Continued)

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

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 145,880	
Total County Clerk's Office		\$ 145,880

Administration of Justice

Circuit Court

Special Commissioner Fees/Special Master Fees	\$ 43,000	
Total Circuit Court		43,000

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 14,734	
Total Chancery Court		<u>14,734</u>

Total Constitutional Officers - Fees Fund		\$ 203,614
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 94,434	
Accountants/Bookkeepers	48,836	
Secretary(ies)	38,742	
Data Processing Services	5,933	
Dues and Memberships	3,675	
Legal Services	4,990	
Legal Notices, Recording, and Court Costs	4,150	
Postal Charges	1,354	
Printing, Stationery, and Forms	1,363	
Travel	7,268	
Office Supplies	4,305	
Other Charges	<u>9,645</u>	
Total Administration		\$ 224,695

Highway and Bridge Maintenance

Foremen	\$ 398,886
Equipment Operators	358,869
Equipment Operators - Light	350,920
Truck Drivers	302,043
Laborers	247,662
Other Contracted Services	161,789
Asphalt	2,960,205
Concrete	55,067
Crushed Stone	77,726
Fertilizer, Lime, and Seed	9,949
General Construction Materials	11,571
Other Road Supplies	2,591

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe - Metal	\$	47,709	
Road Signs		19,690	
Salt		75,362	
Small Tools		1,009	
Wood Products		2,365	
Other Supplies and Materials		148	
Other Charges		274	
Total Highway and Bridge Maintenance			\$ 5,083,835

Operation and Maintenance of Equipment

Foremen	\$	78,676	
Mechanic(s)		88,332	
Laborers		56,412	
Nightwatchmen		20,381	
Maintenance and Repair Services - Equipment		25,104	
Tow-in Services		1,105	
Other Contracted Services		372	
Diesel Fuel		143,100	
Electricity		10,698	
Equipment and Machinery Parts		173,058	
Garage Supplies		37,826	
Gasoline		84,264	
Lubricants		23,005	
Office Supplies		2,059	
Propane Gas		7,480	
Small Tools		6,064	
Tires and Tubes		49,159	
Water and Sewer		1,197	
Other Supplies and Materials		6,611	
Total Operation and Maintenance of Equipment			814,903

Quarry Operations

Foremen	\$	82,279
Equipment Operators		37,519
Laborers		34,799
Explosive and Drilling Services		12,297
Maintenance and Repair Services - Equipment		2,488
Permits		4,422
Electricity		17,846
Equipment and Machinery Parts		8,743

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Explosives and Drilling Supplies	\$	470	
Other Supplies and Materials		1,041	
Other Charges		<u>1,632</u>	
Total Quarry Operations	\$		203,536

Other Charges

Communication	\$	17,312	
Boiler Insurance		136	
Liability Insurance		52,327	
Trustee's Commission		142,102	
Vehicle and Equipment Insurance		<u>70,331</u>	
Total Other Charges			282,208

Employee Benefits

Social Security	\$	126,400	
State Retirement		202,154	
Employee and Dependent Insurance		396,800	
Employer Medicare		29,561	
Medical and Dental Services		4,078	
Workers' Compensation Insurance		<u>144,651</u>	
Total Employee Benefits			903,644

Capital Outlay

Bridge Construction	\$	114	
Highway Equipment		74,989	
Motor Vehicles		14,150	
State Aid Projects		49,417	
Other Equipment		<u>2,849</u>	
Total Capital Outlay			<u>141,519</u>

Total Highway/Public Works Fund \$ 7,654,340

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	2,470,000	
Principal on Other Loans		<u>2,870,000</u>	
Total General Government	\$		5,340,000

(Continued)

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 1,295,003	
Interest on Other Loans	<u>2,605,836</u>	
Total General Government		\$ 3,900,839

Other Debt Service

General Government

Contributions	\$ 151,525	
Fiscal Agent Charges	12,600	
Trustee's Commission	<u>110,757</u>	
Total General Government		274,882

Capital Projects - Donated

Capital Projects Donated to School Department

Other Construction	\$ <u>1,200,000</u>	
Total Capital Projects Donated to School Department		<u>1,200,000</u>

Total General Debt Service Fund \$ 10,715,721

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Building Construction	\$ <u>8,710</u>	
Total Administration of Justice Projects		\$ 8,710

Public Safety Projects

Other Supplies and Materials	\$ 4,375	
Building Construction	<u>247,714</u>	
Total Public Safety Projects		252,089

Public Health and Welfare Projects

Architects	\$ 13,281	
Other Contracted Services	596,533	
Other Supplies and Materials	1,077,881	
Building Construction	<u>663,810</u>	
Total Public Health and Welfare Projects		2,351,505

Social, Cultural, and Recreation Projects

Architects	\$ 272,439	
Other Contracted Services	4,201,161	
Other Supplies and Materials	6,913	

(Continued)

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Social, Cultural, and Recreation Projects (Cont.)

