

RECREATION AND PARKS COMMISSION
of

Maryville, Alcoa, and Blount County
Maryville, Tennessee

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

RECREATION AND PARKS COMMISSION

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
SECTION ONE – INTRODUCTORY SECTION	
Title Page and List of Principal Officials	1
SECTION TWO – FINANCIAL SECTION:	
Independent Auditors’ Report	2 – 3
Management’s Discussion and Analysis	4 – 6
Government-Wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	10
Statement of Revenue, Expenditures, and Changes in Fund	
Balance – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balance to the Statement of Activities.....	12
Notes to Financial Statements	13 – 23
SECTION THREE – SUPPLEMENTAL SCHEDULES	
General Fund - Schedule of Revenues and Expenditures Compared to Budget	24 – 27
General Fund – Schedule of Changes in Fund Balance.....	28
Equipment Replacement Fund – Schedule of Revenues, Expenditures	
and Changes in Net Assets – Compared to Budget	29
Everett Equipment Replacement Fund – Schedule of Revenues,	
Expenditures, and Changes in Fund Balance – Compared to Budget	30
General Fund – Schedule of Expenditures.....	31 – 32
Capital Assets Used In Governmental Activities – Schedule of General	
Capital Assets.....	33
Schedule of Changes in Capital Assets by Function	34
Schedule of Insurance in Force.....	35
Report on Internal Control Over Financial Reporting and on Compliance	
and Other Matters Based on an Audit of Financial Statements Performed	
in Accordance with <i>Government Auditing Standards</i>	36

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee

SECTION ONE

INTRODUCTORY SECTION

RECREATION AND PARKS COMMISSION

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

LIST OF PRINCIPAL OFFICERS

June 30, 2011

BOARD MEMBERS:

Andy White	Chairperson
Nelson Russell	
Todd Davis	
Lilli Brown	
Mike Lewis	
Frank Cameron	
Clint Abbott	

Joe Huff	Executive Director
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RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee

SECTION TWO

FINANCIAL SECTION



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September 9, 2011

INDEPENDENT AUDITORS' REPORT

Commissioners and Director
Recreation and Parks Commission
of Maryville, Alcoa, and Blount County
Maryville, Tennessee

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of and for the year ended June 30, 2011 which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of June 30, 2011, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, immediately following this letter, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying information listed as supplemental information in the Table of Contents is presented for purposes of additional analysis 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 financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 9, 2011, on our consideration of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 conjunction with this report in considering the results of our audit.

Ingram, Overholt & Bean, PC



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www.parksrec.com

September 9, 2011

Our discussion and analysis of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's financial performance provides an overview of the Commission's activities for the year ended June 30, 2011.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the Commission as a whole and present a long-term view of the Commission's finances.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

One of the most important questions asked about the Commission's finances is "Is the Commission better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Commission and about its activities that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the Commission's net assets and changes in them, respectively. You can think of the Commission's net assets – the difference between assets and liabilities – as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL HIGHLIGHTS

The operations of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County are primarily funded as follows:

	<u>2011</u>	<u>2010</u>
Governmental appropriations – from Maryville, Alcoa and Blount County, Tennessee	64%	65%
Concessions	5%	4%
Pool admissions	8%	7%
Recreational programs	19%	18%
Facility rental	3%	2%
Other	<u>1%</u>	<u>4%</u>
Total funding	<u>100%</u>	<u>100%</u>

Operational costs for the Commission were \$2,562,609 and \$2,612,233 for the fiscal years ended June 30, 2011 and 2010 respectively.

NET ASSETS

The analysis below focuses on the net assets and changes in net assets of the Commission:

	<u>2011</u>	<u>2010</u>
Current assets	\$ 1,256,536	\$ 1,157,816
Capital assets, net	<u>196,923</u>	<u>179,852</u>
Total Assets	<u>1,453,459</u>	<u>1,337,668</u>
Current liabilities	234,832	204,384
Long-term liabilities	<u>57,512</u>	<u>53,227</u>
Total Liabilities	<u>292,344</u>	<u>257,611</u>
Net Assets:		
Invested in capital assets	196,923	179,852
Unassigned	675,773	661,705
Assigned	<u>288,419</u>	<u>238,500</u>
Total Net Assets	<u>\$ 1,161,115</u>	<u>\$ 1,080,057</u>

Net assets of the Commission increased 7.5% during the current year. Unassigned net assets, the part of the net assets that can be used to finance day-to-day operations, increased by 2.1%.

FINANCIAL RATIOS

The ratios of Working Capital and Days Cash demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets ratio demonstrate that the Commission has not financed its working capital and days cash with an increased proportion of debt. The following is a related schedule of ratios:

	<u>2011</u>	<u>2010</u>
Working Capital (the amount by which current assets exceed current liabilities)	\$ 1,021,704	\$ 953,432
Current Ratio (compares current assets to current liabilities – as an indicator of the ability to pay current obligations)	5.35	5.67
Days Cash and Investments (represents the number of days normal operations could continue with no revenue collections)	174	159

CAPITAL ASSETS

At the fiscal year ended June 30, 2011, the Commission had \$196,923 invested in capital assets as outlined below (a 1.64% increase from the prior year):

Depreciable:	<u>2011</u>	<u>2010</u>
Equipment:		
Administration	\$ 300,446	\$ 300,222
Concession equipment	24,574	23,581
Pool equipment	29,400	21,572
Senior citizens center	79,145	72,788
Maintenance	397,165	337,617
Everett Center	46,939	46,313
Martin Luther King Center	<u>29,555</u>	<u>25,056</u>
Total Capital Assets	907,224	827,149
Accumulated Depreciation	<u>(710,301)</u>	<u>(647,297)</u>
Net Capital Assets	<u>\$ 196,923</u>	<u>\$ 179,852</u>

DEBT

At the fiscal year end, the Commission had no debts payable. However, the Commission has a commitment to Blount County, Tennessee for administrative office building amounting to \$400,500 due 2026. During the next year, the Commission plans to continue equipment replacement. During the current year, several equipment items were purchased.

