

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

**FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2012

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

June 30, 2012

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

**SECTION ONE**

**INTRODUCTORY SECTION**

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**LIST OF PRINCIPAL OFFICIALS**

June 30, 2012

**BOARD MEMBERS:**

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

		<b><u>Surety Bond</u></b>
Joe Huff	Executive Director	\$10,000
Cookie Crowson	Asst. Director	10,000
Dianne McCammon	Business Manager	10,000
Chris Clark	Superintendent of Athletics	10,000
Kelly Forster	Programmer	10,000

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

**SECTION TWO**

**FINANCIAL SECTION**

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Joe S. Ingram, CPA (1948 – 2011)  
Lonas D. Overholt, CPA  
Robert L. Bean, CPA

428 Marilyn Lane  
Alcoa, Tennessee 37701

Telephone  
865-984-1040  
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December 5, 2012

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of and for the year ended June 30, 2012 which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of June 30, 2012, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 5, 2012, on our consideration of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis immediately following this report on pages 24 through 27 and pages 29 through 33 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 the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's financial statements as a whole. The introductory section, capital assets used in governmental activities, and the insurance schedule are presented for purposes of additional analysis and are not a required part of the financial statements. The capital assets used in governmental activities are the responsibility of management and were derived from any 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 and insurance schedules have 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 them.

*Ingram, Overholt & Bean, PC*



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December 5, 2012

Our discussion and analysis of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County's financial performance provides an overview of the Commission's activities for the year ended June 30, 2012.

### USING THIS ANNUAL REPORT

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

### THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

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

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

### FINANCIAL HIGHLIGHTS

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

	<u>2012</u>	<u>2011</u>
Governmental appropriations – from Maryville, Alcoa and Blount County, Tennessee	63%	64%
Concessions	5%	5%
Pool admissions	8%	8%
Recreational programs	19%	19%
Facility rental	3%	3%
Other	<u>2%</u>	<u>1%</u>
Total funding	<u>100%</u>	<u>100%</u>

Operational costs for the Commission were \$2,552,084 and \$2,562,609 for the fiscal years ended June 30, 2012 and 2011 respectively.

## NET ASSETS

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

	<u>2012</u>	<u>2011</u>
Current assets	\$ 1,281,549	\$ 1,256,536
Capital assets, net	<u>205,656</u>	<u>196,923</u>
Total Assets	<u>1,487,205</u>	<u>1,453,459</u>
Current liabilities	202,908	234,832
Long-term liabilities	<u>55,859</u>	<u>57,512</u>
Total Liabilities	<u>258,767</u>	<u>292,344</u>
Net Assets:		
Invested in capital assets	205,656	196,923
Unrestricted	316,456	675,773
Restricted	<u>706,326</u>	<u>288,419</u>
Total Net Assets	<u>\$ 1,228,438</u>	<u>\$ 1,161,115</u>

Net assets of the Commission increased 5.8% during the current year. Unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations, decreased by 53.2%.

## FINANCIAL RATIOS

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

	<u>2012</u>	<u>2011</u>
Working Capital (the amount by which current assets exceed current liabilities)	\$ 1,078,641	\$ 1,021,704
Current Ratio (compares current assets to current liabilities – as an indicator of the ability to pay current obligations)	6.32	5.35
Days Cash and Investments (represents the number of days normal operations could continue with no revenue collections)	181	174

## CAPITAL ASSETS

At the fiscal year ended June 30, 2012, the Commission had \$205,656 invested in capital assets as outlined below (a 4.43% increase from the prior year):

Depreciable:	<u>2012</u>	<u>2011</u>
Equipment:		
Administration	\$ 300,885	\$ 300,446
Concession equipment	37,325	24,574
Pool equipment	29,400	29,400
Senior citizens center	79,145	79,145
Maintenance	448,625	397,165
Everett Center	46,939	46,939
Martin Luther King Center	<u>29,555</u>	<u>29,555</u>
Total Capital Assets	971,874	907,224
Accumulated Depreciation	<u>(766,218)</u>	<u>(710,301)</u>
Net Capital Assets	<u>\$ 205,656</u>	<u>\$ 196,923</u>

## DEBT

At the fiscal year end, the Commission had no debts payable. However, the Commission has a commitment to Blount County, Tennessee for administrative office building amounting to \$684,536 due 2027. During the next year, the Commission plans to continue equipment replacement. During the current year, several equipment items were purchased.

## BUDGETS

The variances between the originally adopted budget for the fiscal year ended June 30, 2012, and the final budget were caused by participations in recreational programs. Categories were amended as deemed necessary by the Board of Directors, amounting to an overall \$80,258 decrease from the original budget.

## CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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

  
Joe Huff  
Executive Director

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**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

June 30, 2012

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**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**STATEMENT OF NET ASSETS**  
June 30, 2012

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets:	
Cash in bank .....	\$ 688,556
Certificates of Deposit.....	554,255
Inventory .....	26,001
Receivables .....	<u>12,737</u>
Total Current Assets .....	1,281,549
Depreciable Capital Assets, net of depreciation .....	<u>205,656</u>
Total Assets.....	<u>\$ 1,487,205</u>
 <u>LIABILITIES AND NET ASSETS</u> 	
Liabilities:	
Current Liabilities:	
Accounts payable.....	\$ 88,221
Accrued payroll .....	83,973
Accrued expenses .....	22,714
Deferred revenue .....	<u>8,000</u>
Total Current Liabilities .....	<u>202,908</u>
Long-term Liabilities:	
Compensated absences .....	<u>55,859</u>
Total Liabilities .....	<u>258,767</u>
Net Assets:	
Invested in capital assets.....	205,656
Unrestricted .....	316,456
Restricted for:	
Capital outlay .....	450,004
Equipment replacement.....	242,146
Memorial trees.....	8,565
Leon Berrong Scholarship Fund .....	2,274
Tennis Scholarships .....	<u>3,337</u>
Total Net Assets .....	<u>1,228,438</u>
Total Liabilities and Net Assets.....	<u>\$ 1,487,205</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**STATEMENT OF ACTIVITIES**  
June 30, 2012

	<u>Expenses</u>	<u>Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes</u> <u>Net Assets</u> <u>Governmental</u> <u>Activities</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net Assets</u> <u>Governmental</u> <u>Activities</u>
Function/ Programs				
Governmental Activities:				
General and Administrative	\$ 1,795,852	\$ 70,805	\$ 1,642,161	\$ (82,886)
Concessions	92,376	130,141	-	37,765
Pool Admissions	208,961	205,899	-	(3,062)
Recreational Programs	<u>464,937</u>	<u>504,810</u>	<u>22,031</u>	<u>61,904</u>
Totals	<u>\$ 2,562,126</u>	<u>\$ 911,655</u>	<u>\$ 1,664,192</u>	<u>13,721</u>
General Revenues:				
Interest earned				1,882
Miscellaneous				<u>51,720</u>
Total General Revenues				<u>53,602</u>
Change in net assets				67,323
Net Assets – Beginning				<u>1,161,115</u>
Net Assets – Ending				<u>\$ 1,228,438</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

**FUND FINANCIAL STATEMENTS**

June 30, 2012

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2012

<u>ASSETS</u>	<u>General</u>	<u>Equipment Replacement Fund</u>	<u>Everett Equipment Replacement Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
Cash in bank .....	\$ 387,893	\$ 98,235	\$ 52,424	\$ 150,004	\$ 688,556
Certificates of Deposit .....	162,768	91,487	-	300,000	554,255
Inventory .....	26,001	-	-	-	26,001
Receivables .....	<u>12,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,737</u>
 Total Assets .....	 <u>\$ 589,399</u>	 <u>\$ 189,722</u>	 <u>\$ 52,424</u>	 <u>\$ 450,004</u>	 <u>\$ 1,281,549</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable .....	\$ 88,221	\$ -	\$ -	\$ -	\$ 88,221
Accrued payroll .....	83,973	-	-	-	83,973
Accrued expenses .....	22,714	-	-	-	22,714
Deferred revenue .....	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
 Total Liabilities .....	 <u>202,908</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>202,908</u>
Fund Balance:					
Unassigned .....	<u>372,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,315</u>
Assigned for:					
Equipment replacement and Capital Outlay .....	-	189,722	52,424	450,004	692,150
Memorial trees .....	8,565	-	-	-	8,565
Leon Berrong Scholarship Fund .....	2,274	-	-	-	2,274
Tennis Scholarships .....	<u>3,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,337</u>
 Total Assigned Fund Balance .	 <u>14,176</u>	 <u>189,722</u>	 <u>52,424</u>	 <u>450,004</u>	 <u>706,326</u>
 Total Fund Balance .....	 <u>386,491</u>	 <u>189,722</u>	 <u>52,424</u>	 <u>450,004</u>	 <u>1,078,641</u>
 Total Liabilities and Fund Balance .....	 <u>\$ 589,399</u>	 <u>\$ 189,722</u>	 <u>\$ 52,424</u>	 <u>\$ 450,004</u>	 <u>\$ 1,281,549</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**RECONCILITATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
June 30, 2012

Fund balances – total governmental funds	\$ 1,078,641
Amounts reported for the governmental activities in the statement of net assets are different because:	
Capital assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	205,656
Compensated absences are not due and payable in the current period, and, therefore, are not reported in the governmental funds	<u>(55,859)</u>
Net assets of governmental activities	<u>\$ 1,228,438</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa and Blount County  
Maryville, Tennessee  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**  
**GOVERNMENT FUNDS**  
For the Fiscal Year ended June 30, 2012

