
ANNUAL FINANCIAL REPORT SEVIER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2011

DEPARTMENT OF AUDIT
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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, 2011

Scope

We have audited the basic financial statements of Sevier County as of and for the year ended June 30, 2011.

Results

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

Our audit resulted in five 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 MAYOR

- ◆ The Water Department did not issue receipts for water services.
 - ◆ Duties were not segregated adequately in the Water Department.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ The office did not purchase tires from the lowest bidder.
-

OFFICE OF CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICES OF JUVENILE COURT CLERK AND SHERIFF

- ◆ The offices did not deposit some funds within three days of collection.
-

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, 2011

Officials

Larry Waters, County Mayor
Jonas Smelcer, Road Superintendent
Jack Parton, Director of Schools
Jettie Clabo, Trustee
Johnny King, Assessor of Property
Karen Cotter, 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

Mark Strange
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

September 26, 2011

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 business-type 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, 2011, 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 1.7 percent and .7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Sevier County Public Building Authority, which represent 6.1 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County, Tennessee, as of June 30, 2011, 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 September 26, 2011, 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.

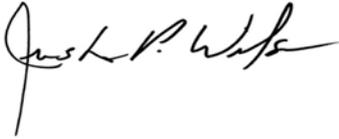
As described in Note V.B., Sevier County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 21 and the budgetary comparison, pension, and other postemployment benefits information on pages 99 through 108 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 financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance 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 prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

SEVIER COUNTY GOVERNMENT
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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, 2011. 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 2010-2011

In total, net assets of the primary government increased by approximately \$8.2 million. All net assets of the primary government are related to governmental activities.

General revenues of the primary government accounted for \$45.5 million in revenue or 69 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, and contributions accounted for \$20.5 million or 31 percent of total revenues of \$66 million.

Total assets of governmental activities in the primary government were \$225.5 million as taxes receivable ended at \$30.2 million, cash ended at \$71.3 million, and capital assets, net of accumulated depreciation, ended at \$117.1 million.

Sevier County had \$58.1 million in expenses related to governmental activities. Only \$20.5 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$27.8 million) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$37.6 million in revenues and \$36.3 million in expenditures. The Highway/Public Works Fund had \$8.8 million in revenues and \$9.1 million in expenditures. The General Debt Service Fund had \$11.4 million in revenues and \$10.7 million in expenditures. The General Capital Projects Fund had \$2.2 thousand in revenues and \$1.7 million in expenditures. The Education Capital Projects Fund had \$.02 million in revenues and \$1.7 million in expenditures. The Public Utility Fund had \$.034 million in revenues and \$0.2 million in expenditures. Fund balance for the General Fund increased by \$1.1 million to \$14.3 million. Fund balance for the Highway/Public Works Fund decreased by \$.3 million to \$7.7 million. Fund balance for the General Debt Service Fund increased by \$.7 million to \$32 million; fund balance for the General Capital Projects Fund increased by \$.5 million to \$2.4 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, General Capital Projects, Education Capital Projects, and Public Utility 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 two types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The county had one enterprise fund to account for public utility services. 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, proprietary 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 \$71.4 million at the close of the most recent fiscal year.

At June 30, 2011, \$81.2 million of the county’s net assets reflect its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related 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 2011. A comparison of the prior year is provided, except for the business-type activities. The Water Department began operations February 2011.

Sevier County Government Net Assets as of June 30
Governmental Activities

	2011	2010
Current and Other Assets	\$ 108,437,290	\$ 94,114,674
Capital Assets	117,077,309	130,401,033
Total Assets	\$ 225,514,599	\$ 224,515,707
Long-term Liabilities Outstanding	\$ 121,590,229	\$ 112,348,014
Other Liabilities	32,558,718	32,612,932
Total Liabilities	\$ 154,148,947	\$ 144,960,946
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 81,235,584	\$ 93,953,538
Restricted	56,806,271	40,167,596
Unrestricted	(66,676,203)	(54,566,373)
Total Net Assets	\$ 71,365,652	\$ 79,554,761

Sevier County Government Net Assets as of June 30
Business-type Activities

	2011
Current and Other Assets	\$ 151,522
Capital Assets	15,707,967
Total Assets	\$ 15,859,489
Other Liabilities	\$ 9,937
Total Liabilities	\$ 9,937
Net Assets:	
Invested in Capital Assets	\$ 15,707,967
Unrestricted	141,585
Total Net Assets	\$ 15,849,552

The following table shows the increase in net assets for the fiscal year 2011 and a comparative analysis of government-wide data to the prior year, except for the business-type activities. The Water Department began operations February 2011.

Sevier County Government Changes in Net Assets as of June 30
Governmental Activities

	2011	2010
Revenues:		
Program Revenues:		
Charges for Services	\$ 12,701,128	\$ 13,527,623
Operating Grants and Contributions	3,548,916	3,041,614
Capital Grants and Contributions	4,290,622	9,260,629
General Revenues:		
Property Taxes	27,849,141	27,300,725
Sales Taxes	3,882,794	3,528,483
Other Taxes	4,968,363	4,892,958
Grants and Contributions Unrestricted	6,973,082	6,118,900
Unrestricted Investment Income	1,742,202	1,556,093
Miscellaneous	38,106	43,130
Total Revenues	\$ 65,994,354	\$ 69,270,155

Sevier County Government Changes in Net Assets as of June 30
Governmental Activities (Cont.)

	<u>2011</u>	<u>2010</u>
Expenses:		
General Government	\$ 6,774,732	\$ 6,114,775
Finance	3,048,698	3,174,914
Administration of Justice	3,068,944	3,074,915
Public Safety	13,459,953	13,115,589
Public Health and Welfare	8,852,742	8,854,117
Social, Cultural, and Recreational Services	2,059,022	1,590,316
Agriculture and Natural Resources	429,297	427,030
Other Operations	787,735	5,277,042
Highways	11,677,496	10,834,313
Education	2,545,610	2,119,792
Interest	4,936,345	3,735,784
Other Debt Service	505,386	657,304
Total Expenses	<u>\$ 58,145,960</u>	<u>\$ 58,975,891</u>
Transfers	<u>\$ (16,037,503)</u>	<u>\$ 0</u>
Increase (Decrease) in Net Assets	\$ (8,189,109)	\$ 10,294,264
Net Assets - Beginning Balance	79,554,761	69,395,397
Prior-period Adjustment	<u>0</u>	<u>(134,900)</u>
Net Assets - Ending Balance	<u>\$ 71,365,652</u>	<u>\$ 79,554,761</u>

Sevier County Government Changes in Net Assets as of June 30
Business-type Activities

	<u>2011</u>
Revenues:	
Program Revenues:	
Charges for Services	<u>\$ 33,982</u>
Total Revenues	<u>\$ 33,982</u>
Expenses:	
Public Utility	<u>\$ 221,933</u>
Total Expenses	<u>\$ 221,933</u>
Transfers	<u>\$ 16,037,503</u>
Increase (Decrease) in Net Assets	\$ 15,849,552
Net Assets - Beginning Balance	<u>0</u>
Net Assets - Ending Balance	<u>\$ 15,849,552</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 \$70 million. Approximately \$10.5 million of the total constitutes unassigned 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 or committed 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 \$14.3 million, of which \$10.5 million was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 29 percent of total General Fund expenditures.

The fund balance of the county's General Fund increased by \$1 million during the current fiscal year.

The fund balance of the Highway/Public Works Fund ended at \$7.4 million, a decrease of \$.3 million.

The General Debt Service Fund again finished very strong at June 30, 2011, with a net increase of \$.7 million of fund balance to end at \$32 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, as well as, the interest subsidy payment for the Qualified School Construction Bonds issued in the current year.

Capital Assets and Debt Administration

Capital Assets – Sevier County’s investment in capital assets for its governmental activities as of June 30, 2011, totaled \$81.2 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, roads, highways, and bridges. The notes to the financial statements provide more information on the county’s capital assets activity of the 2011 fiscal year.

Long-term Debt – At the end of the 2011 fiscal year, Sevier County had total long-term debt obligations outstanding of \$121.8 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 \$83.2 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 9.8 percent at June 30, 2011, up eight tenths of a percent from June 30, 2010. This is comparable to the state’s average unemployment rate of 9.8 percent and is six tenths of a percent above the national average of 9.2 percent. Inflationary trends in the region compare unfavorably to national indices. These factors were considered in preparing the county’s budget for the 2012 fiscal year. At the end of the 2011 fiscal year, unassigned fund balance in the General Fund increased to \$10.5 million. The county has budgeted \$.60 million of this fund balance to spend on fiscal year 2012. The county intends to balance the budget for the 2012 fiscal year by using this available fund balance and by holding spending at the 2011 rate plus a two percent salary increase.

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

Exhibit A

Sevier County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government			Component Units		
	Governmental	Business-type	Total	Sevier	Emergency	Public
	Activities	Activities		School	Communica-	Building
				Department	tions	Authority
					District	
<u>ASSETS</u>						
Cash	\$ 15,001,788	\$ 200	\$ 15,001,988	\$ 3,899	\$ 202,940	\$ 18,069
Equity in Pooled Cash and Investments	56,297,536	148,474	56,446,010	18,978,158	0	0
Investments	0	0	0	0	1,256,821	1,890,893
Deferred Outflow - Interest Rate Swap	3,539,070	0	3,539,070	0	0	0
Accounts Receivable	2,558,043	3,132	2,561,175	240,428	81,979	0
Allowance for Uncollectibles	(759,428)	(284)	(759,712)	0	0	0
Due from Other Governments	1,952,899	0	1,952,899	8,904,071	0	0
Due from Primary Government	0	0	0	504,147	0	0
Property Taxes Receivable	30,224,560	0	30,224,560	31,836,537	0	0
Allowance for Uncollectible Property Taxes	(1,852,911)	0	(1,852,911)	(1,951,732)	0	0
Prepaid Items	0	0	0	0	25,746	0
Accrued Interest Receivable	0	0	0	0	2,157	0
Other Restricted Assets	0	0	0	0	0	7,064,148
Deferred Charges - Debt Issuance Costs	1,475,733	0	1,475,733	0	0	0
Capital Assets						
Assets Not Depreciated:						
Land	4,768,794	0	4,768,794	12,020,182	0	1,181,941
Construction in Progress	2,054,722	5,292,485	7,347,207	3,913,485	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	31,386,811	0	31,386,811	73,232,507	434,889	0
Other Capital Assets	4,571,274	4,219	4,575,493	4,755,467	755,203	0
Infrastructure	74,295,708	10,411,263	84,706,971	1,670,336	0	0
Total Assets	\$ 225,514,599	\$ 15,859,489	\$ 241,374,088	\$ 154,107,485	\$ 2,759,735	\$ 10,155,051
<u>LIABILITIES</u>						
Accounts Payable	\$ 1,319,534	\$ 9,937	\$ 1,329,471	\$ 40,213	\$ 12,530	\$ 276
Accrued Payroll	29,493	0	29,493	139,670	0	0
Accrued Interest Payable	232,640	0	232,640	0	0	0
Payroll Deductions Payable	239	0	239	0	0	0
Contracts Payable	338,455	0	338,455	478,939	0	0
Retainage Payable	21,492	0	21,492	25,208	0	0
Derivative - Interest Rate Swap	3,539,070	0	3,539,070	0	0	0
Due to Component Units	504,147	0	504,147	0	0	0
Payable from Restricted Assets - Conduit Debt	0	0	0	0	0	7,064,148
Deferred Revenue - Current Property Taxes	26,573,625	0	26,573,625	27,990,885	0	0
Other Notes Payable	0	0	0	3,923,500	0	0
Other Current Liabilities	23	0	23	3,364,161	8,234	519,958
Noncurrent Liabilities:						
Due Within One Year	6,424,189	0	6,424,189	129,394	0	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	115,166,040	0	115,166,040	9,874,284	0	0
Total Liabilities	\$ 154,148,947	\$ 9,937	\$ 154,158,884	\$ 45,966,254	\$ 20,764	\$ 7,584,382

(Continued)

Exhibit A

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

	Primary Government			Component Units		
	Governmental	Business-type	Total	Sevier	Emergency	Public
	Activities	Activities		School	Communica-	Building
				Department	District	Authority
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	\$ 81,235,584	\$ 0	\$ 81,235,584	\$ 95,125,675	\$ 0	\$ 0
Invested in Capital Assets	0	15,707,967	15,707,967	0	1,190,092	1,181,941
Restricted for:						
General Government	23,074	0	23,074	0	0	0
Administration of Justice	189,735	0	189,735	0	0	0
Public Safety	21,329	0	21,329	0	0	0
Public Health and Welfare	757,941	0	757,941	0	0	0
Other Operations	3,779,513	0	3,779,513	0	0	0
Highways	7,962,522	0	7,962,522	0	0	0
Education	12,879,648	0	12,879,648	1,078,474	0	0
Debt Service	30,595,312	0	30,595,312	0	0	0
Capital Outlay	597,197	0	597,197	637,535	0	0
Unrestricted	(66,676,203)	141,585	(66,534,618)	11,299,547	1,548,879	1,388,728
Total Net Assets	\$ 71,365,652	\$ 15,849,552	\$ 87,215,204	\$ 108,141,231	\$ 2,738,971	\$ 2,570,669

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

Exhibit B

Sevier County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets												
	Program Revenues					Primary Government					Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Total	Sevier County School Department	Emergency Communications District	Public Building Authority		
												Governmental Activities	Business-type Activities
Primary Government:													
Governmental Activities:													
General Government	\$ 6,774,732	\$ 1,712,311	\$ 404,482	\$ 0	\$ (4,657,939)	\$ 0	\$ (4,657,939)	\$ 0	\$ 0	\$ 0			
Finance	3,048,698	3,551,985	0	0	503,287	0	503,287	0	0	0			
Administration of Justice	3,068,944	1,579,608	109,097	0	(1,380,239)	0	(1,380,239)	0	0	0			
Public Safety	13,459,953	1,640,516	163,923	237,480	(11,418,034)	0	(11,418,034)	0	0	0			
Public Health and Welfare	8,852,742	2,865,451	419,087	582,991	(4,985,213)	0	(4,985,213)	0	0	0			
Social, Cultural, and Recreational Services	2,059,022	19,592	108,950	1,347,133	(583,347)	0	(583,347)	0	0	0			
Agriculture and Natural Resources	429,297	0	0	0	(429,297)	0	(429,297)	0	0	0			
Other Operations	787,735	1,748	0	2,625	(783,362)	0	(783,362)	0	0	0			
Highways	11,677,496	200,555	2,343,377	2,120,393	(7,013,171)	0	(7,013,171)	0	0	0			
Education	2,545,610	1,129,362	0	0	(1,416,248)	0	(1,416,248)	0	0	0			
Interest on Long-term Debt	4,936,345	0	0	0	(4,936,345)	0	(4,936,345)	0	0	0			
Debt Service	505,386	0	0	0	(505,386)	0	(505,386)	0	0	0			
Total Primary Government	\$ 58,145,960	\$ 12,701,128	\$ 3,548,916	\$ 4,290,622	\$ (37,605,294)	\$ 0	\$ (37,605,294)	\$ 0	\$ 0	\$ 0			
Business-type Activities:													
Public Utility Fund	\$ 221,933	\$ 33,982	\$ 0	\$ 0	\$ 0	\$ (187,951)	\$ (187,951)	\$ 0	\$ 0	\$ 0			
Total Business-type Activities	\$ 221,933	\$ 33,982	\$ 0	\$ 0	\$ 0	\$ (187,951)	\$ (187,951)	\$ 0	\$ 0	\$ 0			
Total Primary Government	\$ 58,367,893	\$ 12,735,110	\$ 3,548,916	\$ 4,290,622	\$ (37,605,294)	\$ (187,951)	\$ (37,793,245)	\$ 0	\$ 0	\$ 0			
Component Units:													
Sevier County School Department	\$ 130,556,283	\$ 2,144,861	\$ 13,590,650	\$ 2,861,861	\$ 0	\$ 0	\$ (111,958,911)	\$ 0	\$ 0	\$ 0			
Emergency Communications District	811,799	977,755	10,000	0	0	0	0	175,956	0	0			
Public Building Authority	47,855	54,409	0	0	0	0	0	0	0	6,554			
Total Component Units	\$ 131,415,937	\$ 3,177,025	\$ 13,600,650	\$ 2,861,861	\$ 0	\$ 0	\$ (111,958,911)	\$ 175,956	\$ 0	\$ 6,554			

(Continued)

Exhibit B

Sevier County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Sevier County School Department	Emergency Communications District	Public Building Authority	
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes				\$ 16,319,801	\$ 0	\$ 16,319,801	\$ 29,230,277	\$ 0	\$ 0	0
Property Taxes Levied for Special Purposes				744,576	0	744,576	0	0	0	0
Property Taxes Levied for Highways				5,945,010	0	5,945,010	0	0	0	0
Property Taxes Levied for Debt Service				4,839,754	0	4,839,754	0	0	0	0
Local Option Sales Taxes				3,882,794	0	3,882,794	41,021,896	0	0	0
Other Local Taxes				372,631	0	372,631	267,537	0	0	0
Hotel/Motel Tax				2,203,588	0	2,203,588	2,242,331	0	0	0
Business Tax				2,020,053	0	2,020,053	0	0	0	0
Wholesale Beer Tax				372,091	0	372,091	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs				6,973,082	0	6,973,082	42,365,586	0	0	0
Unrestricted Investment Income				1,742,202	0	1,742,202	4,680	18,412	24,292	0
Miscellaneous				38,106	0	38,106	80,856	0	0	0
Total General Revenues				\$ 45,453,688	\$ 0	\$ 45,453,688	\$ 115,213,163	\$ 18,412	\$ 24,292	0
Transfers				(16,037,503)	\$ 16,037,503	\$ 0	\$ 0	\$ 0	\$ 0	0
Change in Net Assets				(8,189,109)	\$ 15,849,552	\$ 7,660,443	\$ 3,254,252	\$ 194,368	\$ 30,846	0
Net Assets, July 1, 2010				79,554,761	0	79,554,761	104,886,979	2,544,603	2,539,823	0
Net Assets, June 30, 2011				71,365,652	\$ 15,849,552	\$ 87,215,204	\$ 108,141,231	\$ 2,738,971	\$ 2,570,669	0

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

Exhibit C-1

Sevier County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2011

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General		Education Capital Projects	Other Governmental Funds			
			General	Debt Service				Capital Projects	
Cash	\$ 375	\$ 0	\$ 0	\$ 0	\$ 13,383,795	\$ 2,100	\$ 13,386,270		
Equity in Pooled Cash and Investments	13,046,581	7,581,960	31,975,422	2,758,935	0	934,638	56,297,536		
Accounts Receivable	2,498,952	0	48,091	0	0	11,000	2,558,043		
Allowance for Uncollectibles	(759,428)	0	0	0	0	0	(759,428)		
Due from Other Governments	1,221,490	369,526	0	6,713	0	355,170	1,952,899		
Due from Other Funds	91,351	0	0	0	0	59	91,410		
Property Taxes Receivable	17,731,742	6,447,906	5,238,923	0	0	805,989	30,224,560		
Allowance for Uncollectible Property Taxes	(1,087,041)	(395,288)	(321,171)	0	0	(49,411)	(1,852,911)		
Total Assets	\$ 32,744,022	\$ 14,004,104	\$ 36,941,265	\$ 2,765,648	\$ 13,383,795	\$ 2,059,545	\$ 101,898,379		

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 190,250	\$ 342,810	\$ 0	\$ 8,235	\$ 0	\$ 122,689	\$ 663,984
Accounts Payable	0	29,493	0	0	0	0	29,493
Accrued Payroll	0	239	0	0	0	0	239
Payroll Deductions Payable	0	0	0	338,455	0	0	338,455
Contracts Payable	0	0	0	21,492	0	0	21,492
Retainage Payable	309,600	0	86,685	2,625	0	2,100	401,010
Due to Other Funds	0	0	0	0	504,147	0	504,147
Due to Component Units	23	0	0	0	0	0	23
Other Current Liabilities	15,589,860	5,669,040	4,606,095	0	0	708,630	26,573,625
Deferred Revenue - Current Property Taxes	923,982	335,993	272,994	0	0	42,000	1,574,969
Deferred Revenue - Delinquent Property Taxes	1,464,561	184,763	0	0	0	168,000	1,817,324
Other Deferred Revenues	\$ 18,478,276	\$ 6,562,338	\$ 4,965,774	\$ 370,807	\$ 504,147	\$ 1,043,419	\$ 31,924,761
Total Liabilities							

(Continued)

Exhibit C-1

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

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway /	General Debt Service	General Capital Projects	Education Capital Projects	Other Governmental Funds	Governmental Funds	Total Governmental Funds	
		Public Works							
Fund Balances									
Restricted:									
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,074	\$ 23,074	\$ 23,074
Restricted for Administration of Justice	0	0	0	0	0	0	189,735	189,735	189,735
Restricted for Public Safety	966	0	0	0	0	0	20,363	20,363	21,329
Restricted for Public Health and Welfare	0	0	0	757,941	0	0	0	0	757,941
Restricted for Other Operations	3,779,513	0	0	0	0	0	0	0	3,779,513
Restricted for Highways/Public Works	0	7,441,766	0	0	0	0	0	0	7,441,766
Restricted for Education	0	0	0	0	12,879,648	0	0	0	12,879,648
Restricted for Capital Outlay	0	0	0	1,346,528	0	0	555,197	0	1,901,725
Restricted for Debt Service	0	0	30,554,958	0	0	0	0	0	30,554,958
Committed:									
Committed for Public Health and Welfare	0	0	0	0	0	0	227,757	0	227,757
Committed for Debt Service	0	0	1,420,533	0	0	0	0	0	1,420,533
Committed for Capital Projects	0	0	0	290,372	0	0	0	0	290,372
Unassigned	10,485,267	0	0	0	0	0	0	0	10,485,267
Total Fund Balances	\$ 14,265,746	\$ 7,441,766	\$ 31,975,491	\$ 2,394,841	\$ 12,879,648	\$ 1,016,126	\$ 1,016,126	\$ 1,016,126	\$ 69,973,618
Total Liabilities and Fund Balances	\$ 32,744,022	\$ 14,004,104	\$ 36,941,265	\$ 2,765,648	\$ 13,383,795	\$ 2,059,545	\$ 2,059,545	\$ 2,059,545	\$ 101,898,379

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

Exhibit C-2

Sevier County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

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)		\$ 69,973,618
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 4,768,794	
Add: construction in progress	2,054,722	
Add: infrastructure net of accumulated depreciation	74,295,708	
Add: buildings and improvements net of accumulated depreciation	31,386,811	
Add: other capital assets net of accumulated depreciation	<u>4,571,274</u>	117,077,309
(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.		1,269,568
(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	\$ (77,045,505)	
Less: bonds payable	(43,879,000)	
Less: other postemployment benefits liability	(902,663)	
Add: deferred amount on refunding	655,793	
Add: deferred charges - debt issuance costs	1,475,733	
Less: accrued interest on bonds, notes, and other loans	(232,640)	
Less: other deferred revenue - premium on debt	<u>(418,854)</u>	(120,347,136)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>3,392,293</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 71,365,652</u>

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

Exhibit C-3

Sevier County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Education	Other	Govern- mental Funds		
		Public Works	Debt Service	Capital Projects	Capital Projects				
<u>Revenues</u>									
Local Taxes	\$ 23,261,705	\$ 6,077,872	\$ 4,947,707	\$ 0	\$ 0	\$ 2,988,282	\$ 37,275,566		
Licenses and Permits	554,081	0	0	0	0	0	554,081		
Fines, Forfeitures, and Penalties	282,671	0	0	0	0	95,438	378,109		
Charges for Current Services	3,446,664	0	0	0	0	73,944	3,520,608		
Other Local Revenues	114,296	211,985	1,420,533	1,636,900	19,554	59,845	3,463,113		
Fees Received from County Officials	5,711,229	0	0	0	0	0	5,711,229		
State of Tennessee	2,765,375	2,521,334	0	38,817	0	0	5,325,526		
Federal Government	1,099,527	0	0	399,690	0	81,192	1,580,409		
Other Governments and Citizens Groups	337,856	35,598	5,011,766	144,484	0	0	5,529,704		
Total Revenues	\$ 37,573,404	\$ 8,846,789	\$ 11,380,006	\$ 2,219,891	\$ 19,554	\$ 3,298,701	\$ 63,338,345		
<u>Expenditures</u>									
Current:									
General Government	\$ 6,056,633	\$ 0	\$ 0	\$ 0	\$ 0	\$ 93,292	\$ 6,149,925		
Finance	2,943,713	0	0	0	0	50,983	2,994,696		
Administration of Justice	2,916,535	0	0	0	0	114,728	3,031,263		
Public Safety	12,754,055	0	0	0	0	216,404	12,970,459		
Public Health and Welfare	5,049,689	0	0	0	0	2,413,186	7,462,875		
Social, Cultural, and Recreational Services	1,538,246	0	0	0	0	17,858	1,556,104		
Agriculture and Natural Resources	416,292	0	0	0	0	0	416,292		
Other Operations	3,978,292	0	0	0	0	73,748	4,052,040		
Highways	260,101	9,118,585	0	0	0	0	9,378,686		
Debt Service:									
Principal on Debt	0	0	5,510,000	0	0	0	5,510,000		
Interest on Debt	0	0	5,041,351	0	0	0	5,041,351		
Other Debt Service	0	0	129,618	0	129,151	0	258,769		
Capital Projects	381,488	0	0	1,690,778	0	0	2,072,266		
Capital Projects - Donated	0	0	0	0	1,514,755	0	1,514,755		
Total Expenditures	\$ 36,295,044	\$ 9,118,585	\$ 10,680,969	\$ 1,690,778	\$ 1,643,906	\$ 2,980,199	\$ 62,409,481		
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,278,360	\$ (271,796)	\$ 699,037	\$ 529,113	\$ (1,624,352)	\$ 318,502	\$ 928,864		