BUDGETS

The variances between the originally adopted budget for the fiscal year ended June 30, 2011, and the final budget were caused by participations in recreational programs. Categories were amended as deemed necessary by the Board of Directors, amounting to an overall \$41,361 decrease from the original budget.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general view of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Director of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County, 316 S. Everett High Road, Maryville, TN 37804.


Joe Huff
Executive Director

RECREATION AND PARKS COMMISSION

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

GOVERNMENT-WIDE FINANCIAL STATEMENTS

June 30, 2011

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
STATEMENT OF NET ASSETS
June 30, 2011

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets:	
Cash in bank	\$ 971,938
Certificates of Deposit.....	252,773
Inventory	22,123
Receivables	<u>9,702</u>
Total Current Assets	1,256,536
Depreciable Capital Assets, net of depreciation	<u>196,923</u>
Total Assets.....	<u>\$ 1,453,459</u>
 <u>LIABILITIES AND NET ASSETS</u> 	
Liabilities:	
Current Liabilities:	
Accounts payable.....	\$ 120,051
Accrued payroll	70,700
Accrued expenses	26,081
Deferred revenue	<u>18,000</u>
Total Current Liabilities	<u>234,832</u>
Long-term Liabilities:	
Compensated absences	<u>57,512</u>
Total Liabilities	<u>292,344</u>
Net Assets:	
Invested in capital assets.....	196,923
Unrestricted	675,773
Restricted for:	
Equipment replacement.....	271,173
Memorial trees.....	8,839
Leon Berrong Scholarship Fund	5,070
Tennis Scholarships	<u>3,337</u>
Total Net Assets	<u>1,161,115</u>
Total Liabilities and Net Assets.....	<u>\$ 1,453,459</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
STATEMENT OF ACTIVITIES
June 30, 2011

	<u>Revenues</u>				<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes</u> <u>Net Assets</u> <u>Governmental</u> <u>Activities</u>
<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>		
Function/ Programs					
Governmental Activities:					
General and Administrative	\$ 1,820,639	\$ 67,088	\$ 1,725,820	\$ -	\$ (27,731)
Concessions	87,950	117,432	-	-	29,482
Pool Admissions	201,030	207,513	-	-	6,483
Recreational Programs	<u>507,529</u>	<u>493,352</u>	<u>26,697</u>	<u>-</u>	<u>12,520</u>
Totals	<u>\$ 2,617,148</u>	<u>\$ 885,385</u>	<u>\$ 1,752,517</u>	<u>\$ -</u>	<u>20,754</u>
General Revenues:					
Interest earned					2,411
Miscellaneous					<u>57,893</u>
Total General Revenues					<u>60,304</u>
Change in net assets					81,058
Net Assets – Beginning					<u>1,080,057</u>
Net Assets – Ending					<u>\$ 1,161,115</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee

FUND FINANCIAL STATEMENTS

June 30, 2011

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011

<u>ASSETS</u>	<u>General</u>	<u>Equipment Replacement Fund</u>	<u>Everett Equipment Replacement Fund</u>	<u>Total</u>
Cash in bank	\$ 791,526	\$ 131,324	\$ 49,088	\$ 971,938
Certificates of Deposit	162,012	90,761	-	252,773
Inventory	22,123	-	-	22,123
Receivables	<u>9,702</u>	<u>-</u>	<u>-</u>	<u>9,702</u>
 Total Assets	 <u>\$ 985,363</u>	 <u>\$ 222,085</u>	 <u>\$ 49,088</u>	 <u>\$1,256,536</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 120,051	\$ -	\$ -	\$ 120,051
Accrued payroll	70,700	-	-	70,700
Accrued expenses	26,081	-	-	26,081
Deferred revenue	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
 Total Liabilities	 <u>234,832</u>	 <u>-</u>	 <u>-</u>	 <u>234,832</u>
Fund Balance:				
Unassigned	<u>733,285</u>	<u>-</u>	<u>-</u>	<u>733,285</u>
Assigned for:				
Equipment replacement	-	222,085	49,088	271,173
Memorial trees	8,839	-	-	8,839
Leon Berrong Scholarship Fund	5,070	-	-	5,070
Tennis Scholarships	<u>3,337</u>	<u>-</u>	<u>-</u>	<u>3,337</u>
 Total Assigned Fund Balance	 <u>17,246</u>	 <u>222,085</u>	 <u>49,088</u>	 <u>288,419</u>
 Total Fund Balance	 <u>750,531</u>	 <u>222,085</u>	 <u>49,088</u>	 <u>1,021,704</u>
 Total Liabilities and Fund Balance	 <u>\$ 985,363</u>	 <u>\$ 222,085</u>	 <u>\$ 49,088</u>	 <u>\$1,256,536</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
RECONCILITATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Fund balances – total governmental funds	\$ 1,021,704
Amounts reported for the governmental activities in the statement of net assets are different because:	
Capital assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	196,923
Compensated absences are not due and payable in the current period, and, therefore, are not reported in the governmental funds	<u>(57,512)</u>
Net assets of governmental activities	<u>\$ 1,161,115</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa and Blount County
Maryville, Tennessee
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**
GOVERNMENT FUNDS
For the Fiscal Year ended June 30, 2011