Building Construction	\$ 2,563,360	
Data Processing Equipment	96,969	
Furniture and Fixtures	24,246	
Total Social, Cultural, and Recreation Projects		\$ 7,165,088

Public Utility Projects

Engineering Services	\$ 527,029	
Legal Services	2,492	
Legal Notices, Recording, and Court Costs	165	
Other Contracted Services	1,210,854	
Other Construction	3,390,834	
Total Public Utility Projects		5,131,374

Other General Government Projects

Contracts with Private Agencies	\$ 2,250	
Other Contracted Services	943,226	
Other Supplies and Materials	10,125	
Total Other General Government Projects		955,601

Highway and Street Capital Projects

Engineering Services	\$ 15,691	
Total Highway and Street Capital Projects		15,691

Total General Capital Projects Fund \$ 15,880,058

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Legal Services	\$ 481	
Other Supplies and Materials	3,900	
Total Industrial Development		\$ 4,381

Total Community Development/Industrial Park Fund 4,381

Total Governmental Funds - Primary Government \$ 72,240,701

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 36,102,185	
Career Ladder Program	399,905	
Career Ladder Extended Contracts	165,495	
Homebound Teachers	69,756	
Educational Assistants	1,578,196	
Other Salaries and Wages	299,527	
Certified Substitute Teachers	39,516	
Non-certified Substitute Teachers	516,872	
Social Security	2,304,511	
State Retirement	2,490,041	
Life Insurance	21,901	
Medical Insurance	4,522,652	
Dental Insurance	90,762	
Employer Medicare	541,619	
Other Fringe Benefits	165,742	
Maintenance and Repair Services - Equipment	36,614	
Tuition	65,248	
Other Contracted Services	469,768	
Instructional Supplies and Materials	1,201,946	
Textbooks	1,031,973	
Fee Waivers	45,000	
Other Charges	144,141	
Regular Instruction Equipment	234,337	
Total Regular Instruction Program		\$ 52,537,707

Alternative Instruction Program

Teachers	\$ 569,948	
Career Ladder Program	6,995	
Clerical Personnel	54,735	
Educational Assistants	81,200	
Social Security	42,136	
State Retirement	49,858	
Life Insurance	494	
Medical Insurance	104,911	
Dental Insurance	2,744	
Employer Medicare	9,854	
Other Fringe Benefits	3,140	
Instructional Supplies and Materials	2,600	
Total Alternative Instruction Program		928,615

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 3,823,672	
Career Ladder Program	48,500	
Educational Assistants	436,871	
Speech Pathologist	711,512	
Other Salaries and Wages	294,826	
Non-certified Substitute Teachers	99,468	
Social Security	413,510	
State Retirement	503,971	
Life Insurance	6,053	
Medical Insurance	568,402	
Dental Insurance	23,968	
Employer Medicare	97,199	
Other Fringe Benefits	32,103	
Contracts with Other Public Agencies	721	
Maintenance and Repair Services - Equipment	547	
Other Contracted Services	51,322	
Instructional Supplies and Materials	144,237	
Other Supplies and Materials	263	
Special Education Equipment	108,032	
Total Special Education Program		\$ 7,365,177

Vocational Education Program

Teachers	\$ 1,971,511	
Career Ladder Program	24,690	
Career Ladder Extended Contracts	4,150	
Non-certified Substitute Teachers	23,512	
Social Security	119,992	
State Retirement	129,013	
Life Insurance	1,058	
Medical Insurance	258,489	
Dental Insurance	4,900	
Employer Medicare	28,094	
Other Fringe Benefits	8,797	
Maintenance and Repair Services - Equipment	8,421	
Other Contracted Services	2,234	
Instructional Supplies and Materials	67,147	
Other Supplies and Materials	2,642	
Fee Waivers	1,161	
Total Vocational Education Program		2,655,811

(Continued)

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.)

Adult Education Program

Teachers	\$	82,219	
Other Salaries and Wages		21,710	
Social Security		4,720	
State Retirement		3,203	
Life Insurance		26	
Medical Insurance		5,237	
Dental Insurance		140	
Employer Medicare		1,493	
Other Fringe Benefits		102	
Other Contracted Services		2,225	
Instructional Supplies and Materials		4,239	
Other Equipment		414	
Total Adult Education Program			\$ 125,728

Support Services

Attendance

Supervisor/Director	\$	81,490	
Career Ladder Program		6,000	
Social Workers		203,794	
Clerical Personnel		49,080	
Other Salaries and Wages		34,749	
Social Security		20,075	
State Retirement		23,329	
Life Insurance		156	
Medical Insurance		42,544	
Dental Insurance		980	
Employer Medicare		5,206	
Other Fringe Benefits		1,497	
Travel		1,827	
Other Supplies and Materials		3,285	
Attendance Equipment		7,200	
Total Attendance			481,212

Health Services

Medical Personnel	\$	1,012,161
Other Salaries and Wages		94,380
Social Security		65,977
State Retirement		53,420
Life Insurance		338

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Medical Insurance	\$	77,357	
Dental Insurance		1,876	
Employer Medicare		15,430	
Other Fringe Benefits		2,638	
Maintenance and Repair Services - Equipment		657	
Travel		4,308	
Other Contracted Services		17,658	
Drugs and Medical Supplies		24,819	
Other Supplies and Materials		37,528	
In Service/Staff Development		2,200	
Other Charges		500	
Health Equipment		5,500	
Total Health Services			\$ 1,416,747