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Education	Other	Governmental Funds	
		Public Works	Debt Service	Capital Projects	Capital Projects			
<u>Other Financing Sources (Uses)</u>								
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,504,000	\$ 0	\$ 0	\$ 14,504,000
Transfers In	5,877	0	0	0	0	0	0	5,877
Transfers Out	(250,000)	0	0	0	0	(5,877)	(5,877)	(255,877)
Total Other Financing Sources (Uses)	\$ (244,123)	\$ 0	\$ 0	\$ 0	\$ 14,504,000	\$ (5,877)	\$ (5,877)	\$ 14,254,000
Net Change in Fund Balances	\$ 1,034,237	\$ (271,796)	\$ 699,037	\$ 529,113	\$ 12,879,648	\$ 312,625	\$ 312,625	\$ 15,182,864
Fund Balance, July 1, 2010	13,231,509	7,713,562	31,276,454	1,865,728	0	703,501	703,501	54,790,754
Fund Balance, June 30, 2011	\$ 14,265,746	\$ 7,441,766	\$ 31,975,491	\$ 2,394,841	\$ 12,879,648	\$ 1,016,126	\$ 1,016,126	\$ 69,973,618

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

Exhibit C-4

Sevier County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2011

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)		\$ 15,182,864
(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	\$ 11,886,231	
Less: current-year depreciation expense	<u>(9,227,120)</u>	2,659,111
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: assets donated to business-type activities	\$ (15,787,503)	
Less: book value of assets disposed	<u>(195,332)</u>	(15,982,835)
(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, 2011	\$ 3,392,293	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(3,681,141)</u>	(288,848)
(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: bond proceeds	\$ (14,504,000)	
Add: change in premium on debt issuances	191,917	
Less: change in deferred debt issuance costs	(246,617)	
Add: principal payments on bonds	2,900,000	
Add: principal payments on other loans	2,610,000	
Less: change in deferred amount on refunding debt	<u>(112,590)</u>	(9,161,290)

(Continued)

Exhibit C-4

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

(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	\$	25,679
Change in other postemployment benefits liability		<u>(327,542)</u>
	\$	(301,863)
(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>(296,248)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ (8,189,109)</u></u>

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

Exhibit D-1

Sevier County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Business-type Activities</u>	
	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Public Utility Fund</u>	<u>Internal Service Funds</u>
 <u>ASSETS</u> 		
Current Assets:		
Cash	\$ 200	\$ 1,615,518
Equity in Pooled Cash and Investments	148,474	0
Accounts Receivable	3,132	0
Allowance for Uncollectibles	(284)	0
Due from Other Funds	0	309,600
Total Current Assets	<u>\$ 151,522</u>	<u>\$ 1,925,118</u>
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Construction in Progress	\$ 5,292,485	\$ 0
Assets Net of Accumulated Depreciation:		
Infrastructure	10,411,263	0
Other Capital Assets	4,219	0
Total Noncurrent Assets	<u>\$ 15,707,967</u>	<u>\$ 0</u>
Total Assets	<u>\$ 15,859,489</u>	<u>\$ 0</u>
 <u>LIABILITIES</u> 		
Current Liabilities:		
Accounts Payable	\$ 9,937	\$ 655,550
Total Liabilities	<u>\$ 9,937</u>	<u>\$ 655,550</u>
 <u>NET ASSETS</u> 		
Invested in Capital Assets	\$ 15,707,967	\$ 0
Unrestricted	<u>141,585</u>	<u>1,269,568</u>
Total Net Assets	<u>\$ 15,849,552</u>	<u>\$ 1,269,568</u>

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

Exhibit D-2

Sevier County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities	
	Enterprise Fund	Governmental Activities
	Public Utility Fund	Internal Service Funds
<u>Operating Revenues</u>		
Self-Insurance Premiums	\$ 0	\$ 6,240,457
Patient Charges	0	115,775
Water Sales	13,654	0
Water Tap Sales	20,228	0
Service Charges	100	0
Total Operating Revenues	<u>\$ 33,982</u>	<u>\$ 6,356,232</u>
<u>Operating Expenses</u>		
Handling Charges and Administrative Costs	\$ 0	\$ 189,293
Employee and Dependent Insurance	0	94,934
Excess Risk Insurance	0	635,654
Medical Claims	0	5,743,350
Supervisor/Director	20,625	0
Other Salaries and Wages	13,500	0
Social Security	2,012	0
State Retirement	2,567	0
Employee and Dependent Insurance	9,440	0
Employer Medicare	471	0
Bank Charges	53	0
Communication	760	0
Contracts with Government Agencies	42,309	0
Legal Services	62	0
Maintenance and Repair Services - Equipment	13,507	0
Maintenance and Repair Services - Vehicles	1,468	0
Postal Charges	248	0
Travel	2,332	0
Office Supplies	13,000	0
Road Signs	344	0
Other Supplies and Materials	19,399	0
Trustee's Commission	300	0
Depreciation	79,536	0
Total Operating Expenses	<u>\$ 221,933</u>	<u>\$ 6,663,231</u>
Operating Income (Loss)	<u>\$ (187,951)</u>	<u>\$ (306,999)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Investment Income	\$ 0	\$ 10,751
Total Nonoperating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 10,751</u>
Income (Loss) Before Transfers	\$ (187,951)	\$ (296,248)
Transfers In (Out)	<u>16,037,503</u>	<u>0</u>
Change in Net Assets	\$ 15,849,552	\$ (296,248)
Net Assets, July 1, 2010	<u>0</u>	<u>1,565,816</u>
Net Assets, June 30, 2011	<u>\$ 15,849,552</u>	<u>\$ 1,269,568</u>

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

Exhibit D-3

Sevier County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
	<u>Public Utility Fund</u>	
<u>Cash Flows from Operating Activities</u>		
Receipts for Self-Insurance Premiums	\$ 0	\$ 6,035,505
Receipts for Patient Charges	0	115,775
Receipts for Customers and Users	31,134	0
Payments to Insurers	0	(730,588)
Payments for Claims	0	(5,586,604)
Payments for Administrative Costs	0	(189,293)
Payments to Vendors	(83,845)	0
Payments to Employees	(48,615)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (101,326)</u>	<u>\$ (355,205)</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from Other Funds	<u>\$ 250,000</u>	<u>\$ 0</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 250,000</u>	<u>\$ 0</u>
<u>Cash Flows from Investing Activities</u>		
Interest on Investments	<u>\$ 0</u>	<u>\$ 10,751</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 0</u>	<u>\$ 10,751</u>
Increase (Decrease) in Cash	\$ 148,674	\$ (344,454)
Cash, July 1, 2010	<u>0</u>	<u>1,959,972</u>
Cash, June 30, 2011	<u><u>\$ 148,674</u></u>	<u><u>\$ 1,615,518</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (187,951)	\$ (306,999)
Adjustments to Reconcile Net Operating Income (Loss)		
to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	79,536	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Current Receivables	(3,132)	(204,952)
Increase (Decrease) in Allowance for Uncollectibles	284	0
Increase (Decrease) in Accounts Payable	9,937	156,746
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (101,326)</u></u>	<u><u>\$ (355,205)</u></u>
<u>Noncash Investing, Capital, and Financing Activities</u>		
Contribution of Capital Assets from Government	\$ 15,787,503	\$ 0

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

Exhibit E

Sevier County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,062,857
Equity in Pooled Cash and Investments	412,839
Accounts Receivable	3,709
Due from Other Governments	<u>5,487,573</u>
Total Assets	<u>\$ 8,966,978</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 5,487,573
Due to Litigants, Heirs, and Others	3,066,566
Due to Joint Ventures	<u>412,839</u>
Total Liabilities	<u>\$ 8,966,978</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, 2011

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.

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.

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. 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 \$1,514,755 were contributed by the county to the School Department during the year ended June 30, 2011.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), 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 and the major enterprise fund 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 and proprietary categories. Sevier County reports four proprietary funds, an enterprise fund and three internal service funds.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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.

Education Capital Projects Fund – This fund accounts for debt issued by Sevier County that is subsequently contributed to the discretely presented Sevier County School Department for construction and renovation projects.

Sevier County reports the following major proprietary fund:

Public Utility Fund – This fund is used to account for the operations of the county’s Water Department.

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds – These funds are used to account for building construction and renovations of the School Department.

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. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitations. Sevier County has elected not to follow subsequent private-sector guidance.

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 four proprietary funds, an enterprise fund and three 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 revenue of the enterprise fund is water and tap sales. 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. Operating expenses for the enterprise fund include salaries, benefits, depreciation, and other expenses of the Water Department.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on hand, demand deposits, and cash on deposit with the county trustee.

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 3.38 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 four land purchase financing agreements, which have been funded from currently available financial resources.

Retainage payable in the General Capital Projects Fund and in the discretely presented School Department's Other 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 and business-type columns 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. Interest incurred during the construction phase of capital assets of the enterprise fund is included as part of the capitalized value of the assets 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, except as discussed in the following paragraph, and therefore is not required to be accrued or recorded.

In April 2011, the Sevier County Board of Education made available a one-time incentive for employees eligible to retire. The incentive was paid based upon a rate of \$55 per day of unused sick leave, with a maximum of 275 days. The total amount paid for this incentive was \$304,260. The incentive was paid from the General Purpose School Fund prior to June 30, 2011, and there is no further liability under the incentive plan.

5. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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, 2011, Sevier County had \$83,179,876 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on

the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Sevier County School Department

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

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

Discretely Presented Sevier County School Department

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the 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.

At June 30, 2011, Sevier County and the Sevier County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
General Capital Projects	Waterline Projects	\$ 295,346
School Department:		
Major Fund:		
General Purpose School	School Construction and Renovations	4,397,901
Nonmajor Fund:		
Education Capital Projects	School Construction and Renovations	404,509
Other Capital Projects	School Construction	13,812,102

B. Cash Shortages – Prior and Current Years

Office of General Sessions Court Clerk

The county's 2004-05 audit report reflected a cash shortage of \$16,643.47 in the Office of General Sessions Court 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 of \$15,372.22 to the county. On July 20, 2010, the former employee made final payment toward the restitution, fully liquidating the cash shortage.

Office of County Clerk

In August 2010, auditors discovered a cash shortage of \$94,645.50 in the Office of County Clerk. The shortage resulted from the clerk's failure to account for cash collections of the office. County Clerk Joe Keener, II liquidated the shortage from personal funds and resigned from the office on August 30, 2010. Details of the cash shortage were reported in the Single Audit section of the annual financial report for the year ended June 30, 2010.

Mr. Keener has been indicted on charges of theft over \$60,000 and official misconduct, and is awaiting trial on those charges.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Transportation major appropriation category (the legal level of control) of the School Federal Projects Fund by \$3,815. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

D. School Department Promissory Notes Were Not Issued in Accordance with State Statutes

In the prior-year Schedule of Findings and Questioned Costs, we reported that the Board of Education entered into two promissory notes during the 2010-11 year without proper approval. On July 8, 2010, the Board of Education purchased land for \$210,000 for future expansion at an existing school by paying \$42,000 down and signing a four-year promissory note for the balance at zero percent interest. Also on July 8, 2010, the Board of Education purchased land for a new school for \$3,840,000 by paying \$725,000 down and signing a four-year promissory note for the balance at zero percent interest. State statutes provide for counties to issue notes for capital purposes, but only after approval of the County Commission and the state Comptroller's Office. These notes were subsequently presented to and approved by the County Commission on November 15, 2010. However, approval has not been obtained for the notes from the state Comptroller's Office.

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 reflected on the balance sheets or statements of net assets represents 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, 2011.

B. Derivative Instruments

Primary Government

At June 30, 2011, Sevier County 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	10-1-09	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	10-1-09	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	10-1-09	6-1-25	Pay 3.97% receive 67% of LIBOR
\$14.435 M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate	14,435,000	10-1-09	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, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

Type	Changes in Fair Value Classification	Fair Value at June 30, 2011 Amount	Fair Value at June 30, 2011 Classification	Fair Value at June 30, 2011 Amount	6-30-11 Notional Amount
Governmental Activities					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$3 M Swap	Deferred Outflow	\$ 115,049	Debt	\$ (489,082)	\$ 3,000,000
\$4 M Swap	Deferred Outflow	47,131	Debt	(304,871)	2,360,000
\$13 M Swap	Deferred Outflow	445,495	Debt	(1,261,531)	13,000,000
\$14.435 M Swap	Deferred Outflow	363,254	Debt	(1,483,586)	12,855,000
Totals		<u>\$ 970,929</u>		<u>\$ (3,539,070)</u>	<u>\$31,215,000</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 matures on June 1, 2025. As of June 30, 2011, rates were as follows:

	<u>Terms</u>	<u>Rate</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.440 %
Variable payment from counterparty	% of LIBOR	<u>-1.242</u>
Net interest rate swap payments		3.198 %
Variable-rate bond coupon payments		<u>0.100</u>
Synthetic interest rate on bonds		<u><u>3.298 %</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$489,082. 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, 2011, 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, 2011, 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, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2012	\$ 0	\$ 3,000	\$ 95,940	\$ 98,940	
2013	0	3,000	95,940	98,940	
2014	0	3,000	95,940	98,940	
2015	0	3,000	95,940	98,940	
2016	0	3,000	95,940	98,940	
2017-2021	530,000	15,000	479,699	1,024,699	
2022-2025	2,470,000	6,350	203,073	2,679,423	
Total	\$ 3,000,000	\$ 36,350	\$ 1,162,472	\$ 4,198,822	

\$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 matures on June 1, 2020. As of June 30, 2011, 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>-0.172</u>
Net interest rate swap payments		4.068 %
Variable-rate bond coupon payments		<u>0.100</u>
Synthetic interest rate on bonds		<u><u>4.168 %</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$304,871. 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, 2011, 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, 2011, 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, 2011, 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
2012	\$ 210,000	\$ 2,360	\$ 96,004	\$ 308,364
2013	220,000	2,150	87,461	309,611
2014	235,000	1,930	78,512	315,442
2015	245,000	1,695	68,952	315,647
2016	260,000	1,450	58,986	320,436
2017-2020	1,190,000	3,050	124,073	1,317,123
Total	\$ 2,360,000	\$ 12,635	\$ 513,988	\$ 2,886,623

\$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 matures on June 1, 2025. As of June 30, 2011, 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>-1.313</u>
Net interest rate swap payments		2.657 %
Variable-rate bond coupon payments		<u>0.110</u>
Synthetic interest rate on bonds		<u><u>2.767 %</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$1,261,531. 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, 2011, 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, 2011, 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, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2012	\$ 0	\$ 14,300	\$ 345,471	\$	359,771
2013	0	14,300	345,471		359,771
2014	0	14,300	345,471		359,771
2015	0	14,300	345,471		359,771
2016	0	14,300	345,471		359,771
2017-2021	3,800,000	69,465	1,678,192		5,547,657
2022-2025	9,200,000	26,015	628,492		9,854,507
Total	\$ 13,000,000	\$ 166,980	\$ 4,034,039	\$	17,201,019

\$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 matures on June 1, 2025. As of June 30, 2011, 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>-1.242</u>
Net interest rate swap payments		3.138 %
Variable-rate bond coupon payments		<u>0.110</u>
Synthetic interest rate on bonds		<u><u>3.248 %</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$1,483,586. 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, 2011, 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, 2011, 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, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2012	\$ 440,000	\$ 14,141	\$ 403,389	\$ 857,530	
2013	625,000	13,657	389,582	1,028,239	
2014	665,000	12,969	369,969	1,047,938	
2015	700,000	12,238	349,102	1,061,340	
2016	825,000	11,468	327,136	1,163,604	
2017-2021	8,305,000	31,334	893,858	9,230,192	
2022-2025	1,295,000	3,652	104,181	1,402,833	
Total	\$ 12,855,000	\$ 99,459	\$ 2,837,217	\$ 15,791,676	

C. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Transfers Out	Balance 6-30-11
Capital Assets Not Depreciated:					
Land	\$ 4,754,794	\$ 14,000	\$ 0	\$ 0	\$ 4,768,794
Construction in Progress	16,412,820	3,296,158	(11,355,304)	(6,298,952)	2,054,722
Total Capital Assets Not Depreciated	\$ 21,167,614	\$ 3,310,158	\$ (11,355,304)	\$ (6,298,952)	\$ 6,823,516
Capital Assets Depreciated:					
Buildings and Improvements	\$ 26,805,536	\$ 11,809,025	\$ 0	\$ 0	\$ 38,614,561
Roads and Bridges	149,656,486	7,406,278	0	(10,724,549)	146,338,215
Other Capital Assets	13,406,657	716,074	(917,148)	(18,750)	13,186,833
Total Capital Assets Depreciated	\$ 189,868,679	\$ 19,931,377	\$ (917,148)	\$ (10,743,299)	\$ 198,139,609
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 6,339,411	\$ 888,339	\$ 0	\$ 0	\$ 7,227,750
Roads and Bridges	65,935,198	7,349,089	0	(1,241,780)	72,042,507
Other Capital Assets	8,360,651	989,692	(721,816)	(12,968)	8,615,559
Total Accumulated Depreciation	\$ 80,635,260	\$ 9,227,120	\$ (721,816)	\$ (1,254,748)	\$ 87,885,816
Total Capital Assets Depreciated, Net	\$ 109,233,419	\$ 10,704,257	\$ (195,332)	\$ (9,488,551)	\$ 110,253,793
Governmental Activities Capital Assets, Net	\$ 130,401,033	\$ 14,014,415	\$ (11,550,636)	\$ (15,787,503)	\$ 117,077,309

Transfers out represent capital assets transferred to business-type activities (enterprise fund) from governmental activities during the year.

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

Governmental Activities:

General Government	\$ 284,017
Finance	18,555
Public Safety	609,082
Public Health and Welfare	290,844
Social, Cultural, and Recreational Services	382,733
Agriculture and Natural Resources	9,466
Other Operations	100,079
Highways/Public Works	<u>7,532,344</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 9,227,120</u>

Business-Type Activities:

	Balance 7-1-10	Transfers In	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:					
Construction in Progress	\$ 0	\$ 6,298,952	\$ 0	\$ (1,006,467)	\$ 5,292,485
Total Capital Assets Not Depreciated	<u>\$ 0</u>	<u>\$ 6,298,952</u>	<u>\$ 0</u>	<u>\$ (1,006,467)</u>	<u>\$ 5,292,485</u>
Capital Assets Depreciated:					
Infrastructure	\$ 0	\$ 10,724,549	\$ 1,006,467	\$ 0	\$ 11,731,016
Other Capital Assets	0	18,750	0	0	18,750
Total Capital Assets Depreciated	<u>\$ 0</u>	<u>\$ 10,743,299</u>	<u>\$ 1,006,467</u>	<u>\$ 0</u>	<u>\$ 11,749,766</u>
Less Accumulated Depreciation For:					
Infrastructure	\$ 0	\$ 1,241,780	\$ 77,973	\$ 0	\$ 1,319,753
Other Capital Assets	0	12,968	1,563	0	14,531
Total Accumulated Depreciation	<u>\$ 0</u>	<u>\$ 1,254,748</u>	<u>\$ 79,536</u>	<u>\$ 0</u>	<u>\$ 1,334,284</u>
Total Capital Assets Depreciated, Net	<u>\$ 0</u>	<u>\$ 9,488,551</u>	<u>\$ 926,931</u>	<u>\$ 0</u>	<u>\$ 10,415,482</u>
Governmental Activities Capital Assets, Net	<u>\$ 0</u>	<u>\$ 15,787,503</u>	<u>\$ 926,931</u>	<u>\$ (1,006,467)</u>	<u>\$ 15,707,967</u>

Transfers in represent capital assets transfers from governmental activities to business-type activities during the year.

Depreciation expense totaling \$79,536 was charged to the Public Utility Fund.

Discretely Presented Sevier County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 7,959,778	\$ 4,060,404	\$ 0	\$ 12,020,182
Construction in Progress	345,050	4,138,075	(569,640)	3,913,485
Total Capital Assets Not Depreciated	\$ 8,304,828	\$ 8,198,479	\$ (569,640)	\$ 15,933,667
Capital Assets Depreciated:				
Buildings and Improvements	\$ 114,889,070	\$ 2,024,512	\$ 0	\$ 116,913,582
Infrastructure	4,943,004	909,112	0	5,852,116
Other Capital Assets	14,330,380	2,481,755	(223,878)	16,588,257
Total Capital Assets Depreciated	\$ 134,162,454	\$ 5,415,379	\$ (223,878)	\$ 139,353,955
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 40,790,040	\$ 2,891,035	\$ 0	\$ 43,681,075
Infrastructure	4,004,827	176,953	0	4,181,780
Other Capital Assets	10,758,826	1,253,957	(179,993)	11,832,790
Total Accumulated Depreciation	\$ 55,553,693	\$ 4,321,945	\$ (179,993)	\$ 59,695,645
Total Capital Assets Depreciated, Net	\$ 78,608,761	\$ 1,093,434	\$ (43,885)	\$ 79,658,310
Governmental Activities Capital Assets, Net	\$ 86,913,589	\$ 9,291,913	\$ (613,525)	\$ 95,591,977

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

Governmental Activities:

Instruction	\$ 2,573,855
Support Services	1,126,634
Operation of Non-Instructional Services	<u>621,456</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,321,945</u>

D. Construction Commitments

At June 30, 2011, the General Capital Projects Fund had uncompleted construction contracts of approximately \$295,346 for waterline projects. Funding for these future expenditures is being provided through other loans issued by the primary government.

Additionally, the School Department's General Purpose School Fund had uncompleted construction contracts of \$4,397,901 for various renovations and construction projects. Funding has been provided for these future expenditures. The School Department's Education Capital Projects Fund had uncompleted construction contracts of \$404,509, and the Other Capital Projects Fund had uncompleted construction contracts of \$13,812,102 for various renovation and school 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, 2011, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	General Debt Service	\$ 86,626
General	General Capital Projects	2,625
General	Nonmajor governmental funds	2,100
Nonmajor governmental funds	General Debt Service	59
Internal service funds	General	<u>309,600</u>
Total		<u><u>\$ 401,010</u></u>

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

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
Education Capital Projects	School Department	\$ 504,147

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	Public Utility Fund
General Fund	\$ 0	\$ 250,000
Nonmajor governmental funds	5,877	0
Total	<u>\$ 5,877</u>	<u>\$ 250,000</u>

Discretely Presented Sevier County School Department

Transfer Out	Transfer In
	Nonmajor Governmental Funds
General Purpose School Fund	\$ 362,500

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.

Assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Buildings and Improvements	\$ 708,829
Less: Accumulated Depreciations	<u>(33,965)</u>
Total	<u>\$ 674,864</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2012	\$ 147,119
2013	147,119
2014	147,119
2015	<u>61,298</u>
Total Minimum Lease Payments	\$ 502,655
Less: Amount Representing Interest	<u>(36,353)</u>
Present Value of Minimum Lease Payments	<u>\$ 466,302</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, 2011, will be retired from the General Debt Service Fund. The county had no outstanding capital outlay notes as of June 30, 2011.

General obligation bonds and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	3 to 4.3 %	\$ 2,700,000	\$ 2,460,000
General Obligation Bonds - Refunding	2 to 4.5	39,360,000	26,915,000
Other Loans - Fixed Rate - Refunding	3 to 5	19,775,000	14,745,000
Other Loans - Variable Rate	Variable	21,450,000	15,775,505
Other Loans - Variable Rate - Refunding	Variable	49,395,000	46,525,000
Qualified School Construction Bonds	4.84	14,504,000	14,504,000

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, 2011, \$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, 2011, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Interest Rate as of 6-30-11	Other Fees on Variable Rate Debt
Series V-D-1 (Refunding)	\$ 6,150,000	\$ 4,310,000	Fixed	3 - 4%	0%
Series VII-A-4 (Refunding)(1)	6,900,000	5,360,000	Variable	0.10	0.83
Series VII-B-1 (Refunding)(2)	42,495,000	41,165,000	Variable	0.11	1.27
Series VII-B-1	21,450,000	15,775,505 (3)	Variable	0.11	1.27
Series V-F-1 (Refunding)	13,625,000	<u>10,435,000</u>	Fixed	3.5 - 5	0
Total		<u>\$ 77,045,505</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, 2011, 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, 2011, 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 \$77,045,505.

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, 2011. Net interest rate swap payments, discussed in Note IV.B., are in addition to interest and other fee amounts reflected in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 3,729,189	\$ 1,839,637	\$ 5,568,826
2013	4,190,027	1,765,644	5,955,671
2014	4,930,027	1,640,006	6,570,033
2015	5,070,027	1,484,356	6,554,383
2016	5,055,027	1,322,856	6,377,883
2017-2021	9,465,135	5,411,807	14,876,942
2022-2026	10,360,135	4,192,353	14,552,488
2027-2028	1,079,433	772,404	1,851,837
Total	\$ 43,879,000	\$ 18,429,063	\$ 62,308,063

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 2,695,000	\$ 687,970	\$ 767,632	\$ 4,150,602
2013	2,615,000	622,916	759,031	3,996,947
2014	2,155,000	563,548	747,998	3,466,546
2015	2,235,000	531,539	732,776	3,499,315
2016	2,370,000	498,256	717,026	3,585,282
2017-2021	22,635,000	1,508,369	3,154,159	27,297,528
2022-2026	23,825,000	405,521	1,968,342	26,198,863
2027-2031	18,515,505	61,035	704,692	19,281,232
Total	\$ 77,045,505	\$ 4,879,154	\$ 9,551,656	\$ 91,476,315

There is \$31,975,491 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$488, based on the 2010 federal census. Debt per capita, including bonds and other loans totaled \$1,345, based on the 2010 federal census.