	<u>General</u>	Equipment Replacement <u>Fund</u>	Everett Equipment Replacement <u>Fund</u>	<u>Total</u>
Revenues:				
Government appropriations.....	\$ 1,725,820	\$ -	\$ -	\$ 1,725,820
Concessions	117,432	-	-	117,432
Pool Admissions	207,513	-	-	207,513
Program Revenue	493,352	-	-	493,352
Facility rental	67,088	-	-	67,088
Other revenues	55,893	2,000	-	57,893
Grant – Office on Aging	26,697	-	-	26,697
Interest.....	273	1,935	203	2,411
Total Revenues	<u>2,694,068</u>	<u>3,935</u>	<u>203</u>	<u>2,698,206</u>
Expenditures:				
Concessions	87,950	-	-	87,950
Pools.....	201,030	-	-	201,030
Program expenditures	507,529	-	-	507,529
General and administrative.....	1,750,528	-	-	1,750,528
Capital Outlay	15,572	67,325	-	82,897
Total Expenditures	<u>2,562,609</u>	<u>67,325</u>	<u>-</u>	<u>2,629,934</u>
Excess (Deficiency) of Revenues				
Over Expenditures.....	<u>131,459</u>	<u>(63,390)</u>	<u>203</u>	<u>68,272</u>
Other Financing Sources (Uses):				
Operating transfers	<u>(103,000)</u>	<u>80,000</u>	<u>23,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other				
Sources Over Expenditures and Other Uses	28,459	16,610	23,203	68,272
Fund Balance – July 1 st	<u>722,072</u>	<u>205,475</u>	<u>25,885</u>	<u>953,432</u>
Fund Balance – June 30 th	<u>\$ 750,531</u>	<u>\$ 222,085</u>	<u>\$ 49,088</u>	<u>\$ 1,021,704</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
RECONCILITATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALACE
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Net change in fund balances – total governmental funds	\$	68,272
<p>Amounts reported for the governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		70,298
Expenses related to compensated absences are recorded in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		<u>(57,512)</u>
Changes in net assets of governmental activities	\$	<u>81,058</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 – GENERAL INFORMATION:

The Recreation and Parks Commission of Maryville, Alcoa, and Blount County was created on January 1, 1970, by an agreement executed by the three participating government entities. A similar, updated agreement was signed by the governments on July 1, 1987. The Commission is responsible for providing recreation services and maintaining facilities for all three governments. The Commission is governed by a seven-member board comprised of two members each from the three governments and one member appointed at-large. Each board commissioner serves a four-year term. The Commission employs a Director and staff to plan and coordinate recreation programs. Financial support for the Commission is provided by recreation program revenues and by annual appropriations from Blount County and the Cities of Maryville and Alcoa.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. REPORTING ENTITY

The Commission is a joint venture between the three participating governments as permitted by the Tennessee Code Annotated 12-9-101 and 11-24-101, the Inter-Local Cooperation Act. The Administration Board is responsible for hiring an Executive Director. The Commission operates under its own by-laws and employees are governed under a personnel policy manual and job classification system. The Commission maintains parks and facilities owned by the three participating entities, which have an ongoing financial responsibility for the maintenance of those properties.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses.

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 – GENERAL INFORMATION (Continued):

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued):

Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Commission or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.
- c. Any fund which government officials believe is important. The Commission considers all funds as major funds.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Commission and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Capital Project Funds

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

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

B. BASIS OF PRESENTATION (Continued)

Major and Nonmajor Funds

The funds are further classified as major or non-major as follows:

<u>Major Fund:</u>	<u>Brief Description</u>
General	It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
Capital Project Funds:	
Equipment Replacement Fund	It is funded annually by the General Fund to enable the Commission to replace large equipment items on a timely basis.
Everett Equipment Replacement Fund	It is funded annually by the General Fund to enable the Commission to replace the large equipment items at the Everett facilities on a timely basis.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as follows:

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectively within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

D. ASSETS, LIABILITIES, AND EQUITY

Cash and Cash Equivalents

The Commission considers all highly liquid investments (Certificates of Deposit) with an original maturity of three months or less, at date of acquisition, to be cash equivalents.

Interfund Receivables and Payables

During the course of operations, transactions may occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Fixed Assets

The accounting treatment used for property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Fixed Assets (Continued)

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. This range of estimated useful lives by type of assets is as follows:

Machinery and Equipment	05 – 10 years
-------------------------	---------------

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Inventory

Inventory of supplies and materials is valued using the consumption method for recording inventory (first-in, first-out basis).

Equity Classifications

Government-wide 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.

Equity is classified as net assets and displayed in three components:

- 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.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. REVENUES, EXPENDITURES, AND EXPENSES

Revenues and Expenses

Revenues and expenses include all items not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

F. BUDGETARY ACCOUNTING

At least forty-five (45) days before the beginning of the budgetary fiscal year, the Executive Director submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them. Prior to July 1st, the budget is legally enacted by approval of the Board. The Executive Director is authorized to transfer appropriations between departments of any fund without the approval of the Board of Commissioners. However, any revisions that alter the total expenditures of any fund and all other budget amendments must be approved by the Board of Commissioners. Formal budgetary integration is employed as a management control device during the year for the General Fund, Equipment Replacement Fund, and Everett Equipment Replacement Fund. Budgets for the General Fund, Equipment Replacement Fund, and Everett Equipment Replacement Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted by the Board of Commissioners, with the exception of those amounts subsequently amended by action of the Commission. Appropriations lapse at the end of the fiscal year.

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

G. FUND BALANCES

Governmental fund equity is classified as fund balance. During the year ended June 30, 2011, the agency implemented Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance and Government Fund Type Definitions. Under this statement fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions or enabling legislation.
- c. Committed fund balances comprise those amounts constrained by the government itself using its highest level of governing body (commission) using its highest level of authority.

This amount can also include amounts needed to balance the next year's budget when the budget is approved by the Commission.