	<u>General</u>	Equipment Replacement <u>Fund</u>	Everett Equipment Replacement <u>Fund</u>	Capital Outlay <u>Fund</u>	<u>Total</u>
<b>Revenues:</b>					
Government appropriations.....	\$ 1,642,161	\$ -	\$ -	\$ -	\$ 1,642,161
Concessions .....	130,141	-	-	-	130,141
Pool Admissions.....	205,899	-	-	-	205,899
Program Revenue .....	504,810	-	-	-	504,810
Facility rental .....	70,805	-	-	-	70,805
Other revenues .....	80,197	2,077	-	-	82,274
Grant – Office on Aging .....	22,031	-	-	-	22,031
Interest.....	-	1,542	336	4	1,882
<b>Total Revenues .....</b>	<u>2,656,044</u>	<u>3,619</u>	<u>336</u>	<u>4</u>	<u>2,660,003</u>
<b>Expenditures:</b>					
Concessions .....	92,376	-	-	-	92,376
Pools.....	208,961	-	-	-	208,961
Program expenditures .....	464,937	3,375	-	-	468,312
General and administrative.....	1,768,642	-	-	-	1,768,642
Capital Outlay .....	17,168	47,607	-	-	64,775
<b>Total Expenditures .....</b>	<u>2,552,084</u>	<u>50,982</u>	<u>-</u>	<u>-</u>	<u>2,603,066</u>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	<u>103,960</u>	<u>(47,363)</u>	<u>336</u>	<u>4</u>	<u>56,937</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers .....	<u>(468,000)</u>	<u>15,000</u>	<u>3,000</u>	<u>450,000</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses.....</b>					
	(364,040)	(32,363)	3,336	450,004	56,937
Fund Balance – July 1 <sup>st</sup> .....	<u>750,531</u>	<u>222,085</u>	<u>49,088</u>	<u>-</u>	<u>1,021,704</u>
Fund Balance – June 30 <sup>th</sup> .....	<u>\$ 386,491</u>	<u>\$ 189,722</u>	<u>\$ 52,424</u>	<u>\$ 450,004</u>	<u>\$ 1,078,641</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
RECONCILITATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALACE  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

Net change in fund balances – total governmental funds	\$	56,937
<p style="margin-left: 40px;">Amounts reported for the governmental activities in the statement of activities  are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		66,245
Expenses related to compensated absences are recorded in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		<u>(55,859)</u>
Changes in net assets of governmental activities	\$	<u>67,323</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE 1 – GENERAL INFORMATION:**

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. REPORTING ENTITY**

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

**B. BASIS OF PRESENTATION**

*Government-wide Financial Statements:*

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

*Fund Financial Statements:*

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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

**B. BASIS OF PRESENTATION (Continued)**

*Fund Financial Statements (Continued):*

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

*Capital Project Funds*

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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

**B. BASIS OF PRESENTATION (Continued)**

**Major and Nonmajor Funds**

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

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

**Measurement Focus**

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

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

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

**Basis of Accounting**

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

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

**D. ASSETS, LIABILITIES, AND EQUITY**

**Cash and Cash Equivalents**

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

**Interfund Receivables and Payables**

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

**Fixed Assets**

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

*Government-wide Statements*

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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

**D. ASSETS, LIABILITIES, AND EQUITY (Continued)**

**Fixed Assets (Continued)**

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

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

*Fund Financial Statements*

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

**Inventory**

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

**Equity Classifications**

*Government-wide Statements*

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

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Statements*

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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

**E. REVENUES, EXPENDITURES, AND EXPENSES**

**Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

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

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

**Interfund Transfers**

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

**F. BUDGETARY ACCOUNTING**

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

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

**G. FUND BALANCES**

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

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

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

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

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

**H. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

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

**A. FUND ACCOUNTING REQUIREMENTS**

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

**B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

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

**C. FUND EQUITY RESTRICTIONS**

**Deficit Prohibition**

State of Tennessee Statutes prohibits the creation of a deficit fund balance in any individual fund. The Commission complied with this statute in all material respects for the year ended June 30, 2012.

**NOTE 4 – CASH:**

Total cash with a carrying value of \$1,242,811 at June 30, 2012, is summarized as follows:

Type	Amount
Petty cash – office, pools, concessions .....	\$ 3,133
Local financial institutions:	
Checking accounts (Varies) .....	374,785
Savings accounts (approximately .351%) .....	310,638
Certificate of Deposit -	
(.60% maturing 11/19/12) .....	76,182
(1.005% maturing 04/16/13) .....	77,236
(1.005% maturing 04/16/13) .....	51,139
(.15% maturing 10/23/12) .....	40,348
(.52% maturing 08/15/12) .....	300,000
(1.005% maturing 09/29/12) .....	9,350
Total Cash and Investments .....	<u>\$ 1,242,811</u>

As of June 30, 2012, total cash on deposit in four financial institutions includes deposits insured up to \$250,000 by either the Federal Deposit Insurance Corporation, the Mutual Guaranty Corporation, or by the Tennessee Bank Collateral Pool.

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE 5 – LEASES:**

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

**NOTE 6 – VACATION AND SICK LEAVE:**

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

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

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

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

The Commission accounts for compensated absences in conformity with the *Governmental Accounting Standards Board (GASB) Statement Number 16*, whereby a liability is accrued for the amounts employees are entitled to receive for future absences. The liability as of June 30, 2012 is \$55,859.

**NOTE 7 – EMPLOYEES’ RETIREMENT PLAN:**

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

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

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

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 7 – EMPLOYEES’ RETIREMENT PLAN (Continued):**

For the year ended June 30, 2012, the Commission contributed \$103,049 to the plan.

An actuarial valuation is made every two years, the most recent having been completed July 1, 2011. For valuation purposes, equities were valued based on a five-year moving market average, while debt securities are valued at amortized costs.