During the year, the School Department remitted \$5,011,766 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, 2011, was as follows:

Governmental Activities:

	Bonds	Other Loans	Other Postemployment Benefits
Balance, July 1, 2010	\$ 32,275,000	\$ 79,655,505	\$ 575,121
Additions	14,504,000	0	422,642
Deductions	(2,900,000)	(2,610,000)	(95,100)
Balance, June 30, 2011	<u>\$ 43,879,000</u>	<u>\$ 77,045,505</u>	<u>\$ 902,663</u>
Balance Due Within One Year	<u>\$ 3,729,189</u>	<u>\$ 2,695,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 121,827,168
Less: Balance Due Within One Year	(6,424,189)
Less: Deferred Amount on Refunding	(655,793)
Add: Unamortized Premium on Debt	<u>418,854</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 115,166,040</u>
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Other postemployment benefits will be retired from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Sevier County School Department

Capital leases outstanding as of June 30, 2011, are as follows:

Type	Interest Rate		Original Amount of Issue	Balance 6-30-11
Capital Leases	4.35 %	\$	708,829	\$ 466,302

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Notes	Capital Leases	Other Postemployment Benefits
Balance, July 1, 2010	\$ 6,203	\$ 590,198	\$ 6,769,612
Additions	0	0	4,101,085
Deductions	(6,203)	(123,896)	(1,333,321)
Balance, June 30, 2011	\$ 0	\$ 466,302	\$ 9,537,376
Balance Due Within One Year	\$ 0	\$ 129,394	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 10,003,678
Less: Balance Due Within One Year	<u>(129,394)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,874,284</u>

Other postemployment benefits will be retired from the employing funds, primarily the General Purpose School, School Federal Projects, and Central Cafeteria funds.

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, 2011, were \$265,604 and \$41,913, 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 \$100,000 for each employee and approximately \$5,491,260 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 for general employees and \$425,000 for police officers and approximately \$3,704,146 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 \$588,183 for health coverage, \$130,674 for dental and vision coverage, and \$550,711 for workers' compensation coverage at June 30, 2011. 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
2009-2010	\$455,000	\$4,819,726	(\$4,844,726)	\$430,000
2010-2011	430,000	5,096,896	(4,950,396)	576,500

Employee Insurance - Dental and Vision Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2009-2010	\$3,117	\$61,615	(\$53,528)	\$11,204
2010-2011	11,204	67,981	(74,205)	4,980

Workers' Compensation Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year End
2009-2010	\$91,000	\$462,994	(\$496,394)	\$57,600
2010-2011	57,600	578,473	(562,003)	74,070

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 Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Sevier County and the Sevier County School Department have implemented provisions of this statement in the financial statements of this report for its governmental funds.

C. Subsequent Event

Subsequent to June 30, 2011, the County Commission authorized the county mayor to enter into a construction contract for hospital renovations not to exceed \$5 million.

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 (\$1,936,975 at June 30, 2011). 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.F.

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. Change in Administration

On August 30, 2010, Joe Keener, II, resigned the Office of County Clerk and Karen Cotter was appointed interim county clerk. That resignation was accepted by the County Commission on September 9, 2010.

F. Joint Ventures

Sevier Solid Waste, Inc., is a nonprofit 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 nonprofit 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, which 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, 2011, 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 2010-11 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

G. Retirement Commitments

Plan Description

Employees of Sevier County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year

average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Sevier County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Sevier County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 9.81 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, 2011, the county's annual pension cost of \$3,508,335 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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), and (c) projected 3.5 percent annual increase in the Social Security wage base. 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 ten-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, 2009, was six 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
6-30-11	\$3,508,350	100%	\$0
6-30-10	3,362,530	100	0
6-30-09	3,297,311	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 \$80 million, and the actuarial value of assets was \$65 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$14 million. The covered payroll (annual payroll of active employees covered by the plan) was \$33 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 salary 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, 2011, was 9.05 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, 2011, 2010, and 2009 were \$5,246,034, \$3,678,415, and \$3,600,887, respectively, equal to the required contributions for each year.

H. 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 of plan members 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, 2011, the county contributed \$95,100 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Self-Insured Plan	Medicare Supplement Plan
ARC	\$ 284,000	\$ 139,000
Interest on the NPO	12,000	12,155
Adjustment to the ARC	(13,000)	(11,514)
Annual OPEB cost	\$ 283,000	\$ 139,642
Amount of contribution	(93,000)	(2,100)
Increase/decrease in NPO	\$ 190,000	\$ 137,542
Net OPEB obligation, 7-1-10	305,000	270,121
Net OPEB obligation, 6-30-11	<u>\$ 495,000</u>	<u>\$ 407,663</u>

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
6-30-11	Self-insured	283,000	32.9	495,000
6-30-11	Medicare Supplement	139,642	1.5	407,663

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Self-Insured Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 2,495,000	\$ 1,174,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,495,000	\$ 1,174,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 19,501,000	N/A
UAAL as a % of covered payroll	13%	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, 2010, 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 nine percent initially, reduced by decrements to an ultimate rate of five percent. Both rates include a 2.5 percent inflation assumption. The annual healthcare premium trend rate for the Medicare Supplement Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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 8-27-701, *TCA*, for the Medicare Supplement. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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. The employers in each plan 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 does not provide a

subsidy for local government participants, however, the state does provide 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 Plan. During the year ended June 30, 2011, the School Department contributed \$1,321,171 for the Local Education Group Plan and \$12,150 for the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 3,785,000	\$ 300,000
Interest on the NPO	279,065	25,568
Adjustment to the ARC	(264,330)	(24,218)
Annual OPEB cost	\$ 3,799,735	\$ 301,350
Amount of contribution	(1,321,171)	(12,150)
Increase/decrease in NPO	\$ 2,478,564	\$ 289,200
Net OPEB obligation, 7-1-10	6,201,436	568,176
Net OPEB obligation, 6-30-11	<u>\$ 8,680,000</u>	<u>\$ 857,376</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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
6-30-11	Local Education Group	3,799,735	34.8	8,680,000
6-30-11	Medicare Supplement	301,350	4	857,376

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 31,996,000	\$ 3,599,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 31,996,000	\$ 3,599,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 76,965,107	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, 2010, actuarial valuation for the Local Education Plan, 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) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare premium trend rate for the Medicare Supplement Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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.

I. 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 (excluding 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, 2011, the budgeted expense was \$1,032,700. Anticipated revenues were \$1,032,700 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, 2011, the liability for earned vacation time accrued was \$8,234.

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, 2011, the carrying amount of the district's certificates of deposit was \$1,259,821, and the bank balance was \$202,890. 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. \$1,289,411, June 2011
 4. \$250,000

1. Tennessee State Bank
2. All governmental funds collateralized by State of Tennessee Bank Collateral Pool
3. \$100,293, June 2011
4. \$250,000

1. Smart Bank
2. All governmental funds collateralized by State of Tennessee Bank Collateral Pool.
3. \$632,392, December 2010
4. \$250,000

1. Mountain National Bank
2. All governmental funds collateralized by State of Tennessee Bank Collateral Pool
3. \$219,465, September 2011
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, 2011, total operating revenues of \$673,975 were earned from telephone surcharges. Surcharges of \$2,329 were uncollectible at June 30, 2011. 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, 2011, \$81,979, represents a net amount of \$23,702 due from AT&T for the surcharge on Sevier County telephone services for the month of June; \$30,862 due from the State of Tennessee for cell phone revenue as well as \$27,415 in revenue from other sources.

Nonmonetary Support

An undetermined amount of operating support was received during the year ended June 30, 2011, 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, 2011, all phone services in Sevier County had been addressed and totaled 70,717. These were serviced by the answering points of various agencies or departments in the following approximate percentages:

	<u>Percentage</u>
Pigeon Forge Police Department	16.86 %
Central Dispatch	<u>83.14</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, 2011, were as follows:

	<u>2011</u>
Service Fee	\$ 85,428
Administration Fee of Three Percent of Net Revenues	8,742
Monthly Fax Line Expenses	<u>11,533</u>
Total	<u><u>\$ 105,703</u></u>

E. Changes in Capital Assets

The following is a summary of capital assets at June 30, 2011:

	Balance 7-1-10	Additions	Balance 6-30-11
Buildings	\$ 697,861	\$ 0	\$ 697,861
Less: Accumulated Depreciation	(244,059)	(18,913)	(262,972)
Furniture and Fixtures	79,417	5,442	84,859
Less: Accumulated Depreciation	(71,202)	(2,616)	(73,818)
Equipment	1,660,233	87,152	1,747,385
Less: Accumulated Depreciation	(853,740)	(149,483)	(1,003,223)
Automobile	49,438	0	49,438
Less: Accumulated Depreciation	(49,438)	0	(49,438)
Total Net Capital Assets	\$ 1,268,510	\$ (78,418)	\$ 1,190,092

F. Retirement Commitments

The June 2011 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 2010 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, 2010, 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, 2010, the Sevier County 911 Emergency District’s annual pension cost of \$24,982 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, 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	\$ 24,982	100%	\$ 0
6-30-09	24,941	100	0
6-30-08	24,846	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 78.46 percent funded. The actuarial accrued liability for benefits was \$.66 million, and the actuarial value of assets was \$.52 million, resulting in a funded actuarial accrued liability (UAAL) of \$.14 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.18 million, and the ratio of the UAAL to cover the payroll was 79.47 percent.

The Schedule of Funding Progress 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 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 2009, 2010, and 2011.

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, 2011.

Operating and Nonoperating Revenues

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

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, 2011, is \$1,890,893. This includes all interest earned through the end of fiscal year 2011. At June 30, 2011, the accounts were invested in Federal Farm Credit Bank Notes, Tennessee Housing Development Agency Homeownership Program Revenue Bonds, bank certificates of deposit, 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, City of Harriman, 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 7-1-10	Balance 6-30-11
Non-depreciable capital assets:		
Land and improvements held for development - Smith-Thomas Technology Park Smith-Thomas Technology Park Improvements	\$ 585,017	\$ 585,017
	<u>596,924</u>	<u>596,924</u>
	<u>\$ 1,181,941</u>	<u>\$ 1,181,941</u>
Depreciable capital assets:		
Furniture and fixtures	\$ 879	\$ 879
Less: accumulated depreciation	<u>(879)</u>	<u>(879)</u>
Net depreciable capital assets	<u>\$ 0</u>	<u>\$ 0</u>

F. 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, 2011, for all bond issues is \$733,145,000. 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 cash and U.S. Government Securities as per the contract agreement. Total carrying value, which approximates market value, at June 30, 2011, is \$7,064,148. 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.

G. Revenue and Support

Operating revenues in the fiscal year ended June 30, 2011, 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.

H. Risk Management

The Public Building Authority of Sevier County, Tennessee, did not participate in any risk management strategies as of June 30, 2011, as it has no employees and owns minimal assets, other than cash, which is insured by the Federal Depository Insurance Corporation.

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 23,261,705	\$ 0	\$ 23,261,705	\$ 22,479,000	\$ 22,654,000	\$ 607,705
Licenses and Permits	554,081	0	554,081	415,000	415,000	139,081
Fines, Forfeitures, and Penalties	282,671	0	282,671	357,600	357,600	(74,929)
Charges for Current Services	3,446,664	0	3,446,664	3,429,000	3,490,326	(43,662)
Other Local Revenues	114,296	0	114,296	347,000	110,013	4,283
Fees Received from County Officials	5,711,229	0	5,711,229	5,692,000	5,837,000	(125,771)
State of Tennessee	2,765,375	0	2,765,375	2,482,635	2,492,024	273,351
Federal Government	1,099,527	0	1,099,527	284,000	936,071	163,456
Other Governments and Citizens Groups	337,856	0	337,856	35,000	305,000	32,856
Total Revenues	\$ 37,573,404	\$ 0	\$ 37,573,404	\$ 35,521,235	\$ 36,597,034	\$ 976,370
<u>Expenditures</u>						
General Government						
County Commission	\$ 539,687	\$ 0	\$ 539,687	\$ 211,500	\$ 542,068	\$ 2,381
Beer Board	28,723	0	28,723	13,800	39,353	10,630
Other Boards and Committees	685,986	(743)	685,243	526,211	697,626	12,383
County Mayor/Executive	618,979	(1,086)	617,893	496,892	618,252	359
Election Commission	633,191	0	633,191	588,915	678,100	44,909
Register of Deeds	496,579	0	496,579	407,580	517,701	21,122
Development	68,486	(762)	67,724	59,500	74,523	6,799
Planning	300,170	(902)	299,268	270,000	325,684	26,416
Building	171,588	0	171,588	148,421	182,676	11,088
Geographical Information Systems	79,876	0	79,876	66,302	79,879	3
County Buildings	1,472,649	(1,026)	1,471,623	1,343,660	1,491,572	19,949
Other Facilities	383,082	0	383,082	390,400	390,400	7,318

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>General Government (Cont.)</u>						
Other General Administration	\$ 407,121	\$ 0	\$ 407,121	\$ 334,093	\$ 412,741	\$ 5,620
Preservation of Records	170,516	0	170,516	146,308	180,149	9,633
<u>Finance</u>						
Property Assessor's Office	1,091,925	(4,373)	1,087,552	904,568	1,138,969	51,417
Reappraisal Program	55,351	0	55,351	63,000	74,995	19,644
County Trustee's Office	538,464	0	538,464	451,922	574,372	35,908
County Clerk's Office	1,085,088	0	1,085,088	816,318	1,233,287	148,199
Data Processing	172,885	0	172,885	149,331	185,709	12,824
<u>Administration of Justice</u>						
Circuit Court	805,531	(950)	804,581	651,251	838,564	33,983
General Sessions Court	662,524	0	662,524	490,782	668,423	5,899
General Sessions Judge	491,479	0	491,479	397,155	498,688	7,209
Drug Court	27,110	0	27,110	35,000	27,110	0
Chancery Court	362,681	0	362,681	290,129	370,366	7,685
Juvenile Court	120,021	0	120,021	97,982	124,403	4,382
District Attorney General	66,352	0	66,352	52,687	66,352	0
Judicial Commissioners	277,731	0	277,731	212,535	283,261	5,530
Other Administration of Justice	96,673	0	96,673	80,000	96,674	1
Victims Assistance Programs	6,433	0	6,433	3,450	7,555	1,122
<u>Public Safety</u>						
Sheriff's Department	5,751,497	(30,062)	5,721,435	4,316,299	5,812,879	91,444
Drug Enforcement	33,570	0	33,570	163,645	35,008	1,438
Jail	4,551,203	(3,928)	4,547,275	3,830,696	4,633,932	86,657
Juvenile Services	332,475	0	332,475	257,174	339,711	7,236

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Safety (Cont.)</u>						
Fire Prevention and Control	\$ 873,000	\$ 0	\$ 873,000	\$ 802,000	\$ 873,000	\$ 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
Other Emergency Management	340,940	(2,670)	338,270	96,252	355,222	16,952
County Coroner/Medical Examiner	94,196	0	94,196	98,200	98,821	4,625
Other Public Safety	683,174	(63)	683,111	542,815	702,738	19,627
<u>Public Health and Welfare</u>						
Local Health Center	83,436	(2,754)	80,682	101,429	104,281	23,599
Rabies and Animal Control	85,000	0	85,000	85,000	85,000	0
Ambulance/Emergency Medical Services	3,782,444	(6,929)	3,775,515	2,984,700	3,775,515	0
Maternal and Child Health Services	513,246	0	513,246	410,702	563,226	49,980
Other Local Health Services	168,807	0	168,807	177,260	172,260	3,453
Appropriation to State	86,806	0	86,806	61,261	87,261	455
Other Local Welfare Services	31,965	0	31,965	32,000	32,000	35
Other Public Health and Welfare	297,985	0	297,985	300,731	364,794	66,809
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	307,489	(788)	306,701	238,477	320,888	14,187
Libraries	1,162,157	(9,431)	1,152,726	954,101	1,177,030	24,304
Parks and Fair Boards	68,600	0	68,600	87,000	87,000	18,400
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	217,601	0	217,601	200,563	217,640	39
Forest Service	1,000	0	1,000	1,000	1,000	0
Soil Conservation	41,628	0	41,628	27,852	41,628	0
Storm Water Management	156,063	(51)	156,012	131,645	168,422	12,410

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Other Operations</u>						
Tourism	\$ 1,110,116	\$ 0	\$ 1,110,116	\$ 942,000	\$ 1,117,000	\$ 6,884
Airport	0	0	0	500	500	500
Veterans' Services	112,604	(84)	112,520	86,092	112,520	0
Contributions to Other Agencies	472,155	0	472,155	173,925	482,531	10,376
Employee Benefits	455,361	0	455,361	7,009,232	484,798	29,437
ARRA Grant # 1	47,475	0	47,475	47,004	47,476	1
ARRA Grant # 2	44,961	0	44,961	44,025	44,961	0
ARRA Grant # 5	340,584	0	340,584	0	340,910	326
Miscellaneous	1,395,036	(205)	1,394,831	1,393,531	1,398,414	3,583
<u>Highways</u>						
Litter and Trash Collection	234,823	0	234,823	178,960	237,544	2,721
Other Charges	25,278	0	25,278	29,600	28,300	3,022
<u>Capital Projects</u>						
Other General Government Projects	381,488	0	381,488	746,872	446,372	64,884
Total Expenditures	\$ 36,295,044	\$ (66,807)	\$ 36,228,237	\$ 36,346,235	\$ 37,304,034	\$ 1,075,797
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 1,278,360	\$ 66,807	\$ 1,345,167	\$ (825,000)	\$ (707,000)	\$ 2,052,167
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 5,877	\$ 0	\$ 5,877	\$ 0	\$ 0	\$ 5,877
Transfers Out	(250,000)	0	(250,000)	0	(250,000)	0
Total Other Financing Sources (Uses)	\$ (244,123)	\$ 0	\$ (244,123)	\$ 0	\$ (250,000)	\$ 5,877

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 1,034,237	\$ 66,807	\$ 1,101,044	\$ (825,000)	\$ (957,000)	\$ 2,058,044
Fund Balance, July 1, 2010	13,231,509	(66,807)	13,164,702	11,428,323	11,428,323	1,736,379
Fund Balance, June 30, 2011	\$ 14,265,746	\$ 0	\$ 14,265,746	\$ 10,603,323	\$ 10,471,323	\$ 3,794,423

Exhibit F-2

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,077,872	\$ 5,684,000	\$ 5,834,000	\$ 243,872
Other Local Revenues	211,985	52,000	227,000	(15,015)
State of Tennessee	2,521,334	2,758,232	2,758,232	(236,898)
Other Governments and Citizens Groups	35,598	50,000	40,000	(4,402)
Total Revenues	<u>\$ 8,846,789</u>	<u>\$ 8,544,232</u>	<u>\$ 8,859,232</u>	<u>\$ (12,443)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 216,726	\$ 224,014	\$ 224,014	\$ 7,288
Highway and Bridge Maintenance	6,089,561	5,086,996	6,273,996	184,435
Operation and Maintenance of Equipment	835,127	1,152,310	1,169,310	334,183
Quarry Operations	260,989	323,804	391,804	130,815
Other Charges	294,801	287,000	298,500	3,699
Employee Benefits	846,195	874,108	914,108	67,913
Capital Outlay	575,186	596,000	661,000	85,814
Total Expenditures	<u>\$ 9,118,585</u>	<u>\$ 8,544,232</u>	<u>\$ 9,932,732</u>	<u>\$ 814,147</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (271,796)</u>	<u>\$ 0</u>	<u>\$ (1,073,500)</u>	<u>\$ 801,704</u>
Net Change in Fund Balance	\$ (271,796)	\$ 0	\$ (1,073,500)	\$ 801,704
Fund Balance, July 1, 2010	<u>7,713,562</u>	<u>7,713,562</u>	<u>7,713,562</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 7,441,766</u>	<u>\$ 7,713,562</u>	<u>\$ 6,640,062</u>	<u>\$ 801,704</u>

Exhibit F-3

Sevier County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sevier County School Department
June 30, 2011

(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 effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Sevier County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Sevier County Emergency Communications District
June 30, 2011

(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)
7-1-09	\$ 521	\$ 664	\$ 143	78.46 %	\$ 180	79.47 %
7-1-07	428	543	115	78.82	186	61.83

The Governmental Accounting Standards Board (GASB) 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 effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-5

Sevier County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sevier County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
				Accrued (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)			
<u>PRIMARY GOVERNMENT</u>								
Self-Insured*	7-1-08	\$ 0	\$ 2,123	2,123	0	0 %	\$ 20,345	10.43 %
"	7-1-10	0	2,495	2,495	0	0	19,501	12.79
Medicare Supplement*	7-1-09	0	1,174	1,174	0	0	0	N/A
"	7-1-10	0	1,174	1,174	0	0	0	N/A
<u>DISCRETELY PRESENTED SEVIER COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group	7-1-07	0	22,844	22,844	0	0	66,834	34.18
"	7-1-09	0	31,695	31,695	0	0	76,168	41.61
"	7-1-10	0	31,996	31,996	0	0	76,965	41.57
Medicare Supplement*	7-1-09	0	3,599	3,599	0	0	0	N/A
"	7-1-10	0	3,599	3,599	0	0	0	N/A

* Data only available for two actuarial valuations.

SEVIER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

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 nonrecurring departmental expenditures.

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.

Exhibit G-1

Sevier County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	23,074	50,377	123,389	593,306	20,304
Accounts Receivable	0	0	11,000	0	0
Due from Other Governments	0	0	340,000	0	0
Due from Other Funds	0	0	0	0	59
Property Taxes Receivable	0	0	0	805,989	0
Allowance for Uncollectible Property Taxes	0	0	0	(49,411)	0
Total Assets	\$ 23,074	\$ 50,377	\$ 474,389	\$ 1,349,884	\$ 20,363
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 78,632	\$ 44,057	\$ 0
Due to Other Funds	0	0	0	0	0
Deferred Revenue - Current Property Taxes	0	0	0	708,630	0
Deferred Revenue - Delinquent Property Taxes	0	0	0	42,000	0
Other Deferred Revenues	0	0	168,000	0	0
Total Liabilities	\$ 0	\$ 0	\$ 246,632	\$ 794,687	\$ 0
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 23,074	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Administration of Justice	0	50,377	0	0	0
Restricted for Public Safety	0	0	0	0	20,363
Restricted for Capital Outlay	0	0	0	555,197	0
Committed:					
Committed for Public Health and Welfare	0	0	227,757	0	0
Total Fund Balances	\$ 23,074	\$ 50,377	\$ 227,757	\$ 555,197	\$ 20,363
Total Liabilities and Fund Balances	\$ 23,074	\$ 50,377	\$ 474,389	\$ 1,349,884	\$ 20,363

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	District Attorney General	Other Special Revenue	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,100	\$ 2,100
Equity in Pooled Cash and Investments	17,774	106,414	0	934,638
Accounts Receivable	0	0	0	11,000
Due from Other Governments	479	14,691	0	355,170
Due from Other Funds	0	0	0	59
Property Taxes Receivable	0	0	0	805,989
Allowance for Uncollectible Property Taxes	0	0	0	(49,411)
Total Assets	<u>\$ 18,253</u>	<u>\$ 121,105</u>	<u>\$ 2,100</u>	<u>\$ 2,059,545</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 122,689
Due to Other Funds	0	0	2,100	2,100
Deferred Revenue - Current Property Taxes	0	0	0	708,630
Deferred Revenue - Delinquent Property Taxes	0	0	0	42,000
Other Deferred Revenues	0	0	0	168,000
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,100</u>	<u>\$ 1,043,419</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 23,074
Restricted for Administration of Justice	18,253	121,105	0	189,735
Restricted for Public Safety	0	0	0	20,363
Restricted for Capital Outlay	0	0	0	555,197
Committed:				
Committed for Public Health and Welfare	0	0	0	227,757
Total Fund Balances	<u>\$ 18,253</u>	<u>\$ 121,105</u>	<u>\$ 0</u>	<u>\$ 1,016,126</u>
Total Liabilities and Fund Balances	<u>\$ 18,253</u>	<u>\$ 121,105</u>	<u>\$ 2,100</u>	<u>\$ 2,059,545</u>

Exhibit G-2

Sevier County, Tennessee
Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control	
<u>Revenues</u>						
Local Taxes	\$ 24,173	\$ 10,925	\$ 2,192,000	\$ 761,184	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	0	0	8,763
Charges for Current Services	0	0	22,750	0	0	0
Other Local Revenues	0	0	44,326	14,500	59	0
Federal Government	0	0	0	0	0	16,576
Total Revenues	\$ 24,173	\$ 10,925	\$ 2,259,076	\$ 775,684	\$ 0	25,398
<u>Expenditures</u>						
Current:						
General Government	\$ 34,525	\$ 0	\$ 0	\$ 58,767	\$ 0	0
Finance	0	0	0	0	0	0
Administration of Justice	0	8,415	0	0	0	0
Public Safety	0	0	0	199,322	17,082	0
Public Health and Welfare	0	0	2,090,373	322,813	0	0
Social, Cultural, and Recreational Services	0	0	0	17,858	0	0
Other Operations	0	0	0	14,904	0	0
Total Expenditures	\$ 34,525	\$ 8,415	\$ 2,090,373	\$ 613,664	\$ 17,082	0
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,352)	\$ 2,510	\$ 168,703	\$ 162,020	\$ 8,316	0
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ (10,352)	\$ 2,510	\$ 168,703	\$ 162,020	\$ 8,316	0
Fund Balance, July 1, 2010	33,426	47,867	59,054	393,177	12,047	0
Fund Balance, June 30, 2011	\$ 23,074	\$ 50,377	\$ 227,757	\$ 555,197	\$ 20,363	0