Other Student Support

Career Ladder Program	\$	21,465	
Guidance Personnel		1,521,777	
Psychological Personnel		401,560	
Career Ladder Extended Contracts		1,325	
Clerical Personnel		40,800	
Social Security		145,848	
State Retirement		170,515	
Life Insurance		1,542	
Medical Insurance		339,851	
Dental Insurance		8,190	
Employer Medicare		34,478	
Other Fringe Benefits		10,949	
Evaluation and Testing		136,198	
Travel		2,374	
Other Supplies and Materials		7,010	
Total Other Student Support			2,843,882

Regular Instruction Program

Supervisor/Director	\$	448,898	
Career Ladder Program		40,000	
Career Ladder Extended Contracts		1,825	
Librarians		1,174,854	
Materials Supervisor		81,490	
Education Media Personnel		320,893	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Instructional Computer Personnel	\$	376,234	
Clerical Personnel		180,458	
Other Salaries and Wages		91,140	
Social Security		158,438	
State Retirement		192,981	
Life Insurance		1,561	
Medical Insurance		348,255	
Dental Insurance		7,700	
Employer Medicare		37,328	
Other Fringe Benefits		11,805	
Maintenance and Repair Services - Equipment		744	
Travel		69,171	
Other Contracted Services		16,038	
Library Books/Media		258,112	
Periodicals		2,035	
Other Supplies and Materials		17,715	
In Service/Staff Development		57,551	
Other Charges		3,670	
Other Equipment		12,182	
Total Regular Instruction Program			\$ 3,911,078

Special Education Program

Supervisor/Director	\$	161,980	
Career Ladder Program		6,000	
Career Ladder Extended Contracts		325	
Clerical Personnel		117,758	
Other Salaries and Wages		26,465	
Social Security		18,819	
State Retirement		23,399	
Life Insurance		153	
Medical Insurance		27,463	
Dental Insurance		546	
Employer Medicare		4,401	
Other Fringe Benefits		1,381	
Travel		19,564	
Other Supplies and Materials		2,284	
In Service/Staff Development		17,201	
Other Charges		4,623	
Total Special Education Program			432,362

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	78,308	
Career Ladder Program		3,000	
Secretary(ies)		33,705	
Social Security		7,004	
State Retirement		8,398	
Life Insurance		52	
Medical Insurance		10,037	
Dental Insurance		420	
Employer Medicare		1,638	
Other Fringe Benefits		501	
Travel		2,179	
Other Supplies and Materials		1,506	
In Service/Staff Development		2,226	
Total Vocational Education Program			\$ 148,974

Adult Programs

Supervisor/Director	\$	75,994	
Social Security		4,667	
State Retirement		4,879	
Life Insurance		26	
Medical Insurance		5,237	
Dental Insurance		280	
Employer Medicare		1,092	
Other Fringe Benefits		342	
Travel		1,225	
Other Supplies and Materials		789	
In Service/Staff Development		525	
Other Charges		8,462	
Total Adult Programs			103,518

Other Programs

On-Behalf Payments to OPEB	\$	214,620	
Total Other Programs			214,620

Board of Education

Secretary to Board	\$	1,200	
Board and Committee Members Fees		24,000	
Social Security		1,322	
State Retirement		2,340	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Life Insurance	\$	296	
Medical Insurance		399,288	
Dental Insurance		1,470	
Unemployment Compensation		7,286	
Employer Medicare		309	
Other Fringe Benefits		1,483	
Audit Services		31,500	
Dues and Memberships		17,792	
Legal Services		62,041	
Travel		2,069	
Liability Insurance		104,739	
Trustee's Commission		1,177,796	
Workers' Compensation Insurance		405,296	
In Service/Staff Development		11,520	
Other Charges		46,201	
Total Board of Education			\$ 2,297,948

Director of Schools

County Official/Administrative Officer	\$	127,715	
Career Ladder Program		1,000	
Social Security		6,626	
State Retirement		8,264	
Life Insurance		26	
Medical Insurance		13,021	
Dental Insurance		1,000	
Employer Medicare		1,860	
Other Fringe Benefits		574	
Communication		24,843	
Dues and Memberships		3,770	
Postal Charges		13,000	
Travel		7,423	
Other Contracted Services		101	
In Service/Staff Development		1,876	
Total Director of Schools			211,099

Office of the Principal

Principals	\$	1,968,013	
Career Ladder Program		75,000	
Career Ladder Extended Contracts		13,775	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Assistant Principals	\$ 1,824,437	
Clerical Personnel	1,925,435	
Other Salaries and Wages	20,042	
Social Security	343,771	
State Retirement	427,403	
Life Insurance	2,982	
Medical Insurance	608,806	
Dental Insurance	13,356	
Employer Medicare	80,893	
Other Fringe Benefits	24,776	
Communication	230,349	
Maintenance and Repair Services - Equipment	4,442	
Other Contracted Services	101,782	
Other Supplies and Materials	885	
Administration Equipment	16,052	
Total Office of the Principal		\$ 7,682,199