- d. Assigned fund balances are amounts intended to be used for a specific purpose by the governing body through action other than the highest level of authority or an official expressly authorized by the governing body.
- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

The Commission has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default provision under GASB Statement 54 apply expenditures first to restricted resources, then to committed resources, then to assigned resources, and finally to unassigned resources. No employee is granted the authority to assign fund balance. In addition, the Commission has no formal policy with regard to stabilization funds.

H. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

By its nature as a local governmental component unit, the Commission is subject to various federal, state, and local laws and contractual regulations. An analysis of the Commission’s compliance with significant laws and regulations and demonstration of its stewardship over the Commission’s resources follows:

A. FUND ACCOUNTING REQUIREMENTS

The Commission complies with all state and local laws and regulations requiring the use of separate funds. There are no legally required funds used by the Commission.

B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all deposits of municipal funds in financial institutions must be federally insured or secured with acceptable collateral.

C. FUND EQUITY RESTRICTIONS

Deficit Prohibition

State of Tennessee Statutes prohibits the creation of a deficit fund balance in any individual fund. The Commission complied with this statute in all material respects for the year ended June 30, 2011.

NOTE 4 – CASH:

Total cash with a carrying value of \$1,224,711 at June 30, 2011, is summarized as follows:

Type	Amount
Petty cash – office, pools, concessions	\$ 2,934
Local financial institutions:	
Checking accounts (Varies)	620,119
Savings accounts (0.75% to 1.15%).....	348,885
Certificate of Deposit -	
(1.5% maturing 11/19/11)	75,840
(1.005% maturing 04/16/12)	50,630
(1.005% maturing 04/16/12)	76,466
(1.004% maturing 09/29/11)	9,706
(1.004% maturing 09/29/11)	40,131
Total Cash and Investments	\$ 1,224,711

As of June 30, 2011, total cash on deposit in four financial institutions includes deposits insured up to \$250,000 by either the Federal Deposit Insurance Corporation, the Mutual Guaranty Corporation, or by the Tennessee Bank Collateral Pool.

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 – LEASES:

Effective April 1, 1999, the Commission leased a warehouse and storage building located on Evan Circle, Maryville, Tennessee, for use in storing supplies and maintenance items. The Commission is continuing to lease the facility for \$700 per month.

NOTE 6 – VACATION AND SICK LEAVE:

Vacation leave, computed as of January 1st each year based on preceding year, is as follows:

- (1) Less than one year, earned at 6.6 hours per month.
- (2) From one through six years of completed continuous service, 10 days vacation.
- (3) After completion of seven years of continuous service, 15 days vacation.
- (4) After completion of fourteen years of continuous service, 20 days vacation.

Employee sick leave accumulates at the rate of one day per month. Employees are allowed to trade one (1) day of vacation for every two (2) accumulated sick days over 90 days. Resigned or dismissed employees lose all accrued sick leave credit and are not paid for accrued sick leave; therefore, sick pay is not recorded as an expenditure until paid.

An employee may “carry over” into the next calendar year any unused, accrued vacation leave subject to approval. The “carry over” and unused accrued vacation is subject to a maximum of 25 days.

The Commission accounts for compensated absences in conformity with the *Governmental Accounting Standards Board (GASB) Statement Number 16*, whereby a liability is accrued for the amounts employees are entitled to receive for future absences. The liability as of June 30, 2011 is \$57,512.

NOTE 7 – EMPLOYEES’ RETIREMENT PLAN:

During the fiscal year under examination, certain employees of the Commission were member of the Tennessee Consolidated Retirement System (TCRS). The TCRS is a defined benefit retirement plan covering general employees and teachers of the State, as well as employees of political subdivisions that have elected coverage. Benefits are determined by a formula using the high five-year average salary and years of service of each employee.

Contributions to the system are determined on an actuarial reserve basis and provide funding for both normal and supplemental liability costs. The frozen initial liability method, a projected benefit cost method, is used to value the plan. All supplemental liabilities are amortized over a 40-year period which began July 1, 1975 (or the political subdivision’s date of participation, if later). The supplemental liability for the basic benefits and cost-of-living benefits is amortized as a level dollar amount. It is the policy of the plan to fund pension costs accrued.

Political subdivisions, such as the Commission, participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan.

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 – EMPLOYEES’ RETIREMENT PLAN (Continued):

For the year ended June 30, 2011, the Commission contributed \$104,583 to the plan.

An actuarial valuation is made every two years, the most recent having been completed June 30, 2009. For valuation purposes, equities were valued based on a five-year moving market average, while debt securities are valued at amortized costs.

An experience study of the system is conducted every four years, the most recent as of June 30, 2008. The 2008 valuation was conducted using assumptions that resulted from the June 30, 2004 study.

Amounts pertaining to the supplemental liability for the pension plan and accumulated assets in the plan, and the actuarially computed present value of vested benefits in excess of net assets of the pension fund, are not identifiable for the Commission, since they participate through the City of Alcoa.