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)				Capital Projects Fund		Total Nonmajor Governmental Funds
	District Attorney General	Other Special Revenue	Constitutional Officers - Fees	Total	Community Development/Industrial Park	Total	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 2,988,282	\$ 0	\$ 2,988,282	
Fines, Forfeitures, and Penalties	25,482	61,193	0	95,438	0	95,438	
Charges for Current Services	0	0	51,194	73,944	0	73,944	
Other Local Revenues	960	0	0	59,845	0	59,845	
Federal Government	0	64,616	0	81,192	0	81,192	
Total Revenues	\$ 26,442	\$ 125,809	\$ 51,194	\$ 3,298,701	\$ 0	\$ 3,298,701	
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 93,292	\$ 0	\$ 93,292	
Finance	0	0	50,983	50,983	0	50,983	
Administration of Justice	34,915	71,187	211	114,728	0	114,728	
Public Safety	0	0	0	216,404	0	216,404	
Public Health and Welfare	0	0	0	2,413,186	0	2,413,186	
Social, Cultural, and Recreational Services	0	0	0	17,858	0	17,858	
Other Operations	0	58,844	0	73,748	0	73,748	
Total Expenditures	\$ 34,915	\$ 130,031	\$ 51,194	\$ 2,980,199	\$ 0	\$ 2,980,199	
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,473)	\$ (4,222)	\$ 0	\$ 318,502	\$ 0	\$ 318,502	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,877)	\$ (5,877)	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,877)	\$ (5,877)	
Net Change in Fund Balances	\$ (8,473)	\$ (4,222)	\$ 0	\$ 318,502	\$ (5,877)	\$ 312,625	
Fund Balance, July 1, 2010	26,726	125,327	0	697,624	5,877	703,501	
Fund Balance, June 30, 2011	\$ 18,253	\$ 121,105	\$ 0	\$ 1,016,126	\$ 0	\$ 1,016,126	

Exhibit G-3

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 24,173 \$	0 \$	24,173 \$	25,000 \$	25,000 \$	(827)
Total Revenues	\$ 24,173 \$	0 \$	24,173 \$	25,000 \$	25,000 \$	(827)
<u>Expenditures</u>						
<u>General Government</u>						
County Buildings	\$ 34,525 \$	(1,064) \$	33,461 \$	50,500 \$	50,500 \$	17,039
Total Expenditures	\$ 34,525 \$	(1,064) \$	33,461 \$	50,500 \$	50,500 \$	17,039
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,352) \$	1,064 \$	(9,288) \$	(25,500) \$	(25,500) \$	16,212
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (10,352) \$	1,064 \$	(9,288) \$	(25,500) \$	(25,500) \$	16,212
	33,426	(1,064)	32,362	34,025	34,025	(1,663)
Fund Balance, June 30, 2011	\$ 23,074 \$	0 \$	23,074 \$	8,525 \$	8,525 \$	14,549

Exhibit G-4

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,925	\$ 12,000	\$ 12,000	\$ (1,075)
Total Revenues	\$ 10,925	\$ 12,000	\$ 12,000	\$ (1,075)
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Other Administration of Justice	\$ 8,415	\$ 11,000	\$ 11,000	\$ 2,585
Total Expenditures	\$ 8,415	\$ 11,000	\$ 11,000	\$ 2,585
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,510	\$ 1,000	\$ 1,000	\$ 1,510
Net Change in Fund Balance	\$ 2,510	\$ 1,000	\$ 1,000	\$ 1,510
Fund Balance, July 1, 2010	47,867	47,867	47,867	0
Fund Balance, June 30, 2011	\$ 50,377	\$ 48,867	\$ 48,867	\$ 1,510

Exhibit G-5

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,192,000	\$ 0	\$ 2,192,000	\$ 2,020,000	\$ 2,020,000	\$ 172,000
Charges for Current Services	22,750	0	22,750	22,750	22,750	0
Other Local Revenues	44,326	0	44,326	12,500	29,500	14,826
Total Revenues	\$ 2,259,076	\$ 0	\$ 2,259,076	\$ 2,055,250	\$ 2,072,250	\$ 186,826
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 2,090,373	(1,158)	\$ 2,089,215	\$ 2,055,250	\$ 2,092,250	\$ 3,035
Total Expenditures	\$ 2,090,373	(1,158)	\$ 2,089,215	\$ 2,055,250	\$ 2,092,250	\$ 3,035
Excess (Deficiency) of Revenues Over Expenditures	\$ 168,703	\$ 1,158	\$ 169,861	\$ 0	\$ (20,000)	\$ 189,861
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 168,703	\$ 1,158	\$ 169,861	\$ 0	\$ (20,000)	\$ 189,861
	59,054	(1,158)	57,896	58,696	58,696	(800)
Fund Balance, June 30, 2011	\$ 227,757	\$ 0	\$ 227,757	\$ 58,696	\$ 38,696	\$ 189,061

Exhibit G-6

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Special Purpose Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 761,184 \$	0 \$	761,184 \$	743,500 \$	743,500 \$	17,684
Other Local Revenues	14,500	0	14,500	0	14,500	0
Total Revenues	\$ 775,684 \$	0 \$	775,684 \$	743,500 \$	758,000 \$	17,684
<u>Expenditures</u>						
<u>General Government</u>						
Geographical Information Systems	\$ 50,000 \$	0 \$	50,000 \$	50,000 \$	50,000 \$	0
Other General Administration	8,767	0	8,767	8,800	8,800	33
<u>Public Safety</u>						
Sheriff's Department	199,322	0	199,322	200,000	200,000	678
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	219,499	0	219,499	205,000	219,500	1
Sanitation Management	103,314	(57,657)	45,657	114,500	114,500	68,843
<u>Social, Cultural, and Recreational Services</u>						
Libraries	17,858	0	17,858	18,000	18,000	142
<u>Other Operations</u>						
Other Charges	14,904	0	14,904	16,000	16,000	1,096
Total Expenditures	\$ 613,664 \$	(57,657) \$	556,007 \$	612,300 \$	626,800 \$	70,793
Excess (Deficiency) of Revenues Over Expenditures	\$ 162,020 \$	57,657 \$	219,677 \$	131,200 \$	131,200 \$	88,477
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 393,177	(57,657)	335,520	336,611	336,611	(1,091)
Fund Balance, June 30, 2011	\$ 555,197 \$	0 \$	555,197 \$	467,811 \$	467,811 \$	87,386

Exhibit G-7

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 8,763	\$ 10,100	\$ 17,100	\$ (8,337)
Other Local Revenues	59	0	0	59
Federal Government	16,576	0	0	16,576
Total Revenues	<u>\$ 25,398</u>	<u>\$ 10,100</u>	<u>\$ 17,100</u>	<u>\$ 8,298</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 17,082	\$ 10,100	\$ 17,100	\$ 18
Total Expenditures	<u>\$ 17,082</u>	<u>\$ 10,100</u>	<u>\$ 17,100</u>	<u>\$ 18</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,316</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,316</u>
Net Change in Fund Balance	\$ 8,316	\$ 0	\$ 0	\$ 8,316
Fund Balance, July 1, 2010	12,047	12,509	12,509	(462)
Fund Balance, June 30, 2011	<u>\$ 20,363</u>	<u>\$ 12,509</u>	<u>\$ 12,509</u>	<u>\$ 7,854</u>

Exhibit G-8

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 61,193	\$ 46,000	\$ 46,000	\$ 15,193
Federal Government	64,616	135,000	135,000	(70,384)
Total Revenues	<u>\$ 125,809</u>	<u>\$ 181,000</u>	<u>\$ 181,000</u>	<u>\$ (55,191)</u>
<u>Expenditures</u>				
<u>Administration of Justice</u>				
Drug Court	\$ 71,187	\$ 100,920	\$ 100,920	\$ 29,733
<u>Other Operations</u>				
ARRA Grant # 4	58,844	60,000	60,000	1,156
Total Expenditures	<u>\$ 130,031</u>	<u>\$ 160,920</u>	<u>\$ 160,920</u>	<u>\$ 30,889</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,222)</u>	<u>\$ 20,080</u>	<u>\$ 20,080</u>	<u>\$ (24,302)</u>
Net Change in Fund Balance	\$ (4,222)	\$ 20,080	\$ 20,080	\$ (24,302)
Fund Balance, July 1, 2010	<u>125,327</u>	<u>105,553</u>	<u>105,553</u>	<u>19,774</u>
Fund Balance, June 30, 2011	<u>\$ 121,105</u>	<u>\$ 125,633</u>	<u>\$ 125,633</u>	<u>\$ (4,528)</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit H

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,947,707	\$ 4,803,000	\$ 4,803,000	\$ 144,707
Other Local Revenues	1,420,533	1,500,000	1,500,000	(79,467)
Other Governments and Citizens Groups	5,011,766	4,364,575	5,046,776	(35,010)
Total Revenues	<u>\$ 11,380,006</u>	<u>\$ 10,667,575</u>	<u>\$ 11,349,776</u>	<u>\$ 30,230</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 5,510,000	\$ 5,510,000	\$ 5,510,000	\$ 0
<u>Interest on Debt</u>				
General Government	4,359,150	4,635,778	4,635,778	276,628
Education	682,201	0	682,201	0
<u>Other Debt Service</u>				
General Government	129,618	140,000	140,000	10,382
Total Expenditures	<u>\$ 10,680,969</u>	<u>\$ 10,285,778</u>	<u>\$ 10,967,979</u>	<u>\$ 287,010</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 699,037</u>	<u>\$ 381,797</u>	<u>\$ 381,797</u>	<u>\$ 317,240</u>
Net Change in Fund Balance	\$ 699,037	\$ 381,797	\$ 381,797	\$ 317,240
Fund Balance, July 1, 2010	<u>31,276,454</u>	<u>31,120,760</u>	<u>31,120,760</u>	<u>155,694</u>
Fund Balance, June 30, 2011	<u>\$ 31,975,491</u>	<u>\$ 31,502,557</u>	<u>\$ 31,502,557</u>	<u>\$ 472,934</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.

Exhibit I-1

Sevier County, Tennessee
Combining Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Internal Service Funds</u>			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 934,683	\$ 135,654	\$ 545,181	\$ 1,615,518
Due from Other Funds	230,000	0	79,600	309,600
Total Assets	<u>\$ 1,164,683</u>	<u>\$ 135,654</u>	<u>\$ 624,781</u>	<u>\$ 1,925,118</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 576,500	\$ 4,980	\$ 74,070	\$ 655,550
Total Liabilities	<u>\$ 576,500</u>	<u>\$ 4,980</u>	<u>\$ 74,070</u>	<u>\$ 655,550</u>
<u>NET ASSETS</u>				
Unrestricted	<u>\$ 588,183</u>	<u>\$ 130,674</u>	<u>\$ 550,711</u>	<u>\$ 1,269,568</u>
Total Net Assets	<u>\$ 588,183</u>	<u>\$ 130,674</u>	<u>\$ 550,711</u>	<u>\$ 1,269,568</u>

Exhibit I-2

Sevier County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Internal Service Funds			
	Employee Insurance - Health	Employee Insurance - Dental and Vision	Workers' Compensation	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 5,479,789	\$ 175,887	\$ 584,781	\$ 6,240,457
Patient Charges	115,775	0	0	115,775
Total Operating Revenues	<u>\$ 5,595,564</u>	<u>\$ 175,887</u>	<u>\$ 584,781</u>	<u>\$ 6,356,232</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 189,293	\$ 0	\$ 0	\$ 189,293
Employee and Dependent Insurance	0	94,934	0	94,934
Excess Risk Insurance	635,654	0	0	635,654
Medical Claims	5,096,896	67,981	578,473	5,743,350
Total Operating Expenses	<u>\$ 5,921,843</u>	<u>\$ 162,915</u>	<u>\$ 578,473</u>	<u>\$ 6,663,231</u>
Operating Income (Loss)	<u>\$ (326,279)</u>	<u>\$ 12,972</u>	<u>\$ 6,308</u>	<u>\$ (306,999)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 9,065	\$ 741	\$ 945	\$ 10,751
Total Nonoperating Revenues (Expenses)	<u>\$ 9,065</u>	<u>\$ 741</u>	<u>\$ 945</u>	<u>\$ 10,751</u>
Change in Net Assets	\$ (317,214)	\$ 13,713	\$ 7,253	\$ (296,248)
Net Assets, July 1, 2010	905,397	116,961	543,458	1,565,816
Net Assets, June 30, 2011	<u>\$ 588,183</u>	<u>\$ 130,674</u>	<u>\$ 550,711</u>	<u>\$ 1,269,568</u>

Exhibit I-3

Sevier County, Tennessee
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Employee Insurance - Health</u>	<u>Employee Insurance - Dental and Vision</u>	<u>Workers' Compen- sation</u>	
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-insurance Premiums	\$ 5,354,437	\$ 175,887	\$ 505,181	\$ 6,035,505
Receipts for Patient Charges	115,775	0	0	115,775
Payments to Insurers	(635,654)	(94,934)	0	(730,588)
Payments for Claims	(4,950,396)	(74,205)	(562,003)	(5,586,604)
Payments for Administrative Costs	(189,293)	0	0	(189,293)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (305,131)</u>	<u>\$ 6,748</u>	<u>\$ (56,822)</u>	<u>\$ (355,205)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	<u>\$ 9,065</u>	<u>\$ 741</u>	<u>\$ 945</u>	<u>\$ 10,751</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 9,065</u>	<u>\$ 741</u>	<u>\$ 945</u>	<u>\$ 10,751</u>
Increase (Decrease) in Cash	<u>\$ (296,066)</u>	<u>\$ 7,489</u>	<u>\$ (55,877)</u>	<u>\$ (344,454)</u>
Cash, July 1, 2010	<u>1,230,749</u>	<u>128,165</u>	<u>601,058</u>	<u>1,959,972</u>
Cash, June 30, 2011	<u><u>\$ 934,683</u></u>	<u><u>\$ 135,654</u></u>	<u><u>\$ 545,181</u></u>	<u><u>\$ 1,615,518</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (326,279)	\$ 12,972	\$ 6,308	\$ (306,999)
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	(125,352)	0	(79,600)	(204,952)
Increase (Decrease) in Accounts Payable	146,500	(6,224)	16,470	156,746
Net Cash Provided By (Used In) Operating Activities	<u>\$ (305,131)</u>	<u>\$ 6,748</u>	<u>\$ (56,822)</u>	<u>\$ (355,205)</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.

Exhibit J-1

Sevier County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 3,062,857	\$ 0	\$ 3,062,857
Equity in Pooled Cash and Investments	0	0	412,839	412,839
Accounts Receivable	0	3,709	0	3,709
Due from Other Governments	5,487,573	0	0	5,487,573
Total Assets	<u>\$ 5,487,573</u>	<u>\$ 3,066,566</u>	<u>\$ 412,839</u>	<u>\$ 8,966,978</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 5,487,573	\$ 0	\$ 0	\$ 5,487,573
Due to Litigants, Heirs, and Others	0	3,066,566	0	3,066,566
Due to Joint Ventures	0	0	412,839	412,839
Total Liabilities	<u>\$ 5,487,573</u>	<u>\$ 3,066,566</u>	<u>\$ 412,839</u>	<u>\$ 8,966,978</u>

Exhibit J-2

Sevier County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 31,312,747	\$ 31,312,747	\$ 0
Due from Other Governments	5,290,460	5,487,573	5,290,460	5,487,573
Total Assets	<u>\$ 5,290,460</u>	<u>\$ 36,800,320</u>	<u>\$ 36,603,207</u>	<u>\$ 5,487,573</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,290,460	\$ 36,800,320	\$ 36,603,207	\$ 5,487,573
Total Liabilities	<u>\$ 5,290,460</u>	<u>\$ 36,800,320</u>	<u>\$ 36,603,207</u>	<u>\$ 5,487,573</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 3,818,703	\$ 18,426,544	\$ 19,182,390	\$ 3,062,857
Accounts Receivable	800	3,709	800	3,709
Cash Shortage	11,921	94,645	106,566	0
Total Assets	<u>\$ 3,831,424</u>	<u>\$ 18,524,898</u>	<u>\$ 19,289,756</u>	<u>\$ 3,066,566</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 3,831,424	\$ 18,524,898	\$ 19,289,756	\$ 3,066,566
Total Liabilities	<u>\$ 3,831,424</u>	<u>\$ 18,524,898</u>	<u>\$ 19,289,756</u>	<u>\$ 3,066,566</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 387,303	\$ 318,220	\$ 292,684	\$ 412,839
Total Assets	<u>\$ 387,303</u>	<u>\$ 318,220</u>	<u>\$ 292,684</u>	<u>\$ 412,839</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 387,303	\$ 318,220	\$ 292,684	\$ 412,839
Total Liabilities	<u>\$ 387,303</u>	<u>\$ 318,220</u>	<u>\$ 292,684</u>	<u>\$ 412,839</u>

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 3,818,703	\$ 18,426,544	\$ 19,182,390	\$ 3,062,857
Equity in Pooled Cash and Investments	387,303	31,630,967	31,605,431	412,839
Accounts Receivable	800	3,709	800	3,709
Due from Other Governments	5,290,460	5,487,573	5,290,460	5,487,573
Cash Shortage	11,921	94,645	106,566	0
Total Assets	<u>\$ 9,509,187</u>	<u>\$ 55,643,438</u>	<u>\$ 56,185,647</u>	<u>\$ 8,966,978</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,290,460	\$ 36,800,320	\$ 36,603,207	\$ 5,487,573
Due to Litigants, Heirs, and Others	3,831,424	18,524,898	19,289,756	3,066,566
Due to Joint Ventures	387,303	318,220	292,684	412,839
Total Liabilities	<u>\$ 9,509,187</u>	<u>\$ 55,643,438</u>	<u>\$ 56,185,647</u>	<u>\$ 8,966,978</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 two Capital Projects Funds.

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.

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

Exhibit K-1

Sevier County, Tennessee
Statement of Activities
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental Activities		
Governmental Activities:							
Instruction	\$ 80,008,336	\$ 187,642	\$ 6,907,054	\$ 2,861,861	\$	(70,051,779)	
Support Services	38,319,007	27,872	1,060,283	0		(37,230,852)	
Operation of Non-Instructional Services	7,193,891	1,929,347	5,623,313	0		358,769	
Interest on Long-term Debt	23,283	0	0	0		(23,283)	
Other Debt Service	5,011,766	0	0	0		(5,011,766)	
Total Governmental Activities	\$ 130,556,283	\$ 2,144,861	\$ 13,590,650	\$ 2,861,861	\$	(111,958,911)	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$	29,230,277	
Local Option Sales Taxes						41,021,896	
Other Local Taxes						267,537	
Hotel/Motel Tax						2,242,331	
Grants and Contributions Not Restricted to Specific Programs						42,365,586	
Unrestricted Investment Income						4,680	
Miscellaneous						80,856	
Total General Revenues					\$	115,213,163	
Change in Net Assets					\$	3,254,252	
Net Assets, July 1, 2010						104,886,979	
Net Assets, June 30, 2011					\$	108,141,231	

Exhibit K-2

Sevier County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sevier County School Department
June 30, 2011

	<u>Major Fund</u> General Purpose School	<u>Nonmajor Funds</u> Other Govern- mental Funds	Total Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 3,899	\$ 3,899
Equity in Pooled Cash and Investments	16,993,865	1,984,293	18,978,158
Accounts Receivable	240,428	0	240,428
Due from Other Governments	8,904,071	0	8,904,071
Due from Primary Government	0	504,147	504,147
Property Taxes Receivable	31,836,537	0	31,836,537
Allowance for Uncollectible Property Taxes	(1,951,732)	0	(1,951,732)
Total Assets	<u>\$ 56,023,169</u>	<u>\$ 2,492,339</u>	<u>\$ 58,515,508</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 40,213	\$ 0	\$ 40,213
Accrued Payroll	139,670	0	139,670
Contracts Payable	0	478,939	478,939
Retainage Payable	0	25,208	25,208
Other Notes Payable	3,561,000	362,500	3,923,500
Other Current Liabilities	3,364,161	0	3,364,161
Deferred Revenue - Current Property Taxes	27,990,885	0	27,990,885
Deferred Revenue - Delinquent Property Taxes	1,507,666	0	1,507,666
Other Deferred Revenues	4,249,857	0	4,249,857
Total Liabilities	<u>\$ 40,853,452</u>	<u>\$ 866,647</u>	<u>\$ 41,720,099</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 90,317	\$ 988,157	\$ 1,078,474
Restricted for Capital Outlay	0	637,535	637,535
Assigned:			
Assigned for Education	5,668,221	0	5,668,221
Unassigned	9,411,179	0	9,411,179
Total Fund Balances	<u>\$ 15,169,717</u>	<u>\$ 1,625,692</u>	<u>\$ 16,795,409</u>
Total Liabilities and Fund Balances	<u>\$ 56,023,169</u>	<u>\$ 2,492,339</u>	<u>\$ 58,515,508</u>

Exhibit K-3

Sevier County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Discretely Presented Sevier County School Department
June 30, 2011

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)		\$ 16,795,409	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 12,020,182		
Add: construction in progress	3,913,485		
Add: buildings and improvements net of accumulated depreciation	73,232,507		
Add: infrastructure net of accumulated depreciation	1,670,336		
Add: other capital assets net of accumulated depreciation	<u>4,755,467</u>	95,591,977	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: leases payable	\$ (466,302)		
Less: other postemployment benefits liability	<u>(9,537,376)</u>	(10,003,678)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>5,757,523</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 108,141,231</u></u>

Exhibit K-4

Sevier County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2011

	<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	\$ 72,556,038	\$ 0	\$ 72,556,038
Licenses and Permits	148,233	0	148,233
Charges for Current Services	214,315	1,923,452	2,137,767
Other Local Revenues	607,598	4,832	612,430
State of Tennessee	39,644,385	69,068	39,713,453
Federal Government	356,373	14,602,474	14,958,847
Other Governments and Citizens Groups	382,381	1,514,755	1,897,136
Total Revenues	<u>\$ 113,909,323</u>	<u>\$ 18,114,581</u>	<u>\$ 132,023,904</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 65,339,350	\$ 8,256,047	\$ 73,595,397
Support Services	36,393,347	1,405,325	37,798,672
Operation of Non-Instructional Services	1,530,528	6,661,927	8,192,455
Capital Outlay	8,252,291	0	8,252,291
Debt Service:			
Principal on Debt	130,099	0	130,099
Interest on Debt	23,283	0	23,283
Other Debt Service	5,011,766	0	5,011,766
Capital Projects	0	2,568,308	2,568,308
Total Expenditures	<u>\$ 116,680,664</u>	<u>\$ 18,891,607</u>	<u>\$ 135,572,271</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,771,341)</u>	<u>\$ (777,026)</u>	<u>\$ (3,548,367)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 13,765	\$ 0	\$ 13,765
Transfers In	0	362,500	362,500
Transfers Out	(362,500)	0	(362,500)
Total Other Financing Sources (Uses)	<u>\$ (348,735)</u>	<u>\$ 362,500</u>	<u>\$ 13,765</u>
Net Change in Fund Balances	<u>\$ (3,120,076)</u>	<u>\$ (414,526)</u>	<u>\$ (3,534,602)</u>
Fund Balance, July 1, 2010	<u>18,289,793</u>	<u>2,040,218</u>	<u>20,330,011</u>
Fund Balance, June 30, 2011	<u>\$ 15,169,717</u>	<u>\$ 1,625,692</u>	<u>\$ 16,795,409</u>

Exhibit K-5

Sevier County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2011

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)		\$ (3,534,602)
(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	\$ 12,005,718	
Less: current-year depreciation expense	<u>(4,321,945)</u>	7,683,773
(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	\$ 1,038,500	
Less: net book value of disposed assets	<u>(43,885)</u>	994,615
(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, 2011	\$ 5,757,523	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(5,009,392)</u>	748,131
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes	\$ 6,203	
Add: principal payments on leases	<u>123,896</u>	130,099
(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 other postemployment benefits liability		<u>(2,767,764)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,254,252</u>

Exhibit K-6

Sevier County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Sevier County School Department
 June 30, 2011

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects	Total	
\$	0 \$	3,899 \$	3,899 \$	0 \$	0 \$	0 \$	3,899
	422,332	561,926	984,258	1,000,035	0	1,000,035	1,984,293
	0	0	0	0	504,147	504,147	504,147
\$	422,332 \$	565,825 \$	988,157 \$	1,000,035 \$	504,147 \$	1,504,182 \$	2,492,339

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Due from Primary Government
 Total Assets

LIABILITIES AND FUND BALANCES

\$	0 \$	0 \$	0 \$	0 \$	478,939 \$	478,939 \$	478,939
	0	0	0	0	25,208	25,208	25,208
	0	0	0	362,500	0	362,500	362,500
\$	0 \$	0 \$	0 \$	362,500 \$	504,147 \$	866,647 \$	866,647
<u>Fund Balances</u>							
Restricted:							
	422,332 \$	565,825 \$	988,157 \$	0 \$	0 \$	0 \$	988,157
	0	0	0	637,535	0	637,535	637,535
\$	422,332 \$	565,825 \$	988,157 \$	637,535 \$	0 \$	637,535 \$	1,625,692
\$	422,332 \$	565,825 \$	988,157 \$	1,000,035 \$	504,147 \$	1,504,182 \$	2,492,339

Exhibit K-7

Sevier County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Discretely Presented Sevier County School Department
 For the Year Ended June 30, 2011