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

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

**NOTE 8 – RISK FINANCING ACTIVITIES:**

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

**NOTE 9 – COMMITMENTS:**

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

Year ending <u>June 30,</u>		Year ending <u>June 30,</u>		Year ending <u>June 30,</u>	
2013	\$ 33,000	2018	\$ 43,000	2023	\$ 50,000
2014	38,000	2019	43,000	2024	50,000
2015	38,000	2020	48,000	2025	50,000
2016	38,000	2021	48,000	2026	57,000
2017	<u>43,000</u>	2022	<u>48,000</u>	2027	<u>57,536</u>
	<u>\$ 190,000</u>		<u>\$ 230,000</u>		<u>264,536</u>
					<u>\$ 684,536</u>

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

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 10 – CAPITAL ASSETS:**

A summary of capital assets and depreciation is as follows:

	<u>Balance</u> <u>7/1/11</u>	<u>Current</u> <u>Additions</u>	<u>Current</u> <u>Retirements/</u> <u>Reclassifications</u>	<u>Balance</u> <u>6/30/12</u>
<u>Depreciable Capital Assets:</u>				
Equipment:				
Administration	\$ 300,446	\$ 564	\$ (125)	\$ 300,885
Concessions Equipment	24,574	12,751	-	37,325
Pool Equipment	29,400	-	-	29,400
Senior Citizens Center	79,145	-	-	79,145
Maintenance	397,165	51,460	-	448,625
Everett Center	46,939	-	-	46,939
Martin Luther King Center	<u>29,555</u>	<u>-</u>	<u>-</u>	<u>29,555</u>
Total Capital Assets	907,224	64,775	(125)	971,874
Less Accumulated Depreciation	<u>(710,301)</u>	<u>(56,042)</u>	<u>125</u>	<u>(766,218)</u>
Net Capital Assets	<u>\$ 196,923</u>	<u>\$ 8,733</u>	<u>\$ -</u>	<u>\$ 205,656</u>
<u>Accumulated Depreciation:</u>				
Equipment:				
Administration	\$ 242,362	\$ 13,961	\$ (125)	\$ 256,198
Concessions Equipment	21,327	1,518	-	22,845
Pool Equipment	14,653	2,628	-	17,281
Senior Citizens Center	72,807	1,761	-	74,568
Maintenance	290,425	34,709	-	325,134
Everett Center	41,431	1,041	-	42,472
Martin Luther King Center	<u>27,296</u>	<u>424</u>	<u>-</u>	<u>27,720</u>
	<u>\$ 710,301</u>	<u>\$ 56,042</u>	<u>\$ (125)</u>	<u>\$ 766,218</u>

**NOTE 11 – SUBSEQUENT EVENTS:**

The date to which events occurring after June 30, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 5, 2012 which is the date on which the financial statements were issued.

**RECREATION AND PARKS COMMISSION**

Of

Maryville, Alcoa and Blount County  
Maryville, Tennessee

**SUPPLEMENTAL SCHEDULES**

June 30, 2012

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
<b>APPROPRIATIONS:</b>				
City of Maryville.....	\$ 625,765	\$ 625,766	\$ 625,766	\$ -
City of Alcoa.....	446,470	446,470	446,470	-
Blount County.....	<u>569,925</u>	<u>569,925</u>	<u>569,925</u>	-
Total Appropriations .....	<u>1,642,160</u>	<u>1,642,161</u>	<u>1,642,161</u>	-
<b>CONCESSIONS:</b>				
Everett Park .....	11,000	11,697	11,697	-
Everett Football Field .....	19,000	20,765	22,264	1,499
Everett Recreation Center .....	7,750	7,788	7,788	-
Sandy Springs Park .....	10,000	10,975	10,975	-
John Sevier Pool.....	16,500	17,652	17,652	-
Springbrook Pool .....	49,000	57,452	58,452	1,000
Vending .....	<u>1,200</u>	<u>1,313</u>	<u>1,313</u>	-
Total Concessions .....	<u>114,450</u>	<u>127,642</u>	<u>130,141</u>	<u>2,499</u>
<b>POOL ADMISSIONS:</b>				
John Sevier Pool.....	62,275	68,860	68,860	-
Springbrook Pool .....	<u>124,750</u>	<u>137,039</u>	<u>137,039</u>	-
Total Pool Admissions.....	<u>187,025</u>	<u>205,899</u>	<u>205,899</u>	-
<b>RECREATIONAL PROGRAM INCOME:</b>				
Swim Team.....	16,000	16,606	16,606	-
Learn to Swim.....	12,500	12,260	12,260	-
Adult Softball.....	79,450	55,593	55,593	-
Smoky Mountain Classic .....	51,750	53,598	53,598	-
Tennis .....	12,700	7,499	7,499	-
Therapeutics.....	1,900	1,695	1,695	-
Recreation programs.....	14,550	31,182	31,182	-
Adult Basketball.....	11,700	7,266	7,266	-
Youth Basketball.....	39,450	40,176	40,176	-
Adult Volleyball.....	7,650	7,650	7,650	-
Soccer Camp .....	1,300	2,130	2,130	-
Youth Performing Arts .....	1,400	2,989	2,989	-
Volleyball Camp .....	2,400	3,371	3,371	-
Environmental Camp.....	1,400	-	-	-
Spring Arts & Craft Show.....	2,950	1,695	1,695	-
Youth Softball Camp.....	1,875	3,124	3,124	-
Youth Softball.....	500	-	-	-