Fiscal Services

Supervisor/Director	\$ 87,776	
Accountants/Bookkeepers	351,921	
Purchasing Personnel	87,776	
Secretary(ies)	117,775	
Social Security	37,343	
State Retirement	53,595	
Life Insurance	312	
Medical Insurance	61,558	
Dental Insurance	1,680	
Employer Medicare	9,036	
Other Fringe Benefits	2,718	
Data Processing Services	20,291	
Travel	151	
Other Contracted Services	15,370	
Office Supplies	8,048	
In Service/Staff Development	811	
Other Charges	830	
Total Fiscal Services		856,991

Operation of Plant

Guards	\$ 92,460	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Custodial Personnel	\$ 2,286,401	
Social Security	137,710	
State Retirement	205,779	
Life Insurance	2,361	
Medical Insurance	451,528	
Dental Insurance	6,132	
Employer Medicare	32,761	
Other Fringe Benefits	10,305	
Janitorial Services	439,677	
Rentals	1	
Other Contracted Services	43,959	
Custodial Supplies	221,308	
Electricity	2,370,495	
Fuel Oil	17,555	
Natural Gas	537,290	
Water and Sewer	282,287	
Other Supplies and Materials	7,391	
Boiler Insurance	19,723	
Building and Contents Insurance	261,487	
Plant Operation Equipment	11,100	
Total Operation of Plant		\$ 7,437,710

Maintenance of Plant

Supervisor/Director	\$ 162,192
Secretary(ies)	33,420
Maintenance Personnel	1,695,696
Social Security	113,996
State Retirement	166,774
Life Insurance	1,154
Medical Insurance	204,179
Dental Insurance	2,940
Employer Medicare	26,759
Other Fringe Benefits	7,974
Communication	10,877
Laundry Service	20,442
Maintenance and Repair Services - Buildings	98,768
Maintenance and Repair Services - Equipment	45,950
Travel	3,910
Other Contracted Services	74,292

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Equipment and Machinery Parts	\$	9,808	
Other Supplies and Materials		223,916	
In Service/Staff Development		1,285	
Maintenance Equipment		19,395	
Total Maintenance of Plant			\$ 2,923,727

Transportation

Supervisor/Director	\$	59,871	
Mechanic(s)		423,036	
Bus Drivers		1,380,760	
Clerical Personnel		46,800	
Social Security		112,019	
State Retirement		174,391	
Life Insurance		2,538	
Medical Insurance		297,831	
Dental Insurance		5,964	
Employer Medicare		26,205	
Other Fringe Benefits		7,973	
Communication		7,995	
Laundry Service		8,476	
Other Contracted Services		13,859	
Diesel Fuel		387,432	
Equipment and Machinery Parts		970	
Garage Supplies		39,862	
Gasoline		88,471	
Lubricants		12,744	
Tires and Tubes		59,228	
Vehicle Parts		339,976	
Vehicle and Equipment Insurance		199,011	
Other Charges		14,943	
Transportation Equipment		262,328	
Total Transportation			3,972,683

Operation of Non-Instructional Services

Food Service

State Retirement	\$	240,526	
Medical Insurance		576,463	
Dental Insurance		11,732	
Other Fringe Benefits		12,500	

(Continued)

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.)

Food Supplies	\$ 9,960	
Total Food Service		\$ 851,181

Community Services

Supervisor/Director	\$ 57,000	
Other Salaries and Wages	132,126	
Social Security	11,665	
State Retirement	6,435	
Life Insurance	52	
Medical Insurance	6,080	
Dental Insurance	140	
Employer Medicare	2,728	
Other Fringe Benefits	426	
Travel	3,812	
Other Contracted Services	1,232	
Other Supplies and Materials	961	
Other Charges	1,175	
Total Community Services		223,832

Early Childhood Education

Teachers	\$ 254,630	
Educational Assistants	74,087	
Social Security	18,727	
State Retirement	23,355	
Life Insurance	299	
Medical Insurance	56,853	
Dental Insurance	1,568	
Employer Medicare	4,380	
Other Fringe Benefits	1,498	
Travel	5,285	
Instructional Supplies and Materials	6,269	
In Service/Staff Development	4,733	
Total Early Childhood Education		451,684

Capital Outlay

Regular Capital Outlay

Architects	\$ 196,709	
Engineering Services	45,974	
Building Improvements	1,635,937	

(Continued)

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 (Cont.)

Regular Capital Outlay (Cont.)

Land	\$ 859,244	
Total Regular Capital Outlay		\$ 2,737,864

Principal on Debt

Education

Principal on Notes	\$ 6,022	
Principal on Capital Leases	466,091	
Total Education		472,113

Interest on Debt

Education

Interest on Notes	\$ 367	
Interest on Capital Leases	34,710	
Total Education		35,077

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 4,230,121	
Total Education		4,230,121

Total General Purpose School Fund		\$ 107,549,660
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,202,945
Educational Assistants	271,656
Other Salaries and Wages	1,313
Certified Substitute Teachers	10,661
Non-certified Substitute Teachers	24,847
Social Security	147,912
State Retirement	160,556
Life Insurance	1,721
Medical Insurance	316,561
Dental Insurance	6,748
Unemployment Compensation	6,500
Employer Medicare	34,863
Other Fringe Benefits	10,563
Instructional Supplies and Materials	152,517

(Continued)

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.)