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 1,923,452	\$ 1,923,452	\$ 0	\$ 0	\$ 0	\$ 1,923,452
Other Local Revenues	0	4,832	4,832	0	0	0	4,832
State of Tennessee	0	69,068	69,068	0	0	0	69,068
Federal Government	9,955,673	4,646,801	14,602,474	0	0	0	14,602,474
Other Governments and Citizens Groups	0	0	0	0	1,514,755	1,514,755	1,514,755
Total Revenues	\$ 9,955,673	\$ 6,644,153	\$ 16,599,826	\$ 0	\$ 1,514,755	\$ 1,514,755	\$ 18,114,581
<u>Expenditures</u>							
Current:							
Instruction	\$ 8,256,047	\$ 0	\$ 8,256,047	\$ 0	\$ 0	\$ 0	\$ 8,256,047
Support Services	1,405,325	0	1,405,325	0	0	0	1,405,325
Operation of Non-Instructional Services	0	6,661,927	6,661,927	0	0	0	6,661,927
Capital Projects	0	0	0	1,053,553	1,514,755	2,568,308	2,568,308
Total Expenditures	\$ 9,661,372	\$ 6,661,927	\$ 16,323,299	\$ 1,053,553	\$ 1,514,755	\$ 2,568,308	\$ 18,891,607
Excess (Deficiency) of Revenues Over Expenditures	\$ 294,301	\$ (17,774)	\$ 276,527	\$ (1,053,553)	\$ 0	\$ (1,053,553)	\$ (777,026)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 362,500	\$ 0	\$ 362,500	\$ 362,500
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 362,500	\$ 0	\$ 362,500	\$ 362,500
Net Change in Fund Balances	\$ 294,301	\$ (17,774)	\$ 276,527	\$ (691,053)	\$ 0	\$ (691,053)	\$ (414,526)
Fund Balance, July 1, 2010	128,031	583,599	711,630	1,328,588	0	1,328,588	2,040,218
Fund Balance, June 30, 2011	\$ 422,332	\$ 565,825	\$ 988,157	\$ 637,535	\$ 0	\$ 637,535	\$ 1,625,692

Exhibit K-8

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sevier County School Department
General Purpose School Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 72,556,038	\$ 0	\$ 0	\$ 72,556,038	\$ 69,301,941	\$ 71,309,739	\$ 1,246,299
Licenses and Permits	148,233	0	0	148,233	150,000	150,000	(1,767)
Charges for Current Services	214,315	0	0	214,315	210,000	211,500	2,815
Other Local Revenues	607,598	0	0	607,598	476,601	660,439	(52,841)
State of Tennessee	39,644,385	0	0	39,644,385	39,188,614	39,660,893	(16,508)
Federal Government	356,373	0	0	356,373	222,079	371,358	(14,985)
Other Governments and Citizens Groups	382,381	0	0	382,381	151,350	387,565	(5,184)
Total Revenues	\$ 113,909,323	\$ 0	\$ 0	\$ 113,909,323	\$ 109,700,585	\$ 112,751,494	\$ 1,157,829
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 53,918,264	\$ (970,356)	\$ 577,735	\$ 53,525,643	\$ 54,514,054	\$ 54,312,325	\$ 786,682
Alternative Instruction Program	693,502	0	0	693,502	962,554	816,734	123,232
Special Education Program	7,862,380	(100)	0	7,862,280	7,867,484	7,920,217	57,937
Vocational Education Program	2,718,457	0	0	2,718,457	2,768,295	2,750,435	31,978
Student Body Education Program	818	0	0	818	0	4,143	3,325
Adult Education Program	145,929	(950)	0	144,979	165,864	166,002	21,023
<u>Support Services</u>							
Attendance	434,661	0	0	434,661	451,081	471,081	36,420
Health Services	1,458,645	(22,186)	0	1,436,459	1,512,015	1,513,215	76,756
Other Student Support	2,737,491	0	0	2,737,491	2,727,983	2,760,483	22,992
Regular Instruction Program	4,030,473	(1,280)	18,445	4,047,638	4,058,882	4,136,609	88,971
Alternative Instruction Program	101,005	0	0	101,005	0	101,992	987
Special Education Program	320,430	0	0	320,430	328,438	328,438	8,008

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Vocational Education Program	\$ 81,511	\$ 0	\$ 0	\$ 81,511	\$ 158,929	\$ 154,024	\$ 72,513
Adult Programs	108,308	0	0	108,308	111,175	111,175	2,867
Other Programs	307,517	0	0	307,517	0	307,517	0
Board of Education	2,735,775	0	0	2,735,775	2,533,732	2,862,445	126,670
Director of Schools	210,484	0	0	210,484	234,630	237,130	26,646
Office of the Principal	7,544,490	0	0	7,544,490	8,222,167	7,774,112	229,622
Fiscal Services	891,911	(195)	347,250	1,238,966	1,004,661	1,359,560	120,594
Operation of Plant	7,796,372	(181,495)	0	7,614,877	8,786,175	8,430,879	816,002
Maintenance of Plant	2,875,249	0	1,890	2,877,139	3,096,912	3,093,559	216,420
Transportation	4,759,025	0	0	4,759,025	5,333,354	5,182,297	423,272
<u>Operation of Non-Instructional Services</u>							
Food Service	911,263	0	0	911,263	922,276	927,347	16,084
Community Services	144,460	0	0	144,460	213,057	153,492	9,032
Early Childhood Education	474,805	0	0	474,805	481,341	481,341	6,536
<u>Capital Outlay</u>							
Regular Capital Outlay	8,252,291	(672,852)	4,722,901	12,302,340	12,514,027	15,733,128	3,430,788
<u>Principal on Debt</u>							
Education	130,099	0	0	130,099	2,620,000	130,099	0
Interest on Debt							
Education	23,283	0	0	23,283	1,737,600	23,283	0
<u>Other Debt Service</u>							
Education	5,011,766	0	0	5,011,766	0	5,011,766	0
<u>Total Expenditures</u>	<u>\$ 116,680,664</u>	<u>\$ (1,849,414)</u>	<u>\$ 5,668,221</u>	<u>\$ 120,499,471</u>	<u>\$ 123,326,676</u>	<u>\$ 127,254,828</u>	<u>\$ 6,755,357</u>

(Continued)

Exhibit K-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,771,341)	\$ 1,849,414	\$ (5,668,221)	\$ (6,590,148)	\$ (13,626,091)	\$ (14,503,334)	\$ 7,913,186
Other Financing Sources (Uses)							
Insurance Recovery	\$ 13,765	\$ 0	\$ 0	\$ 13,765	\$ 0	\$ 13,765	\$ 0
Transfers In	0	0	0	0	578,905	0	0
Transfers Out	(362,500)	0	0	(362,500)	0	(362,500)	0
Total Other Financing Sources (Uses)	\$ (348,735)	\$ 0	\$ 0	\$ (348,735)	\$ 578,905	\$ (348,735)	\$ 0
Net Change in Fund Balance	\$ (3,120,076)	\$ 1,849,414	\$ (5,668,221)	\$ (6,938,883)	\$ (13,047,186)	\$ (14,852,069)	\$ 7,913,186
Fund Balance, July 1, 2010	18,289,793	(1,849,414)	0	16,440,379	16,792,422	16,827,974	(387,595)
Fund Balance, June 30, 2011	\$ 15,169,717	\$ 0	\$ (5,668,221)	\$ 9,501,496	\$ 3,745,236	\$ 1,975,905	\$ 7,525,591

Exhibit K-9

Sevier County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sevier County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 9,955,673	\$ 0	\$ 0	\$ 9,955,673	\$ 10,452,871	\$ 10,925,906	\$ (970,233)
Total Revenues	\$ 9,955,673	\$ 0	\$ 0	\$ 9,955,673	\$ 10,452,871	\$ 10,925,906	\$ (970,233)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,967,015	(977)	\$ 0	\$ 3,966,038	\$ 4,345,243	\$ 4,527,115	\$ 561,077
Special Education Program	4,136,129	0	0	4,136,129	4,430,476	4,403,067	266,938
Vocational Education Program	152,903	0	0	152,903	154,602	154,602	1,699
<u>Support Services</u>							
Health Services	18,349	0	0	18,349	18,344	18,349	0
Other Student Support	82,649	(13,393)	16,088	85,344	114,865	93,796	8,452
Regular Instruction Program	894,163	0	0	894,163	1,010,303	1,105,524	211,361
Special Education Program	0	0	0	0	102,662	0	0
Vocational Education Program	2,000	0	0	2,000	50,000	2,000	0
Transportation	408,164	0	254,821	662,985	556,506	659,170	(3,815)
<u>Capital Outlay</u>							
Regular Capital Outlay	0	0	0	0	90,314	90,314	90,314
Total Expenditures	\$ 9,661,372	\$ (14,370)	\$ 270,909	\$ 9,917,911	\$ 10,873,315	\$ 11,053,937	\$ 1,136,026
Excess (Deficiency) of Revenues Over Expenditures	\$ 294,301	\$ 14,370	\$ (270,909)	\$ 37,762	\$ (420,444)	\$ (128,031)	\$ 165,793
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 294,301	\$ 14,370	\$ (270,909)	\$ 37,762	\$ (420,444)	\$ (128,031)	\$ 165,793
	128,031	(14,370)	0	113,661	420,444	128,031	(14,370)
Fund Balance, June 30, 2011	\$ 422,332	\$ 0	\$ (270,909)	\$ 151,423	\$ 0	\$ 0	\$ 151,423

Exhibit K-10

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,923,452	\$ 2,100,000	\$ 1,877,640	\$ 45,812
Other Local Revenues	4,832	8,000	5,000	(168)
State of Tennessee	69,068	68,204	69,245	(177)
Federal Government	4,646,801	4,050,000	4,955,273	(308,472)
Total Revenues	<u>\$ 6,644,153</u>	<u>\$ 6,226,204</u>	<u>\$ 6,907,158</u>	<u>\$ (263,005)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 6,661,927	\$ 6,549,701	\$ 7,026,764	\$ 364,837
Total Expenditures	<u>\$ 6,661,927</u>	<u>\$ 6,549,701</u>	<u>\$ 7,026,764</u>	<u>\$ 364,837</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,774)</u>	<u>\$ (323,497)</u>	<u>\$ (119,606)</u>	<u>\$ 101,832</u>
Net Change in Fund Balance	\$ (17,774)	\$ (323,497)	\$ (119,606)	\$ 101,832
Fund Balance, July 1, 2010	<u>583,599</u>	<u>583,599</u>	<u>576,569</u>	<u>7,030</u>
Fund Balance, June 30, 2011	<u>\$ 565,825</u>	<u>\$ 260,102</u>	<u>\$ 456,963</u>	<u>\$ 108,862</u>

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sevier County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 Primary Government and Discretely Presented Sevier County School Department
 For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT</u>								
<u>OTHER LOANS PAYABLE</u>								
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	\$ 5,040,000	\$ 0	\$ 730,000	\$ 4,310,000
Public Building Authority, Series VII-A-4 (Refunding)	6,900,000 (1)	Variable	08-28-08	6-1-25	5,560,000	0	200,000	5,360,000
Public Building Authority, Series VII-B-1 (Refunding Portion)	42,495,000 (1)	Variable	11-20-08	6-1-31	41,695,000	0	530,000	41,165,000
Public Building Authority, Series VII-B-1	(2)	Variable	11-20-08	6-1-31	15,775,505	0	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	11,585,000	0	1,150,000	10,435,000
Total Payable through General Debt Service Fund					<u>\$ 79,655,505</u>	<u>\$ 0</u>	<u>\$ 2,610,000</u>	<u>\$ 77,045,505</u>
Total Other Loans Payable					<u>\$ 79,655,505</u>	<u>\$ 0</u>	<u>\$ 2,610,000</u>	<u>\$ 77,045,505</u>
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
School Refunding Bonds, Series 2002	19,415,000	2 to 4.5	10-30-02	4-1-16	\$ 10,855,000	\$ 0	\$ 1,555,000	\$ 9,300,000
General Obligation Refunding Bonds, Series 2008	11,135,000	3 to 4.5	5-1-08	6-1-25	11,100,000	0	35,000	11,065,000
General Obligation Bonds, Series 2009	2,700,000	3 to 4.3	4-2-09	6-1-25	2,585,000	0	125,000	2,460,000
General Obligation Refunding Bonds, Series 2009 (Water Board and Solid Waste)	2,535,000	3 to 4.3	4-2-09	6-1-25	2,190,000	0	350,000	1,840,000
General Obligation Refunding Bonds, Series 2009B	6,275,000	3	6-25-09	4-1-16	5,545,000	0	835,000	4,710,000
Qualified School Construction Bonds, Series 2010	14,504,000	4.84	10-7-10	8-1-27	0	14,504,000	0	14,504,000
Total Payable through General Debt Service Fund					<u>\$ 32,275,000</u>	<u>\$ 14,504,000</u>	<u>\$ 2,900,000</u>	<u>\$ 43,879,000</u>
Total Bonds Payable					<u>\$ 32,275,000</u>	<u>\$ 14,504,000</u>	<u>\$ 2,900,000</u>	<u>\$ 43,879,000</u>

(Continued)

Exhibit L-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>DISCRETELY PRESENTED SEVIER</u>								
<u>COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund					6,203 \$	0 \$	6,203 \$	0
Energy Efficiency Loan Program	\$ 39,806	3 %	11-7-03	12-15-10	\$ 6,203 \$	0 \$	6,203 \$	0
Total Payable through General Purpose School Fund					\$ 6,203 \$	0 \$	6,203 \$	0
Total Notes Payable					\$ 6,203 \$	0 \$	6,203 \$	0
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Purpose School Fund					590,198 \$	0 \$	123,896 \$	466,302
Geothermal Catlettsburg	708,829	4.35	12-12-08	12-1-14	\$ 590,198 \$	0 \$	123,896 \$	466,302
Total Payable through General Purpose School Fund					\$ 590,198 \$	0 \$	123,896 \$	466,302
Total Capital Leases Payable					\$ 590,198 \$	0 \$	123,896 \$	466,302

- (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, 2011.

Exhibit L-2

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			
	Principal	Interest	Other Fees	Total
2012	\$ 2,695,000	\$ 687,970	\$ 767,632	\$ 4,150,602
2013	2,615,000	622,916	759,031	3,996,947
2014	2,155,000	563,548	747,998	3,466,546
2015	2,235,000	531,538	732,776	3,499,314
2016	2,370,000	498,256	717,026	3,585,282
2017	4,470,000	460,470	699,565	5,630,035
2018	4,665,000	379,142	668,961	5,713,103
2019	3,975,000	273,795	637,027	4,885,822
2020	5,120,000	209,061	603,571	5,932,632
2021	4,405,000	185,901	545,035	5,135,936
2022	4,590,000	150,485	499,805	5,240,290
2023	4,870,000	113,952	452,190	5,436,142
2024	5,830,000	78,092	400,918	6,309,010
2025	5,220,000	38,979	338,181	5,597,160
2026	3,315,000	24,014	277,247	3,616,261
2027	3,515,000	20,367	235,147	3,770,514
2028	3,705,000	16,500	190,507	3,912,007
2029	3,905,000	12,425	143,453	4,060,878
2030	4,105,000	8,129	93,860	4,206,989
2031	3,285,505	3,614	41,726	3,330,845
Total	<u>\$ 77,045,505</u>	<u>\$ 4,879,154</u>	<u>\$ 9,551,656</u>	<u>\$ 91,476,315</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 3,729,189	\$ 1,839,637	\$ 5,568,826
2013	4,190,027	1,765,644	5,955,671
2014	4,930,027	1,640,007	6,570,034
2015	5,070,027	1,484,356	6,554,383
2016	5,055,027	1,322,856	6,377,883
2017	1,785,027	1,158,232	2,943,259
2018	1,815,027	1,120,711	2,935,738
2019	1,845,027	1,081,631	2,926,658
2020	1,870,027	1,044,731	2,914,758
2021	2,150,027	1,006,501	3,156,528
2022	2,185,027	955,395	3,140,422
2023	2,235,027	902,035	3,137,062
2024	2,280,027	845,825	3,125,852
2025	2,755,027	785,944	3,540,971
2026	905,027	703,154	1,608,181
2027	994,115	703,154	1,697,269
2028	85,318	69,250	154,568
Total	<u>\$ 43,879,000</u>	<u>\$ 18,429,063</u>	<u>\$ 62,308,063</u>

(Continued)

Exhibit L-2

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	Capital Leases		
	Principal	Interest	Total
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	<u>\$ 466,302</u>	<u>\$ 36,353</u>	<u>\$ 502,655</u>

Exhibit L-3

Sevier County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sevier County School Department
For the Year Ended June 30, 2011

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Public Utility	Operations	\$ 250,000
Community Development/Industrial Park	General	Close fund	<u>5,877</u>
Total Transfers Primary Government			<u>\$ 255,877</u>
<u>DISCRETELY PRESENTED SEVIER</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital projects	<u>\$ 362,500</u>
Total Transfers Discretely Presented Sevier County School Department			<u>\$ 362,500</u>

Exhibit L-4

Sevier County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Sevier County School Department
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 121,261 (4)	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, TCA	94,434	100,000	"
Director of Schools	State Board of Education and Sevier County Board of Education	130,113 (1)	100,000	"
Trustee	Section 8-24-102, TCA	84,480 (5)	3,690,000	"
Assessor of Property	Section 8-24-102, TCA	84,480 (5)	10,000	"
County Clerk:				
Joe Keener, II (7-1-10 through 9-9-10)	Section 8-24-102, TCA	16,078	50,000	"
Karen Cotter (9-10-10 through 6-30-11)	Section 8-24-102, TCA	68,402 (5)	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	84,480 (5)	50,000	"
General Sessions Court Clerk	Section 8-24-102, TCA	84,480 (5)	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	83,552 (2, 6)	50,000	"
Register	Section 8-24-102, TCA	84,480 (5)	25,000	"
Sheriff	Section 8-24-102, TCA	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) Includes current-year supplemental pay of \$1,430, net of a correction of prior-year supplemental pay of \$928.
- (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) Includes current-year supplemental pay of \$1,430.
- (6) Does not include special commissioner fees of \$211.

Sevier County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2011

	Special Revenue Funds							District Attorney General
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Special Purpose	Drug Control			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 14,820,554	\$ 0	\$ 0	\$ 673,667	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	818,344	0	0	37,858	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	463,241	0	0	23,161	0	0	0	0
Interest and Penalty	163,129	0	0	7,411	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,561	0	0	116	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	205,957	0	0	9,362	0	0	0	0
Payments in-Lieu-of Taxes - Other	93,427	0	0	4,247	0	0	0	0
<u>County Local Option Taxes</u>								
Local Option Sales Tax	1,642,919	0	2,192,000	0	0	0	0	0
Hotel/Motel Tax	2,203,588	0	0	0	0	0	0	0
Litigation Tax - General	329,426	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	10,925	0	0	0	0	0
Business Tax	2,020,053	0	0	0	0	0	0	0
Other County Local Option Taxes	0	24,173	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	117,963	0	0	5,362	0	0	0	0
Wholesale Beer Tax	372,091	0	0	0	0	0	0	0
Interstate Telecommunications Tax	8,452	0	0	0	0	0	0	0
Total Local Taxes	\$ 23,261,705	\$ 24,173	\$ 10,925	\$ 761,184	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 427,123	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>								
Building Permits	27,000	0	0	0	0	0	0	0
Other Permits	99,958	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 554,081	\$ 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	\$ 18,678	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	9,588	0	0	0	0	0	0	0
Drug Control Fines	14,077	0	0	0	0	1,890	0	0
Drug Court Fees	0	0	0	0	0	0	0	0
Jail Fees	14,999	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0	5,173
DUI Treatment Fines	4,046	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	2,244	0	0	0	0	0	0	0
Courtroom Security Fee	323	0	0	0	0	0	0	0
Victims Assistance Assessments	6,830	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	50,285	0	0	0	0	0	0	0
Fines for Littering	200	0	0	0	0	0	0	0
Officers Costs	32,317	0	0	0	0	0	0	0
Game and Fish Fines	401	0	0	0	0	0	0	0
Drug Control Fines	8,164	0	0	0	0	1,060	0	0
Drug Court Fees	0	0	0	0	0	0	0	0
Jail Fees	54,953	0	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	0	13,822
DUI Treatment Fines	17,709	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	14,194	0	0	0	0	0	0	0
Courtroom Security Fee	169	0	0	0	0	0	0	0
Victims Assistance Assessments	7,522	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	1,720	0	0	0	0	0	0	0
Officers Costs	2,444	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	6,603	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	5,964	0	0	0	0	0	0	0
Courtroom Security Fee	28	0	0	0	0	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>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Other Courts - In-county</u>							
Drug Court Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Courts in Other District Counties							
District Attorney General Fees	0	0	0	0	0	0	6,487
<u>Judicial District Drug Program</u>							
Fines	9,213	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	5,813	0
Total Fines, Forfeitures, and Penalties	\$ 282,671	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,763	\$ 25,482
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 3,094,008	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	18,538	0	0	0	0	0	0
Health Department Collections	113,426	0	0	0	0	0	0
Other General Service Charges	550	0	0	22,750	0	0	0
<u>Fees</u>							
Copy Fees	25,449	0	0	0	0	0	0
Library Fees	19,592	0	0	0	0	0	0
Telephone Commissions	19,959	0	0	0	0	0	0
Vending Machine Collections	20,636	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	106,077	0	0	0	0	0	0
Data Processing Fee - Sheriff	9,930	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	8,700	0	0	0	0	0	0
Data Processing Fee - County Clerk	9,799	0	0	0	0	0	0
Total Charges for Current Services	\$ 3,446,664	\$ 0	\$ 0	\$ 22,750	\$ 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>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 933	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59	\$ 0	0
Lease/Rentals	20,012	0	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0	0
Sale of Maps	1,748	0	0	0	0	0	0	0
Sale of Recycled Materials	426	0	0	33,326	0	0	0	0
Miscellaneous Refunds	29,485	0	0	11,000	0	0	0	460
<u>Nonrecurring Items</u>								
Sale of Equipment	18,994	0	0	0	14,500	0	0	0
Damages Recovered from Individuals	3,987	0	0	0	0	0	0	0
Contributions and Gifts	605	0	0	0	0	0	0	500
Performance Bond Forfeitures	0	0	0	0	0	0	0	0
<u>Other Local Revenues</u>								
Other Local Revenues	38,106	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 114,296	\$ 0	\$ 0	\$ 44,326	\$ 14,500	\$ 59	\$ 960	
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 1,104,696	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	299,260	0	0	0	0	0	0	0
General Sessions Court Clerk	488,725	0	0	0	0	0	0	0
Clerk and Master	315,610	0	0	0	0	0	0	0
Juvenile Court Clerk	47,502	0	0	0	0	0	0	0
Register	1,016,905	0	0	0	0	0	0	0
Sheriff	44,325	0	0	0	0	0	0	0
Trustee	2,394,206	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 5,711,229	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>								
General Government Grants	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Juvenile Services Program								

(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>General Government Grants (Cont.)</u>								
Child Restraint Program	\$ 5,484	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	13,102	0	0	0	0	0	0	0
On-Behalf Contributions for OPEB	4,883	0	0	0	0	0	0	0
Other General Government Grants	8,151	0	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	51,600	0	0	0	0	0	0	0
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	419,087	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	47,435	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	277,451	0	0	0	0	0	0	0
Beer Tax	18,724	0	0	0	0	0	0	0
Alcoholic Beverage Tax	102,613	0	0	0	0	0	0	0
Mixed Drink Tax	6,875	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	516,134	0	0	0	0	0	0	0
Contracted Prisoner Boarding	1,256,666	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
Registrar's Salary Supplement	15,468	0	0	0	0	0	0	0
Other State Grants	2,273	0	0	0	0	0	0	0
Other State Revenues	5,929	0	0	0	0	0	0	0
Total State of Tennessee	\$ 2,765,375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants	\$ 237,480	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
ARRA Grant # 2	43,981	0	0	0	0	0	0	0
ARRA Grant # 4	0	0	0	0	0	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>							
Federal Through State (Cont.)							
Other Federal through State	\$ 144,721	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>							
Asset Forfeiture Funds	0	0	0	0	0	16,576	0
Tax Credit Bond Rebate	308,606	0	0	0	0	0	0
ARRA Grant # 6	340,527	0	0	0	0	0	0
Other Direct Federal Revenue	24,212	0	0	0	0	0	0
Total Federal Government	\$ 1,099,527	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,576	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance	0	0	0	0	0	0	0
Contributions	337,731	0	0	0	0	0	0
<u>Other</u>	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 337,856	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Total</u>	\$ 37,573,404	\$ 24,173	\$ 10,925	\$ 2,259,076	\$ 775,684	\$ 25,398	\$ 26,442