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**COMPARED TO BUDGET (Continued)**  
For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>			Variance -
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>RECREATIONAL PROGRAM INCOME</b>				
<b>(CONTINUED):</b>				
Basketball Camp .....	4,000	5,626	5,626	-
Youth Football Camp .....	3,600	3,800	-	(3,800)
Christmas Basketball Tournament.....	1,700	3,453	3,453	-
Youth Football .....	25,900	56,750	53,302	(3,448)
Youth Soccer.....	73,000	74,145	74,146	1
Day Camp.....	7,175	10,762	10,762	-
Kiddie Korner .....	8,250	-	-	-
Everett Park Adult Center .....	28,760	35,857	35,857	-
Road races.....	23,500	26,988	26,987	(1)
Special Events.....	31,000	18,625	18,625	-
Fishing Derby.....	2,325	1,702	1,702	-
Halloween Fun.....	2,450	2,302	2,302	-
Dog Obedience.....	2,050	1,555	1,555	-
Preschool Programs.....	16,325	23,659	23,659	-
Total Recreational Program Income ....	<u>489,510</u>	<u>512,058</u>	<u>504,810</u>	<u>(7,248)</u>
<b>FACILITY RENTAL:</b>				
Springbrook Gym rental .....	9,500	21,863	21,863	-
Martin Luther King Center rental .....	8,000	8,289	8,289	-
Pavilion rental .....	18,500	18,880	18,880	-
Everett Gym rental .....	13,000	18,467	18,467	-
Hometown Christmas .....	3,300	3,306	3,306	-
Total Facility Rental .....	<u>52,300</u>	<u>70,805</u>	<u>70,805</u>	<u>-</u>
<b>OTHER REVENUES:</b>				
Miscellaneous .....	6,000	3,765	27,928	24,163
Utility reimbursements .....	30,000	32,444	32,444	-
Marketing .....	5,900	13,400	13,400	-
Scholarships.....	-	-	1,275	1,275
Memorial trees .....	-	-	5,150	5,150
Total Other Revenues .....	<u>41,900</u>	<u>49,609</u>	<u>80,197</u>	<u>30,588</u>
GRANT REVENUE.....	<u>19,590</u>	<u>22,031</u>	<u>22,031</u>	<u>-</u>
<b>TOTAL REVENUES .....</b>	<u><b>2,546,935</b></u>	<u><b>2,630,205</b></u>	<u><b>2,656,044</b></u>	<u><b>25,839</b></u>
<b>EXPENDITURES:</b>				
<b>RECREATIONAL PROGRAMS</b>				
Day Camp.....	5,800	8,562	8,562	-
Swim Team.....	7,150	6,532	6,620	(88)
Adult Softball.....	73,970	48,163	47,454	709
Smoky Mountain Classic .....	30,600	24,201	26,625	(2,424)
Tennis.....	10,550	6,152	5,781	371
Spring Sprint.....	3,700	3,347	3,347	-
Youth Softball Camp .....	1,275	-	2,293	(2,293)

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County

Maryville, Tennessee

GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -**

**COMPARED TO BUDGET (Continued)**

For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>		<u>Actual</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED):</b>				
<b>RECREATIONAL PROGRAMS (CONTINUED)</b>				
Youth Softball.....	400	-	-	-
Youth Football Camp .....	2,450	2,592	-	2,592
Recreation Programs.....	7,025	18,931	19,068	(137)
Reindeer Run .....	5,425	6,019	6,019	-
Triple Crown.....	6,450	7,919	7,919	-
Youth Performing Arts .....	985	1,486	2,502	(1,016)
Volleyball Camp .....	1,825	2,048	2,555	(507)
Environmental Camp.....	1,375	1,211	86	1,125
Arts and Craft Show .....	2,100	1,223	1,223	-
Christmas Basketball Tournament.....	200	1,084	1,084	-
Everett Senior Center.....	165,225	164,613	161,567	3,046
Soccer Camp .....	900	1,181	1,828	(647)
Basketball Camp .....	2,875	4,296	4,160	136
Youth Baseball.....	3,600	-	-	-
Adult Basketball.....	9,050	6,239	6,239	-
Adult Volleyball.....	3,550	3,048	2,817	231
Youth Football .....	28,350	58,033	53,741	4,292
Supervised Gym.....	1,975	-	-	-
Learn to swim .....	7,475	6,889	6,894	(5)
Therapeutics.....	2,725	1,773	1,910	(137)
Youth Basketball.....	20,400	22,169	22,169	-
Youth Soccer.....	23,775	22,329	22,329	-
Special Events.....	28,000	16,815	16,815	-
Hometown Christmas .....	3,050	2,981	2,981	-
Kiddie Korner .....	6,925	-	-	-
Fishing Derby.....	1,325	992	992	-
Halloween Fun.....	1,425	1,302	1,302	-
Dog Obedience.....	1,400	975	975	-
Preschool Program .....	10,675	17,080	17,080	-
Total Recreational Programs .....	<u>483,980</u>	<u>470,185</u>	<u>464,937</u>	<u>5,248</u>
<b>POOLS</b>				
John Sevier Pool.....	66,745	67,062	69,623	(2,561)
Alcoa Springbrook Pool.....	115,100	134,574	139,338	(4,764)
Total Pool Admissions .....	<u>181,845</u>	<u>201,636</u>	<u>208,961</u>	<u>(7,325)</u>
<b>CONCESSIONS</b>				
Vending .....	200	1,348	1,339	9
Everett Park Concessions .....	11,650	11,315	11,525	(210)
Sandy Springs Park Concessions .....	9,800	7,335	6,555	780
Everett Football Field Concessions.....	11,475	12,827	12,827	-
Everett Recreation Center Concessions.....	5,025	6,159	6,159	-
John Sevier Pool Concessions .....	14,100	12,261	13,604	(1,343)
Alcoa Springbrook Pool Concessions .....	35,750	36,464	40,367	(3,903)
Total Concessions.....	<u>88,000</u>	<u>87,709</u>	<u>92,376</u>	<u>(4,667)</u>