NOTE 8 – RISK FINANCING ACTIVITIES:

It is the policy of the Commission to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, worker’s compensation, and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

NOTE 9 – COMMITMENTS:

During the fiscal year ended June 30, 1998, Blount County, Tennessee, borrowed \$275,000 to finance the construction of an administrative office building for the Commission. In 2008, an additional \$275,000 from Blount County, Tennessee financed an extension to the office building. In exchange, the Commission will make annual payments to Blount County in amounts ranging from \$18,000 to \$57,536 (through June 2027, including interest at 5.00%) as follows:

Year ending <u>June 30,</u>		Year ending <u>June 30,</u>		Year ending <u>June 30,</u>	
2012	\$ 33,000	2017	\$ 43,000	2022	\$ 48,000
2013	33,000	2018	43,000	2023	50,000
2014	38,000	2019	43,000	2024	50,000
2015	38,000	2020	48,000	2025	50,000
2016	<u>38,000</u>	2021	<u>48,000</u>	2026	<u>57,500</u>
	<u>\$ 180,000</u>		<u>\$ 225,000</u>		<u>255,500</u>
				2027	<u>57,536</u>
					<u>\$ 718,036</u>

Neither the fixed assets (administrative office building) nor the \$555,000 borrowed by Blount County is reflected in the financial statements of the Commission since the Commission is a joint venture between the three participating governments who have a revisionary interest upon dissolution of the Commission.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 – CAPITAL ASSETS

A summary of capital assets and depreciation is as follows:

	<u>Balance</u> <u>7/1/10</u>	<u>Current</u> <u>Additions</u>	<u>Current</u> <u>Retirements/</u> <u>Reclassifications</u>	<u>Balance</u> <u>6/30/11</u>
<u>Depreciable Capital Assets:</u>				
Equipment:				
Administration	\$ 300,222	\$ 1,184	\$ (960)	\$ 300,446
Concessions Equipment	23,581	993	-	24,574
Pool Equipment	21,572	7,828	-	29,400
Senior Citizens Center	72,788	6,805	(448)	79,145
Maintenance	337,617	60,962	(1,414)	397,165
Everett Center	46,313	626	-	46,939
Martin Luther King Center	<u>25,056</u>	<u>4,499</u>	<u>-</u>	<u>29,555</u>
Total Capital Assets	827,149	82,897	(2,822)	907,224
Less Accumulated Depreciation	<u>(647,297)</u>	<u>(65,031)</u>	<u>2,027</u>	<u>(710,301)</u>
Net Capital Assets	<u>\$ 179,852</u>	<u>\$ 17,866</u>	<u>\$ (795)</u>	<u>\$ 196,923</u>
<u>Accumulated Depreciation:</u>				
Equipment:				
Administration	\$ 223,207	\$ 19,802	\$ (647)	\$ 242,362
Concessions Equipment	20,746	581	-	21,327
Pool Equipment	12,890	1,763	-	14,653
Senior Citizens Center	62,464	10,343	-	72,807
Maintenance	260,691	31,114	(1,380)	290,425
Everett Center	40,398	1,033	-	41,431
Martin Luther King Center	<u>26,901</u>	<u>395</u>	<u>-</u>	<u>27,296</u>
	<u>\$ 647,297</u>	<u>\$ 65,031</u>	<u>\$ (2,027)</u>	<u>\$ 710,301</u>

NOTE 11 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is August 30, 2011, which is the date on which the financial statements were issued.

RECREATION AND PARKS COMMISSION

Of

Maryville, Alcoa and Blount County
Maryville, Tennessee

SUPPLEMENTAL SCHEDULES

June 30, 2011

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
COMPARED TO BUDGET
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES:				
APPROPRIATIONS:				
City of Maryville.....	\$ 625,765	\$ 625,765	\$ 625,765	\$ -
City of Alcoa.....	446,470	446,472	446,472	-
Blount County.....	<u>653,585</u>	<u>653,583</u>	<u>653,583</u>	-
Total Appropriations	<u>1,725,820</u>	<u>1,725,820</u>	<u>1,725,820</u>	<u>-</u>
CONCESSIONS:				
Everett Park	15,750	7,576	7,576	-
Everett Football Field	21,600	16,038	17,141	1,103
Everett Recreation Center	8,000	6,360	6,360	-
Sandy Springs Park	13,125	8,975	8,975	-
Springbrook Park	4,000	-	-	-
John Sevier Pool.....	17,500	17,049	17,049	-
Springbrook Pool	42,000	57,291	59,750	2,459
Vending	<u>1,500</u>	<u>581</u>	<u>581</u>	-
Total Concessions	<u>123,475</u>	<u>113,870</u>	<u>117,432</u>	<u>3,562</u>
POOL ADMISSIONS:				
John Sevier Pool.....	62,000	68,646	68,646	-
Springbrook Pool	<u>124,000</u>	<u>138,867</u>	<u>138,867</u>	-
Total Pool Admissions.....	<u>186,000</u>	<u>207,513</u>	<u>207,513</u>	<u>-</u>
RECREATIONAL PROGRAM INCOME:				
Swim Team.....	15,500	18,702	18,702	-
Learn to Swim.....	11,550	12,767	12,767	-
Adult Softball.....	92,600	57,963	57,963	-
Smoky Mountain Classic	53,000	42,617	42,617	-
Tennis.....	13,375	12,113	12,113	-
Therapeutics.....	2,550	1,719	1,719	-
Recreation programs.....	13,600	18,954	18,954	-
Adult Basketball.....	11,700	8,829	8,829	-
Youth Basketball.....	39,375	43,990	43,990	-
Adult Volleyball.....	7,650	7,950	7,950	-
Soccer Camp.....	1,300	1,492	1,492	-
Youth Performing Arts	2,525	2,506	2,506	-
Volleyball Camp	2,250	2,380	2,380	-
Environmental Camp.....	1,800	1,212	1,212	-
Spring Arts & Craft Show.....	3,075	2,170	2,170	-

(Continued)