Regular Instruction Equipment	\$ 377,702	
Total Regular Instruction Program		\$ 3,727,065

Special Education Program

Teachers	\$ 916,898	
Educational Assistants	1,850,369	
Social Security	53,832	
State Retirement	58,153	
Life Insurance	520	
Medical Insurance	620,757	
Dental Insurance	2,240	
Employer Medicare	12,590	
Other Fringe Benefits	4,246	
Special Education Equipment	1,098	
Total Special Education Program		3,520,703

Vocational Education Program

Educational Assistants	\$ 50,025	
Social Security	5,480	
State Retirement	5,060	
Life Insurance	95	
Medical Insurance	6,850	
Employer Medicare	750	
Other Fringe Benefits	270	
Instructional Supplies and Materials	35,768	
Vocational Instruction Equipment	63,269	
Total Vocational Education Program		167,567

Support Services

Health Services

Medical Personnel	\$ 17,015	
Social Security	1,055	
Employer Medicare	247	
Total Health Services		18,317

Other Student Support

Guidance Personnel	\$ 25,844	
Attendants	431,016	
Social Security	1,408	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

State Retirement	\$	1,659	
Life Insurance		13	
Medical Insurance		4,201	
Dental Insurance		70	
Employer Medicare		329	
Other Fringe Benefits		116	
Other Supplies and Materials		26,664	
Total Other Student Support			\$ 491,320

Regular Instruction Program

Supervisor/Director	\$	35,874	
Secretary(ies)		36,420	
Other Salaries and Wages		156,082	
Social Security		13,356	
State Retirement		15,758	
Life Insurance		90	
Medical Insurance		22,871	
Dental Insurance		420	
Employer Medicare		3,124	
Other Fringe Benefits		1,028	
Travel		16,065	
Library Books/Media		21,338	
Other Supplies and Materials		6,680	
In Service/Staff Development		37,191	
Other Equipment		667	
Total Regular Instruction Program			366,964

Special Education Program

Supervisor/Director	\$	78,508	
Social Security		4,456	
State Retirement		5,040	
Life Insurance		26	
Medical Insurance		9,069	
Dental Insurance		140	
Employer Medicare		1,042	
Other Fringe Benefits		353	
Total Special Education Program			98,634

(Continued)

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.)

Vocational Education Program

Travel	\$	28,956	
In Service/Staff Development		<u>24,500</u>	
Total Vocational Education Program	\$		53,456

Transportation

Bus Drivers	\$	334,764	
Social Security		20,025	
State Retirement		31,563	
Life Insurance		26	
Medical Insurance		13,642	
Dental Insurance		140	
Employer Medicare		4,684	
Other Fringe Benefits		<u>52</u>	
Total Transportation			<u>404,896</u>

Total School Federal Projects Fund \$ 8,848,922

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,486	
Clerical Personnel		160,472	
Cafeteria Personnel		2,751,028	
Social Security		172,710	
State Retirement		18,631	
Life Insurance		4,007	
Medical Insurance		18,750	
Employer Medicare		40,569	
Communication		10,183	
Maintenance and Repair Services - Equipment		52,414	
Transportation - Other than Students		33,568	
Travel		3,551	
Other Contracted Services		100,339	
Food Preparation Supplies		192,347	
Food Supplies		2,505,259	
Other Supplies and Materials		44,870	
In Service/Staff Development		5,094	
Food Service Equipment		<u>22,883</u>	
Total Food Service	\$		<u>6,191,161</u>

Total Central Cafeteria Fund 6,191,161

(Continued)

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

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 136,107	
Engineering Services	2,130	
Building Construction	1,947,569	
Land	174,500	
Regular Instruction Equipment	9,418	
Building Purchases	1,528,327	
Other Construction	<u>27,500</u>	
Total Education Capital Projects		<u>\$ 3,825,551</u>

Total Education Capital Projects Fund \$ 3,825,551

Total Governmental Funds - Sevier County School Department \$ 126,415,294

Sevier County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 30,106,315
Total Cash Receipts	<u>\$ 30,106,315</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 29,802,602
Trustee's Commission	303,713
Total Cash Disbursements	<u>\$ 30,106,315</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	<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 37243-1402
PHONE (615) 401-7841

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

October 12, 2010

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, 2010, which collectively comprise Sevier County's basic financial statements and have issued our report thereon dated October 12, 2010. Our report includes 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 10.03 and 10.06. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

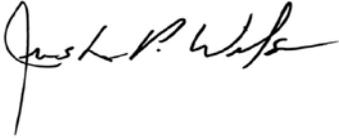
As part of obtaining reasonable assurance about whether Sevier County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 10.01, 10.02, 10.04, 10.05, and 10.07.

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

Sevier County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Sevier County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Board of County Commissioners, Board of Education, others within Sevier County, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

October 12, 2010

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, 2010. 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 of 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, 2010.

Internal Control Over Compliance

The management of Sevier County is responsible for establishing and maintaining effective internal control over compliance with the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sevier County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

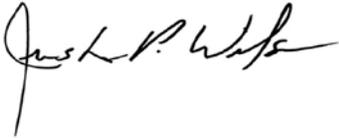
Schedule of Expenditures of Federal Awards

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, 2010, and have issued our report thereon dated October 12, 2010. 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.