(Continued)

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**COMPARED TO BUDGET (Continued)**  
For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>		<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER EXPENDITURES:</b>				
Springbrook Recreation Center .....	99,725	96,023	96,267	(244)
Louisville Point Park .....	19,050	28,005	28,029	(24)
Everett Recreation Center .....	127,250	118,911	119,021	(110)
Parks' Maintenance .....	714,200	699,522	694,103	5,419
Administration .....	704,785	671,517	653,440	18,077
Marketing .....	15,500	59,185	52,755	6,430
Martin Luther King Center.....	79,600	90,984	92,027	(1,043)
Debt Retirement .....	33,000	33,000	33,000	-
Capital Outlay .....	-	-	<u>17,168</u>	<u>(17,168)</u>
Total Other Expenditures .....	<u>1,793,110</u>	<u>1,797,147</u>	<u>1,785,810</u>	<u>11,337</u>
 Total Expenditures .....	 <u>2,546,935</u>	 <u>2,556,677</u>	 <u>2,552,084</u>	 <u>4,593</u>
 EXCESS OF REVENUES OVER EXPENDITURES .....	 <u>\$ -</u>	 <u>\$ 73,528</u>	 <u>\$ 103,960</u>	 <u>\$ 30,432</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**GENERAL FUND**  
**SCHEDULE OF CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30, 2012

FUND BALANCE – July 1, 2011 .....	\$	750,531
ADD: Excess of Revenues Over Expenditure (Page 27) .....		103,960
LESS: Operating transfers to Equipment Replacement Fund, Everett Equipment Replacement Fund and Capital Outlay Fund .....		<u>(468,000)</u>
FUND BALANCE – June 30, 2012.....	\$	<u>386,491</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**EQUIPMENT REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN NET ASSETS – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Sale of equipment .....	\$ 2,077	\$ 2,077	\$ 2,077	\$ -
Interest on investments .....	1,542	1,542	1,542	-
<b>Total Revenues</b> .....	3,619	3,619	3,619	-
<b>EXPENDITURES:</b>				
Capital outlay .....	47,607	47,607	47,607	-
Program expenditures .....	3,375	3,375	3,375	-
<b>Total Expenditures</b> .....	50,982	50,982	50,982	-
<b>EXCESS (DEFICIT) OF REVENUES OVER</b> <b>EXPENDITURES</b> .....	(47,363)	(47,363)	(47,363)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfer from General Fund.....	15,000	15,000	15,000	-
<b>EXCESS (DEFICIT) OF REVENUES</b> <b>AND OTHER SOURCES OVER</b> <b>EXPENDITURES AND OTHER USES</b> .....	(32,363)	(32,363)	(32,363)	-
<b>FUND BALANCE – JULY 1, 2011</b> .....	222,085	222,085	222,085	-
<b>FUND BALANCE – JUNE 30, 2012</b> .....	\$ 189,722	\$ 189,722	\$ 189,722	\$ -

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**EVERETT EQUIPMENT REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Interest on investments .....	\$ 336	\$ 336	\$ 336	\$ -
EXPENDITURES – Capital Outlay.....	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES .....	336	336	336	-
OTHER FINANCING SOURCES (USES):				
Operating transfer from General Fund.....	3,000	3,000	3,000	-
EXCESS (DEFICIT) OF REVENUES AND SOURCES OVER EXPENDITURES AND OTHER USES.....	3,336	3,336	3,336	-
FUND BALANCE – JULY 1, 2011 .....	49,088	49,088	49,088	-
FUND BALANCE – JUNE 30, 2012 .....	<u>\$ 52,424</u>	<u>\$ 52,424</u>	<u>\$ 52,424</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**CAPITAL OUTLAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – COMPARED TO BUDGET**  
For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>		<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest on investments .....	\$ 4	\$ 4	\$ 4	\$ -
EXPENDITURES – Capital Outlay.....	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES .....	4	4	4	-
OTHER FINANCING SOURCES (USES):				
Operating transfer from General Fund.....	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND SOURCES OVER EXPENDITURES AND OTHER USES.....	450,004	450,004	450,004	-
FUND BALANCE – JULY 1, 2011 .....	-	-	-	-
FUND BALANCE – JUNE 30, 2012 .....	<u>\$ 450,004</u>	<u>\$ 450,004</u>	<u>\$ 450,004</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND – SCHEDULE OF EXPENDITURES –  
COMPARED TO BUDGET  
June 30, 2012