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund		Capital Projects Funds			Total	
	Other Special Revenue	Constitu- tional Officers - Fees	0 \$		5,389,283 \$	4,378,804 \$	0 \$	General Debt Service	General Capital Projects		Education Capital Projects
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	0	0	0	5,389,283	4,378,804	0	0	0	0	25,262,308	
Trustee's Collections - Prior Year	0	0	0	302,866	246,083	0	0	0	0	1,405,151	
Circuit/Clerk & Master Collections - Prior Years	0	0	0	173,715	150,553	0	0	0	0	810,670	
Interest and Penalty	0	0	0	59,316	48,202	0	0	0	0	278,058	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	931	757	0	0	0	0	4,365	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	74,893	60,851	0	0	0	0	351,063	
Payments in-Lieu-of Taxes - Other	0	0	0	33,973	27,604	0	0	0	0	159,251	
<u>County Local Option Taxes</u>											
Local Option Sales Tax	0	0	0	0	0	0	0	0	0	3,834,919	
Hotel/Motel Tax	0	0	0	0	0	0	0	0	0	2,203,588	
Litigation Tax - General	0	0	0	0	0	0	0	0	0	329,426	
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	0	0	10,925	
Business Tax	0	0	0	0	0	0	0	0	0	2,020,053	
Other County Local Option Taxes	0	0	0	0	0	0	0	0	0	24,173	
<u>Statutory Local Taxes</u>											
Bank Excise Tax	0	0	0	42,895	34,853	0	0	0	0	201,073	
Wholesale Beer Tax	0	0	0	0	0	0	0	0	0	372,091	
Interstate Telecommunications Tax	0	0	0	0	0	0	0	0	0	8,452	
Total Local Taxes	0 \$	0 \$	0 \$	6,077,872 \$	4,947,707 \$	0 \$	0 \$	0 \$	0 \$	37,275,566	
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Cable TV Franchise	0	0	0	0	0	0	0	0	0	427,123	
Permits											
Building Permits	0	0	0	0	0	0	0	0	0	27,000	
Other Permits	0	0	0	0	0	0	0	0	0	99,958	
Total Licenses and Permits	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	554,081	

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Other Special Revenue	Constitutional Officers Fees	Highway / Public Works		General Debt Service	General Capital Projects	Education Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18,678
Officers Costs	0	0	0	0	0	0	0	9,588
Drug Control Fines	0	0	0	0	0	0	0	15,967
Drug Court Fees	15,214	0	0	0	0	0	0	15,214
Jail Fees	0	0	0	0	0	0	0	14,999
District Attorney General Fees	0	0	0	0	0	0	0	5,173
DUI Treatment Fines	138	0	0	0	0	0	0	4,184
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	2,244
Courtroom Security Fee	0	0	0	0	0	0	0	323
Victims Assistance Assessments	0	0	0	0	0	0	0	6,830
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	50,285
Fines for Littering	0	0	0	0	0	0	0	200
Officers Costs	0	0	0	0	0	0	0	32,317
Game and Fish Fines	0	0	0	0	0	0	0	401
Drug Control Fines	0	0	0	0	0	0	0	9,224
Drug Court Fees	33,134	0	0	0	0	0	0	33,134
Jail Fees	0	0	0	0	0	0	0	54,953
District Attorney General Fees	0	0	0	0	0	0	0	13,822
DUI Treatment Fines	2,329	0	0	0	0	0	0	20,038
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	14,194
Courtroom Security Fee	0	0	0	0	0	0	0	169
Victims Assistance Assessments	0	0	0	0	0	0	0	7,522
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	1,720
Officers Costs	0	0	0	0	0	0	0	2,444
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	6,603
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	5,964
Courtroom Security Fee	0	0	0	0	0	0	0	28

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works		General Debt Service	General Capital Projects	Education Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Other Courts - In-county</u>								
Drug Court Fees	\$ 10,378	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,378
<u>Courts in Other District Counties</u>								
District Attorney General Fees	0	0	0	0	0	0	0	6,487
Judicial District Drug Program	0	0	0	0	0	0	0	9,213
Fines	0	0	0	0	0	0	0	5,813
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	378,109
Total Fines, Forfeitures, and Penalties	\$ 61,193	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 378,109
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,094,008
Work Release Charges for Board	0	0	0	0	0	0	0	18,538
Health Department Collections	0	0	0	0	0	0	0	113,426
Other General Service Charges	0	0	0	0	0	0	0	23,300
<u>Fees</u>								
Copy Fees	0	0	0	0	0	0	0	25,449
Library Fees	0	0	0	0	0	0	0	19,592
Telephone Commissions	0	0	0	0	0	0	0	19,959
Vending Machine Collections	0	0	0	0	0	0	0	20,636
Constitutional Officers' Fees and Commissions	0	50,983	0	0	0	0	0	50,983
Special Commissioner Fees/Special Master Fees	0	211	0	0	0	0	0	211
Data Processing Fee - Register	0	0	0	0	0	0	0	106,077
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	9,930
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	8,700
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	9,799
Total Charges for Current Services	\$ 0	\$ 51,194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,520,608

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund		Capital Projects Funds			Total
	Other Special Revenue	Constitu- tional Officers - Fees			General Debt Service	Education Capital Projects	General Capital Projects	Education Capital Projects		
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,420,533	\$ 0	\$ 19,554	\$ 0	\$ 1,731,451	
Lease/Rentals	0	0	0	0	0	0	0	0	20,012	
Sale of Materials and Supplies	0	0	0	2,443	0	0	0	0	2,443	
Sale of Maps	0	0	0	0	0	0	0	0	1,748	
Sale of Recycled Materials	0	0	0	0	0	0	0	0	33,752	
Miscellaneous Refunds	0	0	0	2,514	0	0	0	0	43,459	
<u>Nonrecurring Items</u>										
Sale of Equipment	0	0	0	15,140	0	0	0	0	48,634	
Damages Recovered from Individuals	0	0	0	31,888	0	0	0	0	35,875	
Contributions and Gifts	0	0	0	0	0	0	1,346,528	0	1,347,633	
Performance Bond Forfeitures	0	0	0	160,000	0	0	0	0	160,000	
<u>Other Local Revenues</u>										
Other Local Revenues	0	0	0	0	0	0	0	0	38,106	
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 211,985	\$ 1,420,533	\$ 0	\$ 1,636,900	\$ 19,554	\$ 3,463,113	
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of Salary</u>										
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,104,696	
Circuit Court Clerk	0	0	0	0	0	0	0	0	299,260	
General Sessions Court Clerk	0	0	0	0	0	0	0	0	488,725	
Clerk and Master	0	0	0	0	0	0	0	0	315,610	
Juvenile Court Clerk	0	0	0	0	0	0	0	0	47,502	
Register	0	0	0	0	0	0	0	0	1,016,905	
Sheriff	0	0	0	0	0	0	0	0	44,325	
Trustee	0	0	0	0	0	0	0	0	2,394,206	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,711,229	
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,500	

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund		Capital Projects Funds			Total
	Other Special Revenue	Constitu- tional Officers - Fees	General Debt Service		General Capital Projects	Education Capital Projects				
<u>State of Tennessee (Cont.)</u>										
<u>General Government Grants (Cont.)</u>										
Child Restraint Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,484
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	4,883
Other General Government Grants	0	0	0	0	0	0	0	0	0	8,151
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	0	51,600
<u>Health and Welfare Grants</u>										
Other Health and Welfare Grants	0	0	0	0	0	0	0	0	0	419,087
<u>Public Works Grants</u>										
State Aid Program	0	0	0	225,392	0	0	0	0	0	225,392
Litter Program	0	0	0	0	0	0	0	0	0	47,435
<u>Other State Revenues</u>										
Income Tax	0	0	0	0	0	0	0	0	0	277,451
Beer Tax	0	0	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	102,613
Mixed Drink Tax	0	0	0	0	0	0	0	0	0	6,875
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	0	0	516,134
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	1,256,666
Gasoline and Motor Fuel Tax	0	0	0	2,238,785	0	0	0	0	0	2,238,785
Petroleum Special Tax	0	0	0	57,157	0	0	0	0	0	57,157
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	0	15,468
Other State Grants	0	0	0	0	0	0	38,817	0	0	41,090
Other State Revenues	0	0	0	0	0	0	0	0	0	5,929
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 2,521,334	\$ 0	\$ 38,817	\$ 0	\$ 0	\$ 5,325,526	
<u>Federal Government</u>										
<u>Federal Through State</u>										
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	237,480
ARRA Grant # 2	0	0	0	0	0	0	0	0	0	43,981
ARRA Grant # 4	64,616	0	0	0	0	0	0	0	0	64,616

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund	Capital Projects Funds			Total
	Other Special Revenue	Constitu- tional Officers - Fees	General Debt Service			General Capital Projects	Education Capital Projects		
<u>Federal Government (Cont.)</u>									
<u>Federal Through State (Cont.)</u>									
Other Federal through State	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	399,690 \$	0 \$	0 \$	544,411
<u>Direct Federal Revenue</u>									
Asset Forfeiture Funds	0	0	0	0	0	0	0	0	16,576
Tax Credit Bond Rebate	0	0	0	0	0	0	0	0	308,606
ARRA Grant # 6	0	0	0	0	0	0	0	0	340,527
Other Direct Federal Revenue	0	0	0	0	0	0	0	0	24,212
Total Federal Government	\$ 64,616 \$	0 \$	0 \$	0 \$	0 \$	399,690 \$	0 \$	0 \$	1,580,409
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	125
Paving and Maintenance	0	0	35,598	0	0	0	0	0	35,598
Contributions	0	0	0	5,011,766	0	0	0	0	5,349,497
Other	0	0	0	0	0	144,484	0	0	144,484
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	35,598 \$	5,011,766 \$	0 \$	144,484 \$	0 \$	0 \$	5,529,704
Total	\$ 125,809 \$	51,194 \$	8,846,789 \$	11,380,006 \$	2,219,891 \$	19,554 \$	63,338,345		

Exhibit L-6

Sevier County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Sevier County School Department
 For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Other Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 26,760,941	\$ 0	\$ 0	\$ 0	\$ 26,760,941
Trustee's Collections - Prior Year	1,495,405	0	0	0	1,495,405
Circuit/Clerk & Master Collections - Prior Years	734,444	0	0	0	734,444
Interest and Penalty	292,877	0	0	0	292,877
Payments in-Lieu-of Taxes - T.V.A.	4,598	0	0	0	4,598
Payments in-Lieu-of Taxes - Local Utilities	369,786	0	0	0	369,786
Payments in-Lieu-of Taxes - Other	167,744	0	0	0	167,744
<u>County Local Option Taxes</u>					
Local Option Sales Tax	40,220,375	0	0	0	40,220,375
Hotel/Motel Tax	2,242,331	0	0	0	2,242,331
Other County Local Option Taxes	50,000	0	0	0	50,000
<u>Statutory Local Taxes</u>					
Bank Excise Tax	211,797	0	0	0	211,797
Interstate Telecommunications Tax	5,740	0	0	0	5,740
Total Local Taxes	\$ 72,556,038	\$ 0	\$ 0	\$ 0	\$ 72,556,038
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 148,233	\$ 0	\$ 0	\$ 0	\$ 148,233
Total Licenses and Permits	\$ 148,233	\$ 0	\$ 0	\$ 0	\$ 148,233
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Adult Education	\$ 5,123	\$ 0	\$ 0	\$ 0	\$ 5,123
Lunch Payments - Children	0	0	838,514	0	838,514
Lunch Payments - Adults	0	0	141,886	0	141,886
Income from Breakfast	0	0	471,802	0	471,802
A la carte Sales	0	0	471,250	0	471,250
Receipts from Individual Schools	208,838	0	0	0	208,838
<u>Other Charges for Services</u>					
Other Charges for Services	354	0	0	0	354
Total Charges for Current Services	\$ 214,315	\$ 0	\$ 1,923,452	\$ 0	\$ 2,137,767
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 4,680	\$ 0	\$ 4,680
Lease/Rentals	5,895	0	0	0	5,895
Sale of Materials and Supplies	1,199	0	0	0	1,199
Refund of Telecommunication & Internet Fees (E-Rate)	57,086	0	0	0	57,086
Miscellaneous Refunds	39,470	0	152	0	39,622
<u>Nonrecurring Items</u>					
Sale of Equipment	21,120	0	0	0	21,120
Damages Recovered from Individuals	20,114	0	0	0	20,114
Contributions and Gifts	98,000	0	0	0	98,000
<u>Other Local Revenues</u>					
Other Local Revenues	364,714	0	0	0	364,714
Total Other Local Revenues	\$ 607,598	\$ 0	\$ 4,832	\$ 0	\$ 612,430

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Other Capital Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 280,517	\$ 0	\$ 0	\$ 0	\$ 280,517
<u>State Education Funds</u>					
Basic Education Program	34,281,989	0	0	0	34,281,989
Basic Education Program - ARRA	2,733,012	0	0	0	2,733,012
Early Childhood Education	426,477	0	0	0	426,477
School Food Service	0	0	69,068	0	69,068
Driver Education	43,026	0	0	0	43,026
Other State Education Funds	187,807	0	0	0	187,807
Coordinated School Health - ARRA	94,806	0	0	0	94,806
Internet Connectivity - ARRA	42,895	0	0	0	42,895
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	35,584	0	0	0	35,584
Career Ladder Program	687,567	0	0	0	687,567
Career Ladder - Extended Contract - ARRA	170,208	0	0	0	170,208
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	566,887	0	0	0	566,887
Other State Grants	14,210	0	0	0	14,210
Safe Schools - ARRA	46,100	0	0	0	46,100
Total State of Tennessee	\$ 39,644,385	\$ 0	\$ 69,068	\$ 0	\$ 39,713,453
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 3,126,442	\$ 0	\$ 3,126,442
USDA - Commodities	0	0	405,273	0	405,273
Breakfast	0	0	1,106,261	0	1,106,261
USDA - Other	0	0	8,825	0	8,825
Adult Education State Grant Program	127,850	0	0	0	127,850
Vocational Education - Basic Grants to States	0	204,602	0	0	204,602
Title I Grants to Local Education Agencies	0	3,630,623	0	0	3,630,623
Special Education - Grants to States	28,068	4,707,929	0	0	4,735,997
Special Education Preschool Grants	11,227	144,314	0	0	155,541
English Language Acquisition Grants	0	52,754	0	0	52,754
Eisenhower Professional Development State Grants	0	639,127	0	0	639,127
ARRA Grant # 3	104,228	0	0	0	104,228
Race to the Top - ARRA	0	565,322	0	0	565,322
Other Federal through State	85,000	11,002	0	0	96,002
Total Federal Government	\$ 356,373	\$ 9,955,673	\$ 4,646,801	\$ 0	\$ 14,958,847
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 308,606	\$ 0	\$ 0	\$ 1,514,755	\$ 1,823,361
Contracted Services	73,775	0	0	0	73,775
Total Other Governments and Citizens Groups	\$ 382,381	\$ 0	\$ 0	\$ 1,514,755	\$ 1,897,136
Total	\$ 113,909,323	\$ 9,955,673	\$ 6,644,153	\$ 1,514,755	\$ 132,023,904

Exhibit L-7

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	131,760	
Social Security		6,932	
State Retirement		7,320	
Employee and Dependent Insurance		289,195	
Employer Medicare		1,621	
Advertising		665	
Audit Services		41,530	
Dues and Memberships		11,093	
Legal Services		28,333	
Travel		14,837	
Other Contracted Services		6,320	
Office Supplies		81	
Total County Commission			\$ 539,687

Beer Board

Board and Committee Members Fees	\$	4,200	
Social Security		220	
State Retirement		280	
Unemployment Compensation		2	
Employer Medicare		51	
Advertising		210	
Legal Services		23,760	
Total Beer Board			28,723

Other Boards and Committees

County Official/Administrative Officer	\$	45,663	
Assistant(s)		97,197	
Dispatchers/Radio Operators		353,057	
Longevity Pay		5,250	
In-Service Training		1,393	
Social Security		29,579	
State Retirement		46,808	
Employee and Dependent Insurance		88,110	
Employer Medicare		6,918	
Communication		1,038	
Data Processing Services		1,366	
Legal Services		50	
Office Supplies		5,607	
Other Supplies and Materials		3,950	
Total Other Boards and Committees			685,986

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive

County Official/Administrative Officer	\$	119,511	
Assistant(s)		72,261	
Accountants/Bookkeepers		151,944	
Secretary(ies)		29,865	
Clerical Personnel		79,563	
Longevity Pay		7,250	
Social Security		26,953	
State Retirement		45,165	
Employee and Dependent Insurance		42,755	
Employer Medicare		6,487	
Communication		8,304	
Dues and Memberships		445	
Maintenance and Repair Services - Office Equipment		3,623	
Postal Charges		3,973	
Travel		6,963	
Office Supplies		13,917	
Total County Mayor/Executive	\$		618,979

Election Commission

County Official/Administrative Officer	\$	64,993	
Assistant(s)		16,339	
Supervisor/Director		42,357	
Deputy(ies)		104,839	
Clerical Personnel		22,277	
Longevity Pay		3,750	
Election Commission		21,600	
Election Workers		84,325	
Social Security		16,128	
State Retirement		22,640	
Employee and Dependent Insurance		46,645	
Employer Medicare		3,772	
Advertising		40,208	
Communication		21,358	
Dues and Memberships		5,150	
Legal Services		125	
Maintenance and Repair Services - Office Equipment		933	
Postal Charges		15,099	
Travel		4,430	
Other Contracted Services		71,489	
Office Supplies		24,734	
Total Election Commission			633,191

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		42,884	
Clerical Personnel		193,657	
Longevity Pay		8,680	
Other Salaries and Wages		10,379	
Social Security		20,056	
State Retirement		32,204	
Employee and Dependent Insurance		53,170	
Employer Medicare		4,691	
Communication		1,586	
Dues and Memberships		894	
Maintenance and Repair Services - Office Equipment		3,361	
Postal Charges		1,634	
Travel		1,476	
Other Contracted Services		25,475	
Office Supplies		9,382	
Other Supplies and Materials		4,000	
Total Register of Deeds			\$ 496,579

Development

County Official/Administrative Officer	\$	47,875	
Longevity Pay		250	
Social Security		2,918	
State Retirement		3,397	
Employee and Dependent Insurance		8,025	
Employer Medicare		683	
Communication		1,090	
Legal Services		600	
Licenses		60	
Postal Charges		76	
Travel		789	
Gasoline		1,475	
Office Supplies		648	
Other Supplies and Materials		600	
Total Development			68,486

Planning

County Official/Administrative Officer	\$	51,182
Assistant(s)		30,851
Supervisor/Director		34,880

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Secretary(ies)	\$	22,803	
Longevity Pay		3,250	
Other Salaries and Wages		26,912	
Board and Committee Members Fees		11,925	
Social Security		10,544	
State Retirement		16,305	
Employee and Dependent Insurance		26,350	
Unemployment Compensation		19	
Employer Medicare		2,466	
Advertising		1,412	
Communication		8,432	
Contracts with Government Agencies		13,500	
Dues and Memberships		390	
Legal Services		1,200	
Postal Charges		334	
Rentals		20,865	
Travel		9,733	
Office Supplies		6,694	
Utilities		23	
Refunds		100	
Total Planning			\$ 300,170

Building

County Official/Administrative Officer	\$	37,560
Assistant(s)		28,005
Secretary(ies)		23,144
Longevity Pay		750
In-Service Training		1,420
Social Security		5,287
State Retirement		8,776
Employee and Dependent Insurance		18,955
Employer Medicare		1,237
Advertising		42
Communication		4,856
Dues and Memberships		475
Postal Charges		114
Rentals		18,912
Travel		6,446
Other Contracted Services		2,000
Office Supplies		6,167

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Utilities	\$	2,422	
Other Supplies and Materials		3,854	
Refunds		1,166	
Total Building			\$ 171,588

Geographical Information Systems

Supervisor/Director	\$	30,351	
Longevity Pay		250	
Other Salaries and Wages		19,162	
Social Security		3,185	
State Retirement		4,882	
Employee and Dependent Insurance		4,850	
Employer Medicare		630	
Communication		648	
Maintenance and Repair Services - Office Equipment		4,932	
Postal Charges		500	
Travel		7,033	
Office Supplies		3,453	
Total Geographical Information Systems			79,876

County Buildings

Supervisor/Director	\$	90,294	
Custodial Personnel		284,656	
Longevity Pay		10,250	
Social Security		22,320	
State Retirement		36,790	
Employee and Dependent Insurance		83,855	
Employer Medicare		5,220	
Communication		34,085	
Maintenance and Repair Services - Buildings		170,344	
Pest Control		1,704	
Travel		1,367	
Electricity		439,229	
Natural Gas		143,944	
Office Supplies		227	
Water and Sewer		119,537	
Other Supplies and Materials		28,825	
Workers' Compensation Insurance		2	
Total County Buildings			1,472,649

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

Legal Services	\$	1,380	
Maintenance Agreements		940	
Maintenance and Repair Services - Buildings		9,772	
Other Contracted Services		10,545	
Electricity		235,080	
Natural Gas		101,549	
Water and Sewer		19,640	
Other Supplies and Materials		4,176	
Total Other Facilities			\$ 383,082

Other General Administration

Mechanic(s)	\$	164,439	
Longevity Pay		4,000	
Social Security		9,681	
State Retirement		15,190	
Employee and Dependent Insurance		41,240	
Employer Medicare		2,264	
Communication		4,482	
Maintenance and Repair Services - Vehicles		99,498	
Lubricants		15,448	
Tires and Tubes		43,869	
Other Supplies and Materials		6,737	
Workers' Compensation Insurance		273	
Total Other General Administration			407,121

Preservation of Records

County Official/Administrative Officer	\$	38,382	
Assistant(s)		54,776	
Longevity Pay		1,500	
Social Security		5,519	
State Retirement		9,286	
Employee and Dependent Insurance		17,745	
Employer Medicare		1,291	
Communication		2,660	
Maintenance and Repair Services - Office Equipment		1,028	
Other Contracted Services		36,168	
Office Supplies		1,972	
Other Supplies and Materials		189	
Total Preservation of Records			170,516

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		108,797	
Clerical Personnel		199,504	
Longevity Pay		14,680	
Other Salaries and Wages		222,069	
Board and Committee Members Fees		3,270	
Social Security		38,328	
State Retirement		62,433	
Employee and Dependent Insurance		114,019	
Employer Medicare		9,079	
Advertising		352	
Audit Services		70,046	
Communication		6,833	
Dues and Memberships		1,733	
Maintenance and Repair Services - Office Equipment		8,310	
Postal Charges		27,797	
Rentals		18,300	
Travel		917	
Other Contracted Services		65,984	
Office Supplies		23,577	
Utilities		2,191	
Workers' Compensation Insurance		10,656	
Total Property Assessor's Office			\$ 1,091,925

Reappraisal Program

Other Salaries and Wages	\$	41,821	
Social Security		1,772	
State Retirement		1,679	
Employee and Dependent Insurance		8,100	
Employer Medicare		415	
Office Supplies		1,564	
Total Reappraisal Program			55,351

County Trustee's Office

County Official/Administrative Officer	\$	83,050
Deputy(ies)		42,884
Clerical Personnel		197,380
Longevity Pay		6,930
Social Security		18,536
State Retirement		32,397

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Employee and Dependent Insurance	\$	63,350	
Unemployment Compensation		3,832	
Employer Medicare		4,335	
Audit Services		14,508	
Communication		1,203	
Dues and Memberships		1,144	
Maintenance and Repair Services - Office Equipment		2,792	
Postal Charges		42,081	
Travel		2,546	
Other Contracted Services		11,187	
Office Supplies		10,309	
Total County Trustee's Office			\$ 538,464

County Clerk's Office

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		37,824	
Accountants/Bookkeepers		46,990	
Clerical Personnel		464,134	
Longevity Pay		12,680	
Social Security		36,162	
State Retirement		61,825	
Employee and Dependent Insurance		162,680	
Employer Medicare		8,457	
Communication		7,846	
Dues and Memberships		734	
Legal Services		150	
Maintenance and Repair Services - Office Equipment		2,969	
Postal Charges		17,947	
Travel		1,269	
Other Contracted Services		114,515	
Office Supplies		21,424	
Utilities		837	
Workers' Compensation Insurance		3,595	
Total County Clerk's Office			1,085,088

Data Processing

County Official/Administrative Officer	\$	47,344
Assistant(s)		60,351
Longevity Pay		750
Social Security		6,323

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

State Retirement	\$	9,051	
Employee and Dependent Insurance		19,525	
Employer Medicare		1,479	
Communication		6,965	
Evaluation and Testing		60	
Travel		1,058	
Data Processing Supplies		19,564	
Office Supplies		415	
Total Data Processing			\$ 172,885

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		31,566	
Accountants/Bookkeepers		28,689	
Clerical Personnel		364,236	
Longevity Pay		10,680	
Other Salaries and Wages		1,626	
Jury and Witness Expense		29,457	
Social Security		30,563	
State Retirement		51,272	
Employee and Dependent Insurance		98,605	
Employer Medicare		7,148	
Communication		2,079	
Contracts with Other Public Agencies		442	
Dues and Memberships		1,349	
Maintenance and Repair Services - Office Equipment		6,836	
Postal Charges		7,935	
Travel		427	
Other Contracted Services		17,761	
Office Supplies		31,810	
Total Circuit Court			805,531

General Sessions Court

County Official/Administrative Officer	\$	83,050
Deputy(ies)		43,742
Accountants/Bookkeepers		28,005
Clerical Personnel		215,780
Longevity Pay		9,180
Other Salaries and Wages		54,926

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Social Security	\$	24,840	
State Retirement		42,642	
Employee and Dependent Insurance		104,350	
Employer Medicare		5,809	
Communication		3,570	
Contracts with Other Public Agencies		4,685	
Dues and Memberships		684	
Maintenance and Repair Services - Office Equipment		6,127	
Postal Charges		6,172	
Travel		1,048	
Other Contracted Services		12,524	
Office Supplies		15,390	
Total General Sessions Court			\$ 662,524

General Sessions Judge

Judge(s)	\$	291,987	
Secretary(ies)		31,041	
Longevity Pay		4,250	
Other Salaries and Wages		42,026	
Social Security		17,360	
State Retirement		36,229	
Employee and Dependent Insurance		42,000	
Employer Medicare		5,194	
Communication		3,409	
Dues and Memberships		2,804	
Postal Charges		176	
Travel		5,434	
Other Contracted Services		5,347	
Office Supplies		4,222	
Total General Sessions Judge			491,479

Drug Court

Supervisor/Director	\$	10,825	
Other Salaries and Wages		10,555	
Social Security		1,258	
State Retirement		1,182	
Employee and Dependent Insurance		2,996	
Employer Medicare		294	
Total Drug Court			27,110