Sevier County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Sevier County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Board of County Commissioners, 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.

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Sevier County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

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:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 371,209 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,038,227
National School Lunch Program	10.555	N/A	2,974,202 (3)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	11,462
Total U.S. Department of Agriculture			<u>\$ 4,395,100</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-09-27683-00	\$ 400,000
Total U.S. Department of Housing and Urban Development			<u>\$ 400,000</u>
Bureau of Land Management, Department of the Interior:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 303,840
Total Bureau of Land Management, Department of the Interior			<u>\$ 303,840</u>
U.S. Department of Justice:			
Direct Programs:			
Recovery Act - Edward Bryne Memorial Justice Assistance Grants (JAG)			
Program/Grants to Units of Local Government	16.804	N/A	\$ 56,625
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	13,775
Passed-through State Department of Finance and Administration:			
Recovery Act - Edward Bryne Memorial Justice Assistance Grants (JAG)			
Program/Grants to States and Territories	16.803	3585	43,975 (4)
Recovery Act - Edward Bryne Memorial Justice Assistance Grants (JAG)	16.803	4230	56,561 (4)
Program/Grants to States and Territories			
Total U.S. Department of Justice			<u>\$ 170,936</u>
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-09-214397	\$ 14,159
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	GG-09-27495	8,400
Total U.S. Department of Highway Administration			<u>\$ 22,559</u>
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program	81.128	N/A	\$ 12,316
Total U.S. Department of Energy			<u>\$ 12,316</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. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 132,053
Title I Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,797,027
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	600,184
Career and Technical Education - Basic Grants to States	84.048	N/A	221,023
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,740,332
Special Education - Grants to States, Recovery Act	84.391	N/A	1,656,994
Special Education - Preschool Grants	84.173	N/A	61,333
Special Education - Preschool Grants, Recovery Act	84.392	N/A	51,811
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	43,571
Twenty-first Century Community Learning Centers	84.287	N/A	85,000
State Grants for Innovative Programs	84.298	N/A	21,338
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	18,583
Education Technology State Grants, Recovery Act	84.386	(2)	56,424
English Language Acquisition Grants	84.365	N/A	62,806
Improving Teacher Quality State Grants	84.367	N/A	606,080
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	2,612,900
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	485,024
Total U.S. Department of Education			<u>\$ 12,252,483</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency, Inc.:			
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	(2)	\$ 750
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(2)	53,727
Total U.S. Department of Health and Human Services			<u>\$ 54,477</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-716	\$ 3,541 (5)
Emergency Management Performance Grants	97.042	34101-3868-1	23,466 (5)
Homeland Security Grant Program	97.067	GG-08-25670-00	152,325 (6)
Homeland Security Grant Program	97.067	34101-470	101,055 (6)
Homeland Security Grant Program	97.067	34101-2579	87,500 (6)
Total U.S. Department of Homeland Security			<u>\$ 367,887</u>
Total Expenditures of Federal Awards			<u>\$ 17,979,598</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	Contract Number	Expenditures
<u>State Grants</u>			
State Reappraisal - Comptroller of the Treasury	N/A	(2)	\$ 38,919
Litter Program - State Department of Transportation	N/A	(2)	56,874
Juvenile Services Program - State Children's Services Commission	N/A	(2)	4,500
Aging Program - State Office on Aging	N/A	(2)	13,102
Health Department Program - State Department of Health	N/A	(2)	415,465
Driver's Education - State Department of Education	N/A	(2)	40,959
Lottery for Education - Afterschool Program (LEAP) - State Department of Education	N/A	(2)	143,938
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	413,541
Rehabilitation Grant - State Department of Human Services	N/A	(2)	<u>17,380</u>
Total State Grants			<u>\$ 1,144,678</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$3,345,411.
- (4) Total for CFDA No. 16.803 is \$100,536.
- (5) Total for CFDA No. 97.042 is \$27,007.
- (6) Total for CFDA No. 97.067 is \$340,880.

Sevier County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

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, 2009, which have not been corrected.

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	239	Fees and commissions were expended without proper authorization
09.04	239	The office did not deposit some funds within three days of collection
09.05	240	The accounting records did not adequately reflect the financial activity of the office

SEVIER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Sevier County is unqualified.
2. The audit of the financial statements of Sevier County disclosed significant deficiencies in internal control. None of these significant deficiencies was considered to be a material weakness.
3. The audit disclosed two 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 and the National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the Improving Teacher Quality State Grants (CFDA No. 84.367); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); were determined to be major programs.
8. A \$539,388 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. The written response of the director of schools is paraphrased in this report.

OFFICE OF COUNTY CLERK

FINDING 10.01 **A CASH SHORTAGE OF \$94,645.50 EXISTED IN THE OFFICE AT AUGUST 31, 2010**
(Material Noncompliance Under Government Auditing Standards)

During our annual audit of the Office of County Clerk for the year ended June 30, 2010, we discovered discrepancies with bank deposits and extended our procedures to include transactions through August 31, 2010. Our extended procedures identified a cash shortage of \$94,645.50 comprised of the following:

	<u>Cash Shortage</u>
Cash the clerk admitted to removing from the office for personal use	\$ 92,334.29
Numerous unidentified shortages in daily cash drawer checkouts between July 1, 2009, and August 16, 2010	<u>2,311.21</u>
Total	<u><u>\$ 94,645.50</u></u>

Our examination found serious delays in depositing daily collections into the office bank account. By delaying deposits, large amounts of cash and checks/money orders were allowed to accumulate in the office. Records reflected that as many as 29 days elapsed between the date some funds were collected and the date the funds were deposited. Section 5-8-207, Tennessee Code Annotated, requires county officials to deposit public funds into the office bank account within three days of collection. Sound business practices dictate that all collections should be deposited daily to minimize the risk of fraud and abuse.