	<u>Budget</u>		<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>RECREATIONAL PROGRAMS:</b>				
Personnel expenses .....	\$ 135,850	\$ 110,829	\$ 112,259	\$ (1,430)
Small equipment.....	6,525	2,727	2,727	-
Repairs and maintenance .....	20,425	18,876	18,876	-
Utilities and telephone .....	275	-	-	-
Dues .....	2,000	1,609	1,609	-
Travel .....	500	803	803	-
Supplies .....	<u>106,155</u>	<u>133,647</u>	<u>130,014</u>	<u>3,633</u>
Subtotal.....	<u>271,730</u>	<u>268,491</u>	<u>266,288</u>	<u>2,203</u>
<b>POOLS:</b>				
Personnel expenses .....	105,150	105,794	111,467	(5,673)
Repair and Maintenance .....	14,895	16,298	16,298	-
Chemicals and supplies.....	21,600	34,231	35,883	(1,652)
Utilities and telephone .....	<u>40,200</u>	<u>45,313</u>	<u>45,313</u>	<u>-</u>
Subtotal.....	<u>181,845</u>	<u>201,636</u>	<u>208,961</u>	<u>(7,325)</u>
<b>POOLS &amp; PARKS CONCESSIONS:</b>				
Supplies .....	44,975	50,173	53,177	(3,004)
Personnel expenses.....	40,975	36,846	38,508	(1,662)
Small equipment/repairs .....	<u>2,050</u>	<u>690</u>	<u>691</u>	<u>(1)</u>
Subtotal.....	<u>88,000</u>	<u>87,709</u>	<u>92,376</u>	<u>(4,667)</u>
<b>OTHER EXPENDITURES:</b>				
Springbrook Recreation Center:				
Personnel expenses .....	71,800	72,659	72,903	(244)
Supplies .....	725	620	620	-
Repair and maintenance .....	3,000	5,838	5,838	-
Conferences and training .....	300	90	90	-
Utilities and telephone .....	<u>23,900</u>	<u>16,816</u>	<u>16,816</u>	<u>-</u>
Subtotal.....	<u>99,725</u>	<u>96,023</u>	<u>96,267</u>	<u>(244)</u>
Everett Adult Center:				
Personnel expenses .....	125,200	122,625	122,579	46
Repairs/maintenance/equipment.....	5,850	8,106	5,106	3,000
Conference and training .....	650	239	239	-
Utilities .....	21,000	20,321	20,321	-
Postage .....	650	-	-	-
Printing/Programs.....	11,025	12,774	12,774	-
Office Supplies.....	<u>850</u>	<u>548</u>	<u>548</u>	<u>-</u>
Subtotal.....	<u>165,225</u>	<u>164,613</u>	<u>161,567</u>	<u>3,046</u>

(Continued)

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
GENERAL FUND – SCHEDULE OF EXPENDITURES –  
COMPARED TO BUDGET (Continued)  
June 30, 2012

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
<b>OTHER EXPENDITURES (Continued):</b>				
Everett Recreation Center:				
Personnel expenses .....	83,400	83,442	83,551	(109)
Supplies.....	2,150	787	787	-
Repair and maintenance .....	6,000	4,027	4,027	-
Conferences and training.....	1,000	278	278	-
Utilities and telephone.....	<u>34,700</u>	<u>30,377</u>	<u>30,377</u>	<u>-</u>
Subtotal.....	<u>127,250</u>	<u>118,911</u>	<u>119,020</u>	<u>(109)</u>
Martin Luther King Center:				
Personnel expenses .....	63,200	72,474	73,518	(1,044)
Supplies.....	3,300	2,977	2,977	-
Repair and maintenance .....	2,900	3,278	3,278	-
Conferences and training.....	400	90	90	-
Utilities and telephone.....	<u>9,800</u>	<u>12,165</u>	<u>12,165</u>	<u>-</u>
Subtotal.....	<u>79,600</u>	<u>90,984</u>	<u>92,028</u>	<u>(1,044)</u>
Maintenance:				
Personnel expenses .....	415,850	393,660	394,975	(1,315)
Supplies.....	20,850	28,690	36,956	(8,266)
Small equipment .....	15,000	15,000	-	15,000
Repair and maintenance .....	87,225	96,491	96,491	-
Conferences and training.....	1,300	285	285	-
Utilities and telephone.....	90,900	89,736	89,736	-
Rent .....	8,400	8,400	8,400	-
Insurance.....	<u>74,675</u>	<u>67,260</u>	<u>67,260</u>	<u>-</u>
Subtotal.....	<u>714,200</u>	<u>699,522</u>	<u>694,103</u>	<u>5,419</u>
Administration:				
Personnel services.....	535,685	517,044	516,136	908
Insurance.....	94,100	93,565	93,565	-
Supplies.....	14,900	13,838	13,838	-
Utilities and telephone.....	15,500	13,957	13,957	-
Postage.....	5,100	-	-	-
Dues and publications .....	3,200	3,121	3,121	-
Conferences and training.....	8,000	2,688	2,688	-
Contract services.....	19,300	18,700	18,700	-
Debt Retirement.....	33,000	33,000	33,000	-
Capital Outlay.....	<u>9,000</u>	<u>8,604</u>	<u>8,604</u>	<u>-</u>
Subtotal.....	<u>737,785</u>	<u>704,517</u>	<u>703,609</u>	<u>908</u>
Total Other Expenditures .....	<u>81,175</u>	<u>124,271</u>	<u>117,865</u>	<u>6,406</u>
Total Recreational Programs .....	<u>\$ 2,546,535</u>	<u>\$ 2,556,677</u>	<u>\$ 2,552,084</u>	<u>\$ 4,593</u>