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	83,050	
Deputy(ies)		28,219	
Clerical Personnel		112,326	
Longevity Pay		6,502	
Other Salaries and Wages		32,506	
Social Security		15,682	
State Retirement		25,762	
Employee and Dependent Insurance		35,125	
Employer Medicare		3,668	
Communication		1,038	
Dues and Memberships		704	
Maintenance and Repair Services - Office Equipment		7,601	
Postal Charges		3,344	
Office Supplies		7,154	
Total Chancery Court			\$ 362,681

Juvenile Court

Deputy(ies)	\$	30,351	
Clerical Personnel		52,131	
Longevity Pay		1,000	
Social Security		5,048	
State Retirement		8,190	
Employee and Dependent Insurance		10,770	
Employer Medicare		1,181	
Postal Charges		1,430	
Other Contracted Services		3,075	
Office Supplies		5,613	
Workers' Compensation Insurance		1,232	
Total Juvenile Court			120,021

District Attorney General

Assistant(s)	\$	51,012	
Social Security		3,085	
State Retirement		5,004	
Employee and Dependent Insurance		4,855	
Employer Medicare		721	
Dues and Memberships		400	
Travel		1,075	
Office Supplies		200	
Total District Attorney General			66,352

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

County Official/Administrative Officer	\$	154,040	
Supervisor/Director		39,691	
Longevity Pay		2,250	
Other Salaries and Wages		162	
Social Security		11,664	
State Retirement		12,229	
Employee and Dependent Insurance		44,380	
Employer Medicare		2,728	
Communication		1,081	
Dues and Memberships		530	
Travel		1,714	
Office Supplies		5,566	
In Service/Staff Development		1,696	
Total Judicial Commissioners			\$ 277,731

Other Administration of Justice

Assistant(s)	\$	81,670	
Longevity Pay		500	
Social Security		5,091	
State Retirement		3,366	
Employee and Dependent Insurance		4,855	
Employer Medicare		1,191	
Total Other Administration of Justice			96,673

Victims Assistance Programs

Employee and Dependent Insurance	\$	4,855	
Communication		962	
Postal Charges		182	
Office Supplies		434	
Total Victims Assistance Programs			6,433

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	92,475	
Assistant(s)		61,312	
Deputy(ies)		2,056,832	
Investigator(s)		298,914	
Lieutenant(s)		95,675	
Sergeant(s)		226,535	
Accountants/Bookkeepers		35,980	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dispatchers/Radio Operators	\$	308,979	
Guards		143,564	
Secretary(ies)		91,693	
Longevity Pay		60,000	
Other Salaries and Wages		48,483	
In-Service Training		50,400	
Social Security		209,560	
State Retirement		325,893	
Employee and Dependent Insurance		735,195	
Employer Medicare		48,953	
Other Fringe Benefits		41,770	
Communication		24,402	
Contracts with Other Public Agencies		7,297	
Data Processing Services		20,495	
Dues and Memberships		6,250	
Maintenance and Repair Services - Equipment		36,582	
Maintenance and Repair Services - Office Equipment		6,052	
Transportation - Other than Students		178	
Travel		9,450	
Gasoline		409,021	
Law Enforcement Supplies		10,047	
Other Supplies and Materials		70,457	
Workers' Compensation Insurance		108,366	
In Service/Staff Development		12,712	
Law Enforcement Equipment		84,754	
Motor Vehicles		9,818	
Other Equipment		3,403	
Total Sheriff's Department			\$ 5,751,497

Drug Enforcement

Employee and Dependent Insurance	\$	8,895	
Other Supplies and Materials		24,675	
Total Drug Enforcement			33,570

Jail

Assistant(s)	\$	57,785	
Supervisor/Director		29,414	
Guards		1,944,429	
Cafeteria Personnel		120,361	
Longevity Pay		23,000	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Salaries and Wages	\$	21,232	
In-Service Training		23,420	
Social Security		130,383	
State Retirement		196,222	
Employee and Dependent Insurance		405,420	
Unemployment Compensation		9,783	
Employer Medicare		30,493	
Other Fringe Benefits		27,257	
Communication		18,608	
Contracts with Other Public Agencies		6,423	
Data Processing Services		20,226	
Legal Services		6,325	
Maintenance and Repair Services - Buildings		55,423	
Maintenance and Repair Services - Equipment		32,899	
Maintenance and Repair Services - Office Equipment		13,599	
Medical and Dental Services		774,327	
Postal Charges		7,884	
Rentals		6,808	
Transportation - Other than Students		7,596	
Food Supplies		326,544	
Office Supplies		40,210	
Other Supplies and Materials		215,132	
Total Jail			\$ 4,551,203

Juvenile Services

Supervisor/Director	\$	50,171	
Youth Service Officer(s)		149,372	
Secretary(ies)		27,131	
Longevity Pay		5,000	
Social Security		13,192	
State Retirement		21,840	
Employee and Dependent Insurance		44,420	
Employer Medicare		3,085	
Communication		2,361	
Dues and Memberships		925	
Maintenance and Repair Services - Office Equipment		200	
Postal Charges		995	
Travel		3,229	
Other Contracted Services		3,860	
Office Supplies		6,694	
Total Juvenile Services			332,475

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contributions	\$ 823,000	
Communication Equipment	50,000	
Total Fire Prevention and Control		\$ 873,000

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	\$ 38,440	
Other Salaries and Wages	24,102	
Social Security	3,621	
State Retirement	5,884	
Employee and Dependent Insurance	13,895	
Employer Medicare	847	
Communication	5,426	
Dues and Memberships	780	
Postal Charges	44	
Travel	1,503	
Office Supplies	7,279	
Other Supplies and Materials	4,282	
Workers' Compensation Insurance	92,923	
Communication Equipment	37,117	
Law Enforcement Equipment	1,633	
Other Equipment	95,164	
Other Capital Outlay	8,000	
Total Other Emergency Management		340,940

County Coroner/Medical Examiner

Other Salaries and Wages	\$ 8,111	
Social Security	503	
Employer Medicare	118	
Communication	222	
Legal Services	162	
Postal Charges	79	
Travel	543	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner (Cont.)

Other Contracted Services	\$	84,074	
Office Supplies		384	
Total County Coroner/Medical Examiner			\$ 94,196

Other Public Safety

County Official/Administrative Officer	\$	45,681	
Sergeant(s)		99,978	
Medical Personnel		11,422	
Guards		241,713	
Secretary(ies)		24,651	
Educational Assistants		10,799	
Longevity Pay		6,750	
Other Salaries and Wages		24,973	
In-Service Training		3,060	
Social Security		28,007	
State Retirement		43,761	
Employee and Dependent Insurance		81,605	
Employer Medicare		6,550	
Other Fringe Benefits		3,245	
Communication		7,183	
Data Processing Services		2,950	
Dues and Memberships		270	
Maintenance and Repair Services - Buildings		2,596	
Maintenance and Repair Services - Equipment		3,464	
Maintenance and Repair Services - Office Equipment		2,354	
Medical and Dental Services		16,698	
Postal Charges		48	
Rentals		2,351	
Travel		773	
Other Contracted Services		1,765	
Gasoline		778	
Office Supplies		5,637	
Other Supplies and Materials		4,112	
Total Other Public Safety			683,174

Public Health and Welfare

Local Health Center

Social Security	\$	46	
State Retirement		70	
Employee and Dependent Insurance		2,795	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Employer Medicare	\$	11	
Communication		7,423	
Maintenance and Repair Services - Buildings		384	
Maintenance and Repair Services - Office Equipment		9,088	
Medical and Dental Services		6,159	
Postal Charges		1,802	
Utilities		27,686	
Other Supplies and Materials		27,972	
Total Local Health Center			\$ 83,436

Rabies and Animal Control

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

Ambulance/Emergency Medical Services

Medical Personnel	\$	2,476,576	
Longevity Pay		35,500	
Social Security		147,858	
State Retirement		202,274	
Employee and Dependent Insurance		328,740	
Unemployment Compensation		13,324	
Employer Medicare		34,530	
Communication		14,195	
Contributions		100,000	
Legal Services		788	
Licenses		4,325	
Maintenance and Repair Services - Equipment		11,079	
Maintenance and Repair Services - Office Equipment		10,640	
Maintenance and Repair Services - Vehicles		4,190	
Postal Charges		15,010	
Travel		1,586	
Tuition		8,034	
Other Contracted Services		5,500	
Custodial Supplies		4,555	
Drugs and Medical Supplies		101,292	
Gasoline		113,181	
Office Supplies		13,318	
Uniforms		22,204	
Utilities		30,805	
Other Supplies and Materials		36,267	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Refunds	\$ 43,552	
Workers' Compensation Insurance	3,121	
Total Ambulance/Emergency Medical Services		\$ 3,782,444

Maternal and Child Health Services

Medical Personnel	\$ 62,571	
Clerical Personnel	288,870	
Longevity Pay	5,000	
Other Salaries and Wages	672	
Social Security	20,170	
State Retirement	33,327	
Employee and Dependent Insurance	94,310	
Employer Medicare	4,717	
Transportation - Other than Students	3,574	
Travel	35	
Total Maternal and Child Health Services		513,246

Other Local Health Services

Contracts with Other Public Agencies	\$ 42,050	
Contributions	120,047	
Other Charges	6,710	
Total Other Local Health Services		168,807

Appropriation to State

Communication	\$ 1,404	
Contributions	56,303	
Rentals	29,029	
Water and Sewer	70	
Total Appropriation to State		86,806

Other Local Welfare Services

Contributions	\$ 25,265	
Pauper Burials	6,700	
Total Other Local Welfare Services		31,965

Other Public Health and Welfare

Supervisor/Director	\$ 49,295	
Secretary(ies)	29,290	
Longevity Pay	2,750	
Other Salaries and Wages	100,749	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

In-Service Training	\$	315	
Social Security		10,654	
State Retirement		17,862	
Employee and Dependent Insurance		33,055	
Employer Medicare		2,492	
Communication		6,463	
Dues and Memberships		525	
Postal Charges		984	
Rentals		20,976	
Travel		16,075	
Other Contracted Services		2,302	
Office Supplies		2,675	
Utilities		323	
Refunds		1,200	
Total Other Public Health and Welfare			\$ 297,985

Social, Cultural, and Recreational Services

Senior Citizens Assistance

County Official/Administrative Officer	\$	36,413
Assistant(s)		25,084
Supervisor/Director		31,361
Dispatchers/Radio Operators		17,160
Secretary(ies)		25,382
Cafeteria Personnel		7,776
Maintenance Personnel		13,056
Longevity Pay		1,500
Social Security		8,574
State Retirement		13,430
Employee and Dependent Insurance		50,770
Employer Medicare		2,005
Advertising		5,575
Communication		5,095
Legal Services		212
Maintenance and Repair Services - Buildings		8,149
Travel		4,094
Other Contracted Services		24,620
Office Supplies		1,647
Other Supplies and Materials		4,958
Workers' Compensation Insurance		3,126
In Service/Staff Development		1,595

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Other Charges	\$ 15,907	
Total Senior Citizens Assistance		\$ 307,489

Libraries

County Official/Administrative Officer	\$ 57,479	
Assistant(s)	359,218	
Supervisor/Director	113,947	
Accountants/Bookkeepers	21,988	
Custodial Personnel	23,586	
Longevity Pay	7,750	
Other Salaries and Wages	23,643	
Social Security	36,030	
State Retirement	51,883	
Employee and Dependent Insurance	100,985	
Employer Medicare	8,426	
Communication	29,970	
Dues and Memberships	3,596	
Janitorial Services	24,892	
Legal Services	1,585	
Maintenance and Repair Services - Equipment	46,158	
Maintenance and Repair Services - Office Equipment	12,239	
Postal Charges	6,117	
Printing, Stationery, and Forms	4,782	
Rentals	660	
Travel	5,488	
Tuition	5,264	
Maintenance and Repair Services - Records	2,561	
Other Contracted Services	58,940	
Data Processing Supplies	5,048	
Duplicating Supplies	1,916	
Electricity	58,735	
Equipment and Machinery Parts	4,240	
Instructional Supplies and Materials	4,578	
Library Books/Media	28,254	
Office Supplies	31,073	
Periodicals	6,138	
Utilities	7,309	
Water and Sewer	5,565	
Other Supplies and Materials	2,114	
Total Libraries		1,162,157

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Contributions	\$ 68,600	
Total Parks and Fair Boards		\$ 68,600

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$ 49,402	
Longevity Pay	1,250	
Other Salaries and Wages	112,727	
Board and Committee Members Fees	145	
Social Security	22,876	
State Retirement	4,969	
Employee and Dependent Insurance	9,245	
Employer Medicare	671	
Communication	4,315	
Contributions	4,000	
Travel	3,649	
Other Supplies and Materials	4,352	
Total Agriculture Extension Service		217,601

Forest Service

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

Soil Conservation

Clerical Personnel	\$ 27,102	
Longevity Pay	750	
Social Security	1,458	
State Retirement	2,732	
Employee and Dependent Insurance	9,245	
Employer Medicare	341	
Total Soil Conservation		41,628

Storm Water Management

County Official/Administrative Officer	\$ 42,234	
Secretary(ies)	26,567	
Longevity Pay	1,500	
Other Salaries and Wages	34,470	
Social Security	6,114	
State Retirement	10,278	
Employee and Dependent Insurance	18,955	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Storm Water Management (Cont.)

Employer Medicare	\$	1,430	
Communication		3,091	
Travel		7,503	
Office Supplies		3,921	
Total Storm Water Management			\$ 156,063

Other Operations

Tourism

Advertising	\$	20,000	
Contracts with Private Agencies		950,447	
Contributions		125,000	
Travel		847	
Other Supplies and Materials		13,822	
Total Tourism			1,110,116

Veterans' Services

Supervisor/Director	\$	34,722	
Secretary(ies)		35,975	
Longevity Pay		2,000	
Social Security		4,211	
State Retirement		7,132	
Employee and Dependent Insurance		14,100	
Employer Medicare		985	
Communication		1,372	
Contributions		6,000	
Postal Charges		835	
Travel		2,317	
Other Contracted Services		1,459	
Office Supplies		1,140	
Other Supplies and Materials		356	
Total Veterans' Services			112,604

Contributions to Other Agencies

Contributions	\$	160,194	
Other Charges		3,355	
Other Debt Service		308,606	
Total Contributions to Other Agencies			472,155

Employee Benefits

Social Security	\$	164	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

State Retirement	\$	380	
Employee and Dependent Insurance		330,994	
Employer Medicare		39	
Workers' Compensation Insurance		123,784	
Total Employee Benefits			\$ 455,361

ARRA Grant # 1

Assistant(s)	\$	40,418	
Social Security		2,506	
State Retirement		3,965	
Employer Medicare		586	
Total ARRA Grant # 1			47,475

ARRA Grant # 2

Supervisor/Director	\$	37,560	
Longevity Pay		750	
Social Security		2,345	
State Retirement		3,758	
Employer Medicare		548	
Total ARRA Grant # 2			44,961

ARRA Grant # 5

Architects	\$	600	
Legal Services		338	
Other Contracted Services		339,646	
Total ARRA Grant # 5			340,584

Miscellaneous

On-Behalf Payments to OPEB	\$	4,883	
Other Fringe Benefits		10,661	
Advertising		8,773	
Communication		4	
Contributions		179,000	
Legal Services		5,430	
Legal Notices, Recording, and Court Costs		204	
Maintenance and Repair Services - Office Equipment		6,229	
Postal Charges		2,625	
Other Contracted Services		6,022	
Other Supplies and Materials		16,115	
Building and Contents Insurance		70,774	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Liability Insurance	\$ 400,096	
Premiums on Corporate Surety Bonds	49,614	
Refunds	195	
Trustee's Commission	579,112	
Vehicle and Equipment Insurance	55,239	
Other Charges	60	
Total Miscellaneous		\$ 1,395,036

Highways

Litter and Trash Collection

Deputy(ies)	\$ 105,970	
Custodial Personnel	50,129	
Longevity Pay	4,000	
In-Service Training	1,500	
Social Security	9,375	
State Retirement	15,706	
Employee and Dependent Insurance	29,760	
Employer Medicare	2,193	
Communication	2,112	
Other Contracted Services	11,000	
Other Supplies and Materials	3,078	
Total Litter and Trash Collection		234,823

Other Charges

Contracts with Private Agencies	\$ 8,145	
Other Contracted Services	16,964	
Right-of-Way	169	
Total Other Charges		25,278

Capital Projects

Other General Government Projects

Contracts with Private Agencies	\$ 9,324	
Legal Services	1,285	
Other Contracted Services	5,689	
Other Supplies and Materials	11,436	
Other Charges	3,000	
Communication Equipment	859	
Building Purchases	3,218	
Other Capital Outlay	346,677	
Total Other General Government Projects		381,488

Total General Fund \$ 36,295,044

(Continued)

Exhibit L-7

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Communication	\$	4,995	
Maintenance and Repair Services - Buildings		713	
Other Supplies and Materials		27,507	
Trustee's Commission		1,310	
Total County Buildings			<u>\$ 34,525</u>

Total Courthouse and Jail Maintenance Fund \$ 34,525

Law Library Fund

Administration of Justice

Other Administration of Justice

Library Books/Media	\$	8,302	
Trustee's Commission		113	
Total Other Administration of Justice			<u>\$ 8,415</u>

Total Law Library Fund 8,415

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	48,405	
Laborers		683,764	
Longevity Pay		19,750	
Social Security		44,920	
State Retirement		62,950	
Employee and Dependent Insurance		163,075	
Employer Medicare		10,505	
Communication		7,849	
Contracts with Government Agencies		781,952	
Maintenance and Repair Services - Buildings		3,237	
Maintenance and Repair Services - Equipment		5,346	
Maintenance and Repair Services - Vehicles		50,260	
Rentals		16,046	
Travel		3,449	
Other Contracted Services		13,550	
Electricity		17,281	
Gasoline		102,077	
Natural Gas		4,074	
Tires and Tubes		13,911	
Uniforms		6,275	

(Continued)

Exhibit L-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Water and Sewer	\$ 378	
Other Supplies and Materials	17,517	
Trustee's Commission	13,802	
Total Sanitation Management		<u>\$ 2,090,373</u>

Total Solid Waste/Sanitation Fund \$ 2,090,373

Special Purpose Fund

General Government

Geographical Information Systems

Other Equipment	<u>\$ 50,000</u>	\$ 50,000
Total Geographical Information Systems		

Other General Administration

Maintenance Equipment	<u>\$ 8,767</u>	
Total Other General Administration		8,767

Public Safety

Sheriff's Department

Motor Vehicles	<u>\$ 199,322</u>	
Total Sheriff's Department		199,322

Public Health and Welfare

Ambulance/Emergency Medical Services

Motor Vehicles	\$ 214,690	
Other Equipment	<u>4,809</u>	
Total Ambulance/Emergency Medical Services		219,499

Sanitation Management

Motor Vehicles	\$ 33,559	
Solid Waste Equipment	<u>69,755</u>	
Total Sanitation Management		103,314

Social, Cultural, and Recreational Services

Libraries

Administration Equipment	<u>\$ 17,858</u>	
Total Libraries		17,858

(Continued)

Exhibit L-7

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

Special Purpose Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 14,904	
Total Other Charges	<u>14,904</u>	\$ 14,904

Total Special Purpose Fund \$ 613,664

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$ 17,000	
Trustee's Commission	<u>82</u>	
Total Sheriff's Department		\$ 17,082

Total Drug Control Fund 17,082

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$ 4,920	
Dues and Memberships	2,500	
Travel	682	
Trustee's Commission	197	
Other Charges	<u>26,616</u>	
Total District Attorney General		\$ 34,915

Total District Attorney General Fund 34,915

Other Special Revenue Fund

Administration of Justice

Drug Court

Supervisor/Director	\$ 35,771	
Advertising	234	
Communication	90	
Dues and Memberships	495	
Maintenance and Repair Services - Office Equipment	90	
Postal Charges	99	
Travel	10,190	
Other Contracted Services	10	
Office Supplies	23,174	
Trustee's Commission	<u>1,034</u>	
Total Drug Court		\$ 71,187

(Continued)

Exhibit L-7

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

Other Special Revenue Fund (Cont.)

Other Operations

ARRA Grant # 4

Supervisor/Director	\$	49,951	
Communication		1,785	
Maintenance and Repair Services - Office Equipment		1,178	
Postal Charges		28	
Printing, Stationery, and Forms		261	
Travel		2,470	
Office Supplies		3,171	
Total ARRA Grant # 4			<u>\$ 58,844</u>

Total Other Special Revenue Fund \$ 130,031

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	73	
Total County Trustee's Office			\$ 73

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	50,910	
Total County Clerk's Office			50,910

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	211	
Total Chancery Court			<u>211</u>

Total Constitutional Officers - Fees Fund 51,194

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	94,434	
Accountants/Bookkeepers		48,835	
Secretary(ies)		38,743	
Data Processing Services		5,760	
Dues and Memberships		3,809	
Legal Services		1,740	
Legal Notices, Recording, and Court Costs		3,752	
Maintenance and Repair Services - Office Equipment		365	
Postal Charges		1,056	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Printing, Stationery, and Forms	\$	2,057	
Travel		4,456	
Office Supplies		6,788	
Other Charges		4,931	
Total Administration			\$ 216,726

Highway and Bridge Maintenance

Foremen	\$	407,381	
Equipment Operators		341,990	
Equipment Operators - Light		283,172	
Truck Drivers		309,397	
Laborers		259,300	
Other Contracted Services		440,072	
Asphalt		3,807,790	
Concrete		58,655	
Crushed Stone		57,542	
Fertilizer, Lime, and Seed		9,236	
General Construction Materials		1,696	
Pipe - Metal		28,350	
Road Signs		25,696	
Salt		56,509	
Small Tools		848	
Wood Products		704	
Other Supplies and Materials		384	
Other Charges		839	
Total Highway and Bridge Maintenance			6,089,561

Operation and Maintenance of Equipment

Foremen	\$	37,534	
Mechanic(s)		65,305	
Laborers		33,203	
Nightwatchmen		19,639	
Maintenance and Repair Services - Equipment		38,271	
Tow-in Services		1,000	
Other Contracted Services		27	
Diesel Fuel		161,390	
Electricity		12,726	
Equipment and Machinery Parts		206,072	
Garage Supplies		63,220	
Gasoline		98,359	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	22,467	
Office Supplies		2,969	
Propane Gas		5,364	
Small Tools		8,358	
Tires and Tubes		56,977	
Water and Sewer		894	
Other Charges		1,352	
Total Operation and Maintenance of Equipment			\$ 835,127

Quarry Operations

Foremen	\$	64,644	
Equipment Operators		27,068	
Laborers		102,399	
Engineering Services		940	
Explosive and Drilling Services		41,845	
Maintenance and Repair Services - Equipment		629	
Permits		3,130	
Electricity		17,161	
Equipment and Machinery Parts		785	
Other Supplies and Materials		508	
Other Charges		1,880	
Total Quarry Operations			260,989

Other Charges

Communication	\$	18,231	
Boiler Insurance		157	
Liability Insurance		51,243	
Trustee's Commission		144,152	
Vehicle and Equipment Insurance		81,018	
Total Other Charges			294,801

Employee Benefits

Social Security	\$	129,893	
State Retirement		208,060	
Employee and Dependent Insurance		383,695	
Employer Medicare		30,015	
Medical and Dental Services		4,700	
Workers' Compensation Insurance		89,832	
Total Employee Benefits			846,195

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$ 35,758	
Building Improvements	48,728	
Furniture and Fixtures	11,059	
Highway Equipment	85,799	
Motor Vehicles	94,400	
State Aid Projects	299,442	
Total Capital Outlay		<u>\$ 575,186</u>

Total Highway/Public Works Fund \$ 9,118,585

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 2,900,000	
Principal on Other Loans	2,610,000	
Total General Government		\$ 5,510,000

Interest on Debt

General Government

Interest on Bonds	\$ 1,258,603	
Interest on Other Loans	3,100,547	
Total General Government		4,359,150

Education

Interest on Bonds	\$ 682,201	
Total Education		682,201

Other Debt Service

General Government

Fiscal Agent Charges	\$ 11,486	
Trustee's Commission	112,030	
Other Debt Issuance Charges	300	
Other Debt Service	5,802	
Total General Government		<u>129,618</u>

Total General Debt Service Fund 10,680,969

(Continued)

Exhibit L-7

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

General Capital Projects Fund

Capital Projects

Public Safety Projects

Architects	\$ 1,688	
Total Public Safety Projects		\$ 1,688

Public Health and Welfare Projects

Other Contracted Services	\$ 105,806	
Total Public Health and Welfare Projects		105,806

Social, Cultural, and Recreation Projects

Architects	\$ 1,875	
Other Supplies and Materials	14,071	
Building Construction	162,276	
Data Processing Equipment	14,388	
Total Social, Cultural, and Recreation Projects		192,610

Public Utility Projects

Engineering Services	\$ 175,127	
Legal Services	1,992	
Other Contracted Services	92,374	
Right-of-Way	81	
Other Construction	572,312	
Other Capital Outlay	501,547	
Total Public Utility Projects		1,343,433

Other General Government Projects

Other Contracted Services	\$ 46,641	
Total Other General Government Projects		46,641

Highway and Street Capital Projects

Legal Services	\$ 600	
Total Highway and Street Capital Projects		600

Total General Capital Projects Fund \$ 1,690,778

Education Capital Projects Fund

Other Debt Service

General Government

Underwriter's Discount	\$ 65,213	
Other Debt Issuance Charges	63,938	
Total General Government		\$ 129,151

(Continued)