On August 23, 2010, we performed a cash count in the office to determine if the amount of cash on hand agreed with amounts reflected in the records. The results of our cash count revealed collections for the days listed in the following table had not been deposited and were not originally presented for cash count.

Date of Collections	Cash	Checks and Money Orders	Total
7-26-10	\$ 11,255.81	\$ 15,190.04	\$ 26,445.85
7-27-10	8,345.45	15,397.73	23,743.18
7-28-10	7,375.01	9,442.36	16,817.37
7-29-10	5,937.34	27,794.34	33,731.68
7-30-10	15,837.11	20,221.22	36,058.33
8-2-10	15,304.75	16,651.93	31,956.68
8-3-10	10,231.44	13,628.90	23,860.34
8-4-10	6,353.33	12,210.40	18,563.73
8-5-10	closed for elections		
8-6-10	11,694.05	18,752.17	30,446.22
Total	\$ 92,334.29	\$ 149,289.09	\$ 241,623.38

When asked about the collections for the above-noted days, the clerk presented the checks and money orders (\$149,289.09) for our count; however, the clerk could not produce the cash from those collections (\$92,334.29). Therefore the \$92,334.29 is included in the total cash shortage. The clerk later provided us a statement that he had used this cash for his personal use.

It appears a cash shortage existed during much of the period examined and that the clerk concealed the shortage by delaying deposits and using cash from current collections to deposit with checks and money orders from previous days collections. Although the clerk overrode existing internal control procedures to misappropriate the collections, other office personnel should have known of the existence of an excessive number of deposits in transit when reconciling bank statements at the end of each month.

The remainder of the cash shortage totaling \$2,311.21 resulted from numerous daily checkout differences between amounts collected and amounts deposited throughout the period examined. The clerk liquidated the \$2,311.21 cash shortage by depositing personal funds into the office bank account on August 16, 2010. The clerk liquidated the remainder of the cash shortage by depositing personal funds of \$48,750.72 on August 25, 2010, and \$43,583.57 on August 26, 2010.

County Clerk Joe Keener, II, resigned his position on August 30, 2010. This finding has been reviewed with the county mayor and the district attorney general.

RECOMMENDATION

All funds should be deposited within three days of collection as required by Section 5-8-207, TCA. Any differences on daily checkouts should be investigated and resolved on a current basis.

FINDING 10.02 FEES AND COMMISSIONS TOTALING \$120,620 WERE EXPENDED WITHOUT PROPER AUTHORIZATION
(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. During the period examined, the clerk paid expenses directly from the fee and commission account totaling \$120,620 to a software vendor. Since the fiscal year beginning July 1, 2005, the county clerk has paid \$407,534 to a software vendor directly from the fee and commission account without authorization. By paying the vendor directly from the fee and commission account, the county clerk bypassed the county's budgeting and purchasing processes. These disbursements should have been made by the county's General Fund through the budgetary and purchasing systems to ensure disbursements were appropriated and authorized as required by state statutes. This deficiency exists because management failed to correct the finding noted in prior-year audit reports.

RECOMMENDATION

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

FINDING 10.03 THE ACCOUNTING RECORDS DID NOT ADEQUATELY REFLECT THE FINANCIAL ACTIVITY OF THE OFFICE
(Internal Control – Significant Deficiency Under Government Auditing Standards)

During the previous year, the clerk's office installed a new software application; however, the general ledger did not adequately reflect the financial activity of the office for the year ended June 30, 2010. Sound accounting procedures dictate that accounting records should be maintained currently and should accurately reflect the account balances. We noted numerous errors in account balances reflected on the general ledger during the period under audit, and we provided management with audit adjustments that they accepted to properly reflect the account balances on the general ledger. The deficiency was attributed in part to the failure of management 1) to accurately post and reconcile items with general ledger applications on a timely basis, 2) to correct any errors discovered promptly, and 3) to correct this deficiency noted in the prior year audit report. Inaccurate accounting records increase the risk of misappropriation of funds.

RECOMMENDATION

Officials should ensure that the general ledger accurately reflects transactions and account balances for the office.

FINDING 10.04 THE OFFICE WAS DELINQUENT IN REPORTING AND PAYING FEES AND REVENUE TO THE COUNTY
(Noncompliance Under Government Auditing Standards)

The office was delinquent in reporting and paying fees and revenues to the county. Section 67-4-213(d), Tennessee Code Annotated, requires officials collecting fees and county revenues to report those collections to the county within 15 days after the end of the month in which the funds were collected. Payments to the county were consistently made after the 15-day period required by state statute.

RECOMMENDATION

The office should report and pay all fees and revenues to the county no later than 15 days after the end of the month in which the funds were collected.