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**CAPTIAL ASSETS USED IN GOVERNMENTAL ACTIVITIES**  
**SCHEDULE OF GENERAL CAPITAL ASSETS**  
June 30, 2012

Depreciable Capital Assets:	
Equipment .....	<u>\$ 205,656</u>
 Investment in Capital Assets .....	 <u>\$ 205,656</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION**  
For the Fiscal Year Ended June 30, 2012

	Capital Assets			Accumulated Depreciation				Net Book Value	
	Balance 7/1/11	Current Additions	Current Retirements/ Reclassifications	Balance 6/30/12	Balance 7/01/11	Current Additions	Current Retirements		Balance 6/30/12
Equipment:									
Administration .....	\$ 300,446	\$ 564	\$ (125)	\$ 300,885	\$ 242,362	\$ 13,961	\$ (125)	\$ 256,198	\$ 44,687
Concessions Equipment.....	24,574	12,751	-	37,325	21,327	1,518	-	22,845	14,480
Pool Equipment.....	29,400	-	-	29,400	14,653	2,628	-	17,281	12,119
Senior Citizens Center .....	79,145	-	-	79,145	72,807	1,761	-	74,568	4,577
Maintenance.....	397,165	51,460	-	448,625	290,425	34,709	-	325,134	123,491
Everett Center .....	46,939	-	-	46,939	41,431	1,041	-	42,472	4,467
Martin Luther King Center ...	29,555	-	-	29,555	27,296	424	-	27,720	1,835
Totals.....	<u>\$ 907,224</u>	<u>\$ 64,775</u>	<u>\$ (125)</u>	<u>\$ 971,874</u>	<u>\$ 710,301</u>	<u>\$ 56,042</u>	<u>\$ (125)</u>	<u>\$ 766,218</u>	<u>\$ 205,656</u>

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

Equipment Replacement Fund.....	\$ 47,607
General Fund .....	<u>17,168</u>
Total	<u>\$ 64,775</u>

See accompanying independent auditors' report and notes.

**RECREATION AND PARKS COMMISSION**  
of  
Maryville, Alcoa, and Blount County  
Maryville, Tennessee  
**SCHEDULE OF INSURANCE IN FORCE**  
June 30, 2012

<u>Insurance Company/Agency</u>	<u>Policy Number</u>	<u>Period</u>	<u>Description</u>
TML Risk Management Pool	TMP-0699	7-12-11 to 7-12-12	<p>\$50,000 Contents coverage at 80% co-insurance – Everett Rec. Center, 318 So. Everett High Road</p> <p>\$80,000 Contents coverage at 80% co-insurance – Bldgs. On Birchfield St., (Senior Citizens Center)</p> <p>\$85,000 Contents coverage at 80% co-insurance -Bldg. at 316 Everett High Rd.</p> <p>\$50,000 Contents coverage at 80% co-insurance - Bldg. at 614 Evan Cir.</p> <p>\$5,000 Contents coverage at 80% co-insurance – Bldg. on Dalton St.</p> <p>\$40,000 Contents coverage at 80% co-insurance – MLK Bldg. At 209 E. Franklin Street</p>
The Ohio Casualty Insurance Company/Crum & Blazer Insurance, Inc.	91383710	10-25-11 to 10-25-12	\$10,000 Surety Bond, Recreation and Parks Dir., Superintendent of Recreation, Accounting Technician, Assistant Director of Athletics and Secretary. Senior Citizens: Dir., Assistant Dir., and Clerk
Tennessee Municipal League Pool	TML-362	12-31-11 to 12-31-12	\$600,000 Public Officials Personal Liability; \$250,000 General Liability - Bodily Injury, Property Damage, Automobile
Tennessee Municipal League Pool	WC-0347	7-1-11 to 7-1-12	Statutory Workmen's Compensation

See accompanying independent auditors' report and notes.

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**RECREATION AND PARKS COMMISSION**

of

Maryville, Alcoa, and Blount County  
Maryville, Tennessee

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

June 30, 2012



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December 5, 2012

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

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

We have audited the financial statements of the governmental activities and each major fund of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Commission, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

*Ingram, Overholt & Bean, PC*