Exhibit L-7

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

<u>Education Capital Projects Fund (Cont.)</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	<u>\$ 1,514,755</u>	
Total Capital Projects Donated to School Department		<u>\$ 1,514,755</u>
Total Education Capital Projects Fund		<u>\$ 1,643,906</u>
Total Governmental Funds - Primary Government		<u><u>\$ 62,409,481</u></u>

Exhibit L-8

Sevier County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sevier County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 36,624,696	
Career Ladder Program	376,082	
Career Ladder Extended Contracts	123,610	
Homebound Teachers	60,374	
Educational Assistants	1,483,856	
Other Salaries and Wages	301,782	
Certified Substitute Teachers	33,026	
Non-certified Substitute Teachers	523,509	
Social Security	2,319,184	
State Retirement	3,478,135	
Life Insurance	16,888	
Medical Insurance	4,721,351	
Dental Insurance	92,450	
Employer Medicare	546,694	
Other Fringe Benefits	148,399	
Maintenance and Repair Services - Equipment	39,354	
Tuition	85,124	
Other Contracted Services	494,528	
Instructional Supplies and Materials	1,176,402	
Textbooks	940,011	
Fee Waivers	43,323	
Other Charges	162,908	
Regular Instruction Equipment	126,578	
Total Regular Instruction Program		\$ 53,918,264

Alternative Instruction Program

Teachers	\$ 412,055	
Career Ladder Program	3,000	
Clerical Personnel	35,031	
Educational Assistants	82,341	
Social Security	30,337	
State Retirement	47,046	
Life Insurance	280	
Medical Insurance	71,202	
Dental Insurance	2,100	
Employer Medicare	7,420	
Other Fringe Benefits	1,990	
Instructional Supplies and Materials	700	
Total Alternative Instruction Program		693,502

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 4,069,881	
Career Ladder Program	47,488	
Educational Assistants	557,893	
Speech Pathologist	631,819	
Other Salaries and Wages	321,919	
Non-certified Substitute Teachers	110,028	
Social Security	453,193	
State Retirement	739,258	
Life Insurance	5,358	
Medical Insurance	620,098	
Dental Insurance	27,580	
Employer Medicare	112,812	
Other Fringe Benefits	32,364	
Contracts with Private Agencies	450	
Maintenance and Repair Services - Equipment	190	
Other Contracted Services	64,915	
Instructional Supplies and Materials	48,830	
Other Supplies and Materials	418	
Special Education Equipment	17,886	
Total Special Education Program		\$ 7,862,380

Vocational Education Program

Teachers	\$ 1,978,780	
Career Ladder Program	24,000	
Other Salaries and Wages	1,714	
Non-certified Substitute Teachers	25,245	
Social Security	119,509	
State Retirement	181,407	
Life Insurance	820	
Medical Insurance	261,840	
Dental Insurance	5,040	
Employer Medicare	27,991	
Other Fringe Benefits	7,917	
Maintenance and Repair Services - Equipment	6,048	
Other Contracted Services	114	
Instructional Supplies and Materials	70,202	
Other Supplies and Materials	4,830	
Fee Waivers	3,000	
Total Vocational Education Program		2,718,457

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Student Body Education Program

Other Charges	\$ 818	
Total Student Body Education Program		\$ 818

Adult Education Program

Teachers	\$ 84,999	
Other Salaries and Wages	22,943	
Social Security	5,334	
State Retirement	5,552	
Life Insurance	40	
Medical Insurance	10,487	
Dental Insurance	140	
Employer Medicare	1,545	
Other Fringe Benefits	192	
Other Contracted Services	1,890	
Instructional Supplies and Materials	6,692	
Other Equipment	6,115	
Total Adult Education Program		145,929

Support Services

Attendance

Supervisor/Director	\$ 82,138	
Career Ladder Program	5,000	
Social Workers	164,895	
Clerical Personnel	50,100	
Other Salaries and Wages	35,073	
Social Security	16,230	
State Retirement	25,557	
Life Insurance	100	
Medical Insurance	40,970	
Dental Insurance	840	
Employer Medicare	4,578	
Other Fringe Benefits	1,094	
Travel	800	
Attendance Equipment	7,286	
Total Attendance		434,661

Health Services

Medical Personnel	\$ 990,203
Other Salaries and Wages	95,646

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	64,631	
State Retirement		71,624	
Life Insurance		260	
Medical Insurance		80,732	
Dental Insurance		1,960	
Employer Medicare		15,115	
Other Fringe Benefits		2,370	
Maintenance and Repair Services - Equipment		11,852	
Travel		3,848	
Other Contracted Services		17,326	
Drugs and Medical Supplies		21,059	
Other Supplies and Materials		78,844	
In Service/Staff Development		1,635	
Health Equipment		1,540	
Total Health Services			\$ 1,458,645

Other Student Support

Career Ladder Program	\$	18,000	
Guidance Personnel		1,565,806	
Psychological Personnel		405,548	
Clerical Personnel		41,700	
Social Security		119,707	
State Retirement		181,690	
Life Insurance		730	
Medical Insurance		217,042	
Dental Insurance		5,040	
Employer Medicare		28,393	
Other Fringe Benefits		7,894	
Evaluation and Testing		136,313	
Travel		4,169	
Other Supplies and Materials		5,459	
Total Other Student Support			2,737,491

Regular Instruction Program

Supervisor/Director	\$	488,006	
Career Ladder Program		42,000	
Librarians		1,182,673	
Materials Supervisor		82,138	
Education Media Personnel		323,756	

(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	\$	380,755	
Clerical Personnel		183,158	
Other Salaries and Wages		150,809	
Social Security		164,980	
State Retirement		258,786	
Life Insurance		1,220	
Medical Insurance		370,761	
Dental Insurance		7,924	
Employer Medicare		38,905	
Other Fringe Benefits		10,918	
Travel		89,795	
Other Contracted Services		11,994	
Library Books/Media		150,737	
Periodicals		2,464	
Other Supplies and Materials		24,478	
In Service/Staff Development		30,504	
Other Charges		1,425	
Other Equipment		32,287	
Total Regular Instruction Program			\$ 4,030,473

Alternative Instruction Program

Supervisor/Director	\$	79,156	
Social Security		4,757	
State Retirement		7,164	
Life Insurance		20	
Medical Insurance		8,138	
Dental Insurance		140	
Employer Medicare		1,112	
Other Fringe Benefits		315	
Travel		203	
Total Alternative Instruction Program			101,005

Special Education Program

Supervisor/Director	\$	113,185	
Career Ladder Program		4,500	
Clerical Personnel		78,300	
Other Salaries and Wages		26,565	
Social Security		11,625	
State Retirement		17,992	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	80	
Medical Insurance		15,705	
Dental Insurance		280	
Employer Medicare		3,191	
Other Fringe Benefits		743	
Travel		32,433	
Other Supplies and Materials		2,081	
In Service/Staff Development		8,504	
Other Charges		5,246	
Total Special Education Program			\$ 320,430

Vocational Education Program

Supervisor/Director	\$	31,048	
Career Ladder Program		1,500	
Secretary(ies)		34,282	
Social Security		2,055	
State Retirement		3,363	
Life Insurance		20	
Medical Insurance		5,384	
Dental Insurance		280	
Employer Medicare		952	
Other Fringe Benefits		136	
Travel		2,373	
In Service/Staff Development		118	
Total Vocational Education Program			81,511

Adult Programs

Supervisor/Director	\$	76,642	
Social Security		4,708	
State Retirement		6,936	
Life Insurance		20	
Medical Insurance		5,227	
Dental Insurance		280	
Employer Medicare		1,101	
Other Fringe Benefits		305	
Travel		642	
Other Supplies and Materials		961	
In Service/Staff Development		1,450	
Other Charges		10,036	
Total Adult Programs			108,308

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 307,517	
Total Other Programs		\$ 307,517

Board of Education

Secretary to Board	\$ 1,200	
Other Salaries and Wages	304,260	
Board and Committee Members Fees	24,000	
Social Security	20,101	
State Retirement	2,463	
Life Insurance	180	
Medical Insurance	415,432	
Dental Insurance	868	
Unemployment Compensation	3,189	
Employer Medicare	4,701	
Other Fringe Benefits	914	
Audit Services	33,540	
Dues and Memberships	14,801	
Legal Services	74,305	
Travel	10,304	
Liability Insurance	112,277	
Trustee's Commission	1,212,427	
Workers' Compensation Insurance	446,148	
In Service/Staff Development	2,700	
Other Charges	51,965	
Total Board of Education		2,735,775

Director of Schools

County Official/Administrative Officer	\$ 129,113
Career Ladder Program	1,000
Social Security	6,669
State Retirement	11,775
Life Insurance	20
Medical Insurance	12,039
Dental Insurance	1,000
Employer Medicare	1,881
Other Fringe Benefits	514
Communication	23,141
Dues and Memberships	3,635
Postal Charges	12,000

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Travel	\$	6,332	
Other Contracted Services		150	
In Service/Staff Development		1,215	
Total Director of Schools			\$ 210,484

Office of the Principal

Principals	\$	1,973,006	
Career Ladder Program		74,995	
Assistant Principals		1,409,811	
Clerical Personnel		1,986,962	
Other Salaries and Wages		17,909	
Social Security		355,984	
State Retirement		553,230	
Life Insurance		2,402	
Medical Insurance		647,024	
Dental Insurance		14,084	
Employer Medicare		83,754	
Other Fringe Benefits		23,183	
Communication		230,759	
Maintenance and Repair Services - Equipment		2,406	
Other Contracted Services		110,319	
Other Supplies and Materials		750	
Administration Equipment		57,912	
Total Office of the Principal			7,544,490

Fiscal Services

Supervisor/Director	\$	88,424	
Accountants/Bookkeepers		356,131	
Purchasing Personnel		88,424	
Secretary(ies)		115,220	
Social Security		37,678	
State Retirement		60,606	
Life Insurance		240	
Medical Insurance		67,358	
Dental Insurance		1,680	
Employer Medicare		9,054	
Other Fringe Benefits		2,475	
Data Processing Services		20,546	
Travel		1,857	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Other Contracted Services	\$	16,087	
Office Supplies		9,367	
In Service/Staff Development		1,917	
Other Charges		622	
Administration Equipment		14,225	
Total Fiscal Services			\$ 891,911

Operation of Plant

Guards	\$	94,670	
Custodial Personnel		2,274,776	
Social Security		137,322	
State Retirement		214,410	
Life Insurance		1,830	
Medical Insurance		472,261	
Dental Insurance		6,580	
Employer Medicare		32,684	
Other Fringe Benefits		9,291	
Janitorial Services		447,338	
Rentals		1	
Other Contracted Services		54,047	
Custodial Supplies		293,431	
Electricity		2,610,368	
Fuel Oil		5,297	
Natural Gas		508,845	
Water and Sewer		325,283	
Other Supplies and Materials		6,328	
Boiler Insurance		21,693	
Building and Contents Insurance		266,739	
Plant Operation Equipment		13,178	
Total Operation of Plant			7,796,372

Maintenance of Plant

Supervisor/Director	\$	163,488	
Secretary(ies)		34,140	
Maintenance Personnel		1,587,469	
Other Salaries and Wages		3,000	
Social Security		107,196	
State Retirement		165,911	
Life Insurance		838	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Medical Insurance	\$	200,510	
Dental Insurance		2,450	
Employer Medicare		25,070	
Other Fringe Benefits		6,660	
Communication		13,009	
Laundry Service		19,086	
Maintenance and Repair Services - Buildings		98,169	
Maintenance and Repair Services - Equipment		96,014	
Travel		84	
Other Contracted Services		79,606	
Equipment and Machinery Parts		10,631	
Other Supplies and Materials		210,926	
In Service/Staff Development		590	
Maintenance Equipment		50,402	
Total Maintenance of Plant			\$ 2,875,249

Transportation

Supervisor/Director	\$	60,519
Mechanic(s)		430,704
Bus Drivers		1,429,947
Clerical Personnel		47,400
Social Security		113,522
State Retirement		183,901
Life Insurance		1,992
Medical Insurance		297,535
Dental Insurance		6,510
Employer Medicare		26,916
Other Fringe Benefits		7,250
Communication		9,785
Contracts with Parents		400
Laundry Service		11,206
Other Contracted Services		105,488
Diesel Fuel		480,019
Equipment and Machinery Parts		904
Garage Supplies		25,472
Gasoline		148,485
Lubricants		22,301
Tires and Tubes		65,683
Vehicle Parts		293,115

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Vehicle and Equipment Insurance	\$	200,469	
Other Charges		18,724	
Transportation Equipment		<u>770,778</u>	
Total Transportation	\$		4,759,025

Operation of Non-Instructional Services

Food Service

State Retirement	\$	256,963	
Medical Insurance		618,799	
Dental Insurance		12,208	
Other Fringe Benefits		11,357	
Food Supplies		<u>11,936</u>	
Total Food Service			911,263

Community Services

Supervisor/Director	\$	57,540	
Other Salaries and Wages		53,462	
Social Security		6,817	
State Retirement		8,686	
Life Insurance		40	
Medical Insurance		10,354	
Dental Insurance		140	
Employer Medicare		1,594	
Other Fringe Benefits		382	
Travel		2,709	
Other Contracted Services		1,114	
Other Supplies and Materials		<u>1,622</u>	
Total Community Services			144,460

Early Childhood Education

Teachers	\$	257,010	
Educational Assistants		75,396	
Social Security		19,182	
State Retirement		30,656	
Life Insurance		220	
Medical Insurance		56,135	
Dental Insurance		1,400	
Employer Medicare		4,486	
Other Fringe Benefits		1,313	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Travel	\$	3,160	
Instructional Supplies and Materials		17,818	
In Service/Staff Development		8,029	
Total Early Childhood Education			\$ 474,805

Capital Outlay

Regular Capital Outlay

Architects	\$	269,729	
Engineering Services		45,785	
Building Improvements		3,611,242	
Land		4,061,003	
Site Development		159,532	
Building Purchases		105,000	
Total Regular Capital Outlay			8,252,291

Principal on Debt

Education

Principal on Notes	\$	6,203	
Principal on Capital Leases		123,896	
Total Education			130,099

Interest on Debt

Education

Interest on Notes	\$	60	
Interest on Capital Leases		23,223	
Total Education			23,283

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	5,011,766	
Total Education			5,011,766

Total General Purpose School Fund \$ 116,680,664

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	2,531,372	
Educational Assistants		265,620	

(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.)

Other Salaries and Wages	\$	5,212	
Social Security		166,085	
State Retirement		252,506	
Life Insurance		1,440	
Medical Insurance		350,372	
Dental Insurance		7,322	
Unemployment Compensation		6,500	
Employer Medicare		39,161	
Other Fringe Benefits		10,600	
Instructional Supplies and Materials		86,130	
Regular Instruction Equipment		244,695	
Total Regular Instruction Program			\$ 3,967,015

Special Education Program

Teachers	\$	929,665	
Educational Assistants		2,234,350	
Social Security		72,247	
State Retirement		69,942	
Life Insurance		320	
Medical Insurance		813,802	
Dental Insurance		2,100	
Employer Medicare		10,564	
Other Fringe Benefits		3,139	
Total Special Education Program			4,136,129

Vocational Education Program

Educational Assistants	\$	54,500	
Social Security		3,379	
State Retirement		4,932	
Medical Insurance		7,708	
Employer Medicare		790	
Other Fringe Benefits		300	
Instructional Supplies and Materials		30,000	
Vocational Instruction Equipment		51,294	
Total Vocational Education Program			152,903

Support Services

Health Services

Medical Personnel	\$	17,045	
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(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	1,057	
Employer Medicare		247	
Total Health Services			\$ 18,349

Other Student Support

Travel	\$	26,698	
Other Supplies and Materials In Service/Staff Development		32,951	
Total Other Student Support		23,000	82,649

Regular Instruction Program

Secretary(ies)	\$	38,340	
Other Salaries and Wages		724,145	
Non-certified Substitute Teachers		8,865	
Social Security		12,266	
State Retirement		18,348	
Life Insurance		60	
Medical Insurance		22,289	
Dental Insurance		420	
Employer Medicare		2,869	
Other Fringe Benefits		776	
Consultants		30,000	
Travel		9,885	
Other Supplies and Materials In Service/Staff Development		13,399	
Other Equipment		1,397	
Total Regular Instruction Program			894,163

Vocational Education Program

In Service/Staff Development	\$	2,000	
Total Vocational Education Program			2,000

Transportation

Bus Drivers	\$	332,529	
Social Security		21,046	
State Retirement		34,762	
Life Insurance		20	
Medical Insurance		14,835	
Dental Insurance		140	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Employer Medicare	\$ 4,807	
Other Fringe Benefits	25	
Total Transportation	<u> </u>	\$ 408,164

Total School Federal Projects Fund \$ 9,661,372

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 55,242	
Clerical Personnel	162,864	
Cafeteria Personnel	2,785,681	
Social Security	173,766	
State Retirement	20,976	
Life Insurance	3,110	
Medical Insurance	30,000	
Employer Medicare	40,839	
Communication	10,330	
Maintenance and Repair Services - Equipment	50,540	
Transportation - Other than Students	35,388	
Travel	1,755	
Other Contracted Services	81,978	
Food Preparation Supplies	197,317	
Food Supplies	2,545,963	
USDA - Commodities	405,273	
Other Supplies and Materials	49,713	
In Service/Staff Development	<u>11,192</u>	
Total Food Service		\$ 6,661,927

Total Central Cafeteria Fund 6,661,927

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 26,917	
Engineering Services	1,410	
Building Construction	<u>1,025,226</u>	
Total Education Capital Projects		\$ 1,053,553

Total Education Capital Projects Fund 1,053,553

(Continued)

Exhibit L-8

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

<u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 394,586	
Engineering Services	102,459	
Building Construction	<u>1,017,710</u>	
Total Education Capital Projects		<u>\$ 1,514,755</u>
Total Other Capital Projects Fund		<u>\$ 1,514,755</u>
Total Governmental Funds - Sevier County School Department		<u><u>\$ 135,572,271</u></u>

Exhibit L-9

Sevier County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 31,312,747
Total Cash Receipts	<u>\$ 31,312,747</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 30,999,620
Trustee's Commission	<u>313,127</u>
Total Cash Disbursements	<u>\$ 31,312,747</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	<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

September 26, 2011

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 business-type 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, 2011, which collectively comprise Sevier County's basic financial statements and have issued our report thereon dated September 26, 2011. 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: 11.02 and 11.04. 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

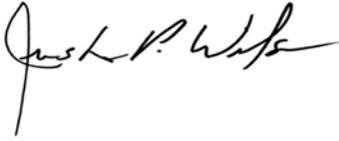
As part of obtaining reasonable assurance about whether Sevier County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 11.01, 11.03, and 11.05.

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, road superintendent, director of schools, County Commission, Board of Education, others within Sevier County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical stroke at the beginning.

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
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 26, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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

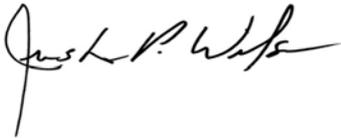
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County as of and for the year ended June 30, 2011, and have issued our report thereon dated September 26, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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, road superintendent, director of schools, County Commission, Board of Education, others within Sevier County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line 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, 2011

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	\$ 405,273 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	1,106,261
National School Lunch Program	10.555	N/A	3,131,299 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	3,967
Total U.S. Department of Agriculture			<u>\$ 4,646,800</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investments Partnership Program	14.239	N/A	\$ 2,625
Total U.S. Department of Housing and Urban Development			<u>\$ 2,625</u>
Bureau of Land Management, Department of the Interior:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 306,296
Total Bureau of Land Management, Department of the Interior			<u>\$ 306,296</u>
U.S. Department of Justice:			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 6,608
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	13,971
Passed-through State Department of Finance and Administration:			
Recovery Act - Edward Bryne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	3585	43,981 (4)
Recovery Act - Edward Bryne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	4230	64,616 (4)
Total U.S. Department of Justice			<u>\$ 129,176</u>
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	601	\$ 20,225 (6)
State and Community Highway Safety	20.600	422	21,560 (6)
Total U.S. Department of Highway Administration			<u>\$ 41,785</u>
U.S. Department of Military:			
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	34101-3349	\$ 6,249
Total U.S. Department of Military			<u>\$ 6,249</u>
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program	81.128	N/A	\$ 340,527
Total U.S. Department of Energy			<u>\$ 340,527</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)	\$ 127,850
Title I Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,669,511
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	980,573
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	3,008,817
Special Education - Grants to States, Recovery Act	84.391	N/A	1,419,153
Special Education - Preschool Grants	84.173	N/A	121,076
Special Education - Preschool Grants, Recovery Act	84.392	N/A	34,540
Career and Technical Education - Basic Grants to States	84.048	N/A	204,602
Twenty-first Century Community Learning Centers	84.287	N/A	85,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	7,084
Education Technology State Grants, Recovery Act	84.386	(2)	3,918
English Language Acquisition Grants	84.365	N/A	53,392
Improving Teacher Quality State Grants	84.367	N/A	632,678
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	2,733,012
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	305,108
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	565,323
Total U.S. Department of Education			<u>\$ 12,951,637</u>
U.S. Department of Election Assistance Commission:			
Passed-through State Department of Elections:			
Help America Vote Act Requirements Payments	90.401	34101-3349	\$ 48,487
Total U.S. Department of Election Assistance Commission			<u>\$ 48,487</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			
Health Promotion Services	93.043	(2)	\$ 2,776
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(2)	42,799
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	104,228
Total U.S. Department of Health and Human Services			<u>\$ 149,803</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	34101-3868-1	\$ 11,533
Homeland Security Grant Program	97.067	34101-470	87,585 (5)
Homeland Security Grant Program	97.067	34101-2579	37,482 (5)
Homeland Security Grant Program	97.067	34101-5679	16,126 (5)
Buffer Zone Protection Program (BZPP)	97.078	34101-4374	84,754
Total U.S. Department of Homeland Security			<u>\$ 237,480</u>
Total Expenditures of Federal Awards			<u>\$ 18,860,865</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>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 47,435
Juvenile Services Program - State Children's Services Commission	N/A	(2)	13,500
Aging Program - State Office on Aging	N/A	(2)	13,102
Health Department Program - State Department of Health	N/A	(2)	419,087
Driver's Education - State Department of Education	N/A	(2)	43,026
Lottery for Education - Afterschool Program (LEAP) - State Department of Education	N/A	(2)	157,185
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	426,477
Rehabilitation Grant - State Department of Human Services	N/A	(2)	<u>15,140</u>
Total State Grants			<u>\$ 1,134,952</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 \$3,536,572.
- (4) Total for CFDA No. 16.803 is \$108,597.
- (5) Total for CFDA No. 97.067 is \$141,193.
- (6) Total for CFDA No. 20.600 is \$41,785.

Sevier County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Annual Financial Report for Sevier County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

SEVIER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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 were considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sevier County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program 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); and the State Fiscal Stabilization Fund – Race to the Top Incentive Grant, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$565,826 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 sheriff is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 11.01 **THE WATER DEPARTMENT DID NOT ISSUE RECEIPTS FOR WATER SERVICES**

(Noncompliance Under *Government Auditing Standards*)

Sevier County created a Water Department to provide water services to residents in the county. This service began operations in February 2011 and completed its first billing cycle in March 2011. The Water Department received payments for water services and subsequently remitted these collections to the county trustee. However, the Water Department did not issue official pre-numbered receipts for collections. Section 9-2-103, *Tennessee Code Annotated*, requires that receipts should be issued for all collections. This deficiency existed due to a lack of management oversight and was corrected immediately after we brought the deficiency to the attention of management in July 2011.

FINDING 11.02 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE WATER DEPARTMENT**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the employees in the Water Department. Employees responsible for maintaining the accounting records in the department were also involved in receipting, depositing, and/or disbursing funds. 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 ROAD SUPERINTENDENT

FINDING 11.03 **THE OFFICE DID NOT PURCHASE TIRES FROM THE LOWEST BIDDER**

(Noncompliance Under *Government Auditing Standards*)

The Highway Department solicited and received bids for tires as required by Chapter 256, Private Act of 1957, and the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated*; however, the department did not purchase tires from the lowest bidder. Highway officials stated that there had been problems with the delivery of tires and chose to purchase from the higher of the two bidders, but the department did not maintain any documentation to support this statement. In the case of *Owen of Georgia, Inc., versus Shelby County*, 442F. Supp. 314 (w.b. Tenn. 1977), the court stated that “to reject the bid of the lowest bidder there must be such evidence of the irresponsibility of the bidder as would cause fair-minded and reasonable men to believe that it was not for the best interest of the municipality to award the contract to the lowest bidder.”

RECOMMENDATION

Purchases should be made from the vendor with the lowest price that meets bid specifications unless adequate documentation is on file supporting the decision to reject the lowest bid.

OFFICE OF CLERK AND MASTER

FINDING 11.04 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

All employees of the Office of Clerk and Master operated from the same cash drawer. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee’s receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets.

RECOMMENDATION

The clerk and master should assign each employee their own cash drawer.

OFFICES OF JUVENILE COURT CLERK AND SHERIFF

FINDING 11.05 **THE OFFICES DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION (Noncompliance Under *Government Auditing Standards*)**

In some instances, the juvenile court clerk and sheriff did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collecting the funds. This deficiency is the result of a lack of management oversight. The delay in depositing the funds increases the risk that collections could be misappropriated.

RECOMMENDATION

The juvenile court clerk and sheriff should ensure that all funds are deposited to the office bank accounts within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF

This problem has been corrected. An alternate person has been appointed to ensure that deposits are made on Mondays, Wednesdays, and Fridays.

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. **SEVIER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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 SHOULD ESTABLISH AN AUDIT COMMITTEE

Sevier County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being 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, 2011

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