OFFICE OF COUNTY MAYOR

FINDING 10.05 THE OTHER SPECIAL REVENUE FUND WAS NOT BUDGETED
(Noncompliance Under Government Auditing Standards)

The Other Special Revenue Fund, which is used to account for operations of the Drug Court, was not budgeted. Section 5-9-401, Tennessee Code Annotated, provides that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” The Other Special Revenue Fund was established in September 2009; however, management failed to present a budget to the County Commission for its approval. This resulted in expenditures not being appropriated by the County Commission for the Drug Court operations. The Sevier County Commission approved a budget for the Other Special Revenue Fund for 2010-11.

FINDING 10.06 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE PAYROLL DEPARTMENT
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties over payroll transactions were not segregated adequately among employees. Proper internal controls over payroll dictate that one individual should not prepare, sign, and distribute the payroll. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management’s decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.07 **PROMISSORY NOTES WERE NOT ISSUED IN ACCORDANCE WITH STATE STATUTES** (Material Noncompliance Under Government Auditing Standards)

The Board of Education entered into two promissory notes during the year examined without proper approval. On September 21, 2009, the Board of Education purchased approximately 22 acres of land for a new school for \$856,000 by paying \$300,000 down and signing a two-year promissory note for \$556,000 at zero percent interest. On October 15, 2009, the Board of Education purchased approximately nine acres of land and existing buildings for a central services operations center for \$1,725,000 by paying \$1,000,000 down and signing a two-year promissory note for \$725,000 at zero percent interest. Section 9-21-601, Tennessee Code Annotated (TCA), permits counties to issue notes for capital purposes, but only after approval by the County Commission and the state Comptroller's Office. These promissory notes are instruments of indebtedness and have not been presented to the County Commission or the state Comptroller's Office for approval. Also, county officials did not file a Report on Debt Obligations with the state Comptroller's Office for the loans within 45 days of issuance as required by Section 9-21-151, TCA. Subsequent to June 30, 2010, we identified two other notes issued in the same manner as indicated above. On July 8, 2010, the Board of Education purchased land for \$210,000 by paying \$42,000 down and signing a four-year promissory note for \$168,000 at zero percent interest. On July 8, 2010, the Board of Education purchased additional land for another new school for \$3,840,000 by paying \$725,000 down and signing a four-year promissory note for \$3,115,000 at zero percent interest.

RECOMMENDATION

All financing agreements should be approved in compliance with state statutes. Also, county officials should file a Report on Debt Obligations with the state Comptroller's Office within 45 days following the debt issuance.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The management of the school system acknowledges the comptroller's determination on this matter; however, management is of the opinion that certain explanations should be included in the official record.

First, the finding references TCA Section 9-21-601 relative to the issuance of capital outlay notes. It should be noted for the record that the transaction the school system entered into does not fall within the provisions of this statute. School boards are not authorized to issue debt in the form of capital outlay bonds or notes. The County Commission is the proper entity to do so for a county board of education. The purchase of property in this case was

not financed by capital outlay notes; rather, this was a cash transaction payable with cash reserves over a three-year period. The payment arrangement was negotiated between the seller and the school system and approved by the county board of education. (The funds are received from a ¼ cent sales tax appropriated by the county commission to the schools and a county hospitality tax designated for schools capital outlay.) For the record, the school system had adequate funds to pay the entire purchase price. Capital debt funding was neither considered nor necessary.

Second, management of the school system agrees TCA Section 9-21-151 may have application in this matter. (The school system was unaware that the documentation required in this section of the code applied to this type of transaction.) TCA Section 9-21-151 (a)(6) defines a “public entity” as “the state, a state agency, a local government, a local government instrumentality, or any other authority, board, district, instrumentality or combination thereof.” Further, TCA Section 9-21-151 (a)(5) defines a finance transaction to include debt obligations. In the case (such as this case to purchase property without interest or the necessity of issuance of either bonds or capital outlay notes), the school district to be in compliance with the law, should file proper information with the state funding board, sending a copy to the director of local finance, as provided by this law. It should be however noted that similar transactions in Sevier County School have heretofore been reviewed by the Office of the Comptroller without any questions as to the propriety. Further, no formal audit finding has been issued in prior considerations of these transactions. If the Comptroller now wishes the school system to file further notices as provided for in TCA Section 9-21-151, the school system will note this change in applicable standards.

AUDITOR’S REBUTTAL

Although the School Department had sufficient funds to purchase the property without financing the acquisitions, the Board of Education chose to sign two promissory notes for the properties over two-year periods at zero interest as evidenced by documents on file at the School Department. Promissory notes used by local governments to fund capital projects are capital outlay notes and do fall within the provision of Section 9-21-601, TCA. We are not aware of any statutory authority the Board of Education has to enter into any type of financing agreement without County Commission and state Comptroller approval.

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sevier County.

ITEM 1. **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**

Sevier County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly

improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. SEVIER COUNTY HAS NOT ESTABLISHED AN AUDIT COMMITTEE

Sevier County does not have an Audit Committee. Audit committees can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and would be responsible for monitoring management's plans to address various risks. County officials should establish an audit committee as a best practice.

**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, 2010

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