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
COMPARED TO BUDGET (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>			Variance -
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
RECREATIONAL PROGRAM INCOME				
(CONTINUED):				
Basketball Camp	2,000	6,226	6,226	-
Youth Football Camp	4,500	3,761	3,761	-
Christmas Basketball Tournament.....	1,700	1,808	1,808	-
Youth Football	23,200	10,800	40,365	29,565
Youth Soccer.....	74,375	75,479	75,479	-
Day Camp.....	7,175	11,742	11,742	-
Kiddie Korner	17,325	6,731	6,731	-
Everett Park Adult Center	27,000	37,018	37,018	-
Road races.....	21,100	23,686	23,686	-
Special Events.....	31,000	27,563	27,563	-
Fishing Derby.....	2,500	2,530	2,530	-
Halloween Fun.....	2,175	2,455	2,455	-
Dog Obedience.....	2,100	1,767	1,767	-
Preschool Programs.....	16,550	16,857	16,857	-
Total Recreational Program Income	<u>504,550</u>	<u>463,787</u>	<u>493,352</u>	<u>29,565</u>
FACILITY RENTAL:				
Springbrook Gym rental	9,000	17,209	17,209	-
Martin Luther King Center rental	8,000	9,450	9,450	-
Pavilion rental	18,000	19,165	19,165	-
Everett Gym rental	12,000	18,004	18,004	-
Hometown Christmas	3,300	3,260	3,260	-
Total Facility Rental	<u>50,300</u>	<u>67,088</u>	<u>67,088</u>	<u>-</u>
OTHER REVENUES:				
Miscellaneous	6,000	5,206	5,475	269
Utility reimbursements	30,000	32,445	32,445	-
Marketing	7,500	1,050	1,050	-
Scholarships.....	-	-	8,357	8,357
Memorial trees	-	-	8,839	8,839
Total Other Revenues	<u>43,500</u>	<u>38,701</u>	<u>56,166</u>	<u>17,465</u>
GRANT REVENUE.....	<u>21,975</u>	<u>22,007</u>	<u>26,697</u>	<u>4,690</u>
TOTAL REVENUES	<u>2,655,620</u>	<u>2,638,786</u>	<u>2,694,068</u>	<u>55,282</u>
EXPENDITURES:				
RECREATIONAL PROGRAMS				
Day Camp.....	5,800	7,994	7,994	-
Swim Team.....	7,150	6,525	7,011	(486)
Adult Softball.....	87,650	59,449	59,462	(13)
Smoky Mountain Classic	31,700	28,857	30,119	(1,262)
Tennis.....	11,475	10,217	9,680	537
Spring Sprint.....	3,300	3,222	3,222	-

(Continued)

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

COMPARED TO BUDGET (Continued)

For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED):				
RECREATIONAL PROGRAMS (CONTINUED)				
Recreation Programs.....	6,625	10,191	11,228	(1,037)
Reindeer Run	5,325	6,204	6,204	-
Triple Crown.....	6,650	7,061	7,061	-
Youth Performing Arts	1,800	1,421	1,421	-
Volleyball Camp	1,725	2,060	1,801	259
Environmental Camp.....	1,650	1,387	1,387	-
Arts and Craft Show	2,075	1,724	1,724	-
Christmas Basketball Tournament.....	350	224	224	-
Everett Senior Center.....	182,750	214,010	191,243	22,767
Soccer Camp	900	1,207	1,056	151
Basketball Camp	1,500	4,705	4,899	(194)
Youth Baseball.....	3,600	1,200	1,200	-
Adult Basketball.....	9,050	7,525	7,525	-
Adult Volleyball.....	3,550	2,993	2,993	-
Youth Football	28,300	12,486	47,785	(35,299)
Supervised Gym.....	2,000	-	-	-
Learn to swim	6,825	7,886	8,637	(751)
Therapeutics.....	3,475	2,994	3,462	(468)
Youth Basketball.....	20,500	22,085	22,085	-
Youth Soccer.....	24,075	22,326	22,326	-
Special Events	28,000	21,279	21,279	-
Hometown Christmas	3,250	2,662	2,662	-
Kiddie Korner	12,825	5,613	5,613	-
Fishing Derby.....	1,400	1,142	1,142	-
Halloween Fun	1,350	1,725	1,725	-
Dog Obedience.....	1,375	1,047	1,047	-
Preschool Program	10,800	12,312	12,312	-
Total Recreational Programs	<u>518,800</u>	<u>491,733</u>	<u>507,529</u>	<u>(15,796)</u>
POOLS				
John Sevier Pool.....	62,650	70,831	71,041	(210)
Alcoa Springbrook Pool.....	110,600	129,073	129,989	(916)
Total Pool Admissions	<u>173,250</u>	<u>199,904</u>	<u>201,030</u>	<u>(1,126)</u>
CONCESSIONS				
Vending	200	-	-	-
Everett Park Concessions	13,400	9,397	9,485	(88)
Sandy Springs Park Concessions	12,875	12,361	12,399	(38)
Springbrook Park Concessions	5,125	-	-	-
Everett Football Field Concessions.....	13,600	12,135	12,135	-
Everett Recreation Center Concessions.....	5,075	5,245	5,245	-
John Sevier Pool Concessions	14,200	14,088	12,979	1,109
Alcoa Springbrook Pool Concessions	31,800	36,032	35,707	325
Total Concessions	<u>96,275</u>	<u>89,258</u>	<u>87,950</u>	<u>1,308</u>

(Continued)

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
COMPARED TO BUDGET (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OTHER EXPENDITURES				
Springbrook Recreation Center	100,425	98,936	99,249	(313)
Louisville Point Park	15,350	18,459	18,543	(84)
Everett Recreation Center	129,125	121,976	122,072	(96)
Parks' Maintenance	759,450	799,691	736,038	63,653
Administration	767,555	647,893	643,594	4,299
Marketing	17,315	17,602	17,602	-
Martin Luther King Center.....	78,075	85,235	85,430	(195)
Debt Retirement	-	28,000	28,000	-
Capital Outlay	-	<u>15,572</u>	<u>15,572</u>	-
Total Other Expenditures	<u>1,867,295</u>	<u>1,833,364</u>	<u>1,766,100</u>	<u>67,264</u>
 Total Expenditures	 <u>2,655,620</u>	 <u>2,614,259</u>	 <u>2,562,609</u>	 <u>51,650</u>
 EXCESS OF REVENUES OVER				
EXPENDITURES	<u>\$ -</u>	<u>\$ 24,527</u>	<u>\$ 131,459</u>	<u>\$ 106,932</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
GENERAL FUND
SCHEDULE OF CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011

FUND BALANCE – July 1, 2010	\$	722,072
ADD: Excess of Revenues Over Expenditure (Page 27)		131,459
LESS: Operating transfers to Equipment Replacement Fund and Everett Equipment Replacement Fund		<u>(103,000)</u>
FUND BALANCE – June 30, 2011	\$	<u>750,531</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN NET ASSETS – COMPARED TO BUDGET
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Sale of equipment	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Interest on investments	1,935	1,935	1,935	-
Total Revenues	3,935	3,935	3,935	-
EXPENDITURES:				
Capital outlay	67,325	67,325	67,325	-
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(63,390)	(63,390)	(63,390)	-
OTHER FINANCING SOURCES (USES):				
Operating transfer from General Fund	80,000	80,000	80,000	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES.....	16,610	16,610	16,610	-
FUND BALANCE – JULY 1, 2010	205,475	205,475	205,475	-
FUND BALANCE – JUNE 30, 2011	\$ 222,085	\$ 222,085	\$ 222,085	\$ -

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
EVERETT EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – COMPARED TO BUDGET
For the Fiscal Year Ended June 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest on investments	\$ 203	\$ 203	\$ 203	\$ -
EXPENDITURES – Capital Outlay.....	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	203	203	203	-
OTHER FINANCING SOURCES (USES):				
Operating transfer from General Fund.....	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	-
EXCESS (DEFICIT) OF REVENUES AND SOURCES OVER EXPENDITURES EXPENDITURES AND OTHER USES....	23,203	23,203	23,203	-
FUND BALANCE – JULY 1, 2010	<u>25,885</u>	<u>25,885</u>	<u>25,885</u>	-
FUND BALANCE – JUNE 30, 2011	<u>\$ 49,088</u>	<u>\$ 49,088</u>	<u>\$ 49,088</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
GENERAL FUND – SCHEDULE OF EXPENDITURES
June 30, 2011

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
RECREATIONAL PROGRAMS				
Personnel expenses	\$ 182,300	\$ 154,826	\$ 151,739	\$ 3,087
Small equipment	6,325	6,372	7,480	(1,108)
Repairs and maintenance	19,100	22,633	22,663	(30)
Utilities and telephone	3,275	3,151	3,151	-
Dues	3,075	740	740	-
Travel	6,000	2,468	2,468	-
Supplies	<u>55,475</u>	<u>51,164</u>	<u>71,969</u>	<u>(20,805)</u>
Subtotal	<u>275,550</u>	<u>241,354</u>	<u>260,210</u>	<u>(18,856)</u>
POOLS				
Personnel expenses	119,575	121,771	121,897	(126)
Repair and Maintenance	6,900	25,469	25,469	-
Chemicals and supplies	23,500	27,231	29,471	(2,240)
Utilities and telephone	<u>37,250</u>	<u>39,842</u>	<u>39,842</u>	<u>-</u>
Subtotal	<u>187,225</u>	<u>214,313</u>	<u>216,679</u>	<u>(2,366)</u>
POOLS & PARKS CONCESSIONS				
Supplies	42,575	44,790	48,247	(3,457)
Personnel expenses	51,125	39,779	35,014	4,765
Small equipment/repairs	<u>2,575</u>	<u>4,689</u>	<u>4,689</u>	<u>-</u>
Subtotal	<u>96,275</u>	<u>89,258</u>	<u>87,950</u>	<u>1,308</u>
OTHER EXPENDITURES				
Springbrook Recreation Center				
Personnel expenses	67,425	68,935	69,248	(313)
Supplies	800	354	354	-
Repair and maintenance	5,900	11,703	11,703	-
Conferences and training	400	70	70	-
Utilities and telephone	<u>25,900</u>	<u>17,874</u>	<u>17,874</u>	<u>-</u>
Subtotal	<u>100,425</u>	<u>98,936</u>	<u>99,249</u>	<u>(313)</u>
Everett Adult Center				
Personnel expenses	125,175	125,095	125,327	(232)
Repairs/maintenance/equipment	20,050	46,923	23,923	23,000
Conference and training	825	785	785	-
Utilities	22,000	22,364	22,364	-
Postage	850	374	374	-
Printing/Programs	13,000	17,295	17,295	-
Office Supplies	<u>850</u>	<u>1,172</u>	<u>1,172</u>	<u>-</u>
Subtotal	<u>182,750</u>	<u>214,008</u>	<u>191,240</u>	<u>22,768</u>

(Continued)

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
GENERAL FUND – SCHEDULE OF EXPENDITURES (Continued)
June 30, 2011

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
OTHER EXPENDITURES (Continued)				
Everett Recreation Center				
Personnel expenses	75,300	76,982	77,078	(96)
Supplies	2,500	424	424	-
Repair and maintenance	15,625	15,843	15,843	-
Conferences and training	1,000	926	926	-
Utilities and telephone	34,700	27,801	27,801	-
Subtotal	<u>129,125</u>	<u>121,976</u>	<u>122,072</u>	<u>(96)</u>
Martin Luther King Center				
Personnel expenses	60,950	62,534	62,729	(195)
Supplies	3,925	3,851	3,851	-
Repair and maintenance	2,900	5,558	5,558	-
Conferences and training	500	215	215	-
Utilities and telephone	9,800	13,077	13,077	-
Subtotal	<u>78,075</u>	<u>85,235</u>	<u>85,430</u>	<u>(195)</u>
Maintenance				
Personnel expenses	442,625	417,343	417,483	(140)
Supplies	23,000	22,619	23,517	(898)
Small equipment	20,000	83,402	3,402	80,000
Repair and maintenance	85,450	128,221	127,958	263
Conferences and training	1,500	817	817	-
Utilities and telephone	93,375	84,277	84,277	-
Rent	8,400	8,400	8,400	-
Insurance	85,100	70,183	70,183	-
Subtotal	<u>759,450</u>	<u>815,262</u>	<u>736,037</u>	<u>79,225</u>
Administration				
Personnel services	579,755	490,048	497,320	(7,272)
Insurance	85,000	79,208	83,211	(4,003)
Supplies	14,900	14,737	14,737	-
Utilities and telephone	15,500	13,401	13,401	-
Postage	5,100	3,667	3,667	-
Dues and publications	3,200	3,355	3,355	-
Conferences and training	8,000	8,255	8,255	-
Contract services	19,100	18,700	18,700	-
Debt Retirement	28,000	28,000	28,000	-
Capital Outlay	9,000	16,520	16,520	-
Subtotal	<u>767,555</u>	<u>675,891</u>	<u>687,166</u>	<u>(11,275)</u>
Total Other Expenditures	<u>79,190</u>	<u>58,026</u>	<u>76,576</u>	<u>(18,550)</u>
Total Recreational Programs	<u>\$ 2,655,620</u>	<u>\$ 2,614,259</u>	<u>\$ 2,562,609</u>	<u>\$ 51,650</u>

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
CAPTIAL ASSETS USED IN GOVERNMENTAL ACTIVITIES
SCHEDULE OF GENERAL CAPITAL ASSETS
June 30, 2011

Depreciable Capital Assets:	
Equipment	<u>\$ 196,923</u>
 Investment in Capital Assets	 <u>\$ 196,923</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION

For the Fiscal Year Ended June 30, 2011

	Capital Assets				Accumulated Depreciation				Net Book Value
	Balance 7/1/10	Current Additions	Current Retirements/ Reclassifications	Balance 6/30/11	Balance 7/01/10	Current Additions	Current Retirements	Balance 6/30/11	
Equipment:									
Administration	\$ 300,222	\$ 1,184	\$ (960)	\$ 300,446	\$ 223,207	\$ 19,802	\$ (647)	\$ 242,362	\$ 58,084
Concessions Equipment.....	23,581	993	-	24,574	20,746	581	-	21,327	3,247
Pool Equipment.....	21,572	7,828	-	29,400	12,890	1,763	-	14,653	14,747
Senior Citizens Center	72,788	6,805	(448)	79,145	62,464	10,343	-	72,807	6,338
Maintenance.....	337,617	60,962	(1,414)	397,165	260,691	31,114	(1,380)	290,425	106,740
Everett Center	46,313	626	-	46,939	40,398	1,033	-	41,431	5,508
Martin Luther King Center ...	25,056	4,499	-	29,555	26,901	395	-	27,296	2,259
Totals.....	<u>\$ 827,149</u>	<u>\$ 82,897</u>	<u>\$ (2,822)</u>	<u>\$ 907,224</u>	<u>\$ 647,297</u>	<u>\$ 65,031</u>	<u>\$ (2,027)</u>	<u>\$ 710,301</u>	<u>\$ 196,923</u>

Current additions are reflected as expenditures in the financial statements as follows:

Equipment Replacement Fund.....	\$ 67,325
General Fund	<u>15,572</u>
Total	<u>\$ 82,897</u>

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION
of
Maryville, Alcoa, and Blount County
Maryville, Tennessee
SCHEDULE OF INSURANCE IN FORCE
June 30, 2011

<u>Insurance Company/Agency</u>	<u>Policy Number</u>	<u>Period</u>	<u>Description</u>
TML Risk Management Pool	TMP-0699	7-12-10 to 7-12-11	\$50,000 Contents coverage at 80% co-insurance – Everett Rec. Center, 318 So. Everett High Road \$40,000 Contents coverage at 80% co-insurance – Bldgs. On Birchfield St., (Senior Citizens Center) \$65,000 Contents coverage at 80% co-insurance -Bldg. at 316 Everett High Rd. \$50,000 Contents coverage at 80% co-insurance - Bldg. at 614 Evan Cir. \$5,000 Contents coverage at 80% co-insurance – Bldg. on Dalton St. \$40,000 Contents coverage at 80% co-insurance – MLK Bldg. At 209 E. Franklin Street
The Ohio Casualty Insurance Company/Crum & Blazer Insurance, Inc.	91383710	10-25-10 to 10-25-11	\$10,000 Surety Bond, Recreation and Parks Dir., Superintendent of Recreation, Accounting Technician, Assistant Director of Athletics and Secretary. Senior Citizens: Dir., Assistant Dir., and Clerk
Tennessee Municipal League Pool	TML-362	12-31-10 to 12-31-11	\$600,000 Public Officials Personal Liability; \$250,000 General Liability - Bodily Injury, Property Damage, Automobile
Tennessee Municipal League Pool	WC-0347	7-1-10 to 7-1-11	Statutory Workmen's Compensation

See accompanying independent auditors' report and notes.

RECREATION AND PARKS COMMISSION

of

Maryville, Alcoa, and Blount County
Maryville, Tennessee

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

June 30, 2011

Ingram Overholt & Bean, P.C.

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September 9, 2011

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*

Commissioners and Director
Recreation and Parks Commission
of Maryville, Alcoa, and Blount County
Maryville, Tennessee

We have audited the financial statements of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission'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 the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

Compliance and Other Matters

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

This report is intended solely for the information and use of the governing body, Commission's management, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Ingram, Overholt & Bean, PC